

## Fed Rate Expectations – September Meeting

Consensus signals a rate cut. CME Group's FedWatch Tool shows ~90% probability of a 25-bp cut (to 4.00%–4.25%), with a small (~14%) chance of a 50-bp cut. Bank of America now expects two 25-bp cuts in 2025 (September & December), with more easing in 2026. Media outlets report that a September cut is “virtually certain” following weak labor data, though PIIE cautions that inflation and tariffs could justify holding steady. Internal FOMC dissent remains over inflation risk.

### Impact on Mortgage Rates

A 25-bp cut is expected to have only modest influence since markets have largely priced it in. Mortgage rates follow 10-year Treasury yields more closely than short-term policy rates. Analysts are mixed but lean slightly lower: most expect rates to stay flat or inch down, though some warn long-term yields could rise. As of early September 2025, 30-year fixed rates average mid-to-upper 6% and 15-year fixed rates hover around 5.7%.

### Summary Table

- **Fed Rate Move:** ~90% chance of 25-bp cut; small chance of 50-bp cut
- **Economic Risks:** Inflation and tariffs remain a concern; FOMC split
- **Mortgage Outlook:** Slight moderation expected, not a sharp drop
- **Market Behavior:** Lenders already pricing in cuts; some relief ahead of meeting

### What This Means for You

A 25-bp cut on Sept 16–17 looks very likely, though mortgage rates may only dip slightly. At Brookhaven Mortgage Team, we've already hedged for expected Fed moves. We believe now is the time to buy or refinance—after the announcement, demand may rise quickly, creating a short-term scenario of multiple bids and sales at or above asking price. **Avoid the rush by acting early!**

### Highlighted Loan Programs

- **Jumbo Loans** – Financing up to \$2.5M, strong LTVs, cash-out options
- **Asset Depletion** – Use liquid assets as income for qualification
- **Flexible Documentation** – 1099, bank statements, P&L options available
- **Buy Before You Sell (BBYS)** – Unlock equity, interest-free down payment loan, Home Sale Guarantee
- **Bring Your Own Cash (BYOC)** – Use your own funds with a backup offer to ease DTI
- **Cannabis Income Eligible** – Expanded qualifying options
- **First-Time Homebuyer Assistance** – Programs with **no repayment required**

### The Brookhaven Mortgage Team

Helping you navigate the market with confidence. **Please call us for any questions. 404-901-2532**

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