

Mortgage Rates Modestly Lower to Start New Week

Mortgage rates were **lower** today for the average lender, but just how low remains a matter of great debate. To be fair, there's no active debate raging behind the scenes. Rather, there are a few weeks' worth of news headlines claiming "all-time low mortgage rates," and then there is the objective truth (which is a bit different from those news headlines).

We've talked about the discrepancy quite a bit recently (here is the most recent and most thorough discussion). It has to do with **2 shortcomings** of popular rate surveys: stale/limited data and a "purchase-only" focus.

Stale data can cause problems, but it **shouldn't** result in 2 consecutive weeks of erroneous conclusions about all-time low rates. One caveat here is that the recently noted all-time lows aren't much lower than the previous instances in early August and early September. The "purchase-only" focus is causing an even bigger issue currently, because purchase rates are somewhat to significantly lower than refi rates, depending on the lender.

What's the **bottom line here?** If you're looking at current purchase rates versus those available in early August or September, you should be seeing something fairly close to all-time lows (depending on the lender). In terms of refinance rates, while today's are certainly a bit better than Friday's, they're still nowhere near Aug/Sept's installments of all-time lows.

What kind of difference are we talking about here? First off, compared to Friday, the average lender is still offering the same **NOTE** rates, but will slightly lower upfront costs (i.e. lower **effective** rate). That's true for both purchases and refis. Compared to previous all-time lows in Sept/Aug, purchase rates are still about 0.125% higher at minimum, and refi rates are anywhere from .25-0.50% higher.



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