

Mortgage Applications Back on the Rise

Mortgage applications climbed last week in response to falling interest rates, according to the Mortgage Bankers Association weekly mortgage applications survey.

The index increased 2.9 percent to 841.4 from 817.7 the previous week on an adjusted basis. On an unadjusted basis, it also increased 2.9 percent and was up 37.3 percent compared with the same week a year ago.

Most of the activity was in refinances, which increased to 76.9 percent of the total.

"It doesn't solve the problem for people who owe more than their home is worth, but for the significant majority who are able to refinance, it is quite a boon," said Bob Walters, chief economist at Quicken Loans in Livonia, Mich.

Interest rates were down last week compared with the previous week, and are expected to decline still further in response to the Federal Reserve cutting its benchmark rate to a record low this week.

Last week's already low rates continued to decline:

- 30-year fixed-rate mortgages decreased to 5.18 percent from 5.44 percent;
- 15-year fixed-rate mortgages decreased to 4.93 percent from 5.08 percent
- 1-year ARMs decreased to 6.63 percent from 6.76 percent.

Source: Mortgage Bankers Association and Reuters News, Lynn Adler (12/17/2008)