

I believe we are seeing the lowest rates ever today.

Wholesale 30-year fixed rate conforming (GSE >=\$417k) loans now under 4% with a yield spread premium back to the broker...i.e. in the example below, the (1.518) at 4.25% below means Everbank pays the broker 151.8bps of the loan amount to delever a 4.25% loan today. This is how "no point" and "no cost" loans are made... 4.375% at a 220bps yield spread premium would be a almost a no cost loan if the loan amount was at the higher range of the GSE \$417k limit.

For originators the big problem with rates in here is that yield spread premia were not as aggressive last year when rates first tumbled and the majority of borrowers who could refi, did. Because borrowers thought last year's rates would be their last refi ever, they chose lower rates and paid points to get them i.e. if at the time 4.75% was at the same yield spread premium as today's 4.25%, they would pay two points to get 4.25% because at the time, the benefits of no point/no cost refinancing was not there.

Thus, you have millions of borrowers with new vintage loans from 4.25% to 5% who just spent \$10k to close them who do not find it cost effective to refinance again being that at 4.375% they still have to come out of pocket a couple of grand. We are close though - if rates drop another 25 to 37.5bps, then last year's refi's can refi again at no cost shaving 25bps to 50bps off their fixed rate.

With respect to those that did not refi last year when rates first tumbled, for most even a zero percent rate would not matter. As a sidebar, this is why the GSE premium-coupon MBS are priced with such a premium, so over-owned and why every time somebody proposes a insta-refi, which would allow borrowers with way out-of-the-market rates to benefit, a chill runs down the spine of the financials.

Note that is this is base pricing for an absolutely perfect borrower with a high credit score and low LTV

Mark Hanson



## CONFORMING 30 YEAR FIXED!

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3.875 % @ (0.264)

4.000 % @ (0.877)

4.125 % @ (1.389)

4.250 % @ (1.518)

4.375 % @ (2.210)

[EverBank Rates](#)

(Click Here)

[Mini Matrix](#)

(Click Here)

We not only have great pricing these days but great service as well.

**Thank you for your Business and Continued Support!**