



MORTGAGES

Aug. 12, 2010, 10:32 a.m. EDT

Mortgage rates continue to fall, setting record lows

By April H. Lee, MarketWatch

NEW YORK (MarketWatch) -- Fixed-rate mortgages continued their decline to record lows this week and the 5-year adjustable rate also reached a new low, Freddie Mac reported Thursday.

"Low rates are helping to heal many battered local housing markets by increasing home-purchase activity," said Frank Nothaft, vice president and chief economist at Freddie Mac, in a news release.



Houses that make their own energy

Net-zero energy homes are gaining in popularity, but before buying a green home or an add-on product designed to generate energy, make sure you do your homework. MarketWatch's Amy Hoak reports.

The 30-year fixed-rate mortgage averaged 4.44% for the week ending Aug. 12, according to Freddie Mac's weekly survey of conforming mortgage rates. It averaged 4.49% last week and 5.29% a year ago. The rate is now at its lowest level since Freddie Mac started tracking it in 1971.

The 15-year fixed-rate mortgage averaged 3.92% this week, down from 3.95% last week and 4.68% a year ago. It is also at its lowest point since Freddie Mac started tracking the rate in 1991.

Five-year Treasury-indexed hybrid adjustable-rate mortgages averaged 3.56% this week, down from 3.63% last week and 4.75% a year ago. The ARM is at its lowest since Freddie Mac began tracking it in 2005.

And 1-year Treasury-indexed ARM averaged 3.53% this week, down from 3.55% last week and 4.72% a year ago.

To obtain the rates, the 30-year fixed-rate mortgage and both of the ARMs required payment of an average 0.7 point. The 15-year fixed-rate mortgage required an average 0.6 point. A point is 1% of the mortgage amount, charged as prepaid interest.

Rates broke record lows after reports of a sluggish economy, Nothaft said.

"Private payrolls increased by 71,000 jobs in July, below the market consensus forecast, and revisions shaved June's growth by 34,000 workers," he said. "The Federal Reserve also noted in its Aug. 10 policy statement that the pace of recovery in output and employment slowed since its last meeting in June."

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