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A Message from Ted Rood:

"Not sure if the surge was fueled by rates as much as by TRID's approach. In any case, looks like it's waning as quickly as it grew. "

Mortgage App Surge Exciting while it Lasted

Mortgage applications thus far in October's have scored a net gain of... just about nothing, falling almost perfect victim to Newton's Third Law last week. Following the week ended October 2, in which the Mortgage Bankers Association's Market Composite Index, a measure of loan application volume, and all of its components had soared, gaining a minimum of 24 percent, **every index fell back** during the week ended October 9 by nearly the same or a greater measure.

The Composite, which had risen about 26 percent on both a seasonally adjusted and unadjusted basis the first week of October **declined by 27.6 percent** and 27 percent respectively last week while the Refinance Index went from a 24 percent gain to a 23 percent loss. The adjusted and unadjusted Purchase Indices fared even worse, each reversing their earlier 27 percent increases and then falling another 7 percentage points. The unadjusted Purchase Index went from a 49 percent year-over-year increase to a 1 percent loss.

Refinance Index vs 30 Yr Fixed

Purchase Index vs 30 Yr Fixed

MBA spokesperson, Vice President Lynn Fisher had given the credit for last week's surge to a combination of **volatile interest rates** and consumers' desire to get applications underway before implementation of new Consumer Financial Protection Bureau disclosure regulation on October 3. MBA Chief Economist Mike Fratantoni also named the latter as responsible for the two-week whipsaw. "Application volume plummeted last week in the wake of the implementation of the new TILA-RESPA integrated disclosures (**TRID**), which caused lenders to significantly revamp their business processes, and as a result dramatically slowed the pace of activity," he said. "The prior week's results evidently pulled forward much of the volume that would have more naturally taken place into this week. Purchase volume for the week was below last year's pace, the first year over year decrease since February 2015,

National Average Mortgage Rates



Mortgage News Daily

	Rate	Change	Points
30YR Fixed	7.51%	+0.01	0.00
15YR Fixed	7.04%	+0.01	0.00
30YR FHA	7.08%	+0.03	0.00
30YR Jumbo	7.52%	+0.02	0.00
7/6 SOFR	7.12%	-0.01	0.00
30YR VA	7.10%	+0.03	0.00

Rates as of: 11/16

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.71	+0.01
10 YR Treasury	5.1266	-0.0076
30 YR Treasury	5.4731	-0.0027

Pricing as of: 11/16 7:20PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 4	204.6	+6.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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while refinance volume dropped sharply even with little change in mortgage rates."

But Mortgage News Daily's Matt Graham notes that rates might play a bigger role. "While the week-over-week surveys from Freddie [Mac] and the MBA might show relatively smaller changes, we've actually had significant rate fluctuations over the past two weeks. At the end of the week where apps surged, rates put in successive days at **5-month lows**, with that Friday morning being significantly better than any other day in recent memory," says Graham. "There's no question that TRID created a meaningful sense of urgency, but neither is there a question that 5 straight days of better rates moving to 5-month lows followed by 5 straight days of moving back in the other direction--with a particularly large spike to start the week--will have a meaningful effect on applications."

The **FHA share** of total applications decreased to 12.6 percent from 12.7 percent while VA applications increased their share to 11.5 percent from 9.2 percent. The share of USDA applications shrank from 0.7 percent to 0.5 percent. The refinance share of mortgage activity increased to 61.2 percent of total applications from 57.4 percent the previous week.

The average contract interest rate for **30-year** fixed-rate mortgages (FRM) with conforming loan balances ($417,000 or less) remained unchanged at 3.99 percent, with points increasing to 0.53 from 0.46. The effective rate increased from the previous week.

The average rate for 30-year FRM with loan balances greater than $417,000 remained unchanged at 3.89 percent. Points increased to 0.41 from 0.25, increasing the effective rate

Interest rates for 30-year FRM backed by the **FHA** increased to 3.82 percent with 0.39 point from 3.80 percent with 0.35 point. The effective rate also increased.

Rates for **15-year** FRM averaged 3.20 percent with 0.39 point compared to 3.24 percent with 0.38 point the previous week. The effective rate also decreased.

The adjustable rate mortgage (**ARM**) share of applications dipped from 7.6 to 7.5 percent as the average rate for 5/1 ARMS increased, going from 2.96 percent with 0.46 point to 3.0 percent with 0.32 point. The effective rate increased from the prior week.

MBA's Weekly Mortgage Application Survey, which has been conducted since 1990, 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 rates are based on loans with an 80 percent loan-to-value ratio and points that include the origination fee.

Responsive service, experienced expertise

I've dedicated my 26 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

Ted Rood

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