

# Mortgage rates sink to new record low

## Mortgage rates fall to record low after dramatic Federal Reserve moves

- Alan Zibel, AP Real Estate Writer
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WASHINGTON (AP) -- Rates on 30-year mortgages plunged to a record low Thursday after the Federal Reserve launched a new effort to prop up the flailing housing market.

**The national average rate on 30-year, fixed mortgages was 4.94 percent on Thursday, according to financial publisher HSH Associates, down nearly a quarter point from a day earlier. That's the lowest on HSH's records, which date back to 1979.**

For borrowers with stable jobs and good credit, it represents an opportunity to refinance at the lowest rates in decades. But people with less-than-perfect credit are likely to pay higher rates.

Plus, some mortgage brokers were disappointed on Thursday, saying lenders had not pushed down rates as dramatically as they had hoped. Lenders that are not connected to banks and must rely on short-term funding are having trouble raising cash.

"The problem is: We're still not seeing the injection of capital from the private sector," said Douglas Braden, a broker with Northern Colorado Mortgage Co.

Plus many lenders, after laying off workers in droves, don't have the capacity to keep up with a refinancing boom.

"They're already swimming in applications," said Greg McBride, senior financial analyst with Bankrate.com. "You could keep reducing mortgage rates, but if the lender's already got a stack of files on his desk, he's not going to answer the phone."

Interest rates have drifted lower since November when the Federal Reserve pledged to buy up mortgage-backed securities in an effort to bolster the long-suffering housing market.

Earlier Thursday, mortgage finance giant Freddie Mac said average rates on 30-year fixed-rate mortgages dropped this week to 4.98 percent, down from 5.03 percent last week.

It was the lowest since the week of Jan. 15, when it was at 4.96 percent, the lowest point in the history of Freddie Mac's survey, which goes back to 1971.

Freddie Mac's survey included rate quotes taken before the Fed said Wednesday it will pump \$1.2 trillion into the economy in an effort to lower rates on mortgages and other and loosen credit.

The average rate on a 15-year fixed-rate mortgage dropped to 4.61 percent, down from 4.64 percent last week, Freddie Mac said.

Rates on five-year, adjustable-rate mortgages fell to 4.98 percent, compared with 4.99 percent last week. Rates on one-year, adjustable-rate mortgages rose to 4.91 percent, from 4.8 percent last week.

The rates do not include add-on fees known as points. The nationwide fee for fixed and adjustable rate mortgages averaged 0.7 point last week.

**Courtesy of JB Goodwin**