This time, mortgage rates fall in unison

by Bend_Weekly_News_Sources

Fixed mortgage rates fell to the lowest level since Sept. 2005, with the average conforming 30-year fixed mortgage rate now 6 percent. According to Bankrate.com's weekly national survey of large lenders, the average 30-year fixed mortgage has an average of 0.35 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing decreased by a similar amount, to 5.68 percent. Even the average jumbo 30-year fixed rate joined the party, falling to 7.12 percent. Adjustable mortgage rates were lower across the board, with the average one-year ARM inching down to 6.07 percent, and the average 5/1 ARM climbing to 6.1 percent.

Rates declined on mortgages of all stripes -- fixed rate, adjustable rate, and even jumbo loans. This is in contrast to the movements in recent weeks that saw conforming fixed rates moving lower but rates for adjustable mortgages and larger jumbo fixed rate loans moving higher. However even with the declines, adjustable rate loans offer no bargains with many initial interest rates higher than what a borrower could secure on a fixed rate loan. Continued uncertainty about delinquencies and foreclosures as well as prospects for more interest rate action by the Federal Reserve, even beyond next week's scheduled meeting, are pushing Treasury yields and mortgage rates lower. Mortgage rates are tied to yields on long-term government bonds.

Fixed rate mortgages are currently the most attractive option for borrowers. Just four months ago, the average 30-year fixed mortgage rate was 6.66 percent, meaning that a $200,000 loan would have carried a monthly payment of $1,285.25. Now that the average conforming 30-year fixed rate is 6 percent, the same $200,000 loan carries a monthly payment of $1,199.10.

SURVEY RESULTS
30-year fixed: 6.00% -- down from 6.17% last week (avg. points: 0.35)
15-year fixed: 5.68% -- down from 5.85% last week (avg. points: 0.32)
5/1 ARM: 6.10% -- down from 6.21% 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.

For a full analysis of this week's move in mortgage rates, go to http://www.bankrate.com/mortgagerates

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 half of the panelists forecasting exactly that. Nearly as many, 41 percent, hold an opposing view and predict interest rates will rise. The remaining 9 percent say rates will remain unchanged over the next 30 to 45 days.

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