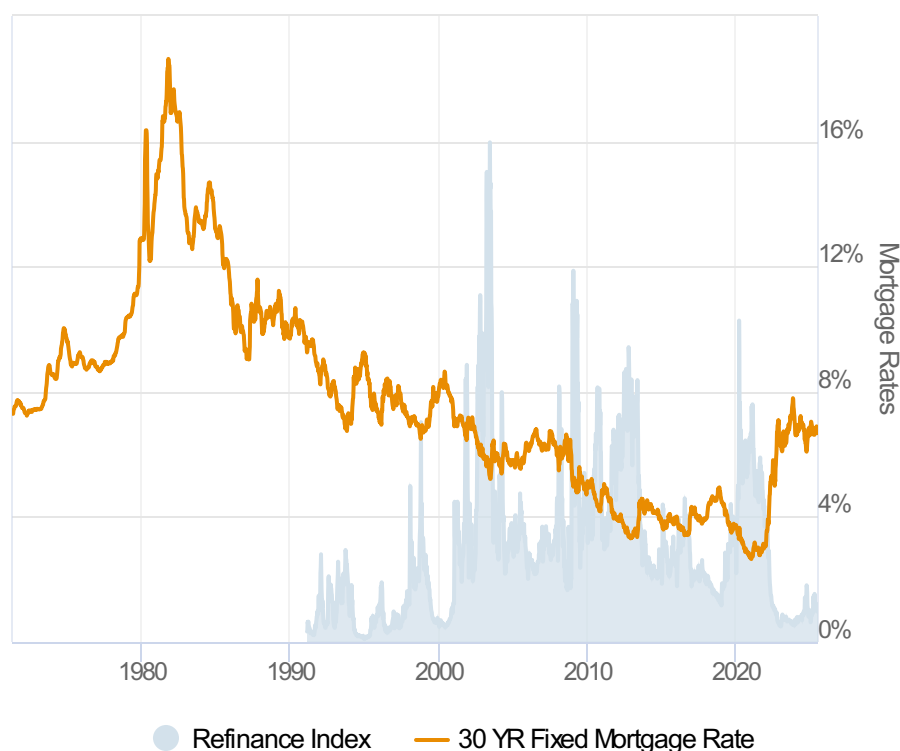


Mortgage App Volume Posts Another Gain on Rate Drop

Mortgage application activity continued its **strong post-holiday performance** during the week ended January 12. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage loan application volume, increased by 10.4 percent on a seasonally adjusted basis from the previous week's number. The Index had posted a 10 percent gain during the first week of the year, although that number reflected an adjustment to account for the New Year holiday. On an unadjusted basis, the Index rose 26.0 percent.

The Refinance Index increased 11.0 percent from the previous week and was 10.0 percent higher than the same week one year ago. Refinancing accounted for 37.5 percent of total applications compared to 38.3 percent the previous week.



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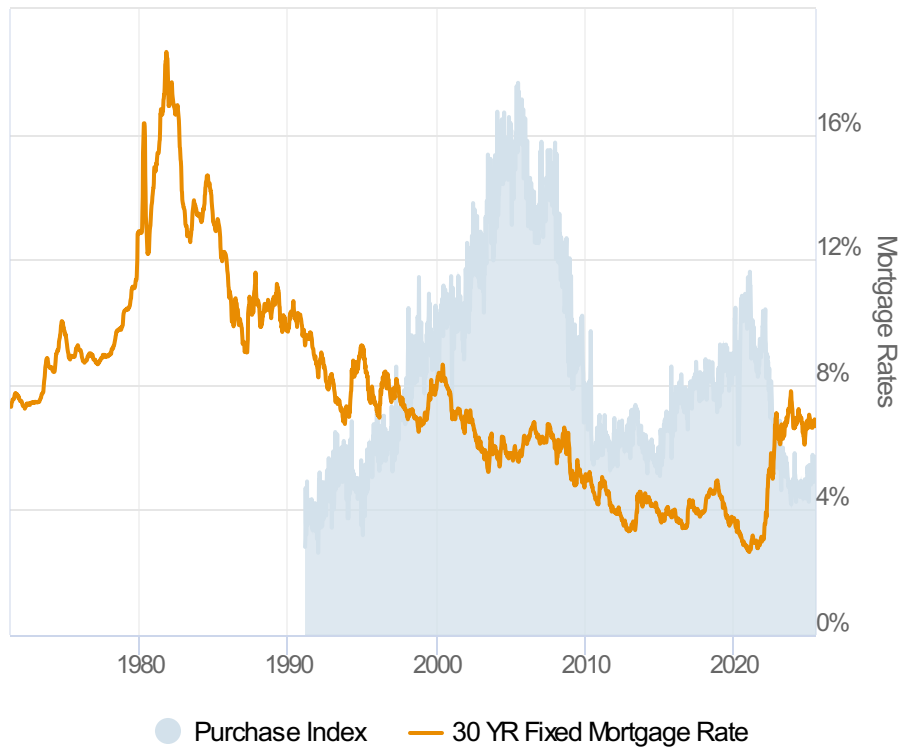
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The Purchase Index increased 9.0 percent seasonally adjusted and 28.0 percent before adjustment. It remains down 20 percent on an annual basis.



“Mortgage rates declined across all loan types as Treasury yields moved lower last week on incoming inflation data, which helped to support a rise in mortgage applications. The 30-year fixed-rate decreased six basis points to 6.75 percent, the lowest rate in three weeks,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Compared to a holiday-adjusted week, both purchase and refinance applications were up, and the increases were heavily driven by the conventional market. Although purchase activity is lagging year-ago levels, refinance applications have improved from their recent low point and have been showing **year-over-year gains, albeit at low levels**. If rates continue to ease, MBA is cautiously optimistic that home purchases will pick up in the coming months.”

Other highlights from MBA’s Weekly Mortgage Applications survey.

- Loan sizes increased to an average of \$360,800 from \$353,500 and the \$414,900 average for purchase loans was \$12,000 higher than the prior week.
- The FHA share of total applications dipped to 14.3 percent from 14.4 percent and the VA portion fell to 14.2 percent from 16.3 percent. USDA applications accounted for 05 percent of the total.
- The 6.75 average rate for conforming 30-year fixed-rate mortgages (FRM) carried an average of 0.62 point.
- The average rate for jumbo 30-year FRM dropped to 6.86 percent from 6.98 percent, with points decreasing to 0.42 from 0.43.
- Thirty-year FRM with FHA guarantees had an average rate of 6.46 percent with 0.80 point, down from 6.56 percent with 0.85 point a week earlier.
- The average rate for 15-year FRM fell 17 basis points to 6.24 percent with points ticking up to 0.59 from 0.55.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) was 6.14 percent, down from 6.17 percent, with points increasing to 0.68 from 0.56.
- The ARM share of activity increased to 5.9 percent of total applications from 5.4 the prior week.