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the next two years as long as mortgage rates continue to fall with the help of the Fed rate cuts.

With rates starting to drop in August, prior to the September Fed rate cut, I have already experienced an increase in both refinance requests and home purchases. Lower mortgage rates will increase the number of borrowers looking to purchase a home. Buyers priced out by the recent high-rate environment will get back into the real estate market more and more as mortgage rates fall. Get ready for more competition for each home listing and increased home prices. Hopefully the lower rates and increased home prices will create more inventory as potential home sellers look to cash in and are more willing to lose the interest rate on their current mortgages. We will need more housing inventory to meet the needs of an increasing number of home buyers spurred by lower mortgage rates.

If you have a greater than 5.5% mortgage rate or need cash out of your equity, please start reaching out to me ASAP so I can go over your numbers and get you in line. After the fallout in the mortgage industry from the last 2.5+ years of increased mortgage rates, banks and mortgage lenders are short staffed and will not be able to handle the sudden increase in mortgage

refinance applications. Getting prepared early will ensure that you are at the front of the line and can close efficiently and with a rate that makes sense for your situation. Keep in mind that the bond market and mortgage rates are fluid and change from day to day. On volatile days, the changes can happen hour to hour. I am ready to get busy again and I have the staff, lenders, and tools to help everyone meet their mortgage needs.

If you are curious to see how you can use the current market conditions to your benefit, please reach out for a free consultation. Stay tuned here for future updates and feel free to reach out for a free consultation if you want to understand more about interest rates and mortgage products.

As always, your mortgage guy,
Viral (Vic) Joshi
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Vic's Mortgage Report

"Home of REAL Mortgage Advice®"



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My mission is to help buyers qualify for the best loan available for their circumstance. I spend a generous amount of time with each client to educate them about how the mortgage industry works, through free "Mortgage 101" consultations, so they can make good decisions and get the best loan possible. I've revamped my website to give clients the best resources to supplement my consultations.

When I'm not doing loans, I'm an avid scuba diver and certified Rescue Diver. Eventually, I'd like to become a dive instructor, so I can share the joys of this ocean sport with others.

I give back to the Monterey Bay Aquarium, Divers Alert Network (DAN), and the National Outdoor Leadership School (NOLS).

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Fed .5% Rate Cut!

Hi Friends,

At the conclusion of the September 17-18 Fed meeting, the much-anticipated Federal Reserve interest rate cut finally happened. The Fed cut their target interest rate, the Fed Funds, by .5%. This was the first Fed rate cut since March of 2020, which was when the Fed made it's first emergency rate cut to help keep the economy going at the onset of the covid pandemic. In addition to cutting the Fed Funds rate by .5%, the Fed voting committee members indicated through its "dot plot" that they are projecting a further reduction in the Fed Funds rate by another .5% this year and another 1% in 2025.



The .5% rate cut on September 18th seems to have already been built into mortgage lender rate offerings prior the cut since mortgage rates did not immediately move lower after the rate cut. Despite the lack of an immediate move lower on mortgage rates, the September rate cut, and future rate cut predictions by the Fed, give a clear signal to the markets that the Fed thinks inflation is under control.

Inflation reduces the demand in treasury bonds and reduced demand in treasury bonds increases the bond yield. The bond yield sets the basis of mortgage rates. When the bond yield increases, mortgage rates increase as well. When inflation is under control and there is more demand

in treasury bonds than there is supply, the bond yield goes down and mortgage rates fall.

With the Fed indicating inflation is under control through the cuts to the Fed Funds rate, demand for treasury bonds will start to increase and that will help lower mortgage rates. Even though

the Fed Funds rate cuts do not directly impact mortgage rates, lower inflation does impact the bond market and lowering bond yields directly impact mortgage rates by pushing them lower. As the Fed continues to cut the Fed Funds rate, mortgage rates will

continue to go even lower in step with lower bond yields.

It is very possible that by the end of 2025, 30 Year Fixed mortgage rates will peek below 5% APR. I still think most borrowers who took out a mortgage from 2022 to 2024 will refinance two times over
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"How do I know if I can qualify for a home loan?"

• *Getting Pre-Approved Takes On New Importance!*

• *Closing Day Fiascos: How to Prevent Them from Happening to You!*

...And More Stuff Every Homeowner Should Know