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A Message from Ted Rood:

"Yikes! No holiday from rising rates!"

Mortgage Rates Quickly Approach 2-Year Highs

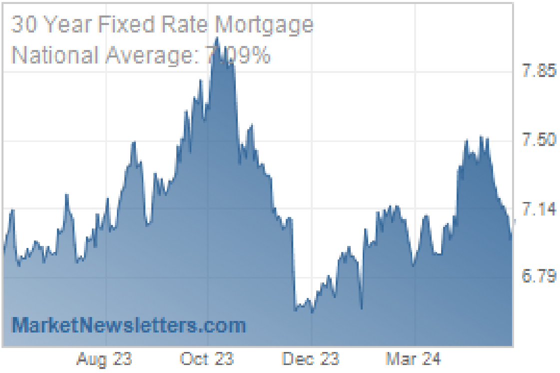
Mortgage rates move **abruptly higher** today, bringing the average lender very close to the highest levels in more than 2 years. As it stands, rates are officially at 17-month highs, with June 26th, 2015 being the last day where rates were any higher. Prior to that, we'd have to go back to September 2014 to see anything higher. To give you an idea of how close we are to that dubious distinction, there are already some lenders whose rates are worse than June 2015's. It's only when we look at the broader average that we're "not quite there yet."

Labels and statistics aside, rates are qualitatively in bad shape--relative to where they had been, at least. Several lenders who had been quoting 4.125% on top tier conventional 30yr fixed scenarios are **now up to 4.25%**. More aggressive lenders that had been at 4.0% are generally now up to 4.125%. More important than the outright level of rates (which many would argue is historically low) is the speed with which they've risen. In just 3 short weeks, average rates are up more than half a point now--a feat seldom duplicated in the history of mortgage rates.

Rapidly rising rates cause all sorts of problems. On the subtle side, volatility makes it more expensive for lenders to guarantee locked rates. That expense is passed on to consumers in the form of slightly higher rates across the board. On a more obvious note, rapidly rising rates make for frustrated mortgage borrowers and generally elevated levels of stress throughout the industry. Matters can be made worse by overreliance on survey-based mortgage rate data on the part of some media outlets. For instance, Freddie Mac's weekly mortgage rate survey is incredibly accurate over time, but can significantly lag sharper day to day movements. This was more of an issue 2 weeks ago, when the weekly survey didn't reflect the initial post-election move, but even in the current week, it's good to keep in mind that Freddie's survey was concluded yesterday and is thus unable to reflect today's sharper movement.

With the incoming administration's policies driving a large portion of upward rate momentum, mortgage rates will be hard-pressed to make significant improvements any time soon. Rates can move for other reasons, to be sure,

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.09%	+0.07	0.00
15 Yr. Fixed	6.56%	+0.03	0.00
30 Yr. FHA	6.62%	+0.07	0.00
30 Yr. Jumbo	7.35%	+0.04	0.00
5/1 ARM	7.30%	+0.06	0.00
Freddie Mac			
30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66

Rates as of: 5/17

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.40	-0.15
MBS GNMA 6.0	100.78	+0.04
10 YR Treasury	4.4223	+0.0454
30 YR Treasury	4.5610	+0.0549

Pricing as of: 5/17 5:59PM EST

but it would take something **big and unexpected** for rates to gain enough ground to write home about.

For more on how and why the election affected mortgage rates, here are the relevant recaps:

(11/9/2016) **Worst Day For Mortgage Rates in Over 3 Years**
(11/10/2016) **Mortgage Rate Pain on Par With Taper Tantrum**
(11/14/2016) **Mortgage Rates Skyrocket to 4%. New Normal?**

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Responsive service, experienced expertise

I've dedicated my 22 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

Ted Rood