

Obama: Timing right for millions to refinance

AP Associated Press

Obama urges people to take advantage of low mortgage rates

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WASHINGTON (AP) -- Declaring "good news" in the midst of an economic meltdown, President Barack Obama on Thursday urged families to take advantage of near-record low mortgage rates by refinancing their home loans.

"We are at a time where people can really take advantage of this," Obama said, seated with a handful of homeowners who have already lowered their bills.

But he also warned people to watch out for scam artists, cautioning, "If somebody is asking you for money up front before they help you with your refinancing, it's probably a scam."

Rates on 30-year mortgages inched upward this week but remain near the lowest level in decades, allowing borrowers with strong credit and stable jobs to save money if they refinance.

The average rate on a 30-year fixed-rate mortgage rose to 4.87 percent this week, up from 4.78 percent last week, Freddie Mac reported Thursday. That was the lowest in the history of the survey, which dates back to 1971.

Low rates have sparked a surge in refinancing activity, with nearly 80 percent of new home loan applications coming from borrowers seeking to refinance. Freddie Mac's sibling company, Fannie Mae, refinanced \$77 billion in loans last month, nearly double February's volume.

"The main message we want to send today is there are 7 to 9 million people across the country who right now could be taking advantage of lower mortgage rates," Obama said in a photo opportunity in the Roosevelt Room. "That is money in their pocket."

Foreclosures and defaults continue to break records. A record 5.4 million American homeowners with a mortgage, or nearly 12 percent, were at least one month late or in foreclosure at the end of last year. And nearly half of homeowners with a risky subprime adjustable-rate mortgage were in trouble.

Last month, the Obama administration launched a new plan to provide \$75 billion in incentives for the mortgage industry to modify loans to help borrowers avoid foreclosure. On Thursday, the president encouraged people to take advantage of a government Web site -- <http://www.makinghomeaffordable.gov> -- to see how they can get help.

In recent weeks nearly 200,000 homeowners have contacted Bank of America to find out if they are eligible to refinance under the Obama administration's new guidelines, said Vijay Lala, the bank's product management executive. "We've seen a tremendous amount of interest."

AP Business Writer Alan Zibel reported from New York.

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