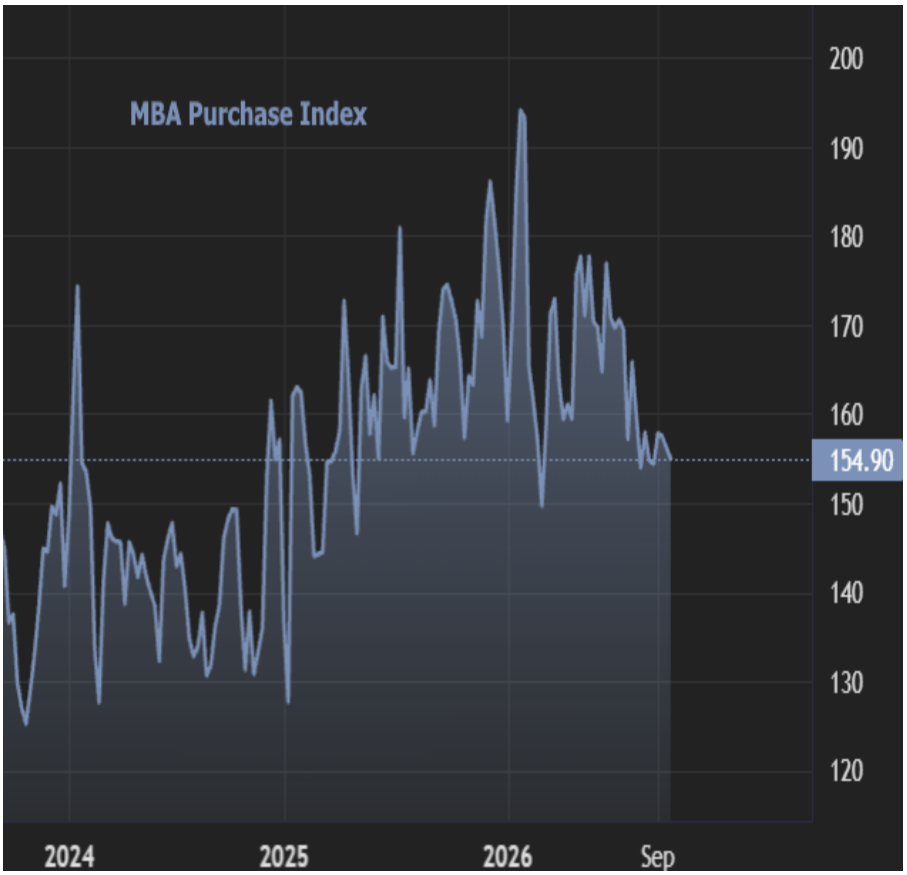
HOUSING CONNECTION
Mortgage and Real Estate News That Matters

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.

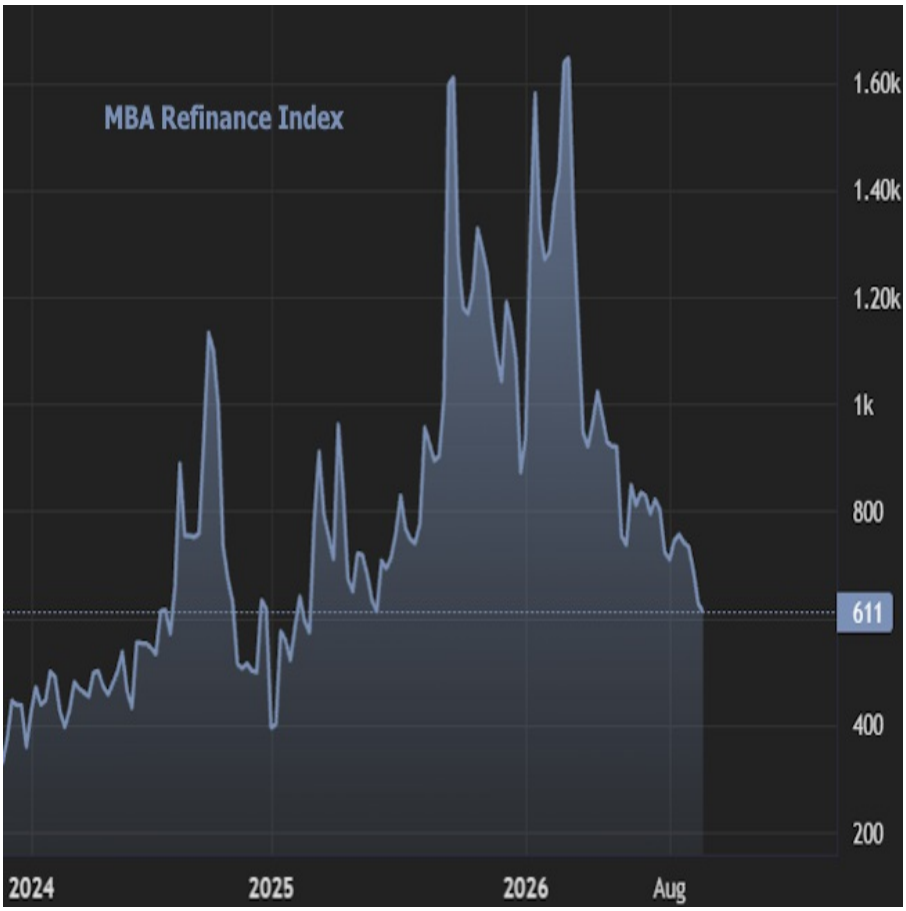


Darren Crampton
Mortgage Loan Originator and Construction Specialist, Edge Home Finance
www.DarrenLoans.com
M: (407) 963-7654
9624 Weatherstone Court
Windermere FL 34786
2241230

EDGE HOMEFINANCE

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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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