



# NEWS

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## FEDERAL HOUSING FINANCE BOARD REPORTS MORTGAGE INTEREST RATES

The Federal Housing Finance Board today reported that the average interest rate on conventional 30-year, fixed-rate, mortgage loans increased 25 basis points to 6.33 percent in November. The average interest rate on 15-year, fixed-rate loans increased 16 basis points to 5.83 percent in October. These rates pertain to mortgages closed during the November 23-30 period. Typically, the interest rate is determined 30 to 45 days before the loan is closed. Thus, the reported rates depict market conditions prevailing in mid to late October.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 6.19 in November up 21 basis points from 5.98 percent during October. The effective interest rate, which reflects the amortization of initial fees and charges, increased 22 basis points to 6.25 percent. The average contract rate on fixed-rate mortgages increased 23 basis points to 6.33 percent during November, while the average contract rate on adjustable-rate mortgages (ARMs) increased 21 basis points to 5.84 percent.

Initial fees and charges were 0.40 percent of the loan balance in November, up 5 basis points from 0.35 percent in October. Fifty-one percent of the purchase-money mortgage loans originated in November were "no-point" mortgages, down from 52 percent in October. The average term was 28.7 years in October, up from 28.6 years in October. The average loan-to-price ratio in November was 74.1 percent, unchanged from October. The average loan amount increased by \$4,100 to \$219,600 in November, and the average house purchase price increased by \$7,600 to \$314,400.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 6.22 percent based on loans closed in November. This is an increase of 0.24 percent from the previous month.

Recorded information on this index is available by calling (202) 408-2940. The December index value will be announced on January 25, 2006.

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Technical note: The data is based on a monthly survey of major lenders that are asked to report the terms and conditions on all conventional, single-family, fully amortized, purchase-money loans closed the last five working days of the month. The data thus excludes FHA-insured and VA-guaranteed mortgages, refinancing loans, and balloon loans. This month's data is based on 17,656 reported loans from 74 lenders, representing savings associations, mortgage companies, commercial banks, and mutual savings banks. The effective interest rate includes the amortization of initial fees and charges over a 10-year period, which is the historical assumption of the average life of a mortgage loan. The data is weighted to reflect the shares of mortgage lending by lender size and lender type as reported in the latest release of the Federal Reserve Board's Home Mortgage Disclosure Act data.

*The Federal Housing Finance Board is an independent agency in the executive branch that oversees the safety, soundness, and mission of the 12 regional Federal Home Loan Banks. The Banks are government-sponsored enterprises created in 1932 to provide low-cost funding for housing finance. They have more than 8,100 financial institutions as members, including commercial banks, savings and loans, insurance companies and federally insured credit unions. More information can be found at <http://www.FHFB.gov>*

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