

## Mortgage Rates Are Actually Lower This Week

**Mortgage rates were mostly steady** today for most lenders. Those who changed generally did so in a friendly direction. Either way, that means today's rates remain in line with all-time lows. It also makes them markedly lower than last week. Despite that fact, you're more likely to see news about rates rising just a bit week-over-week. Who's telling you the truth?

To be fair, **no one is lying** to you. It's just a question of timing and data sources. Freddie Mac publishes a weekly rate survey every Thursday morning. It's widely relied-upon as source material for all manner of media outlets. The issue is that it is based primarily on responses received on Monday and Tuesday. The 2nd half of the week isn't even counted. That means Freddie's data missed the week's best improvement yesterday afternoon and this morning.

**Bottom line:** in terms of actual daily mortgage rate quotes, the average lender is at all-time lows today and yesterday. While the improvement isn't massive, it is technically an improvement whereas the prevailing news suggests the opposite.

### Loan Originator Perspective

Rates were essentially flat Thursday, near record lows, and Friday's shortened bond session likely won't hold much drama. For all intensive purposes, Memorial Day weekend started today for bonds. I'm locking loans submitted to underwriting. As a reminder, some lenders will not refinance loans that have been in forbearance. Use it if necessary, but not capriciously, it has consequences. -**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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