MORTGAGE RATE WATCH
Daily Coverage. Industry Leading Perspective.

Mortgage Rates Moving Higher to Start New Week

Mortgage rates hit new all-time lows last week. In fact, for many lenders, records were broken on more than one day. That raised the risk of a bounce back this week and if today is any indication, that's what we're seeing. The average lender is back in line with last Tuesday's rate offerings for top tier conventional 30yr fixed scenarios.

All that having been said, rate movement is pretty minimal by normal standards as the bond market (which underlies interest rate momentum) has been relatively calm and sideways after coming to terms with the initial shock of the coronavirus market impact. In many cases, borrowers would see the same note rate they saw last Friday (in those cases, the upfront costs associated with that rates would likely be slightly higher).

Loan Originator Perspective

Bonds regressed slightly Tuesday, which is a moral victory considering stocks' robust rally. It'll be interesting to see if May's end boosts bonds the rest of this week. I'm locking loans when submitted to (or out of) underwriting, our short term pricing is vastly better than longer term locks. Worth asking your lender what his firm's policy is, if you don't already know. **-Ted Rood, Senior Originator, Bayshore Mortgage**

For the last month we've been on a serious Road to Sideways. The stock market is having a great day after the long weekend on vaccine test trial news. Bonds have lost some ground but seem to be holding up OK. Locking at these All-Time low rates isn't a bad idea. Especially if you're coming from something in the 4's on your current loan. Will we go lower? Not sure. Will we go up? Not sure. Sideways isn't a terrible thing for now. Talk to your Loan Officer. If you're happy with what they're offering. Take it. **-Jeff Anderson, Loan Officer, Salem Five Mortgage, LLC**

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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