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## Mortgage Rates Change In the Blink of an Eye

By *Dina ElBoghdady*  
Washington Post Staff Writer  
Saturday, March 8, 2008; Page D01

In the words of more than one mortgage broker, fluctuating interest rates on traditional fixed-rate home loans have been "crazy" this week.



Rapidly changing mortgage rates add to the confusion in home sales. (By Marcio Jose Sanchez - Associated Press)

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Turmoil in the broader credit markets has created confusion on the computer screens of mortgage lenders and borrowers. And the confusion isn't about exotic loans, it's about rates on the plain vanilla loans they thought they understood.

The average rate on a 30-year, fixed-rate mortgage to people with sound credit was 6.875 percent on Thursday, up from 6 percent on Feb. 29, according to Palm Beach Financial Network of Stuart, Fla., which tracks rates nationally. Rates edged down to 6.5 percent yesterday.

During the day Thursday and Friday, traders on international financial markets dealt with a barrage of bad economic news, which caused a sell-off of even the safest forms of debt securities. That translated into wildly shifting mortgage rates.

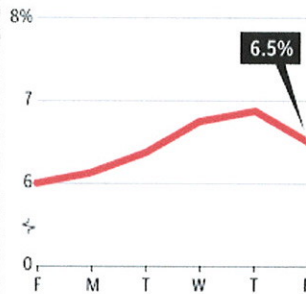
"We're accustomed to seeing daily movements, but in my 17 years in the business, I've never seen anything this crazy," said Mark Fegani, president of OlympiaWest Mortgage Group in Vienna. "We can't assure our customers that the same rate we quote them at any given time will be available if they took one hour to think about it." Normally, rates may shift by a few hundredths of a percentage point during a day.

"You could have had a swing of rates during the course of a conversation with a customer," said James Sahnger, vice president of Palm Beach Financial Network.

The volatility was on top of increasing confusion among many borrowers who hear about [Federal Reserve](#) rate cuts and assume mortgage rates will fall, too. But the rates that the Fed controls aren't directly connected to longer-term rates such as those on fixed-rate 30-year and 15-year mortgages.

### Highly Volatile

30-year fixed mortgage rate, national average



Source: Bankrate  
The Washington Post

Highly Volatile

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"People would call us one week for a rate quote, then call us again after the Fed cuts and the rates weren't lower," said Eric D. Gates, a mortgage broker at Apex Home Loans in Bethesda. "They thought we were lying to them. We weren't."

Joan Cromwell of the District understood that. She's a real estate agent and deals regularly with all things mortgage related. But when she tried to refinance her mortgage recently to a 15-year fixed-rate loan, she experienced the volatility firsthand. Her lender quoted her a rate of 4.75 percent late one afternoon. The next morning, she filed her application and locked in the rate.

"And it's a good thing," Cromwell said. "By that afternoon the rate had gone up three quarters of a point, to 5.5 percent."

Staff writer David Cho contributed to this report.

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