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For further information contact:
Timothy D. Forsberg
(202) 408-2967

Federal Housing Finance Board Reports
CONTINUED LOWER 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 fifteen basis points to 6.72 percent during July. The average interest rate on 15-year, fixed-rate loans was 6.63 percent during July, down from 6.67 percent in June. These rates pertain to mortgages closed during the July 25 - July 31 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 June. Since then, mortgage commitment rates, as reported by Freddie Mac and others, have fallen.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) decreased 13 basis points to 6.46 percent. The effective interest rate, which reflects the amortization of initial fees and charges, decreased 14 basis points to 6.53 percent. The average contract rate on fixed-rate mortgages decreased 13 basis points to 6.72 percent, while the average contract rate on adjustable-rate mortgages (ARMs) decreased twenty basis points to 5.44 percent.

Initial fees and charges were 0.50 percent of the loan balance in July, down from 0.52 percent in June. Forty-nine percent of the purchase-money mortgage loans originated in July were "no-point" mortgages, up from 46 percent in June. The average term was 27.7 years in July, down from 27.9 years in June. The average loan-to-price ratio in July was 76.1 percent, up from 75.7 percent in June. The average loan amount decreased by \$2,600 to \$166,500 in July, while the average house purchase price decreased by \$5,400 to \$231,500.

Table VI is the regular quarterly table on mortgage rate and term information by Federal Home Loan Bank District.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 6.48 percent based on loans closed in July. This is a decrease of 0.14 percent from the previous month.

Recorded information on this index is available by calling (202) 408-2940. The August index value will be announced on September 27, 2002.

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 September 27, 2002.

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 31,091 reported loans from 110 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.