

Lowest Rates Ever! (Until Next Week?)

As of yesterday, we knew **mortgage rates** were **already** in line with their **lowest levels ever**. It wouldn't have taken much to set the record today and indeed that's exactly what happened. Thus we find ourselves in a familiar situation where rates have returned slowly and steadily to an all-time low boundary after an initially volatile reaction (this time, the initial bounce was back in early March). At times like this, it's not uncommon to see a series of additional forays into what are technically "all-time lows."

Will those rates be far enough away from today's to suggest that anyone **waits to lock a rate** if they're in a position to do so? That's a **much trickier** question. Many times, the additional improvements have been minimal in these situations. While there is reason to believe the current environment will be an exception, it will take much more than a week for that to play out (months, perhaps). It will also be largely dependent on information that cannot currently be known regarding coronavirus and the reopening of the economy.

Loan Originator Perspective

Rates remained near all time lows today, and pricing for "top tier" clients is great. I am locking loans close to closing, seeing larger than usual adjustments for longer term locks. As a reminder, loans in forbearance cannot be refinanced, so use forbearance judiciously. -Ted Rood, Senior Originator, Bayshore Mortgage

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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