

Mortgage buyer Freddie Mac said Thursday that the average rate on a 30-year fixed-rate home mortgage fell to 3.53 percent, a record low; the average rate on the 15-year loan also broke a record. D. DOVARGANES/AP

30-year mortgage rate falls again, to 3.53%

12th time in 13 weeks average has dropped

Associated Press

WASHINGTON — Average rates on fixed mortgages fell again this week to record lows, creating more incentive for buyers to enter the recovering housing market.

Mortgage buyer Freddie Mac said Thursday that the average rate on the 30-year loan fell to 3.53 percent. That's down from 3.56 percent last week and the lowest since long-term mortgages began in the 1950s.

The average rate on the 15-year mortgage, a popular refinancing option, declined to 2.83 percent, below last week's previous record of 2.86 percent.

The rate on the 30-year loan has fallen to or matched record-low levels in 12 of the last 13 weeks. Five-year adjustable-rate mortgages dropped to 2.69 percent from 2.74 percent last week, while one-year adjustable-rate loans remained unchanged at 2.69 percent.

Cheaper mortgages have contributed to a modest housing recovery. Home sales fell in June but were up from the same month last year, while prices are rising in most markets.

Builders are putting up more houses than they have in nearly four years.

Still, the pace of home sales remains well below healthy levels. Many people still are having difficulty qualifying for home loans or can't afford larger down payments required by banks.

Mortgage rates have been dropping because they tend to track the yield on the 10-year Treasury note. A weaker U.S. economy and uncertainty about how Europe will resolve its debt crisis have led investors to buy more Treasury securities, which are considered safe investments. As demand for Treasurys increase, the yield falls.