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Federal Housing Finance Board Reports
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 8 basis points to 7.13 percent during August. Interest rates on 15-year, fixed-rate loans decreased by 10 basis points to 6.99 percent during August.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) decreased 10 basis points to 6.99 percent. The effective interest rate, which reflects the amortization of initial fees and charges, decreased eleven basis points to 7.07 percent. The average contract rate on fixed-rate mortgages decreased 8 basis points to 7.11 percent, while the average contract rate on adjustable-rate mortgages (ARMs) decreased 11 basis points to 6.36 percent.

Initial fees and charges were 0.52 percent of the loan balance in August, down from 0.54 percent in July. Forty-one percent of the purchase-money mortgage loans originated in August were "no-point" mortgages, up from 40 percent in July. The average term was 27.9 years in August, up from 27.8 percent in July. The average loan-to-price ratio in August was 76.7 percent, up from 76.5 percent in July. The average loan amount increased by \$1,400 to \$157,900, in August, while the average house purchase price increased by \$1,200 to \$216,500.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 6.99 percent based on loans closed in August. This is a decrease of 0.11 percent from the previous month.

Recorded information on this index is available by calling (202) 408-2940. The September index value will be announced on October 26, 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 October 26, 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 24,646 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.