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## **FEDERAL HOUSING FINANCE BOARD REPORTS LOWER FIXED-RATE MORTGAGE INTEREST RATES**

Washington, D.C. -- The Federal Housing Finance Board today reported that the average interest rate on conventional 30-year, fixed-rate mortgage loans decreased 3 basis points to 6.20 percent during November. The average interest rate on 15-year, fixed-rate loans decreased 12 basis points to 5.93 percent during November.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) decreased 6 basis points to 6.02 percent. The effective interest rate, which reflects the amortization of initial fees and charges, also decreased 6 basis points to 6.08 percent. The average contract rate on fixed-rate mortgages decreased 6 basis points to 6.14 percent, while the average contract rate on adjustable-rate mortgages (ARMs) increased three basis points to 5.34 percent.

Initial fees and charges were 0.37 percent of the loan balance in November, down from 0.40 percent in October. Fifty-five percent of the purchase-money mortgage loans originated in November were "no-point" mortgages, the same as in October. The average term was 26.5 years in November, down from 26.7 years in October. The average loan-to-price ratio in November was 73.3 percent, the same as in October. The average loan amount increased by \$2,500 to \$163,500 in November, while the average house purchase price increased by \$2,800 to \$238,500.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 6.03 percent based on loans closed in November. This is a decrease of 0.06 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 28, 2003. The Federal Housing Finance Board maintains telephone lines that give recorded information on the current value of many of the interest rates reported in this release. That phone number is (202) 408-2624. This recording will be next updated on January 28, 2003.

*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 33,800 reported loans from 114 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 type as reported in the latest release of the Federal Reserve Board's Home Mortgage Disclosure Act data.*