

Mortgage Rates are Actually Lower This Week

Mortgage rates move lower again today. Combined with yesterday's drop, the improvement has been significant for top tier rate quotes in the lower range of available rates. **What does that mean, exactly?**

A rate quote isn't simply a rate. That's only one side of the equation. The other side is the upfront cost. Generally speaking (and there are exceptions) the higher the rate, the lower the upfront cost, all other things being equal. Depending on movement in the bond market, certain mortgage rates can see varying amounts of change in their associated upfront costs. At the moment, it's the **lowest** available rates that have seen the biggest benefit.

For instance, there's **not much difference** between yesterday and today's quotes for conventional 30yr fixed rates of 3.25% and above, but there is **substantial improvement** for rates of 3.125% and below. By the time we consider yesterday's gains, we're looking at an effective rate drop of .125%.

These claims run **counter** to the prevailing news coverage of this week's mortgage rate situation. **Reason being:** the prevailing coverage (referring to the average news article on mortgage rates from any major media outlet--possibly even your evening news, if you're into that sort of thing) relies on Freddie Mac's weekly rate survey for one big mortgage rate article each week. But Freddie's survey doesn't capture the changes that occur in the 2nd half of any given week. As such, the survey missed out on this week's best improvement and consequently logged rates that were just slightly higher than last week's.

Loan Originator Perspective

Pricing improved today, and I'm locking applications close to closing. There's still a substantial pricing difference between short/longer term locks for many lenders. Ask your loan officer what their policy is. -**Ted Rood, Senior Originator, Bayshore Mortgage**

Things look "locky" to me. We've had solid gains this week which put us in the top end (high price, low rates) of the range. Risk takers would be hoping to break north of current resistance which has been in place for a month now. That could be worth the risk but keep in mind that the past 2 Monday's have been the worst days for rates in the last 2 weeks. -**Jason Anker, Loan Officer**

Ongoing Reminder on Forbearance

Coronavirus has created unprecedented challenges for people and industries. For homeowners facing a big reduction in income due to coronavirus-related hardship, a forbearance can make excellent sense. But for those who have the capacity to continue making mortgage payments, there are downsides to consider. Forbearance itself does not hurt your credit score, but it does show up on your credit report. This will affect your ability to qualify for a loan in the present and near future. It can also result in your other creditors decreasing your available credit balances. This has the unintended effect of increasing your ratio of debt to available credit which is a key component of credit scoring models. Thus, even though forbearance itself is not hurting your credit, it can indirectly lower your credit score and it will absolutely impact your mortgage creditworthiness in the short term.



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