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Mortgage loan rates sink to new low

However, loan standards shut many buyers out

By Julie Schmit
USA TODAY

Mortgage loan rates are touching new 60-year lows, but many consumers won't be able to take advantage of them.

The lower rates will likely spur some homeowners to refinance, economists say. But mortgage standards remain so tight that many people won't qualify for a

loan if they want to buy a house.

Disappointing economic growth helped drive fixed 30-year mortgages down to an average of 3.84% this week, says mortgage giant Freddie Mac. That bested the previous record low of 3.87% in February.

Low rates are traditionally good for housing demand, but this time may be different. Rates are dropping on signs of slowing economic growth, which isn't good for consumer confidence or housing demand.

"We should not be excited about lower rates for home purchases," says Jed Kolko, econo-

mist for housing website Trulia.

The housing market has been showing signs of improvement. Existing home sales were up 5.2% in March from a year ago, the National Association of Realtors says.

Declines in home prices are smaller, and there are signs of bottoming in some markets.

Strong demand and tighter inventories sparked a nearly 2% rise in asking prices on homes for sale February through April, compared with the prior three months, new Trulia data shows.

After adjustment for seasonal factors, 92 of the USA's 100 larg-

est metro areas showed increases, Trulia says.

Demand for home loans is also up. The latest data from the Mortgage Bankers Association shows applications for home purchases on the upswing for the week ended April 27.

That shows people who need mortgages are beginning to add to improving home sales, says economist Paul Diggle of Capital Economics.

Consumers shouldn't hold out for lower rates, says Guy Cecala, of *Inside Mortgage Finance*.

"We're near the lowest you'll ever see," he says.