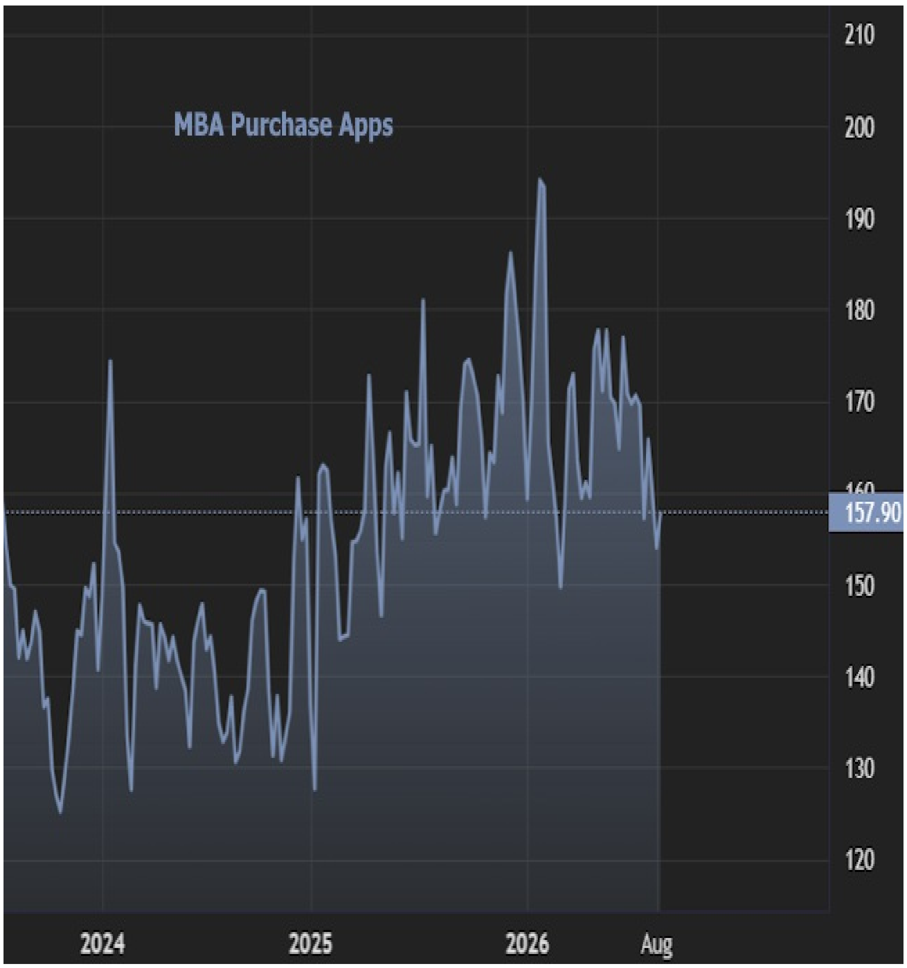
HOUSING CONNECTION
Mortgage and Real Estate News That Matters

As Expected, Mortgage Apps Bounce in Response to Rate Reversal

Mortgage application activity rebounded last week as a moderate decline in mortgage rates provided some relief for both homebuyers and homeowners considering a refinance. The Mortgage Bankers Association (MBA) reported a **3.6% increase** in total application volume on a seasonally adjusted basis for the week ending August 7.

Purchase applications increased **3%** from the previous week on a seasonally adjusted basis, but remained **1%** below the same week one year ago. Borrowing costs remain elevated and continue to weigh on affordability and buyer demand.



Refinance activity also improved, with the Refinance Index increasing **5%** from the prior week. Despite the weekly gain, refinance applications remained **22%** below year-ago levels.

