

30-year mortgage rates fall sharply

Mortgage Rate Trend Index

Fifty percent of mortgage experts polled by Bankrate.com this week think rates have bottomed out for now and will rise within the next 30 to 45 days. The other 50 percent are evenly divided: 25 percent predict no change while 25 percent predict a further decrease.

WASHINGTON – Nov. 2, 2007 – Rates on 30-year mortgages fell to the lowest level in five months as evidence mounted that the economy is slowing down.

Freddie Mac, the mortgage company, reported Thursday that 30-year, fixed-rate mortgages dipped to 6.26 percent this week, down from 6.33 percent last week. It was the lowest level since 30-year mortgages were at 6.21 percent the week of May 17.

Analysts attributed this week's decline to further evidence that the steep slump in housing is getting worse and other parts of the economy are slowing as well.

"Continued market concerns about weaker economic growth and further declines in the housing market have kept mortgage rates low over the last few weeks," said Frank Nothaft, chief economist at Freddie Mac.

The Federal Reserve on Wednesday cut a key interest rate by a quarter-point, marking the second rate reduction in the past six weeks. Fed officials, however, signaled that they remain concerned about inflation, especially in light of record oil prices. That raised doubts on Wall Street about whether the central bank will cut rates further at coming meetings.

Mortgage rates fell across the board this week.

Rates on 15-year fixed-rate mortgages, a popular choice for refinancing, averaged 5.91 percent, down from 5.99 percent last week.

Rates on five-year adjustable rate mortgages averaged 5.98 percent, down from 6.03 percent last week.

Rates on one-year ARMs dropped to 5.57 percent, down from 5.66 percent last week.

The mortgage rates do not include add-on fees known as points. Thirty-year and 15-year fixed-rate mortgages both carried a nationwide average fee of 0.4 point, as did the five-year ARM. The one-year ARM carried an average fee of 0.6 point.

A year ago, 30-year mortgages stood at 6.31 percent, 15-year mortgages were at 6.02 percent, five-year ARMs averaged 6.05 percent and one-year ARMs were at 5.53 percent.

The worst slump in housing in more than two decades has worsened in recent months in the face of rising mortgage defaults, which triggered a severe credit crunch that roiled financial markets in August.

Many homeowners are having trouble making higher payments now that their low introductory adjustable-rate mortgages are resetting to higher rates.

Foreclosures were rising rapidly in the July-September quarter. A total of 446,726 homes nationwide were targeted by some sort of foreclosure activity during that period, double the number from the same period a year ago, California-based RealtyTrac Inc. reported Thursday.

On the Net: Freddie Mac: <http://www.freddiemac.com>

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