Casey Sullivan
Loan Officer and Branch Manager, The Sullivan Group at CrossCountry Mortgage
NMLS237837, CrossCounty Mortgage NMLS3029, Branch
2125 Oak Grove Rd. Ste. 328 Walnut Creek, CA 94598

Office: 925-395-4212
Mobile: 925-789-0065
casey@thesullivangrp.com
View My Website

Big News For Refi Rates As Adverse Market Fee is Removed

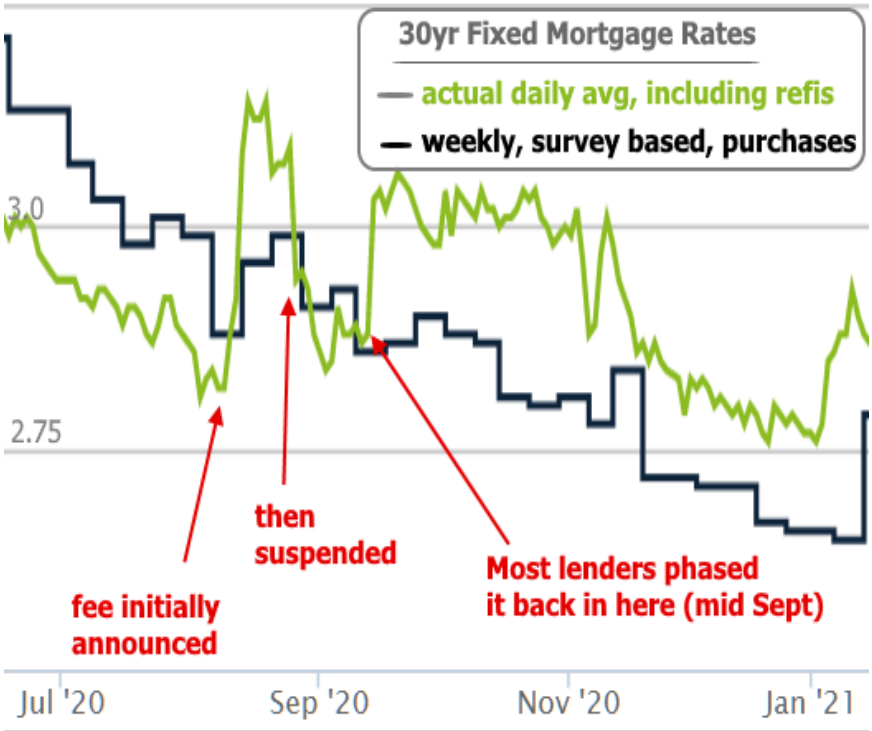
It was big, bad news when it came out last summer. Almost a year later, the 50 basis point "adverse market fee," which affected a majority of refinance mortgages has been eliminated!

Backstory

For those interested in a refresher, here is the original coverage. And here is the follow-up coverage (which includes more nuts, bolts, and plain English).

Long story short, in early August 2020, Fannie and Freddie (who collectively buy or guarantee a vast majority of all mortgages) announced that virtually all conventional refinance loans would be subject to a new fee of 0.50 points (e.g. an extra $1500 upfront on a $300k loan, or a 0.125-0.25% increase in rate).

After much protest, the implementation of the fee was delayed at the end of August. Lenders ultimately began adding it back into rate sheets en masse by mid September. All of the above can be seen in the following chart which shows the effects on average daily rates.



National Average Mortgage Rates

Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.29%	-0.06	0.00
15YR Fixed	6.95%	-0.05	0.00
30YR FHA	6.91%	-0.08	0.00
30YR Jumbo	7.55%	-0.05	0.00
7/6 SOFR	6.88%	+0.02	0.00
30YR VA	6.92%	-0.08	0.00

Rates as of: 10/29

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 14	188.6	-5.32%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Aug	684K	+12.69%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

Fast forward to the summer of 2021 and some recent developments raised questions about the longevity of the fee--specifically the firing of previous FHFA Director Calabria (here's the full backstory on that). And here's an excerpt:

> Why does this matter? Biden can now appoint an FHFA director who will work with Treasury Secretary Yellen to undo the recent PSPA changes that run counter to the current administration's housing policy goals. Some experts believe that means "all of them."

Of all of the changes precipitated by the amended PSPA (preferred stock purchase agreement that gave Treasury the power to set the terms under which it would act as the backstop for Fannie and Freddie) this adverse market fee was the last one that was expected to change any time soon. After all, the last adverse market fee lasted for many years after experts argued it was no longer needed.

But here we are. It has officially been removed!

What Happened?

A fee that increased added half a point in upfront cost to most conventional refinances has been removed by FHFA (Fannie and Freddie's regulator).

What does "half a point upfront" mean?

$1500 on a $300k loan, or 0.125-0.25% in rate.

For what loans? When?

Again, this only applies to most conventional refinance loans delivered to the agencies on or after August 1st. It would be very hard to close a new refi before then, let alone deliver it to the agencies, so most lenders have already implemented the change for all new loans.

How about for loans already in process?

