

Mortgage rates fall sharply on housing, economic worries

by *Bend_Weekly_News_Sources*

Mortgage rates dropped notably this week, with the average conforming 30-year fixed mortgage rate now 6.31 percent. According to Bankrate.com's weekly national survey of large lenders, the average 30-year fixed mortgage has an average of 0.34 discount and origination points.

The average 15-year fixed rate mortgage, popular for refinancing, plunged from 6.17 percent to 6.00 percent. The average jumbo 30-year fixed rate retreated to 7.04 percent. Adjustable mortgage rates declined as well, with the average one-year ARM down to 6.09 percent, and the average 5/1 ARM falling to 6.12 percent.

More jitters about the housing market and its effect on the economy drove mortgage rates lower. Bank earnings brought a renewed focus to mortgage delinquencies and concerns about the credit markets helped drive investors into the safe haven of long-term government bonds. Fixed mortgage rates are closely related to the yields on Treasury securities. The average 30-year fixed mortgage rate dropped from 6.49 percent to 6.31 percent in the past week. Also, the spread between jumbo and conforming mortgage rates continues to improve, now at its narrowest since early August. The average jumbo 30-year fixed mortgage rate is 7.04 percent, and that is the lowest since July 25.

Fixed mortgage rates remain the most attractive option for borrowers. Just three months ago, 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 6.31 percent, the same \$200,000 loan carries a monthly payment of \$1,239.25.

SURVEY RESULTS

30-year fixed: 6.31% -- down from 6.49% last week (avg. points: 0.34)

15-year fixed: 6.00% -- down from 6.17% last week (avg. points: 0.35)

5/1 ARM: 6.12% -- down from 6.26% 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. There is no clear consensus among the panel this week, with 38 percent predicting a decline in rates over the next 30 to 45 days. The remaining respondents are evenly split, with 31 percent forecasting a rebound in rates and 31 percent expecting rates to remain more or less unchanged over the coming weeks.

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