



Jason R. Richardson
Regional Branch Manager, City First Mortgage
NMLS #256859
27413 Tourney Road Suite #160 Valencia, California 91355

Office: (888) 774-3856
jason.richardson@city1st.com
[View My Website](#)

More Mortgage Drama--Especially For Investment and 2nd Home Loans

Most of this week's mortgage rate coverage focused on a fairly gentle increase of 3.05 to 3.09 for the average 30yr fixed. That number comes from Freddie Mac's weekly rate survey, which is one of the only games in town when it comes to capturing a broad, best case scenario.

Over time, reporters have found it easy to simply cover mortgage rates once a week when Freddie's report comes out rather than gopher multiple rate quotes from multiple lenders every day. That model has worked well for just about everyone just about every week, but there are times where it **breaks down woefully**. This is one of those times.

At issue is the inherent lag in Freddie's methodology. Surveys are sent out Monday and are accepted through Wednesday. But most of those who are going to respond end up doing so right when they get the survey. That means the rate index that is published on a Thursday is mostly a reflection of Monday vs the previous Monday. As such, it can be **wildly inaccurate** when the rest of the week is volatile.

Beyond that, Freddie's survey rate also tends to move **more slowly** than actual rates for reasons that remain a mystery. For example, this week's report suggests rates were only 0.29% higher compared Feb 12, 2021 (the most recent plateau). But an analysis of **actual** lender rate offerings puts that gap at 0.54%, which is a significant difference in the mortgage world. The chart below tells the story.

National Average Mortgage Rates



	Rate	Change	Points
--	------	--------	--------

Mortgage News Daily

30 Yr. Fixed	7.02%	+0.03	0.00
15 Yr. Fixed	6.53%	+0.03	0.00
30 Yr. FHA	6.55%	+0.03	0.00
30 Yr. Jumbo	7.31%	+0.01	0.00
5/1 ARM	7.24%	+0.04	0.00

Freddie Mac

30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00

Rates as of: 5/16

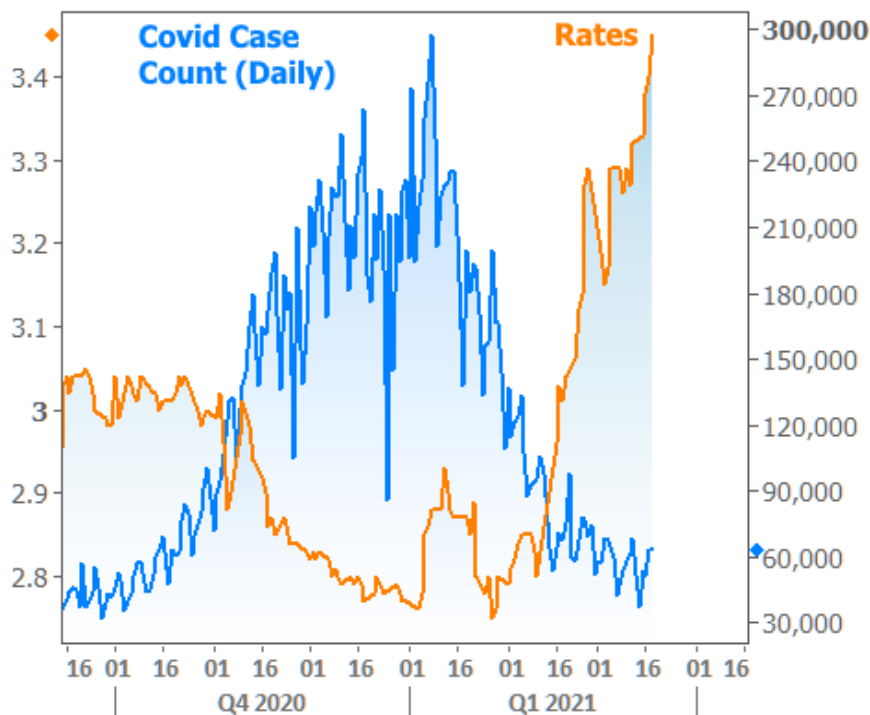
Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.44	-0.11
MBS GNMA 6.0	100.70	-0.04
10 YR Treasury	4.4022	+0.0253
30 YR Treasury	4.5463	+0.0402

