

# MORTGAGE RATE WATCH

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## Mortgage Rates Fall Back Toward All-Time Lows

**Mortgage rates** were **mixed** this morning, depending on the lender. The more responsive lenders had already bumped rates **higher yesterday** in response to weakness in the bond market and were thus able to offer modest **improvements** this morning, or at least relatively flat pricing. Other lenders were noticeably **weaker** (aka higher in rate).

As the day progressed, the underlying bond market improved fairly decisively. This allowed most every lender to offer **lower** rates by the end of the day. While this **wasn't** enough to get us back to the all-time lows seen at times in the previous 2 business days, it was definitely a step in the right direction. It remains to be seen if this was a sign of things to come or merely a correction to yesterday's bigger market movement.

The average lender remains in the **low 3.0% range** for top tier conventional 30yr fixed scenarios.

### Loan Originator Perspective

MBS posted a nice late day rally Tuesday, with multiple lenders improving their afternoon pricing. If the gains hold until tomorrow AM, pricing should be attractive. I'll hold off locking anything until then. -**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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