

Home Mortgage Rates at Lowest Point Since 1970s

As inauguration festivities lingered in the air, many were hopeful that the new President would get the country back on track. In spite of the recession, the event offered so many reasons and opportunities to celebrate. President Obama carries the weight of the state of the economy into week two of his administration. Unemployment rates are on the rise and families continue to struggle to make ends meet. The new administration not only pledges to rework the \$700B Troubled Asset Relief Program offered to the financial sector, but also to help families and small businesses. A major focus of any economic plan will be to reduce home mortgage foreclosures, and give new and current homeowners lower interest rates. The drop in home mortgage rates have been a welcome change for those hoping to refinance or purchase a new home. For those with good credit, now is the time to secure the lowest interest rates on a home mortgage the country has seen since the 1970s.

As the country greeted the New Year, the Fed maintained extremely low rates. The Fed rate is the rate that banks lend to each other, so translates to lower rates for consumers. The low home mortgage rates are, however, accompanied by tighter lending standards. Lending institutions and banks do not want risky borrowers. They are requiring higher credit scores, bigger down payments and cleaner credit histories. That means that fewer consumers are eligible for the lowest home mortgage rates than were just a short year ago. A consumer looking to refinance a home mortgage will be under the same scrutiny as one applying for a home mortgage for the first time. In many areas of the country, homeowners have lost equity from a drop in values and are struggling to lower their home mortgage payments. With larger amounts of equity needed to be eligible, many lenders are having to turn down home mortgage refinancing applicants for that reason alone.

Many predict that inflation will make interest rates slowly creep back up. Those who qualify would be wise to take advantage of the low rates for a home mortgage refinancing. The savings accrued by lower monthly home mortgage payments can be enough to help many consumers weather the economic storm.

About the Author

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