

Publication: The Providence Journal; Date: Apr 14, 2013; Section: Homes; Page: E1
MORTGAGES

30-year rate down sharply to 3.43%

Home sales and residential construction are up; prices are rising; more refinancings, too

By **MARCY GORDON ASSOCIATED PRESS**

WASHINGTON — Average U.S. rates on fixed mortgages fell sharply last week and moved closer to historic lows, keeping home-buying and refinancing attractive.

Mortgage buyer Freddie Mac said Thursday that the average rate for the 30-year fixed loan fell to 3.43 percent from 3.54 percent last week. That's near the 3.31 percent reached in November, which was the lowest on records dating to 1971.

The average rate on the 15-year fixed mortgage dipped to 2.65 percent from 2.74 percent the previous week. That's slightly above the record low of 2.63 percent, also reached in November.

Low mortgage rates are helping sustain a housing recovery that began in 2012. Home sales and residential construction are up, prices are rising and more Americans are refinancing. That's helped the broader economy.

Mortgage rates have been low because they tend to track the yield on the 10-year Treasury note. The yield has fallen in recent weeks and went as low as 1.71 percent April 5, after a weak report on March hiring drove investors to seek the safety of a U.S. Treasury bonds. When demand rises, the yield falls.

On Thursday, the yield was up to 1.79 percent, still low by historical standards.

To calculate average mortgage rates, Freddie Mac surveys lenders across the country on Monday through Wednesday each week. The average doesn'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.

The average fee for 30-year mortgages was unchanged at 0.8 point. The fee for 15-year loans also was steady, at 0.7 point.

The average rate on a one-year adjustable-rate mortgage edged down to 2.62 percent from 2.63 percent last week. The fee for one-year adjustable-rate loans slipped to 0.3 point from 0.4.

The average rate on a five-year adjustable-rate mortgage fell to 2.62 percent from 2.65 percent. The fee held at 0.5 point.

Foreclosures

Foreclosure notices surged in March in states where courts oversee home seizures, slowing the process and causing prices to lag behind in the U.S. housing recovery, according to RealtyTrac Inc.

Across the country, 152,500 properties received default, auction and repossession notices in March, a decline of 1 percent from the previous

month and 23 percent from a year earlier, the Irvine, Calif.-based data seller said today in a report.

So-called judicial states such as New York and Maryland where more time is needed to take property from delinquent borrowers had a 4-percent gain from March 2012. Notices fell 44 percent in non-judicial states, RealtyTrac said.

“At this point, the housing market is healing itself and there’s not a lot you can do if a foreclosure is inevitable,” said Paul Willen, senior economist at the Federal Reserve Bank of Boston.

“It’s in the best interests of lenders and the community to get the home in the hands of a new owner.”

With reports from Bloomberg

At a glance

Steep fall: Average U.S. rates on fixed mortgages fell sharply this week, keeping home-buying and refinancing attractive.

The numbers: The average rate on the 30-year fixed mortgage fell to 3.43 percent from 3.54 percent last week. That’s near the record low of 3.31 percent. The average on the 15-year loan dipped to 2.65 percent from 2.74 percent, and just above the record 2.63 percent.

Housing recovery: Low mortgage rates are helping sustain a housing recovery that began last year. Home sales and residential construction are up, prices are rising, and more Americans are refinancing. That’s helped the broader economy.



AP/GENE J. PUSKAR

A sale pending sign in the front yard of a home in Mt. Lebanon, Pa. Fixed mortgages fell sharply last week.