

## Mortgage Rate Drops Below 4.5%

Fixed-rate home-mortgage rates continued their fall to record lows this week, following the release of second-quarter GDP data, Freddie Mac said.

The 30-year fixed-rate mortgage averaged 4.49% for the week ended Aug. 5, according to Freddie Mac's weekly survey of conforming mortgage rates. It averaged 4.54% last week and 5.22% a year ago.

### **The rate is now at its lowest since Freddie Mac started tracking the rate in 1971.**

The 15-year fixed-rate mortgage averaged 3.95% this week, down from 4% last week and 4.63% a year ago. The mortgage is at its lowest since Freddie Mac started tracking it in 1991.

"Annual revisions cut the cumulative GDP growth in half over the past three years ending in the first quarter of 2010 from 1.4% to 0.6%. This reduces inflationary pressures and allows longer-term rates room to ease," said Frank Nothaft, vice president and chief economist of Freddie Mac, in a news release.

Five-year Treasury-indexed hybrid adjustable-rate mortgages averaged 3.63% this week, down from 3.76% last week and 4.73% a year ago. The ARM is at its lowest since Freddie Mac began tracking it in 2005. And one-year Treasury-indexed ARM averaged 3.55% this week, down from 3.64% last week and 4.78% a year ago.

To obtain the rates, the 30-year fixed-rate mortgage and the 1-year ARM required payment of an average 0.7 point. The 15-year fixed-rate mortgage and the 5-year ARM required an average 0.6 point. A point is 1% of the mortgage amount, charged as prepaid interest.

Housing investment increased in the second quarter, as the home-buyer tax credit encouraged home sales and low mortgage rates spurred remodeling, Mr. Nothaft said.

Separately, Obama administration officials deflated rumors that the government is planning new programs to streamline refinancing or cut mortgage balances for homeowners in a bid to stimulate the economy without asking Congress for money ahead of midterm elections. Elements of the rumored programs already exist in more modest forms.

"There is not any plan for expanding into a high [loan-to-value] refinance program at this time," said FHA Commissioner David Stevens.