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Federal Housing Finance Board Reports
HIGHER 30-YEAR 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 increased 3 basis points to 7.21 percent during June. Interest rates on 15-year, fixed-rate loans decreased by 1 basis point to 7.05 percent during June.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) increased 1 basis point to 7.09 percent. The effective interest rate, which reflects the amortization of initial fees and charges, remained the same at 7.17 percent. The average contract rate on fixed-rate mortgages increased 3 basis points to 7.19 percent, while the average contract rate on adjustable-rate mortgages (ARMs) decreased 11 basis points to 6.37 percent.

Initial fees and charges were 0.54 percent of the loan balance in June, down from 0.58 percent in May. Thirty-nine percent of the purchase-money mortgage loans originated in June were "no-point" mortgages, up from 38 percent in May. The average term was 27.7 years in June, up from 27.6 percent in May. The average loan-to-price ratio in June was 76.6 percent, up from 76.1 percent in May. The average loan amount increased by \$2,500 to \$157,600, in June, while the average house purchase price increased by \$2,000 to \$216,600.

Table IV is the regular quarterly table of mortgage rates and terms for selected metropolitan areas.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 7.10 percent based on loans closed in June. This is an increase of 0.02 percent from the previous month.

Recorded information on this index is available by calling (202) 408-2940. The July index value will be announced on August 28, 2001.

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 August 28, 2001.

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 27,001 reported loans from 119 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