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Mortgage refinancing applications surge Here's what you should know before jumping in

By [Amy Hoak](#), MarketWatch

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CHICAGO (MarketWatch) -- Reflecting a surge in refinancing activity, the volume of mortgage applications rose a seasonally adjusted 48.1% in the week ended March 21 from the prior week, the Mortgage Bankers Association said Wednesday.

Applications filed to refinance existing mortgages increased 82.2% on a week-to-week basis, according to the MBA's weekly survey. Filings for mortgages to buy homes also rose, up a seasonally adjusted 10.6%.



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Overall application filings were up an unadjusted 41.1% from the same week a year ago, the Washington-based MBA said. The seasonally adjusted four-week moving average for all home loans was up 11.3%.

After the Federal Reserve moved last week to help stabilize the mortgage-backed securities market, "we saw an immediate impact with a drop in mortgage rates," said Jay Brinkmann, MBA's vice president of research and economics, in a news release. He noted "a drop in the 30-year fixed rate of at least a quarter of a point."

Specifically, the 30-year fixed-rate mortgage averaged 5.74% last week, down from 5.98% a week earlier, according to the MBA survey.

By comparison, the rate on the 15-year fixed-rate mortgage dipped just slightly, averaging 5.23% last week, off from the prior week's 5.24%. And the average rate on one-year adjustable-rate mortgages ticked up to 7.02% from 6.99%.

Refinance applications made up 62.0% of all applications last week, up from 49.7% the previous week. Applications for ARMs accounted for 3.8% of all applications, down from 7.9%.

The MBA survey covers about half of all U.S. retail residential mortgage applications.

Refi advice

Thinking of refinancing your mortgage? Below are a few tips for people thinking about refinancing an existing loan:

- **Make the call.** The first thing to do is pick up the phone and call a mortgage professional, said Steve Jacobson, CEO of Madison, Wis.-based Fairway Independent Mortgage. In fact, he advises homeowners to do a loan analysis on an annual basis. "The rates are very good and that could be a very good thing for a lot people," he said. But that doesn't mean that everyone will want to make a move. "The knee-jerk reaction is 'I gotta do something,' but maybe they don't," he said. Discuss how long you plan on staying in the home when weighing mortgage options, he said. And if your home has gone down in value recently, refinancing might not be an option.
- **Consider your credit.** Lenders are requiring higher credit scores to get the best loans these days. For that reason, Bruce Brown, president of First Security Mortgage in Kansas City, Mo., said that homeowners interested in refinancing need to check in and make sure their credit is the best that it can be. "Right now, I think the most important thing anyone can do ... is get their credit in line and make sure that their credit score is at the peak of what it could be," he said. In today's environment, if

a borrower has anything less than a 720 FICO score, they will likely face extra fees or higher interest rates, he said. But paying down balances on charge cards, for example, could help boost a person's score, said Jim Sahnger, vice president and mortgage consultant with Palm Beach Financial Network, in Sewall's Point, Fla. He's seen people increase their scores 50 to 80 points by paying down some of that debt.

- **Prepare to act.** If mortgage rates are too high right now for it to make sense to refinance, talk with a mortgage professional about where rates should be before making a move, Brown said. But be prepared to pull the trigger when rates do fall to that level. Experts advise people not to gamble by trying to time this unpredictable market. Interest rates on fixed-rate mortgages could fall even more, or they could trend up if inflation concerns increase. "If people are quoted a rate they like and find that it works for them, lock it now," Sahnger said.



Amy Hoak is a MarketWatch reporter based in Chicago.