



Rich E. Blanchard

Managing Director, RICH Home Loans LLC

NMLS: 492461

1550 Wewatta St., 2nd Floor Denver, CO 80202

Office: 720.619.9900

Mobile: 303.328.7047

Fax: 214.975.2874

richblanchard@richhomeloans.com

[View My Website](#)

Mortgage Rates Highest in Nearly a Month

Mortgage rates have only been moving higher **gradually**, but things are **adding up**. Today's move brings them to the highest levels in nearly a month.

In recent weeks, I've made it a point to qualify the actual pace of the movement by drawing a distinction between **actual** interest rates and the **upfront** costs associated with those rates. Because mortgage lenders tend to offer rates in **0.125% increments**, it takes a certain amount of market movement before the average loan applicant would see a change in their quoted rate. But bond markets are moving every day. Upfront costs allow lenders a way to fine tune a loan quote.

How many days can we see small increases in these upfront costs before actual interest rates begin to change? As it happens, today is probably the **first day** where a majority of lenders would be quoting rates 0.125% higher than they were a few weeks ago. Realistically, however, this should always be a "net present value" calculation for prospective borrowers. Would you rather have a higher monthly payment and pay more upfront? Or vice versa?

In other words, borrowers **could still decide** to go with the same interest rate quoted 2 weeks ago, but the upfront costs would be high enough that most would consider simply moving up to the next 0.125% higher in rate and erasing the increase in upfront costs. To oversimplify, here's an example with a \$200k loan:

Scenario 1:

- 4.625% rate (payment \$1028)
- Closing costs are \$800 more than 2 weeks ago
- "interest rate" is unchanged, but "effective rate" is higher due to higher closing costs

Scenario 2:

- 4.75% rate (payment \$1043)
- Closing costs would be \$400 lower than 2 weeks ago
- Interest rate is higher, effective rate is also higher because the change in monthly payments will quickly supersede the savings in upfront costs.

Subscribe to my newsletter online at:

<http://housingnewsletters.com/richhomeloans>

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.03%	-0.05	0.00
15 Yr. Fixed	6.44%	-0.01	0.00
30 Yr. FHA	6.50%	-0.05	0.00
30 Yr. Jumbo	7.24%	-0.01	0.00
5/1 ARM	7.05%	-0.02	0.00

Freddie Mac

30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/5

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.61	+0.22
MBS GNMA 6.0	100.74	+0.21
10 YR Treasury	4.2818	-0.0784
30 YR Treasury	4.4857	-0.0440

Pricing as of: 7/5 5:59PM EST

Expert Advice | Exceptional Service | Flawless Execution

With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

Rich E. Blanchard

