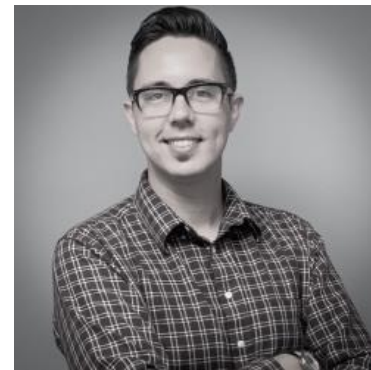
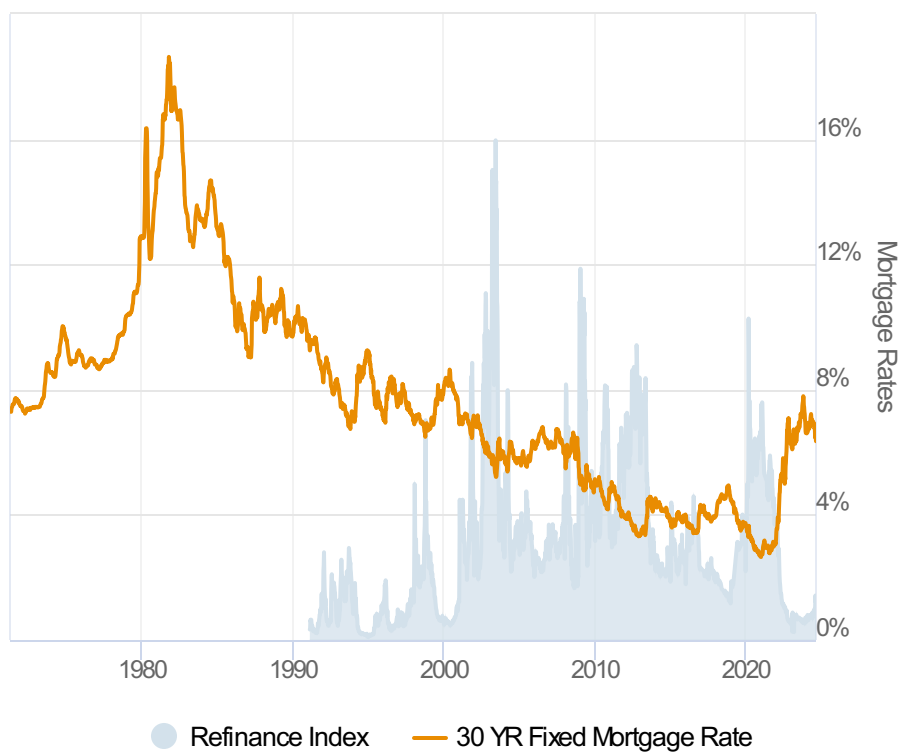




Rates Continue to Stall Application Volume

The week ending February 23 produced the third consecutive period of declining mortgage activity. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage loan application volume, **decreased 5.6 percent on a seasonally adjusted basis** from one week earlier and was down 3,0 percent before adjustment.

The **Refinance Index declined 7.0 percent** from the previous week's level and was 1.0 percent lower than the same week one year ago. The refinance share of mortgage activity decreased to 31.2 percent from 32.6 percent the previous week.



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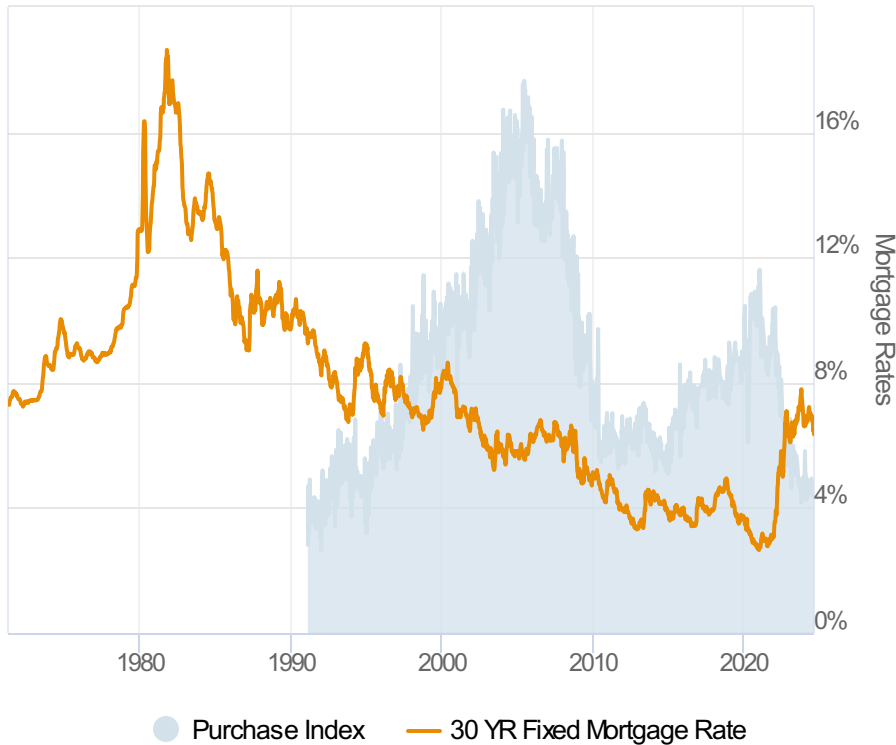
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The Purchase Index was down 5.0 percent on a seasonally adjusted basis and 1.0 percent before adjustment. Volume was 12.0 percent lower than the same week one year ago.



“Mortgage rates were little changed last week, with the 30-year conforming rate declining slightly to 7.04 percent but remaining about a quarter percentage point higher than the start of the year,” said Mike Fratantoni, MBA’s SVP and Chief Economist. “Higher rates in recent weeks have stalled activity, and last week it dropped more for those seeking FHA and VA refinances. Purchase activity is running 12 percent behind last year’s pace, but our JanuaryBuilder Application Survey results showed that applications to buy new homes were up 19 percent compared to last year. This disparity continues to highlight how the **lack of existing inventory is the primary constraint to increases in purchase volume**. However, mortgage rates above 7 percent sure don’t help.”

Highlights from MBA’s Weekly Mortgage Applications Survey

- Loan sizes slid for the second week. The average declined from \$381,800 the previous week to \$373,600 and purchase loans averaged \$430,000, down from \$440,700.
- The FHA share of total applications dipped to 13.0 percent from 13.2 percent and the VA share decreased to 11.7 percent from 12.1 percent the week prior. USDA applications accounted for 0.5 percent of the total.
- The 7.04 percent average contract interest rate for conforming 30-year fixed-rate mortgages (FRM) was 2 basis points lower than the prior week and points increased to 0.67 from 0.66.
- The rate for 30-year FRM with jumbo loan balances increased to 7.20 percent from 7.16 percent, with points increasing to 0.57 from 0.45.
- Thirty-year FHA-backed FRM had a rate of 6.86 percent with 0.99 point. The previous week the rate was 6.91 percent with 1.03 points.
- A 15-year FRM carried an average rate of 6.70 percent, 9 points higher than the prior week. Points rose to 0.68 from 0.77.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) decreased to 6.33 percent from 6.37 percent, with points decreasing to 0.58 from 0.71.
- The ARM share of activity increased to 7.5 percent of total applications from 7.4 percent the prior week.