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Refinancing may be on the rise

The government announced a short time ago a new \$800 billion dollar plan aimed at strengthening mortgages and consumer loans. Upon the program announcement an almost immediate ripple effect occurred as interest rates dropped on mortgages.

Interest rates on 30 year fixed mortgages fell roughly half a percentage point lat Tuesday making it possible to obtain a 30 year fixed rate mortgage at 5.5% or lower. Qualifying for such a rate is easier said than done however. Borrowers will be required to have a solid credit history, substantial equity or downpayment, and a credit score of 720 or higher.

The rate of refinance will increase with interest rates being as low as they are which in turn will provide more cash for consumers. Government housing officials hope the low interest rates will also motivate hesitant homebuyers to jump at the current interest rates and purchase now instead of waiting for the market to bottom out.

According to The Boston Globe "Mortgage brokers reported that they haven't seen activity at these levels for at least a year and many expect that rates could drop even further."