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(Continued from page 1)

Warsh has already begun reshaping the Fed's communication style.

The meeting statement was trimmed to just 130 words, down from 341 words at the April 29th meeting — a clear signal that Warsh intends to let the data speak rather than signal intentions through dense committee language. The committee also dropped prior language indicating a bias toward future rate cuts, and the Fed's dot plot map shifted to suggest a quarter-point hike is possible before year-end, a notable turnaround from the cut that had been projected just three months ago.

Warsh himself did not submit a dot plot entry, and he announced task forces to overhaul major Fed operations — including how the committee frames and communicates its rate decisions going forward. These are meaningful structural changes that reflect Warsh's long-held view that the Fed has over-communicated its intentions and should return to a more disciplined, outcome-based approach.

The signing of the MOU is the most consequential development for mortgage rates since the Iran war began on 2/28/26. The mechanism is clear: peace ? Strait reopens ? oil flows ? energy prices fall ? inflation cools ? Treasury yields decline ? mortgage rates follow. We are already seeing the first links in that chain play out in real time. Oil is below \$80 and the 10-year Treasury has started to come off its highs. Mortgage rates should start to decrease, albeit slowly.

The wild card is execution — the two sides have 60 days to finalize a binding deal, and markets will watch closely for any signs of backsliding.

But for the first time this year, the wind is at borrowers' backs, not in their faces, and rates should continue to come down sooner than later.

If you have been waiting on the sidelines for rates to come down before making a move on a purchase or refinance, the window may be opening. I give free consultations for refinances, primary home purchases, second homes, and investment properties — reach out and we will run the numbers together.

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,
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Vic's Mortgage Report

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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).

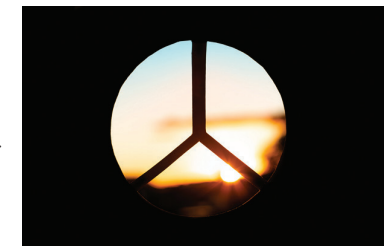
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Peace Has Benefits

Hi Friends,

June has delivered the geopolitical breakthrough mortgage borrowers have been waiting for since the Iran war began on 2/28/2026. On June 17th, 2026, President Trump and Iran signed a 14-point Memorandum of Understanding, MOU, in Switzerland, formally ending hostilities and triggering a sequence of events that points directly toward lower oil prices, lower inflation, lower Treasury yields, and ultimately, lower mortgage rates.



The MOU’s key provisions are sweeping. Both sides agreed to an immediate and permanent end to military operations on all fronts, including in Lebanon. The United States committed to lifting its naval blockade and restoring full traffic through the Strait of Hormuz within 30 days. Iran is permitted to resume oil exports immediately upon signing. A \$300 billion regional reconstruction plan will be developed by the U.S. and regional partners. Iran formally affirmed it “shall not procure or develop nuclear weapons,” with existing enriched stockpiles to be down-blended under International Atomic Energy Agency (IAEA) supervision. The two sides have a 60-day window, extendable by mutual consent, to negotiate a final binding agreement.

The market’s reaction was immediate and significant. Brent crude, which had been trading near \$114 per barrel at its war-driven peak, dropped below \$80 a barrel for the first time since before the conflict began. International benchmark Brent closed at \$78.96 a barrel, down 5.1% on the day, while West Texas Intermediate fell 5.8% to \$76.05. I am hoping this is the opening move in what should be a sustained unwinding of the energy shock that has driven inflation and pushed mortgage

rates higher throughout 2026.

The Strait of Hormuz carries roughly 20% of the world’s oil and liquefied natural gas. Its closure since early March triggered the largest oil supply disruption in the history of the global market, per the International Energy Agency (IEA), driving Brent crude from the low \$70s to above \$114. That energy shock fed directly into CPI, PCE, and PPI — the inflation gauges that have been running hot all year and that have kept the Federal Reserve on hold on cutting the Fed Funds interest rate.

Hot inflation means the Fed cannot cut. A Fed that cannot cut means the 10-year Treasury yield stays elevated. And the 10-year Treasury is what mortgage rates follow. With the Strait reopening, that entire chain begins to reverse: oil flows freely, energy prices fall, inflation cools, Treasury yields decline, and mortgage rates follow lower.

The 10-year Treasury yield has already begun to respond, pulling back to 4.451 percent from its mid-May highs — a meaningful move the bond market is pricing in even before tankers begin transiting the strait freely. The 30-year fixed mortgage rate currently sits at approximately 6.51 percent APR, already off its war-driven highs, and the direction of travel — for the first time in months — is clearly lower. As oil prices continue to fall and inflation data catches up to the new reality, expect rates to follow.

At the same June 17th meeting — the first chaired by new Federal Reserve Chair Kevin Warsh — the FOMC voted unanimously to hold the Fed Funds rate steady at 3.5 percent to 3.75 percent, where it has been anchored since December 2025. That decision was expected. What was not expected was how dramatically

(Continued on back page)