

Mortgage rates fall to fresh lows this week

Fed plans to buy \$105 billion in Treasury bonds over next month

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NEW YORK — Rates on fixed mortgages dropped to their lowest levels in decades this week after the Federal Reserve unveiled a massive bond-buying program to help spur economic growth.

Mortgage buyer Fred-

die Mac said Tuesday the average rate for 30-year fixed loans fell to 4.17 percent from 4.24 percent last week. That's the lowest on records dating back to 1971.

The average rate on 15-year fixed loans fell to 3.57 percent from 3.63 percent. That's the lowest since the survey began in 1991.

The Fed detailed plans last week to buy \$600 billion in Treasury bonds. On Wednesday, the central bank gave more details, saying it plans to purchase \$105 billion in Treasuries over the next month. The extra demand means Treasuries will produce lower yields for investors. Mortgage rates tend to track those yields.

Mortgage rates have been at or near historic lows since April as inves-

tors, concerned about the health of the global economy, shift their money into Treasuries, pushing down rates on the bonds and consumer and business loans.

While more borrowers have refinanced their home loans, low rates have done little to boost the beleaguered housing market. Would-be buyers remain on the sidelines, too worried about their jobs or unable to qualify for a loan

because of tighter credit standards. Others can't sell their own homes.

Home sales were the worst in decades this summer, and home prices fell in half of U.S. cities in the third quarter, the National Association of Realtors said Thursday.

To calculate average mortgage rates, Freddie Mac collects rates from lenders across the country on Monday through Wednesday of each week.