

Mortgage rates drop again, lowest since March 2004

by Bend_Weekly_News_Sources

Mortgage rates dropped for the fourth week in a row, with the average conforming 30-year fixed mortgage rate now 5.57 percent. According to Bankrate.com's weekly national survey of large lenders, the average 30-year fixed mortgage has an average of 0.33 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing fell to 5.11 percent, and the average jumbo 30-year fixed rate eased to 6.85 percent. Adjustable mortgage rates plummeted, with the average one-year ARM plunging to 5.41 percent, and the average 5/1 ARM sinking to 5.35 percent.

Adjustable mortgage rates plunged following an emergency interest rate cut by the Federal Reserve. The repeated rate cuts by the Fed will benefit the many homeowners with adjustable mortgage resets still to come in 2008. The result will be payment increases that are much more manageable, enabling homeowners to remain current on their loans and avoid a payment-shock induced foreclosure. The economic worries that compelled the Fed to act have also pushed fixed mortgage rates to the lowest level since March 2004. Refinancing and locking in a permanently affordable monthly payment is an attractive option for many of those same homeowners.

Fixed rate mortgages are currently the most attractive option for borrowers. 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 5.57 percent, the same \$200,000 loan carries a monthly payment of \$1,144.38.

SURVEY RESULTS

30-year fixed: 5.57% -- down from 5.75% last week (avg. points: 0.33)

15-year fixed: 5.11% -- down from 5.28% last week (avg. points: 0.32)

5/1 ARM: 5.35% -- down from 5.67% last week (avg. points: 0.29)

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 we've reached the bottom, with 64 percent predicting mortgage rates will rise from these low levels. Just 29 percent feel mortgage rates could fall further and the remaining 9 percent expect rates to remain more or less unchanged in the coming 30 to 45 days.