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A Message from Jeffrey Chalmers:

"Get 'em while they're HOT. Need a Prequalification Letter?"

Mortgage Rates Drop After Yellen Speech

Mortgage rates moved decisively lower today, following a speech from Fed Chair Janet Yellen. While she accomplished it in several ways, Yellen's overarching message was that the Fed is in no hurry to raise rates. Keep in mind, the Fed Funds Rate is not the same as mortgage rates. In fact, the two can move in opposite directions at times. In general though, when the Fed is perceived as providing more accommodation (via low rates or various bond buying programs), it's good news for all sorts of financial markets, including the market for mortgage-backed-securities (MBS) that ultimately dictate mortgage rates.

In other words, easy Fed policy is a **rising tide that lifts most boats**. Stocks and bonds received a big boost, to be sure (MBS are part of the bond market). In fact, the MBS gains were so steep that most lenders didn't adjust rates to fully account for the market movement. This is typical when volatility increases, for better or worse. If markets are able to hold current levels, rates would continue to drop. As it stands, the most prevalent conventional 30yr fixed quote on top tier scenarios is now easily back down to 3.75%, with many lenders pushing back into 3.625%. Just last week, there were quite a few lenders up at 3.875%. To be fair, there are still some out there today, but that won't continue to be the case unless bond markets take a sudden turn for the worse tomorrow.

As far as the risk of sudden turns for the worse, this is one of those rare opportunities where the average lender could endure a bit of bond market weakness tomorrow without a significant change in rates. It's one of the only situations where floating could be argued to have a better than 1 in 2 chance of paying off. That said, days like today carry **increased risks** of movement in the other direction in the near term. In other words, you might have to wait for volatility to shake out before taking advantage of the next opportunity to lock.

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National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.86%	-0.05	0.00
15 Yr. Fixed	6.31%	-0.02	0.00
30 Yr. FHA	6.32%	-0.06	0.00
30 Yr. Jumbo	7.04%	-0.03	0.00
5/1 ARM	6.53%	-0.02	0.00

Freddie Mac

30 Yr. Fixed	6.78%	-0.08	0.00
15 Yr. Fixed	6.07%	-0.09	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/26

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.65	-0.03
MBS GNMA 5.5	99.94	-0.04
10 YR Treasury	4.1928	-0.0030
30 YR Treasury	4.4504	-0.0019

Pricing as of: 7/28 8:00PM EST

Because Integrity Matters™

Jeffrey has spent the last three decades perfecting an Honest, Open and Transparent (HOT™) loan and closing process that is laser-focused on enhancing the consumer mortgage experience. By combining old-school, trustworthy customer service with real-time, mobile-friendly technology, he has successfully built thousands of loyal, raving fans.

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