

Refis Take Another Step Toward 50% of All Mortgage Apps

By: Jann Swanson | Wed, Jun 21 2017, 9:21 AM

The volume of applications for **refinancing expanded** for the third consecutive time during the week ended June 16. The Mortgage Bankers Association (MBA) said the increase offset another down week for purchase mortgages, giving overall mortgage volume a slight uptick from a week earlier.

The MBA's Market Composite Index, a measure of overall application volume, increased 0.6 percent on a seasonally adjusted basis from the week ended June 9. On an unadjusted basis however, the Composite Index dipped 0.4 percent. The Refinance Index gained 2 percent from the week before, putting it at its highest level since last November. The share of applications that were for refinancing **rose to 46.6** percent from 45.4 percent.

Applications for purchase mortgages **declined** for the fifth time in the last six weeks. The seasonally adjusted Purchase Index was down 1 percent from the week ended June 9, and the non-adjusted index lost 1 percent although it was 9 percent higher than during the same week in 2016.

The share of applications that were for **FHA**-backed loans decreased from 11.2 percent the previous week to 10.1 percent and the VA share dropped to 10.4 percent from 11.1 percent. The USDA share declined to 0.7 percent from 0.8 percent.

The average contract interest **rate** for 30-year fixed-rate mortgages (FRM) with conforming loan balances (\$424,100 or less) remained unchanged at 4.13 percent. Points decreased to 0.34 from 0.35, pulling the effective rate lower.

Both contract and effective rates for all other fixed-rate mortgage products moved higher than was reported for the previous week. The average contract rate for **30-year** fixed-rate mortgages with loan balances exceeding \$424,100 increased to 4.08 percent from 4.06 percent. Points rose to 0.30 from 0.24.

The average rate for **FHA**-backed 30-year FRM was 4.04 percent with 0.35 point. The prior week the rate was 4.0 percent with 0.29 point. Rates for **15-year** FRM increased an average of 3 basis points to 3.40 percent. Points rose to 0.38 from 0.34.

The average contract interest rate for 5/1 adjustable rate mortgages (**ARMs**) was unchanged from a week earlier at 3.26 percent. Points increased to 0.22 from 0.20 and the effective rate moved higher. The ARM share of applications activity rose to 7.5 percent of total applications from 7.4 percent.

MBA's Weekly Mortgage Applications Survey has been conducted since 1990 and covers over 75 percent of all U.S. retail residential mortgage applications. Respondents include mortgage bankers, commercial banks and thrifts. Base period and value for all indexes is March 16, 1990=100 and interest rate information is based on loans with an 80 percent loan-to-value ratio and points that include the origination fee.

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