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## Mortgage Applications Drift Sideways; Purchases Still Dominating

On one hand it could be said that mortgage application volume declined last week for the third straight week. Or, one could conclude that the changes were **so insignificant** that they hardly matter.

The Mortgage Bankers Association said its Market Composite Index, a measure of mortgage loan application volume, dipped **0.4 percent** on a seasonally adjusted basis during the week ended May 4 and was unchanged from the previous week on an unadjusted basis. The seasonally adjusted **Purchase** Index was down 0.2 percent from one week earlier while the unadjusted version did manage an 0.4 percent gain and was 3 percent higher than the same week one year ago.

The **Refinance** Index drifted 1 percent lower than during the week ended April 27 and the refinancing share of applications declined to 36.3 percent from 36.5 percent. Both the volume and the share of applications were at their lowest levels since the fall of 2008.

### Refi Index vs 30yr Fixed

### Purchase Index vs 30yr Fixed

The **distribution** of applications among loan types was also largely unchanged. The FHA share decreased to 10.1 percent from 10.3 percent, the VA share increased 0.2 point to 10.4 percent and applications for USDA loans ticked down to 0.7 percent from 0.8 percent the previous week.

After hitting multi-year highs a week earlier, interest **rates** for all loan products pulled back slightly. Both contract and effective rates declined.

The contract interest rate for **30-year** fixed-rate mortgages (FRM) with conforming loan balances of \$453,100 or less averaged 4.78 percent with 0.50 points. The previous week the rate was 4.80 percent with 0.53 point.

## Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%

The rate for **jumbo** 30-year FRM, loans with balances above the conforming loan limit, was down 4 basis points to 4.65 percent. Points decreased to 0.36 from 0.42.

The rate for 30-year FRM backed by the **FHA** eased back to 4.80 percent from 4.81 percent. Points declined to 0.75 from 0.78.

**Fifteen**-year FRM had a contract rate that averaged 4.20 percent, down from 4.21 percent. Points decreased to 0.48 from 0.49.

The contract interest rate for 5/1 **adjustable** rate mortgages (ARMs) declined to 4.00 percent from 4.03 percent, and points averaged 0.43 compared to 0.44. The ARM share of activity decreased to 6.5 percent of total applications from 6.7 percent the previous week.

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.