

## Mortgage Rates Stage Nice Comeback, But Uncertainty Remains

**Mortgage rates** staged a **nice little comeback** today, moving back toward the **all-time lows** seen late last week. Mortgage rates are determined primarily by the bond market, and the bond market benefited from strong demand at the end of the month. Higher demand means higher prices, and higher bond prices equate to lower rates.

There has been **some concern** that the overall bond market (which includes mortgage-specific bonds as well as benchmarks like US Treasuries) was gradually moving toward higher rates in the past few weeks. As of today, however, 10yr Treasury yields (the most quintessential benchmark for longer-term interest rate momentum) improved for a third straight day. This went a long way toward arguing against the recent, gentle uptrend in rates but fell short of suggesting a big drop moving forward.

### Loan Originator Perspective

You must remain cautious in the current rate environment, so if you are happy with current terms lock in today. Not a fan of locking on Friday, and with MBS in the green, I think floating over the weekend might be worth the risk. As always, float at your own risk. -**Victor Burek, Churchill 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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