

Still Reeling From Last Week, Mortgage Rates Tiptoe Lower

Mortgage rates managed to **improve modestly** for the average lender today, but they remain significantly higher than they were before **last week's regulatory drama**. By the time we consider the size, scope, and the precipitous imposition of the new refi fee, we've never seen anything remotely similar. Lenders were definitely taken by surprise and they'll definitely be paying dearly for all refis that were already locked.

When lenders get **big, negative surprises** concerning profitability or new cost requirements, they tend to raise rates very quickly and by a larger-than-necessary amount. As such, a fee that should theoretically result in an eighth of a point increase in conventional refinance rates instead resulted in a 0.25-0.375% increase to all conventional rates. If 2.75-2.875 was a strong 30yr fixed quote on Wednesday morning, those same borrowers were seeing 3.125-3.25% by Friday afternoon.

Granted, some of that increase was driven by lenders who hadn't yet implemented the new fee as an adjustment to base rates. They would still have to pay it, however, so they simply **raised rates across the board** to cover it. Most of those lenders got around to implementing the fee with today's rates, and their base rates are consequently back in line with the rest of the market. The rest of the market remains 0.125-0.25% higher than it was on Wednesday morning depending on the lender.



Matt Graham
Founder and CEO, MBS Live