Pricing as of: 5/17 9:54AM EST

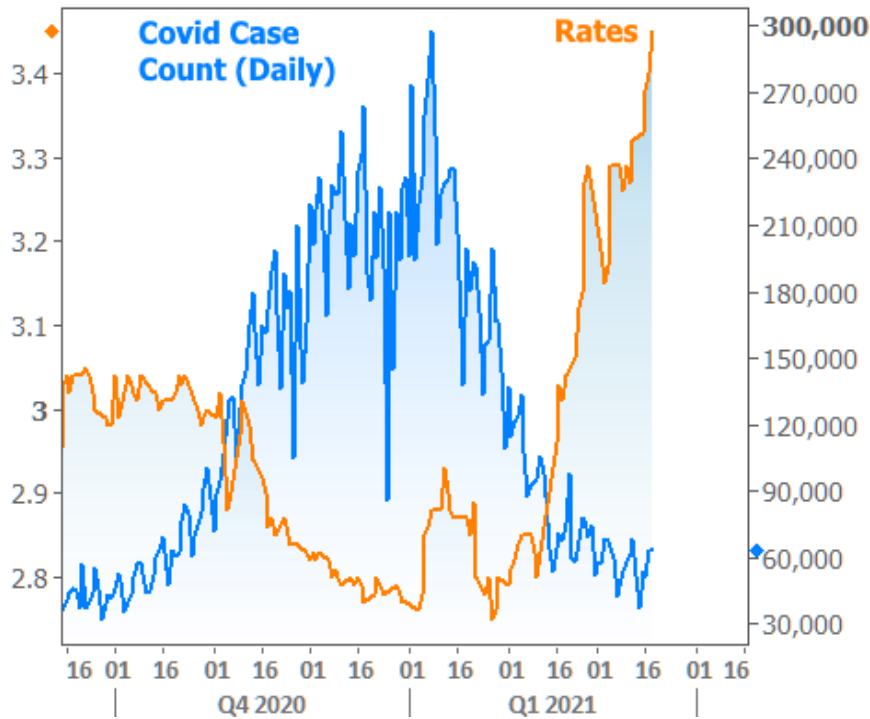
Recent Housing Data

		Value	Change
Mortgage Apps	May 15	198.1	+0.51%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%



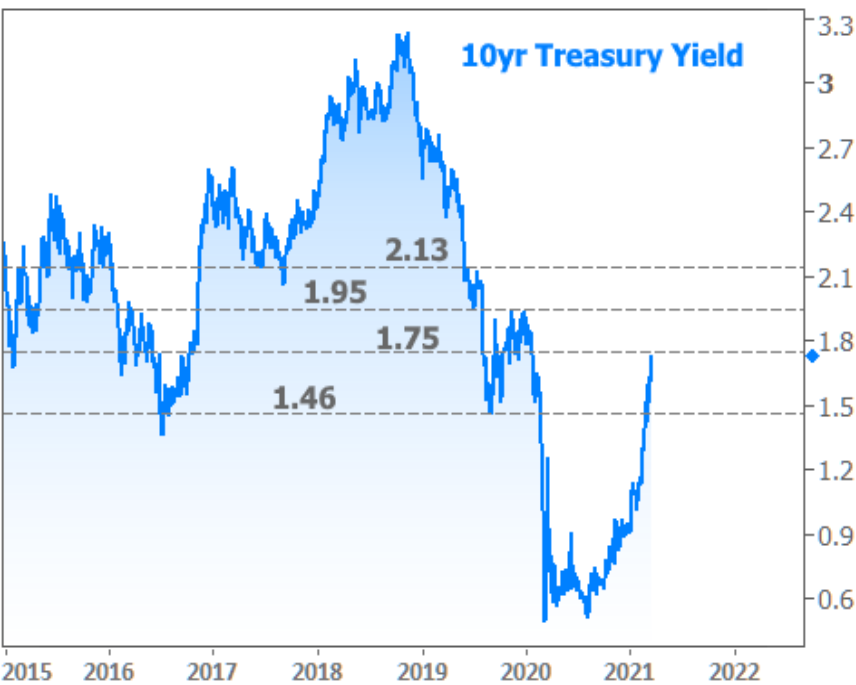
All of the above is bad enough for the average mortgage borrower (relatively speaking, of course... rates are still exceptionally low historically), but some borrowers have it **even worse**. While they don't constitute a huge percentage of total loan volume, non-owner occupied and 2nd home loans continue experiencing huge drama.

US Housing Market Weekly



As rates have risen, a great many experts, amateur market watchers and everyone in between has offered an opinion on why things wouldn't get any worse. Yet **every likely ceiling has been broken**. The latest is marked by 1.75% in terms of 10yr Treasury yields. This was a target for a good portion of the trading community a few weeks ago, and we bounced there this week.

None of the above should be taken as an endorsement of 1.75% as a ceiling, however. The only point is to suggest a key level to watch in the week ahead. Things can still go either way.



Subscribe to my newsletter online at: <http://housingnewsletters.com/richardsonlending>

Tech Forward Mortgage Lender, Focused on the Future of Your Business.

Jason R. Richardson and his team at City 1st Mortgage bring decades of mortgage lending experience to a host of today's most convenient technologies. The end result is a pampered mortgage lending experience where exceeding client expectations is the norm. Jason is a second-generation mortgage banker. The Richardson family has been a pillar of the California lending community for over 40 years.

Jason R. Richardson 