



THOMAS D. WOOD AND COMPANY
MORTGAGE BANKERS

WEEKLY MARKET COMMENTARY AS OF SEPTEMBER 15, 2019

RECENT LOAN CLOSING

Recent Loan Funding

Apt Property

\$15,500,000

15-Year Term | 30-Year Amortization

No Excrows

Provided by one of the 19-Life Insurance Company Lenders we are a correspondent lender for.

We represent the top providers of capital, including Life Insurance Company Lenders, Bridge Loan Lenders, and a few credible CMBS lenders.

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Brad Cox, CCIM

(941) 552-9731

bcox@tdwood.com

THIS WEEK'S QUOTE

"Beware the quiet man. For while others speak, he watched. And while others act, he plans. And when they finally rest... he strikes."

MORTGAGE RATES JUMPED BIG TIME LAST WEEK

Mortgage rates rose on a weekly basis, even as President Trump called for the Federal Reserve to take its target interest rates negative.

Low rates have provided a lifeline to the housing market throughout the last few months, as it has helped to ease affordability concerns among buyers. Mortgage applications for home purchases are up 9% from a year ago, according to the Mortgage Bankers Association.

"While there has been a material weakness in manufacturing and consistent trade uncertainty, so far, the American consumer has proved to be resilient with solid home-purchase demand," Freddie Mac said Thursday.

Last week's uptick in mortgage rates represents only the 10th instance in which rates have increased on a week-over-week basis this year. And increases could continue to prove to be a rarity in the weeks and months to come, based on the Federal Reserve's decision-making.

The Federal Reserve is still expected to slash the benchmark interest rate by 25 basis points at the end of the month, despite signs of a pickup in inflation. Some analysts are now predicting that further interest-rate cuts could come down the pike, driven by concerns tied to trade and the global economy.

Nevertheless, President Trump continued his attacks on the central bank — becoming the first U.S. president to say he welcomes interest rates below zero.

Of course, Trump likely was not talking about mortgage rates specifically when he made these comments. But what would happen to mortgage rates if the country's benchmark interest rate dropped below zero?

Denmark provides us with a clue. The Scandinavian country's Jyske Bank began offering a 10-year fixed-rate mortgage at negative 0.5% last month. Another bank, Nordea Bank, meanwhile, has offered Danish home buyers a 20-year fixed-rate mortgage that charges no interest.

Borrowers still make monthly payments when mortgage rates turn negative — the interest rate merely reduces the principal they owe the lender.

But a negative-rate environment wouldn't be great for the U.S. housing market. For starters, it could drive people toward riskier methods of saving, since bank deposit rates would also be negative in such a scenario. Lenders would become stingier with the loans they offer, as it would be costing them money to make loans.

Home prices would also be expected to go up in such a low-rate environment. That's what's happened in Denmark. Given that many would-be home buyers are already priced out of the market today, a further increase in prices would aggravate that situation, no matter how inexpensive loan repayment became.

Even if the Fed does at some point push its benchmark rate into the red, it would be a while before such a low rate showed up in the mortgage market. It took seven years in Denmark.
Source: MBA

MARKET SNAPSHOT (PREVIOUS WEEK IN PARENTHESES)

2-yr. Treasury: 1.80% (1.54%)

5-yr. Treasury: 1.75% (1.43%)

10-yr. Treasury: 1.90% (1.56%)

30-yr. Treasury: 2.37% (2.03%)

2-yr. Swap: 1.79% (1.56%)

5-yr. Swap: 1.67% (1.37%)

10-yr. Swap: 1.79% (1.45%)

30-Day LIBOR: 2.02% (2.04%)

90-Day LIBOR: 2.12% (2.10%)

DJIA: 27219 (26797)

NASDAQ: 8177 (8103)

S&P 500: 3007 (2978)

Gold: \$1492 (\$1508)

Crude Oil: \$55 (\$55)

Prime Rate: 5.25%

Euro: \$1.11 (\$1.11)

Unemployment Rate: 3.70%

WHY ARE OUR LOAN PROGRAMS DIFFERENT THAN YOUR BANK?

- We are the correspondent lender for 19 Life Insurance Companies - less red tape
- Our interest rates are lower
- We can do 25-30 year amortizations
- We can lock the rate for 5, 7, 10, 15, 20, 25, and even 30-year fixed rate terms
- We don't want your deposits or care where you bank
- We allow cash out refinances
- We have non-recourse loan programs
- We don't have annual loan covenants that might force you to rightsize the loan.
- We don't require annual net worth and liquidity tests
- We lock the rate at application
- Unless there is a catastrophic event we close on what you applied for
- We order the appraisal, and other reports, and control the closing process
- Banks are actively merging. Your loan officer today may not be there tomorrow.
- We service the loan post closing - you will always have someone to talk to.

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Sr. Vice President

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bcox@tdwood.com

OUR SERVICES

As a privately held mortgage banking firm Thomas D Wood and Company has been arranging and structuring commercial real estate loans for over 40 years. We arrange all types of debt for existing commercial real estate properties through our exclusive correspondent relationship with Life Insurance Company Lenders; as well as Banks, and Bridge Lenders.

We are the correspondent lender for the following Life Insurance Company lenders:

Aegon USA Realty Advisors

AIG Global Investments

American Equity

American Family Life

American Fidelity Assurance

American National Life

Ameritas Life

John Hancock Life

Kansas City Life

Ohio National Life

OneAmerica (AUL)

Principal Life

Riversource Life

Securian Asset Management (Minnesota Life)

Southern Farm Bureau Life

Standard Life (StanCorp)

Symetra Financial

Woodmen of the World Life

We have a lot of different options to offer, like locking the rate at application for up to 40-years, up to a 24-month forward rate lock, up to a 40-year amortization, no escrows, non-recourse, etc.. so let me know if I can be an additional resource for you.

[Learn More](#)



Brad Cox, CCIM

Senior Vice President

Thomas D. Wood and Company

8420 Enterprise Circle, Ste. 300

Lakewood Ranch, Florida 34202

Office: (941) 552-9731

Mobile: (813) 727-7709

Email: bcox@tdwood.com