The Greenville News
greenvilleonline.com

Friday
MARCH 20, 2009

Fixed mortgage rates head lower still

30-year drops below 5 percent even before Fed moves to cut them more

STAFF, WIRE REPORTS

WASHINGTON — Mortgage rates fell this week to the lowest level since January, and may fall further after the Federal Reserve launched a new effort to prop up the flailing housing market.

Mortgage finance giant Freddie Mac said Thursday that average rates on 30-year fixed-rate mortgages dropped to 4.98 percent this week, 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.

The rate quotes included in Freddie Mac's survey were 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. That could drive mortgage rates down even further, perhaps past record lows.

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.

The Fed expanded that effort Wednesday, announcing plans to buy up to $300 billion of long-term government bonds and $750 billion in additional mortgage-backed securities guaranteed by Fannie Mae and Freddie Mac.

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.