



Mortgage Application Volume Reaches Five-Week High

Even though mortgage interest rates changed only slightly, the volume of mortgage applications moved higher for the second time in as many weeks. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of application volume, increased 2.8 percent on a seasonally adjusted basis from one week earlier and was up 0.4 percent before adjustment.

The Refinance Index gained 2.0 percent compared to the previous week and was 7 percent higher than the same week one year ago. Refinancing accounted for 31.9 percent of total applications, up from 31.4 percent the prior week.

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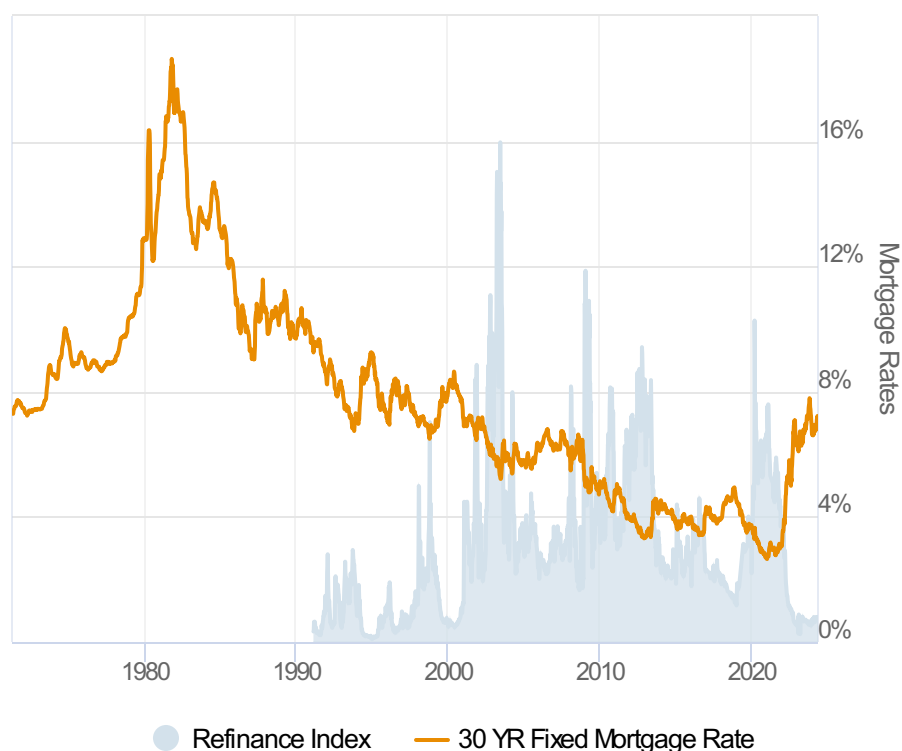
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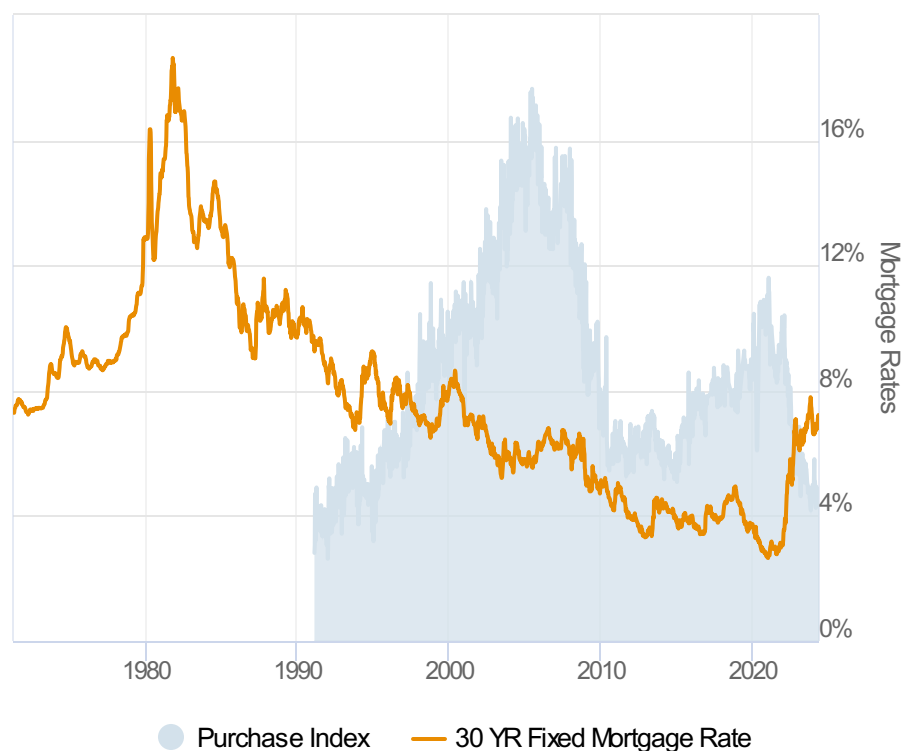
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Purchase applications rose 3.0 percent on a seasonally adjusted basis but slipped by 0.3 percent before adjustment. The Purchase Index was 12 percent lower than the same week one year ago.



“Although Treasury rates dipped midweek, mortgage rates were little changed on average through the week. The 30-year fixed mortgage rate remained at 7.61 percent, about 30 basis points lower than three weeks ago,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Both purchase and refinance applications increased to the highest weekly pace in five weeks but remain at very low levels. Despite the recent downward trend, **mortgage rates at current levels are still challenging for many prospective homebuyers and current homeowners.**”

Highlights from MBA’s Weekly Mortgage Applications Survey

- Loan sizes increased slightly, ending a four-week slide. The average loan size was \$355,700 compared to \$353,600 and purchase loans averaged \$406,600, \$1,400 higher than the previous week.
- The FHA share of total applications decreased to 14.4 percent from 14.7 percent the week prior and the VA share increased to 11.2 percent from 10.5 percent. The USDA share remained at 0.5 percent.
- The points accompanying the 7.61 percent rate for conforming 30-year fixed-rate mortgages were also essentially unchanged, declining 0.02 percentage points to 0.67.
- The rate for 30-year FRM with jumbo loan balances jumped to 7.65 percent from 7.58 percent, with points ticking up to 0.67 from 0.65.
- The rate for 30-year FRM backed by the FHA remained at 7.36 percent but points decreased to 0.85 from 0.91.
- Fifteen-year FRM had an average rate of 6.94 percent with 1.00 point. The prior week the rate was 6.98 percent with 0.88 point.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) dropped 11 basis points to 6.65 percent, with points decreasing to 0.72 from 0.80.
- ARM applications made up 8.8 percent of the total, a point lower than the prior week’s share.