



Lazy Portfolio Center. Visit Now

FRONT PAGE PERSONAL FINANCE REAL ESTATE

BULLETIN **U.S. STOCKS RETREAT EARLY MONDAY AS EARNINGS SEASON KICKS OFF**

MORTGAGES

**Rate on 30-year fixed-rate mortgage hits new low
Fed's purchase of mortgage-backed securities drives down rates: economist**

By **Amy Hoak**, MarketWatch
Last update: 10:47 a.m. EST Jan. 8, 2009 | [Comments: 79](#)

CHICAGO (MarketWatch) -- Long-term mortgage rates dropped again this week, with the 30-year fixed-rate mortgage hitting a fourth consecutive record low in the history of Freddie Mac's weekly survey.

The 30-year mortgage averaged 5.01% for the week ending Jan. 8, down from last week's 5.10%. The mortgage averaged 5.87% a year ago. The rate hasn't been lower since Freddie Mac's Primary Mortgage Market Survey began in 1971. The survey covers conventional, conforming mortgages.



Lots more real estate

Coverage of home buying and selling, housing prices, mortgage information and home improvement.

- [The house of the future](#)
- [Investing in college condos](#)
- [No-hassle buy-rehab loans](#)
- [Home sleeper 'test drives'](#)
- [When you have to sell now](#)

[Get our free Real Estate newsletter](#)

"Interest rates for 30-year fixed-rate mortgages fell for the tenth week to a fourth consecutive record low due in part to the Federal Reserve's recent purchases of mortgage-backed securities issued by Freddie Mac, Fannie Mae and Ginnie Mae," said Frank Nothaft, Freddie Mac chief economist, in a news release.

"On Nov. 25, 2008, the Federal Reserve announced that it planned to purchase up to \$500 billion of these securities by the end of June of this year. For the sake of comparison, there were roughly \$4.7 trillion of such securities backed by home mortgages available as of Sept. 30, 2008.

The low rates, now nearly 1.5 percentage points below their level in October, have brought savings to those buyers brave enough to enter the housing market these days. The lower 30-year rate brings the monthly payment on a \$200,000 loan down by \$184 from the October peak, Nothaft pointed out.

Rates on 15-year fixed-rate mortgages also dropped, averaging 4.62% this week, down from 4.83% last week and 5.43% a year ago. The mortgage hasn't been lower since June 13, 2003, when it averaged 4.60%.

Five-year Treasury-indexed hybrid adjustable-rate mortgages averaged 5.49%, down from 5.57% last week and 5.63% a year ago. And 1-year Treasury-indexed ARMs averaged 4.95%, up from 4.85% last week but down from 5.37% a year ago.

To obtain the rates, the 30-year fixed-rate mortgage required payment of an average 0.6 point, the 15-year fixed-rate and 5-year ARM required an average 0.7 point and the 1-year ARM required an average 0.5 point. A point is 1% of the mortgage amount, charged as prepaid interest.

On Wednesday, the Mortgage Bankers Association reported that the volume of mortgage applications filed last week was down a seasonally adjusted 8.2% compared with the week before, due to a drop in refinance applications. [See full story.](#)

Freddie Mac (**FRE: 0.75, -0.01, -1.0%**) also joined with Fannie Mae (**FNM: 0.75, +0.01, +0.8%**) Thursday in saying they are extending a temporary foreclosure and eviction suspension on single-family homes to further work with servicers to modify mortgages.

Fannie and Freddie said they will extend the suspensions until Jan. 31. In November, Fannie and Freddie said they would not foreclose on occupied homes or evict homeowners from Nov. 26 to Jan. 9 to implement a streamlined mortgage modification program. ■

Amy Hoak is a MarketWatch reporter based in Chicago.

[\(79\) - View Comments on this story](#)

Comments

There are 79 comments

More

Enter Symbol(s) or Keyword(s)

Welcome, please [sign in](#).
[My Portfolio](#) • [Community](#) • [VSE](#) • [Alerts](#)

Better than RedBull?
try FRS and find out for yourself

FRS healthy energy **Try It Free!**

This is a comparative advertisement. The RED BULL cans and RED BULL logo are an advertisement for Red Bull. FRS is not affiliated with Red Bull. © 2009 FRS Energy. All rights reserved.

Real Estate Weekly E-newsletter

Real estate news and commentary from our Personal Finance staff every week.

Enter your email address [Privacy policy](#)

MOST POPULAR

- | READ | E-MAILED | EDITOR'S PICK |
|-----------------------------------------------------------------------------------|----------|---------------|
| 1. Sarah Palin is right this time | | |
| 2. U.S. stock futures meander as Alcoa earnings near | | |
| 3. Citi may get \$2.7 billion for Smith Barney stake, report says | | |
| 4. Citigroup, Morgan Stanley, Pfizer, Alcoa in focus | | |
| 5. Satyam soars as India appoints new board members | | |
| 6. Shares in Europe decline, paced by oil producers ahead | | |
| 7. Two survivors of Crash of 2008 see better times ahead | | |
| 8. Hong Kong, Mumbai drag on regional markets | | |
| 9. Pfizer upped at Goldman, major restructuring 'inevitable' | | |
| 10. Wipro stock hit by World Bank debarment news | | |

[Get the Latest MarketWatch News >>](#)

PARTNER CENTER

Scottrade 7 Online Trades Switch to Scottrade, get up to \$100 back

E*TRADE Get 100 Free Trades. E*TRADE Securities.

SOGOTRADE \$3 Stock Trades Get 100 Free Trades. Up to \$100 back when switch.

AMERITRADE No maintenance fees. Trade free for 30 days at TD AMERITRADE.

Get **\$7** Online Trades

Scottrade

Sponsored Links

Fixed Rates down to 4.25%

\$200,000 mortgage under \$984/mo. Find your new payment in minutes.

NeighborhoodAssistance.com/FHA

AARP Auto Insurance.

Save \$363 on Fast, Lifetime Renewable Auto Ins w/ The Hartford.

AARP.TheHartford.com

Low Rate Mortgage Quotes

Find The Lowest Rate For Your New Home Loan With 4 Competitive Quotes

FinancingDebt.com

More Mortgages stories

- 10:45 AM 12/31/08 [30-year mortgage rate falls for ninth straight week to new low](#)
- 10:42 AM 12/24/08 [Rates on 30-year mortgages at lowest since at least 1971](#)
- 11:30 AM 12/18/08 [30-year mortgage lowest in 37 years of Freddie Mac survey](#)

[More Amy Hoak](#)

Top stories

- 6:21 AM today [Shares in Europe decline, paced by oil producers](#)
- 4:14 AM today [Hong Kong, Mumbai drag on regional markets](#)
- 2:25 AM today [Wipro stock hit by World Bank debarment news](#)

[More News](#)

New! Community Groups
 Give your Favorite topic a home
 Discuss topics of interest to you,
 with people of interest to you!
[Find or start a group now»](#)