

**RISMEDIA, February 16, 2010**—Freddie Mac recently announced that in the fourth quarter of 2009, refinancing borrowers overwhelmingly chose fixed-rate loans, regardless of whether their original loan was an adjustable-rate mortgage (ARM) or a fixed-rate, according to Freddie Mac's quarterly Product Transition Report. While 30-year fixed-rate mortgages are still the most preferred product chosen for the new loan, 15-year fixed-rate mortgages gained favor among refinancers who previously held 30-year fixed-rate mortgages, balloon mortgages and ARMs. Overall, fixed-rate loans accounted for more than 95% of refinance loans during the quarter.

"Average interest rates fell on 30-year and 15-year fixed-rate mortgage loans in the fourth quarter to a record low in the 39-year history of Freddie Mac's Primary Mortgage Market Survey" said Frank Nothaft, vice president and chief economist for Freddie Mac. "The lowest fixed-rate interest rates in more than a generation, coupled with the comfort that a constant monthly principal and interest payment provides the homeowner, are important drivers in fixed-rate product choice.

"While homeowners are choosing the safety of fixed-rate mortgages in large numbers, at the same time many borrowers are now looking at paying down their mortgage balances faster by choosing a shorter mortgage term of 15 or 20 years instead of 30. This is consistent with the results from our fourth quarter Refinance Report, published at the end of January, which showed a record share of borrowers paying down a portion of their principal balance, that is, "cashing in" rather than "cashing out" when they refinanced their loan. When you can only earn a very low interest rate on your CD or money market accounts, and returns on other investments remain extremely uncertain, it can make sense to pay yourself 4.5-5% by eliminating some mortgage debt whether by making extra payments or going for a shorter loan term."

These estimates come from a sample of properties on which Freddie Mac has funded at least two successive loans and the latest loan is for refinance rather than for home purchase.