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A home for sale is posted at a reduced price in Palo Alto, Calif. Mortgage rates fell this week to the lowest level on record.

Mortgage rates sit at lowest point since 1971

By Alan Zibel
THE ASSOCIATED PRESS

WASHINGTON — Mortgage rates fell this week to the lowest level on records dating to 1971, giving consumers added incentive to lock in low payments for home purchases and refinanced loans.

The average rate for 30-year fixed loans sank to 4.69 percent, mortgage company Freddie Mac said Thursday.

That's the lowest point since Freddie Mac began tracking rates in April 1971. The previous record of 4.71 percent was set in December. Rates for 15-year and five-year mortgages also hit lows.

Mortgage rates have fallen over the past two months as nervous investors have shifted money into the safety of Treasury bonds. The demand for Treasurys has caused Treasury yields to fall. And mortgage rates tend to track the yields on long-term Treasurys.

Yet the falling rates have yet to spark a home-buying boom. New-home sales collapsed in May after homebuying tax credits expired. The economy also remains under pressure from high unemployment. And many people don't qualify under tightened lending rules.

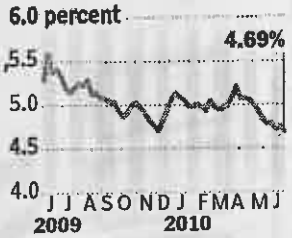
"As long as prospective homebuyers are still concerned about their jobs and financial well-being, many will be reluctant to take the plunge, even though affordability has never been better," said Greg McBride, senior financial analyst with Bankrate.com.

Many Americans owe more on their mortgages than their homes are worth — often called "under water" — and can't refinance. The Obama administration has launched programs to help borrowers refinance if they owe up to 25 percent more than their home's value and have loans owned or guaranteed by mortgage giants Freddie Mac or Fannie Mae.

Mortgage rates fall

The average rate on a 30-year fixed rate mortgage fell to 4.69 percent this week, its lowest level on record.

Average 30-year fixed rate mortgage, weekly



Average fixed rate mortgage

FMR	HIGH	LOW
30-yr	Oct. 9, 1981 18.63%	June 24, 2010 4.69%
15-yr	Dec. 1984 8.89%	June 24, 2010 4.13%
5-yr	June 29, 2006 6.39%	June 17, 2010 3.84%*

*Rate unchanged as of June 24, 2010

SOURCE: Freddie Mac AP