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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 9 basis points to 6.67 percent during November. Interest rates on 15-year, fixed-rate loans decreased by 23 basis points to 6.39 percent during November. Although commitment rates on new mortgages have risen in the past several weeks, the loans covered in this month's survey were closed the last five working days of November. Typically the rate on these loans would have been "locked-in" sometime in October. This timing difference can explain why reported average mortgage rates are declining when new mortgage rates apparently are increasing.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) decreased 10 basis points to 6.56 percent. The effective interest rate, which reflects the amortization of initial fees and charges, decreased 11 basis points to 6.62 percent. The average contract rate on fixed-rate mortgages decreased 12 basis points to 6.62 percent, while the average contract rate on adjustable-rate mortgages (ARMs) decreased 3 basis points to 6.02 percent.

Initial fees and charges were 0.45 percent of the loan balance in November, down from 0.46 percent in October. Forty-eight percent of the purchase-money mortgage loans originated in November were "no-point" mortgages, the same as in October. The average term was 27 years in November, down from 27.5 percent in October. The average loan-to-price ratio in November was 75.1 percent, down from 75.8 percent in October. The average loan amount increased by \$100 to \$157,600, in November, while the average house purchase price increased by \$3,100 to \$222,700.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 6.56 percent based on loans closed in November. This is a decrease of 0.10 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, 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 January 25, 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 27,446 reported loans from 106 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.*