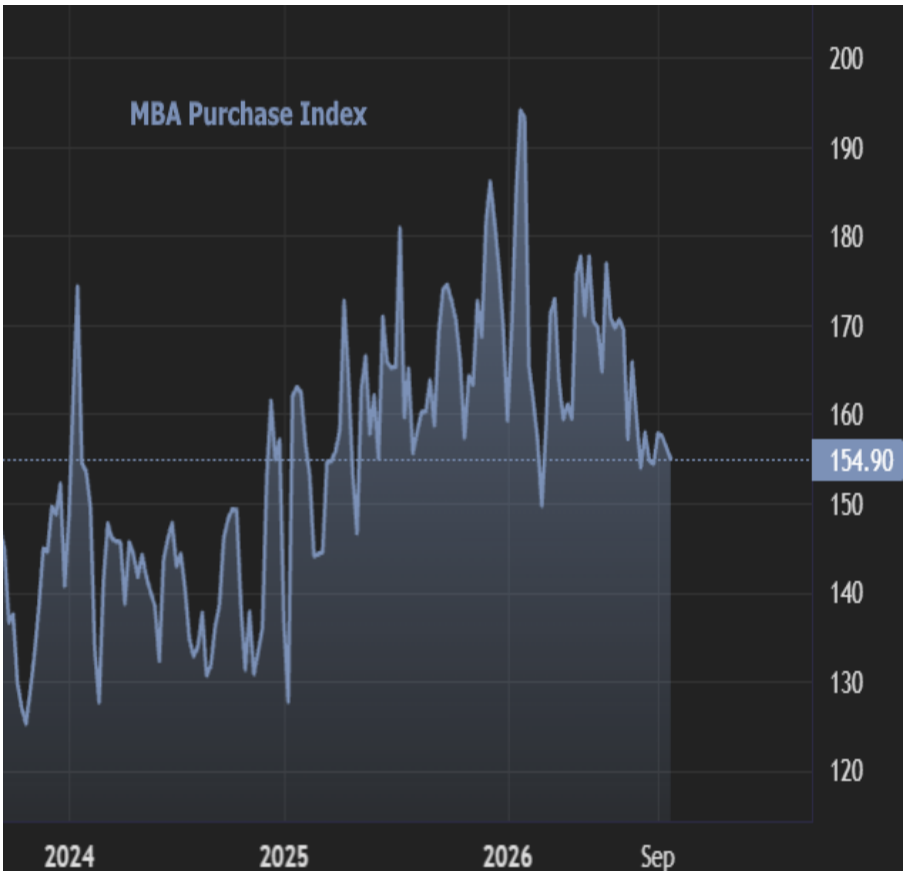
Refi Demand Logically Lower While Purchases Grind Sideways

Mortgage demand remained subdued last week as the 30-year fixed rate climbed above 7%. The Mortgage Bankers Association (MBA) reported a **1.5% decline** in total mortgage application volume for the week ending September 18, following a 4.1% drop the week before.

Purchase activity was the only saving grace. While technically 1% lower week-over-week, it has generally been moving sideways for the past few weeks.



Refinance demand was more sluggish. The Refinance Index declined another **3%** and was **62% lower** than a year earlier. MBA said the pace of refinancing has now reached its **slowest level since February 2025**, a reflection of how few existing borrowers can benefit from replacing their current mortgage with one carrying today's higher rate.

Casey Sullivan
Branch Manager and Mortgage Advisor, The Sullivan Group at CrossCountry Mortgage
www.TheSullivanGrp.com
P: (925) 395-4212
casey@thesullivangrp.com
2125 Oak Grove Rd. Ste. 328
Walnut Creek CA 94598
NMLS237837 & CCM NMLS3029

