

# BUSINESS

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## Mortgage rates hit new lows

**30-year fixed  
falls to 5.84%;  
15-year at 5.21%**

From Tribune news services

The housing sector has been the bearer of glad tidings for an economy struggling to get out of recession.

On Thursday, the sector was on the receiving end.

Mortgage rates fell to record lows this week, mortgage giant Freddie Mac reported, a week after mortgage applications to purchase homes increased, according to the Mortgage Bankers Association of America.

The average interest rate on a 30-year, fixed-rate mortgage dipped to 5.84 percent from 5.86 percent last week. The new rate was the lowest on record at Freddie Mac, which began tracking 30-year rates in 1971.

Rates for 15-year fixed-rate mortgages, a popular option for refinancing, edged down to 5.21 percent from 5.26 percent.

The new rate is the lowest since Freddie Mac began

tracking 15-year mortgages in 1991.

Rates for one-year adjustable rate mortgages hit a new record low as well, dropping to 3.81 percent after three straight weeks at the previous record low, 3.89 percent. Freddie Mac began tracking ARM rates in 1984.

Low mortgage rates sent sales of both new and existing homes to record levels last year, and the government reported this week that construction of new homes and apartments hit a 16-year high in January.

"Current record-breaking low mortgage rates are keeping demand for housing strong, even as the overall economy stumbles sluggishly into the first part of the year," said Frank Nothaft, chief economist at Freddie Mac.

A year ago, rates on 30-year mortgages averaged 6.81 percent, 15-year mortgages were 6.28 percent, and one-year ARMs stood at 4.96 percent.

This week's rate on a 30-year mortgage would put the average monthly payment on a \$100,000 loan, including principal and interest with 1 point,

at \$589.30, down from \$652.59 a year ago.

The mortgage bankers association said mortgage applications to purchase a home rose 1.2 percent last week, though

its seasonally adjusted index inched down to 1,082.8 from 1,083.1 because of a slight dip in refinancing activity.

"Despite the slip, the index remains at high absolute levels as this most recent wave of financing continues after having crested," said Drew Matus, U.S. financial markets economist at Lehman Brothers.

MBA's seasonally adjusted mortgage index for home purchase, a barometer for future new-home sales, rose to 334.1, up 1.6 percent from the previous week.

There is a pool of homeowners who had refinanced and could qualify to do so again, said James Nutter, president of James B. Nutter Co., a mortgage lender in Kansas City, Mo.

"Even if someone refinanced a year ago, it would behoove them to look at refinancing again because rates have declined dramatically since then," he said.