

Mortgage rates fall to a 3-month low

by Bend_Weekly_News_Sources

Fixed mortgage rates fell sharply this week, with the average conforming 30-year fixed mortgage rate falling to 6.43 percent. This is the lowest since May 23, 2007. According to Bankrate.com's weekly national survey of large lenders, the average 30-year fixed mortgage has an average of 0.32 discount and origination points.

The average 15-year fixed rate mortgage popular for refinancing slid to 6.13 percent. Unfortunately for mortgage shoppers in higher-cost housing markets, the average rate for a jumbo 30-year fixed rate was unchanged at 7.4 percent. Adjustable rate mortgages were mixed, with rates on hybrid ARMs like the 5/1 ARM backpedaling to 6.53 percent, and the average one-year ARM inching higher to 6.2 percent.

Conforming fixed mortgage rates dropped notably this week on news of more weakness in the housing market and a decline in consumer confidence. The initial interest rates for hybrid ARMs such as the 3/1, 5/1, 7/1, and 10/1 ARMs also declined, but remain higher than those of fixed rate loans. It was a different story on jumbo mortgage loans, where rates remained unchanged and further increased the penalty for borrowers taking loans greater than \$417,000. The spread between the average conforming and jumbo fixed rates has exploded from 0.28 percentage point to 0.97 percentage point in the past five weeks.

Amid the turbulence in mortgage markets, fixed mortgage rates are an attractive option for borrowers. Just six weeks ago, the average 30-year fixed mortgage rate was 6.82 percent, meaning that a \$200,000 loan would have carried a monthly payment of \$1,306.52. Now that the average conforming 30-year fixed rate is 6.43 percent, the same \$200,000 loan carries a monthly payment of \$1,254.94.

SURVEY RESULTS

30-year fixed: 6.43% -- down from 6.58% last week (avg. points: 0.32)

15-year fixed: 6.13% -- down from 6.24% last week (avg. points: 0.33)

5/1 ARM: 6.53% -- down from 6.64% last week (avg. points: 0.31)

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. This week, the majority of panelists -- 77 percent -- expect rates to fall further. The remaining 23 percent predict rates will remain relatively unchanged in the next 30 to 45 days. Interestingly, none of the respondents forecast an increase in mortgage rates in the coming weeks.

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