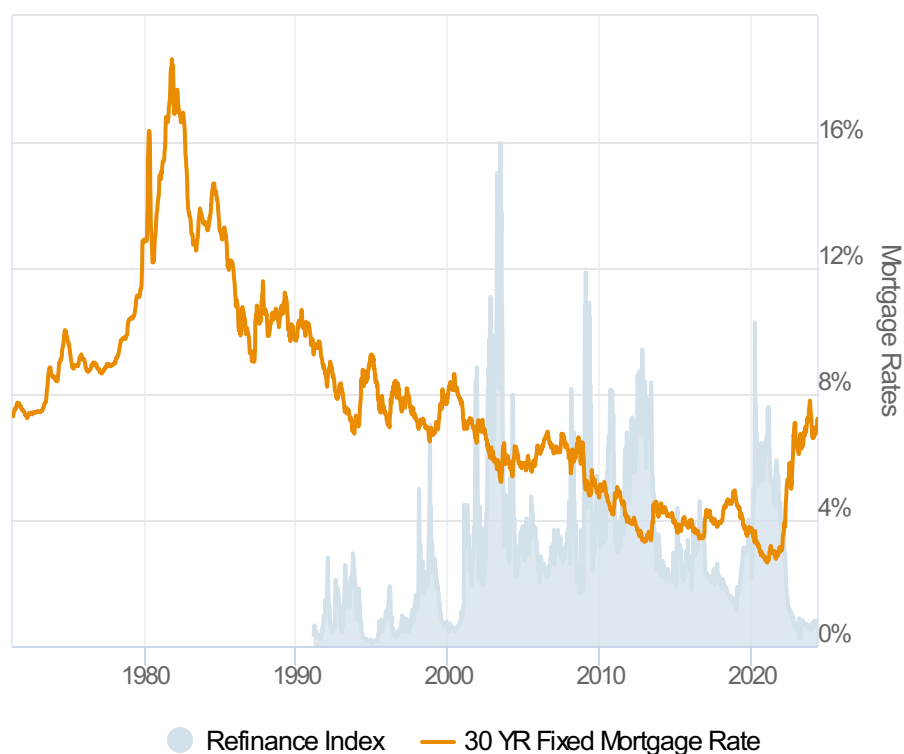


Mortgage Application Volume Nears 30-Year Lows

As mortgage rates continued to climb, mortgage applications took their biggest hit since mid-April. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of application volume, decreased 6.0 percent on both a seasonally adjusted and unadjusted basis compared to the previous week.

The Refinance Index dropped by 7.0 percent and was 11 percent lower than the same week one year ago. The refinance share of mortgage activity decreased to 31.7 percent of total applications from 31.9 percent the previous week.



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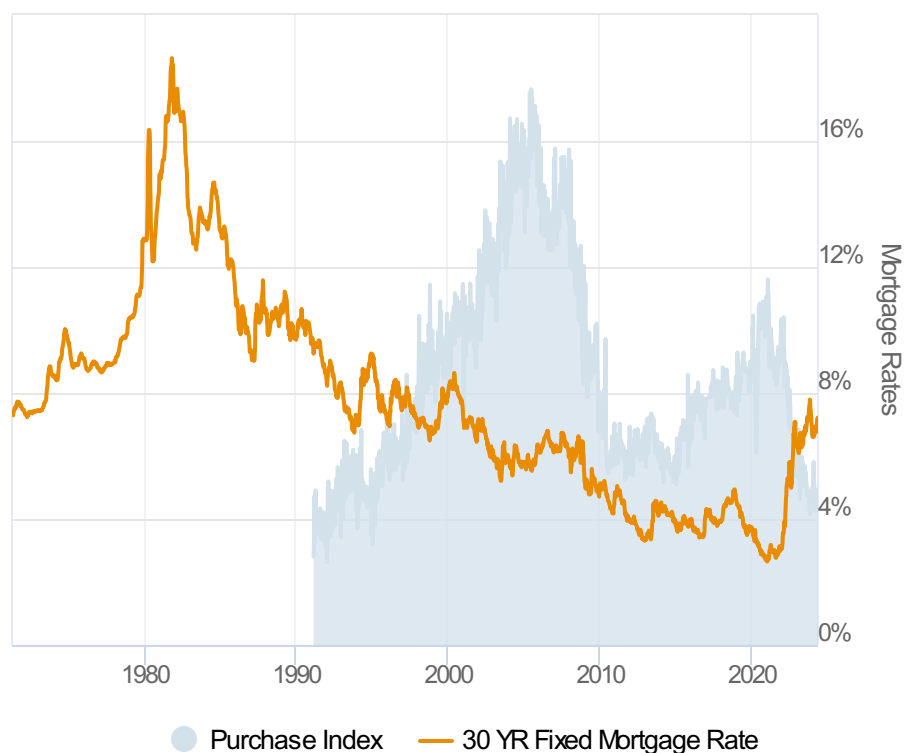
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There was also a 6.0 percent decrease in the seasonally adjusted and unadjusted Purchase indices. This drove the unadjusted index to a level 22 percent lower than the same week one year ago.



“Mortgage rates continued to move higher last week as markets digested the recent upswing in Treasury yields. Rates for all mortgage products increased, with the 30-year fixed mortgage rate increasing for the fourth consecutive week, up to and above 7.53 percent – the highest rate since 2000,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “As a result, **mortgage applications ground to a halt, dropping to the lowest level since 1996**. The purchase market slowed to the lowest level of activity since 1995, as the rapid rise in rates pushed an increasing number of potential homebuyers out of the market. ARM loan applications picked up over the week and the ARM share increased to 8 percent, as some borrowers searched for ways to lower their payments.”

Highlights from the MBA’s Weekly Mortgage Application Survey.

- Despite the decline in application volume, the size of loans moved only slightly lower. Loan sizes averaged \$364,400 with purchase loans at \$416,200. The prior week the averages were \$364,900 and \$316,300.
- The FHA share of total applications increased to 14.5 percent from 4.1 percent and the VA share decreased to 10.1 percent from 10.9 percent. The USDA share remained at 0.5 percent.
- The 7.5 percent rate for conforming 30-year fixed-rate mortgages (FRM) was an increase of 12 basis points week-over-week while points grew to 0.80 from 0.71.
- The average contract interest rate for jumbo 30-year FRM jumped to 7.51 percent from 7.34 percent, with points decreasing to 0.74 from 0.78.
- FHA-backed 30-year FRM had an average rate of 7.29 percent with 1.01 point. The previous week the rate averaged 7.16 percent, with 0.96 point.
- Fifteen-year FRM saw an average increase of 13 basis points to 6.86 percent. Points dipped to 1.14 from 1.17.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) increased to 6.49 percent from 6.47 percent but points fell to 1.21 from 1.58.
- The ARM share of activity increased to 8.0 percent of total applications from 7.5 percent. It was the largest ARM share since March.