

The Mortgage Corner

HIGH MORTGAGE VOLUMES INDICATE ROBUST REAL ESTATE SALES WILL CONTINUE

Mortgage volumes are increasing, according to the Mortgage Bankers Association (MBA), indicating that both new and existing-home sales will continue their record-breaking pace into the fall. Fixed rate mortgages are also back in favor, as 30-yr mortgage rates have fallen to near historic lows.

The MBA released its Weekly Mortgage Applications Survey for the week ending September 2. The Market Composite Index - a measure of mortgage loan application volume - was 771.6, an increase of 6.8 percent on a seasonally adjusted basis from 722.5 one week earlier. On an unadjusted basis, the Index increased 5.4 percent compared with the previous week and was up 11.8 percent compared with the same week one year earlier.

The seasonally-adjusted Purchase Index increased by 6.1 percent to 499.1 from 470.6 the previous week whereas the Refinance Index increased by 7.7 percent to 2357.1 from 2187.8 one week earlier. Other seasonally adjusted index activity includes the Conventional Index, which increased 6.7 percent to 1161.1 from 1088.6 the previous week, and the Government Index, which decreased 9.1 percent to 121.7 from 111.6 the previous week.

"While the volume of both ARM applications and fixed-rate applications increased from last week, 0.4 percent and 7.4 percent, respectively, the year-over-year trend is a different story," said Michael Cevarr, the MBA's director of member surveys. "Compared with one year ago, the volume of ARM applications is down 9.9 percent, whereas the number of fixed-rate mortgage applications is up 22.5 percent."

The four-week moving average for the seasonally adjusted Market Index is up 0.9 percent to 752.9 from 746.3. The four-week moving average is up 0.1 percent to 489.4 from 489.3 for the Purchase Index while this average is up 1.9 percent to 2284.6 from 2240.9 for the Refinance Index.

The refinance share of mortgage activity increased to 44.8 percent of total applications from 43.8 percent the previous week. The adjustable-rate mortgage (ARM) share of activity decreased to 26.5 percent of total applications from 27.8 percent the previous week.

The average contract interest rate for 30-year fixed-rate mortgages decreased to 5.64 percent from 5.73 percent on week earlier, with points decreasing to 1.13 from 1.21 (including the origination fee) for 80 percent loan-to-value (LTV) ratio loans. The average contract interest rate for 15-year fixed-rate mortgages decreased to 5.18 percent

from 5.36 percent one week earlier, with points decreasing to 1.14 from 1.19 (including the origination fee) for 80 percent LTV loans.

The average contract interest rate for one-year ARMs decreased to 4.81 percent from 4.88 percent one week earlier, with points decreasing to 1.05 from 1.06 (including the origination fee) for 80 percent LTV loans.

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