This depends... If a loan was not already locked, there's a good chance the fee won't be there when it is ultimately locked. For loans that are already locked, lender strategies vary. Some lenders are removing the fee from any loan that hasn't yet closed. Others are not. If you're not sure how you're lender is dealing with it, the best bet is to ask your loan officer.

How much will I save if it's removed?

That depends on your loan amount and how the fee was accounted for in your quote. It also depends on your lender's rate sheet structure. In cases where the fee is accounted for on the "rate" side of the equation, the change should be good for at least an eighth of a percent in most cases (0.125%). In cases where it's accounted for on the "cost/points" side of the equation, you should save exactly half a point (i.e. $500 for every $100k financed).

My lender said they can't credit the fee because they never charged it. Are they lying?

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

If you have a PURCHASE (not a refi), or a loan amount of $125k or less, or a HomePossible or HomeReady loan, or an FHA/VA/USDA loan, or any other loan not sold to or guaranteed by Fannie Mae or Freddie Mac, no. They're not lying. Moreover, some lenders opted to absorb this fee in their pricing structure and never treat it as its own line item. They technically never charged it, even if they were planning on paying it and now no longer have to.

Whatever the case may be, this is good news for the mortgage market and it provides proof of concept regarding other potentially beneficial changes. At the same time, the underlying bond market has generally been improving over the past 2 weeks, which only augments the savings for new refinance transactions.

Subscribe to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Jul 12				
11:30AM	3-Yr Note Auction (bl)	58		
1:00PM	10-yr Note Auction (bl)	38		
Tuesday, Jul 13				
8:30AM	Jun Consumer Price Index (CPI) (%)	0.9	0.5	0.6
8:30AM	Jun Core CPI (Annual) (%)	4.5	4.0	3.8
1:00PM	30-Yr Bond Auction (bl)	24		
Wednesday, Jul 14				
7:00AM	w/e MBA Purchase Index	273.3		252.4
7:00AM	w/e MBA Refi Index	3361.5		2791.3
8:30AM	Jun Core Producer Prices YY (%)	5.6	5.1	4.8

Event Importance:

No Stars = Insignificant
☆ Low
★ Moderate
★★ Important
★★ Very Important

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

Date	Event	Actual	Forecast	Prior
Thursday, Jul 15				
8:30AM	Jun Import prices mm (%)	1.0	1.2	1.1
8:30AM	Jul Philly Fed Business Index	21.9	28.0	30.7
8:30AM	Jun Export prices mm (%)	1.2	1.2	2.2
8:30AM	Jul NY Fed Manufacturing	43.00	18.00	17.40
8:30AM	w/e Jobless Claims (k)	360	350	373
8:30AM	w/e Continued Claims (ml)	3.241	3.100	3.339
9:15AM	Jun Industrial Production (%)	0.4	0.6	0.8
Friday, Jul 16				
8:30AM	Jun Retail Sales (%)	0.6	-0.4	-1.7
10:00AM	Jul Consumer Sentiment	80.8	86.5	85.5
10:00AM	May Business Inventories (%)	0.5	0.5	-0.2
Monday, Jul 19				
10:00AM	Jul NAHB housing market indx	80	82	81
Tuesday, Jul 20				
8:30AM	Jun Build permits: change mm (%)	-5.1		-2.9
8:30AM	Jun Housing starts number mm (ml)	1.643	1.590	1.572
8:30AM	Jun Building permits: number (ml)	1.598	1.700	1.683
8:30AM	Jun House starts mm: change (%)	6.3		2.1
Wednesday, Jul 21				
7:00AM	w/e MBA Purchase Index	255.8		273.3
7:00AM	w/e MBA Refi Index	3267.6		3361.5
Thursday, Jul 22				
10:00AM	Jun Existing home sales (ml)	5.86	5.90	5.78
10:00AM	Jun Exist. home sales % chg (%)	+1.4		-1.2
10:00AM	Jun Leading index chg mm (%)	+0.7	0.9	1.2
Friday, Jul 23				
9:45AM	Jul Markit Composite PMI	59.7		63.7

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://mortgageratesupdate.com/caseysullivan

About Casey Sullivan

Casey is a dedicated and dependable mortgage loan officer. His clients count on him to be their skilled, experienced, and focused consultant, listening to their needs.

He skillfully assists his clients with both refinancing and home purchases in California and more specifically the San Francisco Bay Area.

His vision is to build lifetime relationships with each client as their mortgage consultant...for life! He stays connected with each client well after closing which includes loan reviews and dependable market updates.

Casey believes that everyone deserves to completely understand their mortgage financing options and that one size does not fit all when it comes to mortgages. Nor does it apply when it comes to mortgage lenders. All lenders are not made the same and they are not all equal.

For a free consultation, contact Casey Sullivan today at 925-395-4212 or Casey@TheSullivanGrp.com

NMLS237837. CrossCounty Mortgage NMLS3029, Branch NMLS1553210Branch NMLS ID# 313318
An Approved Equal Housing Lender

Casey Sullivan

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://mortgageratesupdate.com/caseysullivan