

How Low do Mortgage Rates Have to Go?

Nearly three-quarters of people will not or cannot re-finance their current mortgage

ATLANTA, August 31 – Despite record-low mortgage rates for 30-year and 15-year mortgages, the current *Wealth Hazards* Worry Index indicates that 74 percent of people are still not considering re-financing their current mortgage. The survey responses reveal an interesting dilemma that many homeowners may be facing. “The record-low rates are sure to attract new re-fi applications, but 45 percent of people said that they can’t re-fi now because they owe more on their current mortgage than their home is valued at” says Thomas Hertog, managing editor at *Wealth Hazards*. “In addition to this 45 percent figure, another 13 percent reported that they are presently unemployed and therefore cannot apply for a new mortgage and take advantage of historically low interest rates.” The survey reported that 16 percent of people are not going to re-finance now, which may mean that they’re waiting for even lower rates or that they have already re-financed their mortgages recently.

The average cost of a 30-year fixed rate mortgage is 4.43 percent and the average cost of a 15-year fixed rate mortgage hovers around 3.88 percent. “These record-low rates should be a positive indicator in an otherwise challenging recovery period” says Hertog, “but with the expiration of the tax credit for home buyers on April 30th and the continued bleak employment picture, these low rates may not be the driving force that they were in the last growth cycle.” Realtors have called for an extension of the tax credit and cite that the large inventory of unsold homes will take a year or more to work down. Economists claim that low interest rates combined with high unemployment and slow wage growth are a recipe for a long, slow recovery that may be prone to stalling out as the economy plods onward toward a more sustainable and less volatile environment.

About the Worry Index

The *Wealth Hazards* Worry Index was created to capture the ever-changing sentiment of consumers. It is measured each month using various questions and methodologies designed to better understand what issues are of the most concern to consumers. You can view the survey at <http://www.WorryIndex.com>.

About *Wealth Hazards*

A wealth hazard is a risk or threat to your financial health. Wealth hazards come in all shapes and sizes and very often in disguise. *Wealth Hazards* was established to help people to avoid, manage, and recover from life's wealth hazards. The new book *Wealth Hazards - Surviving the Recovery* is now available at <http://www.WealthHazards.com>.

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