

Credit jitters rattle mortgage rates

by Bend_Weekly_News_Sources

Fixed mortgage rates fell to the lowest level since March, with the average conforming 30-year fixed mortgage rate now 6.17 percent. According to Bankrate.com's weekly national survey of large lenders, the average 30-year fixed mortgage has an average of 0.36 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing decreased by a similar amount, to 5.85 percent. But the average jumbo 30-year fixed rate continued to move higher, rising to 7.24 percent. Adjustable mortgage rates were higher as well, with the average one-year ARM rising to 6.08 percent, and the average 5/1 ARM climbing to 6.21 percent.

Continued nervousness about a slowing economy and especially the rising loan delinquencies were responsible for the divergent moves in mortgage rates this week. Yields on Treasury securities, common benchmarks for fixed and adjustable rate loans, moved lower. But only rates on conforming fixed rate loans followed suit. On larger jumbo mortgages, those above \$417,000 that do not carry loan guarantees by Fannie Mae and Freddie Mac, rates kept climbing. And adjustable rate mortgages, where investor appetite is nearly nonexistent, saw rates move higher also. With fewer investors buying bonds backed by mortgages that are deemed to be riskier, mortgage rates have decoupled from Treasury yields and borrowers are paying higher rates.

Fixed mortgage rates remain the most attractive option for borrowers. Just four months ago, the average 30-year fixed mortgage rate was 6.75 percent, meaning that a \$200,000 loan would have carried a monthly payment of \$1,297.20. Now that the average conforming 30-year fixed rate is 6.17 percent, the same \$200,000 loan carries a monthly payment of \$1,221.05.

SURVEY RESULTS

30-year fixed: 6.17% -- down from 6.29% last week (avg. points: 0.36)

15-year fixed: 5.85% -- down from 5.92% last week (avg. points: 0.34)

5/1 ARM: 6.21% -- up from 6.15% last week (avg. points: 0.27)

Bankrate's national weekly mortgage survey is conducted each Wednesday from data provided by the top 10 banks and thrifts in the top 10 markets.

The survey is complemented by Bankrate's weekly forward-looking Rate Trend Index, in which a panel of mortgage experts predicts which way the rates are headed over the next 30 to 45 days. Mortgage rates could fall further, with 42 percent of panelists forecasting exactly that. One-third expect rates to rebound, while the remaining 25 percent say rates will remain unchanged over the next 30 to 45 days.

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