

Fixed rate mortgages at lowest level of the year

Potential borrowers unable to take advantage of rates

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WASHINGTON — Fixed mortgage rates slid for the seventh consecutive week, but the lowest rates of the year have done little to lift the struggling housing market.

Freddie Mac says the average rate on the 30-year loan fell to 4.55 percent from 4.60 percent. The average rate on the 15-year fixed mortgage, a popular refinance option, slipped to 3.74 percent from 3.78 percent. Both are lows for the year.

Rates tend to track the yield on the 10-year Treasury note, which has dropped over fears that higher energy prices could slow economic growth this year.

Most people are unable to take advantage of the lowest mortgage rates because they can't meet tougher lending requirements. And those who could afford to refinance likely did so last year, when rates fell to the lowest levels in decades.

Sales of new and previously occupied homes rose in April. But sales are well below healthy levels. Waves of foreclosures have pushed prices down. Many would-be buyers are holding off, worried that home prices have yet to hit bottom.

Home prices fell in the

first three months of this year to the lowest levels since before the housing bust. Prices are expected to keep falling until the glut of foreclosures for sale is reduced, companies start hiring in greater force, banks ease lending rules and more people think it makes sense again to buy a house. In some markets, that could take years.

To calculate average mortgage rates, Freddie Mac collects rates from lenders across the country on Monday through Wednesday of each week. Rates often fluctuate significantly, even within a single day.

The average rate on a five-year adjustable-rate mortgage stayed flat at 3.41 percent. The five-year adjustable rate loan hit 3.25 percent in April, the lowest rate on records dating back to 2005.

The average rate on a one-year adjustable-rate loan rose slightly to 3.13 percent.

The rates do not include add-on fees, known as points. One point is equal to 1 percent of the total loan amount. The average fee for the 30-year fixed loan in Freddie Mac's survey was 0.6 and it was 0.7 for the 15-year fixed loan. The average fee for the five-year ARM and the 1-year ARM was 0.6 point.