

BUSINESS

Mortgage rates at a

low

30-year fixed mortgages drop to 5.1 percent

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WASHINGTON — Rates on 30-year mortgages fell to a record low for the third straight week, and borrowers took advantage of the drop, sending new applications soaring.

With the Federal Reserve on the verge of pouring hundreds of billions of dollars into the devastated U.S. housing market, mortgage rates have plunged to the lowest level since Freddie Mac started tracking the data in April 1971.

Low rates are a great opportunity for borrowers with solid credit and plenty of equity in their homes. But those in danger of foreclosure are still side-

lined, and defaults are expected to keep rising in the coming months.

Freddie Mac reported Wednesday that average rates on 30-year fixed mortgages dropped to 5.1 percent this week, down from the previous record of 5.14 percent set last week. It was the ninth straight weekly drop. The survey was released a day early due to the New Year's holiday.

Mortgage rates have

plunged by about 1.3 percentage points since late October, Freddie Mac said. For a borrower taking out a \$200,000 loan, that means a savings of more than \$170 in monthly payments, according to Frank Nothaft, the mortgage finance company's chief economist.

Meanwhile, mortgage applications last week remained at the highest level in more than five years, the Mortgage Bankers As-

sociation said.

The trade group's weekly application index was essentially unchanged for the week ending Dec. 26. Applications surged earlier this month to the highest level since July 2003, when refinancing activity boomed at the peak of the housing market.

More than 80 percent of applications came from borrowers looking to refinance at more affordable rates, the trade group said.