

MORTGAGE RATE WATCH

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Mortgage Rates Drift Down to 2-Week Lows

As of last Wednesday, **mortgage rates** were right in line with 1-month **highs**. They've drifted nicely lower since then and are now at their **best** levels in exactly **2 weeks**. That leaves the average lender quoting conventional 30yr fixed rates just over 3% for ideal scenarios. As has been the case since last fall, an "ideal" mortgage scenario excludes almost any refinance transaction (a vast majority of which are subject to the latest adverse market fee imposed by Fannie/Freddie and implemented by lenders between September and November).

Cash-out refinances add even more cost, and that's before getting into the traditional mortgage rate "hits" like lower credit scores and higher loan-to-value ratios. At the end of the day, a prospective borrower **without** an ideal scenario could be a lot closer to 3.5% than 3.0%--just a reminder that everything's relative.

Today's improvement came courtesy of a surprisingly strong showing in the bond market. Stronger bonds mean lower mortgage rates, all other things being equal. As bonds improved throughout the day, several lenders recalled the day's initial mortgage rates and offered **even better** terms by the end of the day.



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