Daily Journal 1/2/2010

Mortgage rates end the year above 5 percent

ASSOCIATED PRESS

McLEAN, Va.— Mortgage rates rose for the fourth straight week, ending the year above 5 percent.

The average fixed rate on a 30-year mortgage was 5.14 percent this week, up from 5.05 percent last week, Freddie Mac said Thursday.

Mortgage rates are closely tied to yields on long-term government debt. The average fixed rate on 30-year mortgages has steadily risen since hitting a record low of 4.71 percent the week of Dec. 3.

The Federal Reserve is pouring $1.25 trillion into mortgage-backed securities to keep rates low this year. The program, aimed at making home buying more affordable, is set to end next spring. Still, qualifying for a loan is hard because lenders have severely tightened requirements. The best rates are available to those with good credit and a 20 percent down payment.

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

The average rate on a 15-year fixed mortgage rose to 4.54 percent from 4.45 percent last week.

Rates on five-year, adjustable-rate mortgages averaged 4.44 percent, up from 4.40 percent last week. However, rates on one-year, adjustable-rate mortgages fell to 4.33 percent from 4.38 percent.