Stuart Cooper
The Preferred Lender
stuart@thepreferredlender.com
Newport Beach
Orange County CA 92660

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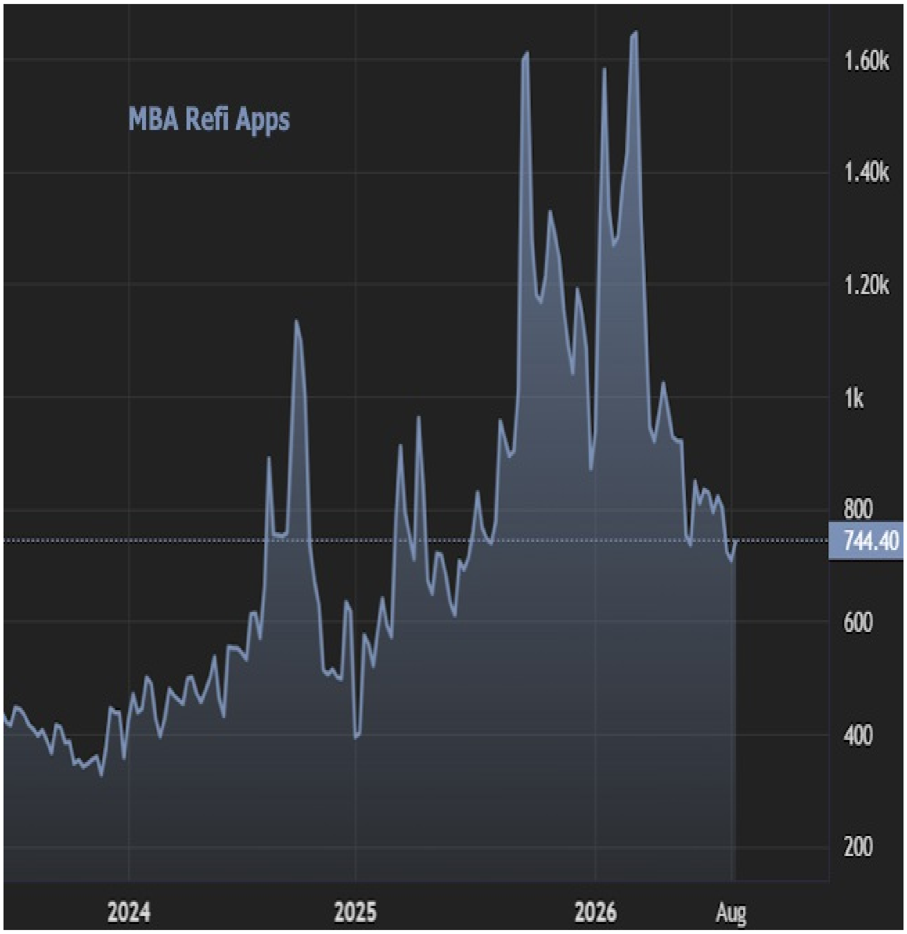

"The reprieve in rates supported an increase in both purchase and refinance applications over the week, although the pace of applications has fallen below last year's pace in recent weeks," said Joel Kan, MBA's Vice President and Deputy Chief Economist. Kan noted that the average loan size for refinance applications fell to its lowest level since July 2025 as refinance incentives have diminished at current mortgage rates.

The refinance share of total mortgage activity increased to **40.7%** from 39.9% the previous week, while the adjustable-rate mortgage (ARM) share remained unchanged at **7.9%**.

The average contract rate for a 30-year fixed mortgage decreased to **6.77%** from 6.81%, while the rate for jumbo 30-year loans fell to **6.68%** from 6.72%. The 15-year fixed rate also declined, reaching 6.10% from 6.13%, while the 5/1 ARM rate fell to 5.99% from 6.03%.

Mortgage Rate Summary:

- **30yr Fixed:** 6.77% (from 6.81%) | **Points:** 0.67 (from 0.65)
- **15yr Fixed:** 6.10% (from 6.13%) | **Points:** 0.94 (from 0.73)
- **Jumbo 30yr:** 6.68% (from 6.72%) | **Points:** 0.51 (from 0.52)
- **FHA:** 6.43% (unchanged) | **Points:** 0.77 (from 0.75)
- **5/1 ARM:** 5.99% (from 6.03%) | **Points:** 0.83 (from 0.99)

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