

## Mortgage rates post largest 3-week decline in 20 years

by Bend\_Weekly\_News\_Sources

Evidence of a weaker economy pushed mortgage rates to the lowest point since July 2005, with the average conforming 30-year fixed mortgage rate now 5.75 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 fell to 5.28 percent, and the average jumbo 30-year fixed rate sank to 6.98 percent. Adjustable mortgage rates were lower also, with the average one-year ARM slipping to 5.93 percent, and the average 5/1 ARM diving to 5.67 percent.

Mortgage rates continue to fall as economic worries mount. This has been the biggest three-week decline in mortgage rates since February 1988. Weak retail sales for December and the very direct comments of Fed Chairman Ben Bernanke were the economic headlines that helped push mortgage rates lower. Specifically, Bernanke mentioned that the economic outlook had "worsened," that the Fed might need "substantive additional action" in a "decisive and timely" manner to ward off further deterioration to economic growth. As a result, investors continue to park money in safe havens such as Treasury securities. Fixed mortgage rates are closely related to yields on long-term government bonds.

Fixed rate mortgages are currently the most attractive option for borrowers. Less than six months ago -- on July 25 -- 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 5.75 percent, the same \$200,000 loan carries a monthly payment of \$1,167.15.

### SURVEY RESULTS

30-year fixed: 5.75% -- down from 5.88% last week (avg. points: 0.36)

15-year fixed: 5.28% -- down from 5.45% last week (avg. points: 0.32)

5/1 ARM: 5.67% -- down from 5.81% last week (avg. points: 0.28)

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. Most respondents say it is a good time to lock, with 62 percent predicting mortgage rates will rise from these low levels. Just 23 percent feel mortgage rates could continue moving lower and the remaining 15 percent expect rates to remain more or less unchanged in the coming 30 to 45 days.

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