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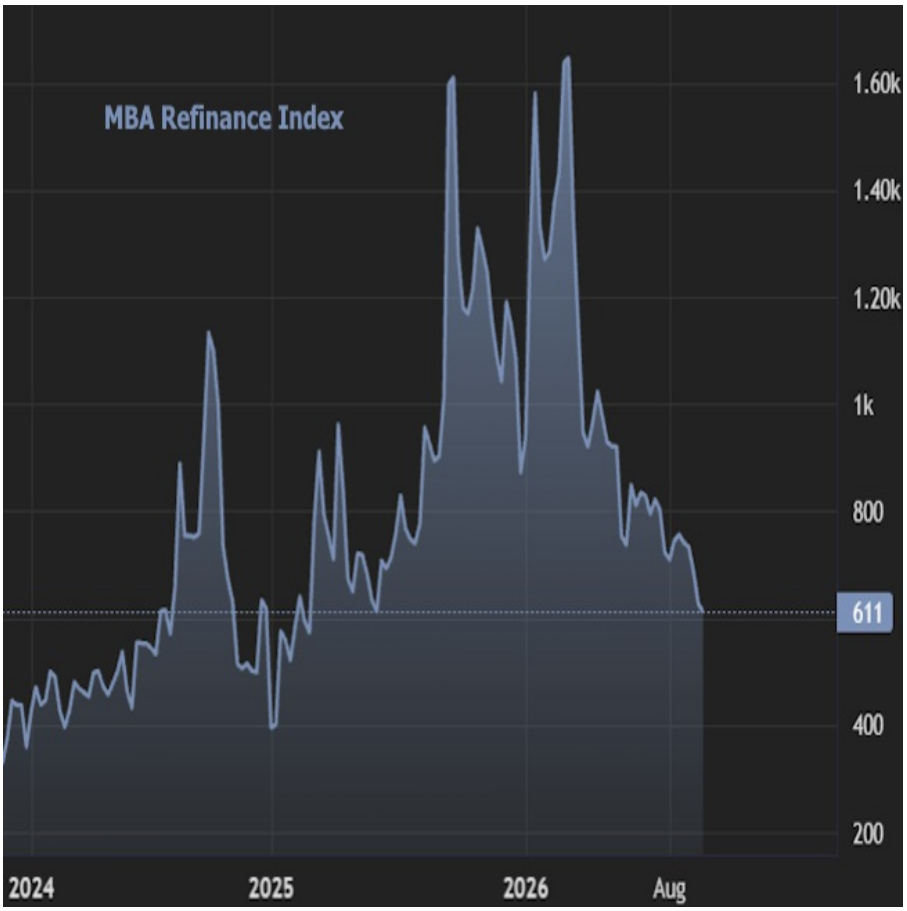

"Mortgage rates vaulted higher last week, with the 30-year fixed rate at 7.12 percent – the highest level since May 2024," said Mike Fratantoni, MBA's SVP and Chief Economist. He added that the higher fixed rates prompted more borrowers to consider adjustable-rate mortgages, even as both purchase and refinance applications continued to decline.

The shift toward ARMs was one of the more notable developments in the latest data. ARMs accounted for **9.8%** of application volume, up from 8.4% the week before. The average rate for a 5/1 ARM fell to 6.10%, putting it more than a full percentage point below the 30-year fixed rate. That spread is large enough to make the adjustable option more noticeable to borrowers facing 7% or higher fixed rates.

The average contract rate for a 30-year fixed mortgage rose to **7.12%** from 6.97%, while the rate for jumbo 30-year loans increased to **7.15%** from 7.03%. The 15-year fixed rate moved up to **6.43%** from 6.30%, while the 5/1 ARM rate fell to **6.10%** from 6.23%.

Mortgage Rate Summary:

- **30yr Fixed:** 7.12% (from 6.97%) | **Points:** 0.73 (from 0.72)
- **15yr Fixed:** 6.43% (from 6.30%) | **Points:** 1.15 (from 0.98)
- **Jumbo 30yr:** 7.15% (from 7.03%) | **Points:** 0.53 (from 0.59)
- **FHA:** 6.78% (from 6.62%) | **Points:** 0.96 (from 0.85)
- **5/1 ARM:** 6.10% (from 6.23%) | **Points:** 0.76 (from 0.99)

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