

Mortgage rates down for second week in a row

by *Bend_Weekly_News_Sources*

Mortgage rates were mostly lower, with the average 30-year fixed mortgage rate now 6.71 percent. According to Bankrate.com's weekly national survey of large lenders, the average 30-year fixed mortgage has an average of 0.27 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing pulled back to 6.38 percent. On larger loans, the average jumbo 30-year fixed rate jumped to 7.13 percent. Adjustable rate mortgages were lower, with the average 5/1 ARM sinking to 6.36 percent and the average one-year ARM retreating to 5.95 percent.

Mortgage rates declined this week - for the most part. Even though the average 30-year fixed rate declined to 6.71 percent, the rate on larger loans increased. The average rate for jumbo 30-year loans - those larger than \$417,000 - moved up to 7.13 percent reflecting the increased nervousness of investors about mortgage borrowers' creditworthiness. What results is a bigger mark-up over risk-free Treasury securities for larger loans that investors buy without the benefit of any loan guarantees. The increasing spread over government bond yields for all mortgage products is symptomatic of investors' greater risk aversion.

Fixed mortgage rates are nearly one-half percentage point higher than three months ago. At the time, the average 30-year fixed mortgage rate was 6.28 percent, meaning that a \$200,000 loan would have carried a monthly payment of \$1,235.34. With the average 30-year fixed rate now 6.71 percent, the same loan originated today would carry a monthly payment of \$1,291.88. Fixed mortgage rates still remain the better refinancing alternative for adjustable rate borrowers facing sharp payment adjustments.

SURVEY RESULTS

30-year fixed: 6.71% -- down from 6.75% last week (avg. points: 0.27)

15-year fixed: 6.38% -- down from 6.42% last week (avg. points: 0.27)

5/1 ARM: 6.36% -- down from 6.41% last week (avg. points: 0.22)

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 of the panelists expect rates to hover near current levels, with 62 percent predicting rates will remain more or less unchanged. The remaining 38 percent forecast a decline in rates, with no one voting for an increase in the next 30 to 45 days.

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