

As mortgage rates fall to 7-month low, it may be your chance to refinance

By [Holden Lewis](#) • Bankrate.com



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Did you miss out on refinancing your mortgage last summer or fall? Here's another chance: Mortgage rates are at their lowest levels in nearly seven months.

A refinancing boomlet could be at hand. Mortgage rates have declined to levels not seen since just after the presidential election.

At the same time, home values have been rising, which means more homeowners finally have enough equity to refi.

Eager to see what mortgage rate you can get? [Shop now for your next mortgage deal.](#)

Myriad reasons to refi

Whenever mortgage rates drop, it's a good idea to evaluate your home loan and [see if it's worth refinancing](#). People refi to get a lower interest rate, to get rid of mortgage insurance or to cash out some of their equity.

Plenty of homeowners wanted to refinance last year, when rates flirted with all-time lows. But they lacked enough equity to refi to a lower rate. The best refinancing deals go to homeowners who have at least 20 percent equity, because they won't have to pay for mortgage insurance. If you have a higher rate and you have recently gained enough equity to refinance, use [Bankrate's mortgage comparison tool](#).

A related reason to refinance: You have a [mortgage insured by the Federal Housing Administration](#), and you want to get rid of those monthly FHA mortgage insurance payments. FHA mortgage insurance can't be canceled by hitting the 20 percent equity mark. To get rid of FHA mortgage insurance payments, you have to refinance into a conventional loan. That's another reason to [refinance today](#).

Homeowners with plenty of equity -- well above 20 percent -- have the option of [cash-out refinancing](#). A cash-out refi is when you refinance for more than you currently owe. You take the difference in cash. A lot of people get cash-out refinances to pay for home renovations.

Why mortgage rates are dropping

Mortgage rates have been falling gradually since mid-May. The impetus for this week's decline was last week's [disappointing employment report for May](#). The economy created a net 138,000 jobs last month, which was about 50,000 less than most economists had expected. Wage gains were anemic, too, which points to low inflation, which leads to low interest rates.

Even as the economy throws off mixed messages about its health, the Federal Reserve is expected to raise short-term interest rates next week. But long-term rates -- such as those for mortgages -- won't necessarily follow, says Michael Chadwick, of Chadwick Financial Advisors.

"I suspect we're going to see lower (mortgage) rates, not higher rates," he says.

Mortgage rates are set by market forces, which are stronger than the Fed, Chadwick says.

Whether you're buying a home or refinancing, [comparison-shop today for your next mortgage](#).

Mortgage rates this week

The benchmark 30-year fixed-rate mortgage fell this week to 4.04 percent from 4.09 percent, according to Bankrate's weekly survey of large lenders. A year ago, it was 3.74 percent. Four weeks ago, the rate was 4.22 percent. The 30-year fixed-rate average for this week is 0.4 percentage points below the 52-week high of 4.44 percent, and is 0.52 percentage points greater than the 52-week low of 3.52 percent.

The 30-year fixed mortgages in this week's survey had an average total of 0.24 discount and origination points.

Over the past 52 weeks, the 30-year fixed has averaged 3.96 percent. This week's rate is 0.08 percentage points higher than the 52-week average.

- The 15-year fixed-rate mortgage fell to 3.24 percent from 3.31 percent.
- The 5/1 adjustable-rate mortgage fell to 3.40 percent from 3.41 percent.
- The 30-year fixed-rate jumbo mortgage fell to 3.99 percent from 4.02 percent.

At the current 30-year fixed rate, you'll pay \$479.72 for every \$100,000 you borrow, down from \$482.62 last week.

At the current 15-year fixed rate, you'll pay \$702.18 for every \$100,000 you borrow, down from \$705.59 last week.

At the current 5/1 ARM rate, you'll pay \$443.48 for every \$100,000 you borrow, down from \$444.04 last week.

Weekly national mortgage survey

Results of Bankrate.com's weekly national survey of large lenders conducted June 7, 2017 and the effect on monthly payments for a \$165,000 loan:

	30-year fixed	15-year fixed	5-year ARM
This week's rate:	4.04%	3.24%	3.40%
Change from last week:	-0.05	-0.07	-0.01
Monthly payment:	\$791.54	\$1,158.60	\$731.74
Change from last week:	-\$4.78	-\$5.62	-\$0.92