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Rate on 30-year mortgage stays at 60-year low

By Derek Kravitz, Associated Press

Updated 6d 15h ago

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WASHINGTON – Fixed mortgage rates hovered at record lows for a third straight week. They are likely to fall even further now that the Federal Reserve said it would shuffle its holdings to drive down long-term interest rates.

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The average rate on the 30-year fixed mortgage was unchanged at 4.09% this week, **Freddie Mac** said Thursday. That's the lowest rate seen since 1951.

The average rate on the 15-year mortgage ticked down to 3.29%. Economists say that's the lowest rate ever for the loan.

Mortgage rates tend to typically track the yield on the 10-year Treasury note. One day after the Fed's announcement, the yield on the 10-year note touched 1.74% Thursday. That's the lowest level since Federal Reserve Bank of St. Louis started keeping daily records in 1962.

In July, the yield on the 10-year note was above 3%.

Low mortgage rates have done little to boost home sales. This year is shaping up to be the worst for sales of previously occupied homes since 1997. Few are buying homes, even though the average rate on the 30-year fixed mortgage has been below 5% for all but two weeks this year.

Many Americans are in no position to buy or refinance. High unemployment, scant wage gains and large debt loads have kept them away.

Others can't qualify. Banks are insisting on higher credit scores and 20% down payments for first-time buyers. Some homeowners have too little equity invested in their homes to meet loan requirements.

Most people must also pay extra fees to get the low mortgage rates. Those fees are known as points, with one point equaling 1% of the total loan amount.

The average fees for the 30-year held steady at 0.7 point. Fees paid on 15-year fixed loans and both 5-year and one-year adjustable-rate loans were all at 0.6 point.

Once fees are factored in, the average rate on the 30-year loan rises to 4.25%, **Freddie Mac** said.

A drop in mortgage rates could provide some help to the economy if more people could refinance. When people refinance at lower rates, they pay less interest on their loans and have more money to spend.

But many homeowners with good jobs and stable finances have already refinanced in the past year. The average rate on the 30-year fixed loan fell to 4.17% last November, and to 4.15% last month. Both were previous lows.

Homeowners typically pay a few thousand dollars in closing costs when they refinance. To refinance again, most experts say rates would need to fall an additional 1% to make it worthwhile.

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

The average rate on a five-year adjustable-rate mortgage rose to 3.02 %. That's higher than last week's 2.99%.

The average rate for the one-year adjustable-rate mortgage increased slightly to 2.82% from 2.81%, the lowest rate on records going back to 1984.

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Middle class people that are confident in their economic future will buy houses at 7% interest...people that are not confident in their economic future will not buy houses regardless of how low rates are. Corporate America has made darn sure that few middle class people are confident in their economic future.

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