

Rate on 30-year mortgage hits 2-year high

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(Photo: Steven Senne AP)

WASHINGTON (AP) — The average U.S. rate on the 30-year fixed mortgage rose this week to 4.51%, a two-year high. Rates have been rising on expectations that the Federal Reserve will slow its bond purchases this year.

Mortgage buyer Freddie Mac said Thursday that the average on the 30-year loan jumped from 4.29% the previous week. Just two months ago, it was 3.35% — barely above the record low of 3.31%.

HOUSING: [Mortgage applications continue to fall](http://www.usatoday.com/story/money/business/2013/07/10/mortgage-applications-july-10/2505439/)
(<http://www.usatoday.com/story/money/business/2013/07/10/mortgage-applications-july-10/2505439/>)

The average on the 15-year fixed mortgage rose to 3.53% from 3.39% last week. That's the highest since August 2011.

Chairman Ben Bernanke has said the Fed could slow its bond purchases this year if the economy strengthens. The purchases have kept rates low. The yield on the 10-year Treasury, which mortgage rates typically track, has been rising.

Even with the gains, mortgage rates remain low by historical standards. Low rates have helped fuel a housing recovery that is helping to drive economic growth this year.

The annual sales pace of previously occupied homes topped 5 million in May for the first time in 3.5 years. And sales of new homes rose at the fastest pace in five years.

Greater demand, along with a tight supply of homes for sale, has pushed up home prices. It also has led to more home construction, which has created more jobs.

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% of the loan amount.

The average fee for a 30-year mortgage was 0.8 point this week, up from 0.7 point last week. The fee for a 15-year loan also rose to 0.8 point from 0.7 point.

The average rate on a one-year adjustable-rate mortgage was unchanged at 2.66%. The fee rose to 0.5 point from 0.4.

The average rate on a five-year adjustable mortgage rose to 3.26% from 3.10%. The fee was unchanged at 0.7 point.

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