



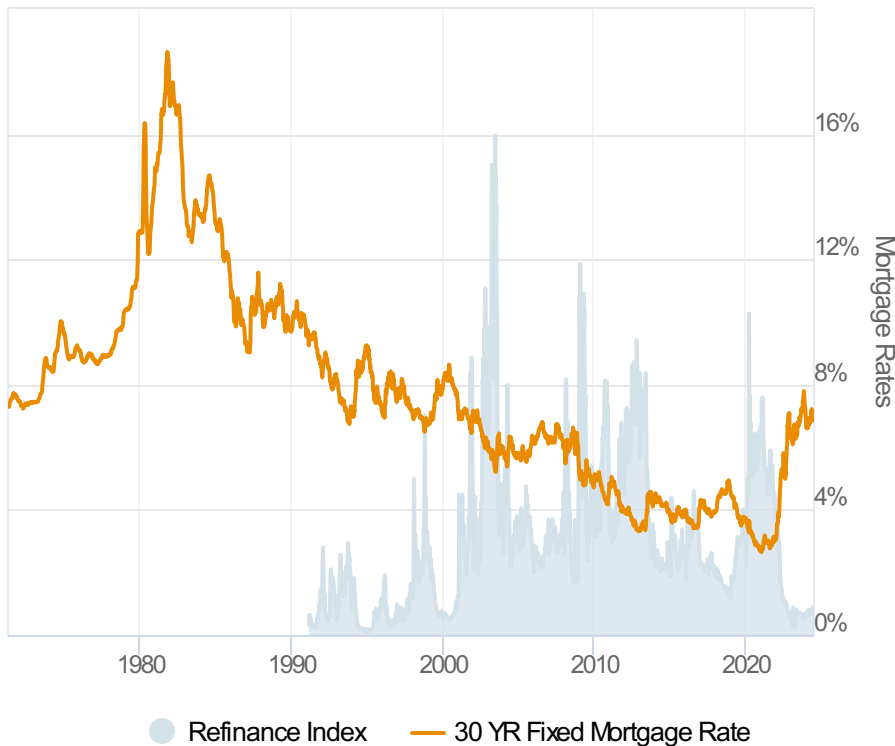
Mini-boom in Refi Apps Continues

Interest rates hit a seven-week low last week, boosting the level of refinancing applications for the third straight week, but those for home purchases continued to recede. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage application volume, increased 1.9 percent on a seasonally adjusted basis during the week ended May 17. On an unadjusted basis, the Index increased 1.1 percent.

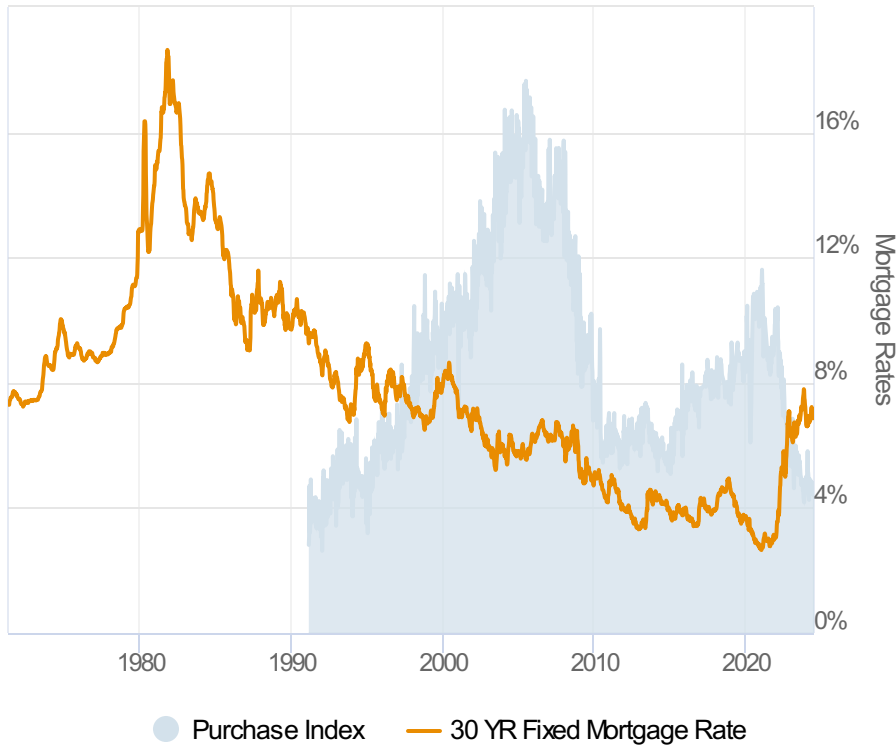
The Refinance Index jumped by 7.0 percent compared to the previous week and was 21.0 percent higher than the same week one year ago. The refinance share of mortgage activity increased to 34.0 percent of total applications from 32.0 percent week-over-week. The Refinance Index has gained an aggregate of 17 points since April 25.



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Purchasing activity declined for the second week, this time by 1.0 percent on a seasonally adjusted basis and 2.0 percent before adjustment. The index was 11.0 percent lower than the same week in 2024.



“The 30-year fixed mortgage rate declined for the third straight week, dropping to 7.01 percent – the lowest level in seven weeks,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. **“Rates coming down from recent highs spurred some borrowers to act, with increases across both conventional and government refinance applications.** VA refinances had a double-digit increase for the third consecutive week, although the current level of refinancing is still well below its historical average. Purchase activity continues to lag despite this recent decline in rates, down 11 percent from a year ago, as potential buyers still face limited for-sale inventory and high list prices.”

Highlights from MBA’s Weekly Mortgage Applications Survey

- Loan sizes continued to see-saw, with the average rising from \$379,400 to \$383,900 last week. The size of loans for home purchases grew to \$444,000 from \$437,700.
- The FHA share of total applications increased to 12.8 percent from 12.4 percent while the VA share grew 1.0 percentage point to 13.7 percent. The USDA share of total applications decreased to 0.3 percent after accounting for 0.4 percent of the total for many weeks.
- The 7-basis point drop in the average contract interest rate for conforming 30-year fixed-rate mortgages (FRM) was accompanied by a decline in points from 0.63 to 0.60.
- The rate for 30-year FRM with jumbo loan balances dipped to 7.18 percent from 7.22 percent, with points falling to 0.44 from 0.58.
- FHA-backed 30-year FRM had an average rate of 6.77 percent, down from 6.86 percent. Points averaged 0.88 compared to 0.94 the prior week.
- The 6.42 average rate for 15-year FRM represented a 19-basis point decline for the week while points ticked down to 0.54 from 0.65.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) decreased to 6.48 percent from 6.56 percent, with points decreasing to 0.55 from 0.66.
- The ARM share decreased to 6.6 percent of total applications from 7.0 percent.