



## Mortgage rates hit new low

### 30-year loan rates drop below 6%



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Rates on 30-year mortgages dropped this week to another low, further fueling the refinancing boom and helping boost the national economy.

In a nationwide survey released Thursday, Freddie Mac, the mortgage company, reported that the average interest rate on a 30-year fixed-rate mortgage fell to 5.99 percent this week, the lowest level since Freddie Mac began tracking them in 1971.

This week's rate surpassed the previous low of 6.05 percent set last week and marked the fifth time this year that 30-year rates hit record lows.

Mortgage rates have been falling amid a spotty economic recovery and a turbulent stock market that has sent investors to the bond market, helping to push long-term rates down.

Low mortgage rates are feeding a surge in mortgage refinancing. Savings or extra cash coming out of refinancing deals is helping to support consumer spending, including home buying, amid uncertain economic times and eroding consumer confidence.

Homeowners took out about \$50 billion worth of equity in the first six months of the year through refinancing, according to a recent report from Freddie Mac.

The impact from lower rates is being felt nationwide. In the mountain region, which includes Arizona, Bank One applications, for example, have jumped 50 to 60 percent in the past two months, said Ernie Montoya, senior vice president and western region sales manager for retail lending.

More and more Americans are looking to take advantage of the declining rates.

Low mortgage rates will "keep the housing market at a good solid pace," said Lynn Reaser, chief economist at Banc of America Capital Management in St. Louis.

An index measuring applications for U.S. mortgages rose to the second-highest level in more than a decade of record keeping. The Mortgage Bankers Association of America's mortgage applications index showed a 4.8 percent increase, to 1183.8. Three-quarters of the dollar volume of all mortgage applications was for refinancing.

That is keeping mortgage companies busy.

"If you're trying to talk to your mortgage broker, you're not going to get a lot of face time," said Keith Gumbinger, vice president of HSH Associates, a mortgage research company in Butler, N.J. "They are being bombarded with phone calls and faxes and e-mail requests. Patience is a good idea."

Rates for 15-year fixed-rate mortgages, a popular option for refinancing, fell to 5.41 percent this week, the lowest level since Freddie Mac began tracking these rates in August 1991. Last week, 15-year mortgages averaged 5.47 percent.

For one-year adjustable-rate mortgages, rates dipped to 4.22 percent, the lowest level since Feb. 18, 1994. Last week, rates for one-year ARMS averaged 4.28 percent.

This week's mortgage rates do not include add-on fees known as points. Each loan type carried an average 0.6 point fee this week.

A year ago, 30-year mortgages averaged 6.72 percent, 15-year mortgages were 6.23 percent and one-year ARMs stood at 5.45 percent.

**Includes information from The Associated Press, Bloomberg News and *Republic* reporter Dawn Gilbertson.**

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