



Mortgage Rates Probably Aren't Quite as Low as You May Have Heard

David Horton

Loan Officer, Pentagon
Federal Credit Union
647134

There are several ways to get an idea of where mortgage rates are on any given day, but if that day is a Thursday, you're most likely to get that idea from Freddie Mac's weekly rate survey.

Websites and news outlets have a decades-long habit of relying on Freddie's survey for their one weekly check-in on mortgage rates.

So what did Freddie say this week? Nothing too sensational: the average 30yr fixed rate was almost perfectly in line with last week's levels.

The other way to get an idea of rates (apart from reading the next few sentences) would be to actually go out and get quotes from lenders. Those with applications in progress could get a better idea than anyone by opting to lock a rate (a process that goes a long way to filter out any noise from the mortgage rate advertising game).

Borrowers who attempt to lock a rate today would be the first to tell you that they're seeing HIGHER rates compared to last week--especially when compared to Wednesday and Thursday. Today's rates improved microscopically on average, but remain unequivocally higher than the middle of last week.

What's up with the discrepancy? Freddie's survey is an average of the entire week. It is also based on rates entered into lenders' underwriting systems and those aren't always the same rates that end up being locked. Moreover, those rates may depend on certain upfront costs--a factor Freddie no longer accounts for with its relatively new methodology.

Bottom line: the average lender dropped just a hair from yesterday, but remains noticeably higher than the middle of last week.