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Wed, Nov 25, 2009, 1:30PM ET - U.S. Markets close in 2 hours and 30 minutes.



Rates on 30-year mortgages sink, match record low



Average rates on 30-year mortgages fall, matching record low reached in spring

On 11:32 am EST, Wednesday November 25, 2009

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McLEAN, Va. (AP) -- Average rates for 30-year fixed mortgages fell this week, matching a record low set last spring and more than a full percentage point below what they were a year ago, Freddie Mac said Wednesday.

Rates for 30-year mortgages averaged 4.78 percent this week, down from 4.83 percent last week and equaling the record low reached the week of April 30.

Freddie Mac has been tracking rates on 30-year fixed mortgages since 1971. Last year at this time, the 30-year fixed rate mortgage averaged 5.97 percent.

Interest rates began dropping last November, when the Federal Reserve began spending \$1.25 trillion to buy up mortgage-backed securities in an effort to lower rates, loosen credit availability and bolster the long-suffering housing market.

Since April, rates have hovered near 5 percent, spurring refinance activity. However, credit standards remain stringent, so the best rates usually are available only to borrowers with solid credit and a 20 percent down payment.

Rates for 30-year fixed mortgages are now 0.8 percentage points below this year's peak set in mid-June. Refinancing at the current rate shaves roughly \$100 off monthly payments on a \$200,000 mortgage, said Frank Nothaft, Freddie Mac's chief economist.

Freddie Mac collects mortgage rates on Monday through Wednesday of each week from lenders around the country. Rates often fluctuate significantly, even within a given day, frequently in line with long-term Treasury bonds.

The average rate on a 15-year fixed-rate mortgage fell to 4.29 percent, down from 4.32 percent last week, according to Freddie Mac. The 15-year rate hasn't been this low since Freddie Mac started tracking it in 1991.

Rates on five-year, adjustable-rate mortgages averaged 4.18 percent, down from last week's 4.25 percent. Rates on one-year, adjustable-rate mortgages were 4.35 percent for the second consecutive week.

The rates do not include add-on fees known as points. The nationwide fee for loans in Freddie Mac's survey averaged 0.7 point for 30-year and one-year loans. The fee averaged 0.6 point for 15-year and five-year mortgages.

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