Shop around for best deal



DON RYAN / The Associated Press

New townhouses for sale are shown in Beaverton, Ore. Mortgage rates dropped to the lowest level on record for the fifth time in six weeks.

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Mortgage rates hit low of 4.54 percent

By J.W. Elphinstone
The Associated Press

NEW YORK — Mortgage rates are the most affordable in decades for those who can qualify for a loan.

For many, the opportunity to buy a home or refinance at this time is lost because of the tough economy and tight credit standards. But those who have secure jobs, superior credit and strong finances could do even better than the 4.54 average rate that Freddie Mac reported Thursday, according to experts.

The latest rate is the lowest for a 30-year fixed loan since Freddie began tracking rates in 1971. It also marks the fifth time in six weeks that the mortgage company has reported hitting a new average low.

Still, it's possible to get an even lower rate if a borrower contributes more than 20 percent to the downpayment or has impeccable credit.

"Scores matter," said Ritch Workman, co-owner of Workman Mortgage in Melbourne, Fla. He can offer a rate of 3.375 percent on a $200,000 Freddie Mac loan. The caveat: The borrower must put down 20 percent, have a credit score of 800 and pay $1,400 in add-on fees.

Susquehanna Bank, which has branches in Pennsylvania, New Jersey, Maryland and West Virginia, is advertising a similar loan. But the credit score requirement is 720 and the add-on fees total $750.

Sometimes the best rates are offered by community banks or credit unions. They keep mortgages on their books instead of selling them to investors, said Greg McBride, a senior financial analyst at Bankrate.com. Other times, bigger banks or smaller mortgage bankers have the best deals.

Keep in mind that rates fluctuate significantly, even within a day, like airfares on a travel site. And the key to finding the best rate is to shop around online and in person.

Either way, borrowers are getting good deals.

The rate on 15-year fixed loans, a popular choice for refinancing, also are the lowest on records dating back to 1991. That rate fell to 4 percent from 4.03 percent last week.