



**Viral (Vic) Joshi**  
Branch Manager/  
Mortgage Consultant  
(510) 655-2868  
DRE #01242935  
NMLS #244388

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into the 7% APR range after the 12/18/2024 Fed rate cut. Not the direction we were hoping to see.

The new administration will dictate where things go from here. I am not optimistic that mortgage rates will come down in the short term. Higher rates will continue to reduce the number of potential home buyers in the market and will keep desperately needed inventory from coming to market as potential home sellers hang on to their low-rate mortgages.

The only positive out of that for homeowners is that home appreciation will continue to increase with a continued shortage in inventory. If the new administration deregulates the mortgage industry, it could bring more mortgage products to market, which could help home buyers in the short term and hurt everyone in the long term.

See 2003 – 2008 and the Great Recession that was created through Wall Street deregulation that allowed mortgage products come to market that should not have

been available to unqualified home buyers. Get ready for a very bumpy ride for the mortgage industry and for real estate in general.

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**  
*Home of Real Mortgage Advice®*

**Office: (510) 655-2868**  
**Cell: (510) 853-2407**  
**Fax: (510) 291-2824**  
**Email: viral@vicjoshi.com**  
**Website: vicjoshi.com**



# Vic's Mortgage Report

*“Home of REAL Mortgage Advice®”*



**Vic Joshi**  
**straightdeal**  
MORTGAGE  
Home of REAL Mortgage Advice®

**M**y 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).

**straightdeal**  
MORTGAGE

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**Fax: (510) 291-2824**  
**Email: viral@vicjoshi.com**  
**Website: vicjoshi.com**

## Rates Not Coming Down Soon

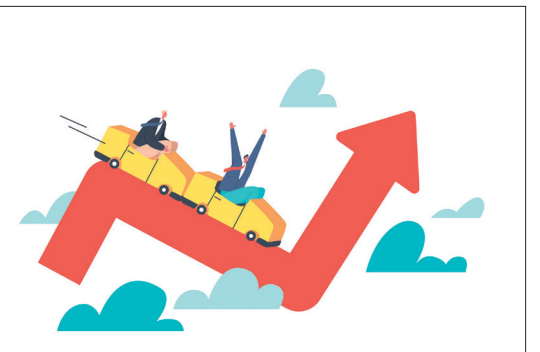
*Hi Friends,*

**H**appy New Year! Welcome to another year of volatility in the bond market and for mortgage interest rates.

At the conclusion of the September 18th, 2024, Fed meeting, the consensus among Fed members projected a 1% reduction in the Fed Funds rate over the course of 2025. Despite the Federal Reserve cutting their target interest rate again on 12/18/2024, by another .25, the Fed will be less likely to cut the Fed Funds rate another 1% in 2025.

With inflation reminding stubbornly higher than the Fed’s desired 2% rate and the jobs markets and US economy showing continued strength, the Fed may be more cautious regarding how much they cut the Fed Funds rate in 2025. The Fed is now predicting a .5% cut in the Fed Funds rate in 2025, half of their prior prediction.

The odds of a Fed rate cut at the next meeting in January 2025 fell to 11%. This does not bode well for mortgage rates because higher inflation decreases the demand in treasury bonds, which increases treasury bond yields that set the basis for mortgage rates.



I was hoping for mortgage rates to fall to the 5% APR or lower range by the end of 2025 but the markets are predicting a 6% APR bottom rate due to the Fed’s change in their Fed Funds rate projections for 2025.

The Fed is fluid and can change their stance at any time depending on the US economy and other outside influences. Geopolitical conflicts and uncertainty can also influence the Fed’s rate decisions.

We saw this during the covid-19 pandemic when the Fed quickly slashed the Fed funds from 2.375% to 0% to help keep the economy from completely collapsing.

The current Fed Funds rate is at 4.375%, 2% higher than prior to the pandemic. The markets did not react well to the latest Fed rate cut. Both stocks and bonds had a rough day after this latest Fed rate cut. 30 Year Fixed Mortgage rates went back up

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