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## Rate on 30-year mortgage down to record 3.88%

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The average rate on the 30-year fixed mortgage fell again this week to a record low. The eighth record low in a year is attracting few takers because most who can afford to buy or refinance have already done so.

Mortgage buyer Freddie Mac said Thursday that the average rate on the 30-year fixed mortgage dipped to 3.88 percent this week, down from the old record of 3.89 percent one week ago.

The average on the 15-year fixed mortgage ticked up to 3.17 percent from 3.16 percent, which was also a record low. Records for mortgage rates date back to the 1950s.

Mortgage rates tend to track the yield on the 10-year Treasury note, which fell below 1.9 percent this week.

For the past three months, the 30-year fixed mortgage rate has hovered near 4 percent. Yet cheap rates on the most popular mortgage option have done little to boost home sales.

High unemployment and scant wage gains have made it harder for many people to qualify for loans. Many don't want to sink money into a home that they fear could lose value over the next few years.

Previously occupied homes are selling just slightly ahead of 2010's dismal pace. New-home sales in 2011 will almost certainly be the worst on records going back half a century.

Builders are hopeful that the low rates could boost sales next year. Low mortgage rates were cited as a key reason the National Association of Home Builders survey of builder sentiment rose in December to its highest level in more than a year.

So far, the low rates have had minimal impact. Mortgage applications have risen about 6 percent on a seasonally adjusted basis over the past four weeks, according to the Mortgage Bankers Association. But they are coming off extremely low levels.

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

The average rates don't include extra fees, known as points, which most borrowers must pay to get the lowest rates. One point equals 1 percent of the loan amount.

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