

THE FEDERAL SAVINGS BANK



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A Message from Ted Rood:

"Looks like locking the rate early is the way to go!"

Mortgage Rates Sideways Despite Market Improvements

Mortgage rates barely budged in most cases today. Some lenders were just slightly better. Others were worse. The average rate quote is unchanged vs yesterday with most lenders still offering conventional 30yr fixed rates of **4.125%** on top tier scenarios.

The lack of movement on rate sheets belies the fact that underlying **market conditions improved**. Specifically, MBS Prices (the mortgage-backed-securities that most directly affect the rates lenders can offer) were higher. This typically corresponds to lenders offering lower rates. In fairness, several lenders did adjust rates lower in the middle of the day as markets improved, but that merely brought the average lender back to unchanged levels.

This is part of the phenomenon discussed in yesterday's headline where mortgage rates have taken the metaphorical **elevator up**, only to take the stairs on the way back down. In other words, the current market environment is volatile and has mostly pushed rates higher for the past 2 months. For several reasons, this results in lenders being hesitant to publish lower rates at the first sign of market positivity (not the least of which being that recent precedent suggests ongoing upward pressure).

From a **lock/float** standpoint, this decreases the potential reward for waiting to lock. That outlook doesn't really begin to improve until we see several successive days of improvement in markets and adjustments in lenders' rate sheets that keep better pace with the market movement.

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National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

Freddie Mac			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

Mortgage Bankers Assoc.			
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028

Pricing as of: 9/1 7:34PM EST

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.

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