

Fixed mortgage rates steady, adjustable rates fall

by Bend_Weekly_News_Sources

Fixed mortgage rates were largely unchanged this week. The average conforming 30-year fixed mortgage rate backtracked to 6.13 percent, according to Bankrate.com's weekly national survey of large lenders. The average 30-year fixed mortgage has an average of 0.40 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing was unchanged at 5.71 percent, while the average jumbo 30-year fixed rate remains 7.35 percent. Adjustable mortgage rates retreated, with the average 5/1 ARM retreating to 5.87 percent and the average 7/1 ARM falling to 6.09 percent.

Even though adjustable mortgage rates pulled back this week while fixed rates held steady, the value remains in fixed rate mortgages. The average 30-year fixed mortgage rate is 6.13 percent, compared to the 7/1 ARM at 6.09 percent. That is a negligible difference considering the 30-year fixed rate offers the guarantee that the rate will never change. Borrowers should look for a more substantive difference in the two rates, and even then, the adjustable rate mortgage is best suited for home buyers that don't plan to be in the home when the interest rate resets. Adjustable rate mortgages should not be used as a shortcut to affordability!

Mortgage rates have been on a wild ride since the beginning of the year. The average 30-year fixed mortgage rate was as low as 5.57 percent in January, meaning that a \$200,000 loan would have carried a monthly payment of \$1,144.38. In February, the average 30-year fixed rate got as high as 6.41 percent, which meant the same \$200,000 loan would have carried a monthly payment of \$1,252.32. Today, with the average rate at 6.13 percent, a \$200,000 loan would mean a monthly payment of \$1,215.87.

SURVEY RESULTS

30-year fixed: 6.13% -- down from 6.16% last week (avg. points: 0.40)

15-year fixed: 5.71% -- unchanged from last week (avg. points: 0.37)

5/1 ARM: 5.87% -- down from 5.96% last week (avg. points: 0.33)

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. A majority, 63 percent, think rates are headed higher while twenty-one percent forecast that rates will remain more or less unchanged. Unfortunately for borrowers, just 16 percent predict rates will move lower in the coming 30 to 45 days.

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