

## Monthly Press Release

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For further information contact:  
David L. Roderer  
(202) 408-2967

### **FEDERAL HOUSING FINANCE BOARD REPORTS OCTOBER AVERAGE HOUSE PRICE OF \$243,756**

Washington, D.C. -- The Federal Housing Finance Board today reported that the national average one-family house purchase price in October was \$243,756. This October 2003 average price compares with a national average one-family house purchase price of \$235,717 in October 2002.

The Fannie Mae Charter Act and the Freddie Mac Act reference this October average price. The Housing and Community Development Act of 1980 amended both of these acts to include a provision that allows both enterprises to adjust each year the maximum size of mortgage loans that they can purchase. This statutory provision relies on this October average house price compared with that in the previous year.

The maximum size loan that Fannie Mae and Freddie Mac can purchase is usually known as the conforming loan limit. By law, Fannie Mae and Freddie Mac will determine the limit for 2004. The Federal Housing Finance Board's only role is to provide the October average house price.

The average house price 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 during 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 24,608 reported loans from 91 lenders, representing savings associations, mortgage companies, commercial banks, and mutual savings banks. In January 2003, the Finance Board implemented methodological changes to the survey. The principal change was to weight the data on the basis of lender type and lender size instead of weighting the data on the basis of lender type and region. With the increasing nationalization of the primary mortgage market, it was no longer necessary to explicitly sample lenders by region to get an adequate geographic dispersion of loans each month.

*The Federal Housing Finance Board is an independent agency created by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and was given supervisory authority for the Federal Home Loan Bank System, a government sponsored enterprise. As such, the Finance Board ensures fulfillment of the System's housing mission and reviews the financial performance and operating procedures of the System to ensure its safety and soundness.*