

Lowest Mortgage Rates since 1950

Contributed by Sam Stamper
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Mortgage rates at lowest point since mid-1950s - If you are going to Refinance or Purchase - Now is a great time!!

These are the best Mortgage Rates we have ever seen. These rates are low because of all of the Economic Stimulus and Economic Uncertainty. People are rushing to security to buy Bonds - This is driving rates down.

Mortgages are cheaper today than they've been in a half-century. If only most people had the job security, the credit score and the cash to qualify.

The average rate for a 30-year fixed loan sank to 4.69 percent this week, beating the low set in December and down from 4.75 percent last week, Freddie Mac said Thursday. Rates for 15-year and five-year mortgages also hit lows.

Rates are at their lowest since the mortgage company began keeping records in 1971. The last time they were any cheaper was the 1950s, when most long-term home loans lasted just 20 or 25 years.

Almost no one expects falling rates to energize the economy, though. Sales of new homes collapsed in May after an enticing tax credit expired.

"As long as prospective homebuyers are still concerned about their jobs and financial well-being, many will be reluctant to take the plunge, even though affordability has never been better," said Greg McBride, senior financial analyst with Bankrate.com.

Rates have fallen over the past two months as investors have become nervous about Europe's debt crisis and the global economy and have shifted money into safe Treasury bonds. The demand has caused Treasury yields to fall. Mortgage rates track those yields.

While mortgages are getting cheaper, low interest rates hurt Americans who are trying to save. Puny rates for savings accounts and CDs are especially hard on people who are living on fixed incomes and earning next to nothing on their money.

Americans normally rush to refinance when rates plummet. But refinancing activity now amounts to less than half the level of early 2009, when long-term rates hovered around 5 percent, according to the Mortgage Bankers Association.

Besides, many people who want to refinance — and are able to — have already done it, said Michael Fratantoni, vice president of research and economics at the trade group. And refinancing costs can total several thousand dollars.

"Rates haven't dropped low enough to justify a second refinancing," Fratantoni said. "The group of people who could potentially benefit is much smaller than it was 15 months ago."

Another factor: Many Americans owe more on their mortgages than their homes are worth and can't refinance through the usual channels. The Obama administration has launched programs to help borrowers refinance if they owe up to 25 percent more than their home's value and have their loans guaranteed by mortgage giants Freddie Mac or Fannie Mae.

About 291,000 homeowners have participated as of March — a small fraction of the estimated 15 million homeowners who are "underwater" on their mortgages. And in Nevada and Florida, where home prices have fallen 50 percent or more from their highs, neither record-low rates nor government help can rescue homeowners.

"It's not the desire to refinance. It's the ability to refinance," said Chris Brown, a loan officer with Trinity Mortgage Co. in Orlando, Fla.

Refinancing is generally considered worthwhile for homeowners who can shave at least three-quarters of a percentage point off the rates they pay now and plan to stay in their homes for a long time.

Besides the fees for the mortgage broker or lender, there are fees for title insurance, a new appraisal, document processing and other charges. And in "no fee" mortgages, costs are often added to the loan amount or the interest rate is higher.

To figure the national average, Freddie Mac collects mortgage rates each Monday through Wednesday from lenders

around the country. Rates often fluctuate, even within a given day.

Rates on 15-year fixed-rate mortgages fell to an average of 4.13 percent. That was the lowest since at least 1991 and down from 4.2 percent a week earlier.

Rates on five-year adjustable-rate mortgages averaged 3.84 percent, down from 3.89 percent a week earlier. That was also the lowest on Freddie Mac's records, which date to January 2005 for those loans.