
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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For Immediate Release
October 28, 2008

FEDERAL HOUSING FINANCE AGENCY REPORTS MORTGAGE INTEREST RATES

Washington, DC – The Federal Housing Finance Agency today reported that the average interest rate on conventional 30-year, fixed-rate, mortgage loans of \$417,000 or less decreased 33 basis points to 6.16 percent in September. The average interest rate on 15-year, fixed-rate loans of \$417,000 or less decreased 14 basis points to 5.96 percent in September. These rates pertain to mortgages closed during the September 24-30 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 August.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 6.13 percent in September down 29 basis points from 6.42 percent in August. The effective interest rate, which reflects the amortization of initial fees and charges, was 6.22 percent in September down 28 basis points from 6.50 percent in August. The average contract rate on fixed-rate mortgages decreased 31 basis points to 6.15 percent in September, while the average contract rate on adjustable-rate mortgages (ARMs) decreased 8 basis points to 5.81 percent in September.

Initial fees and charges were 0.63 percent of the loan balance in September, up 0.07 percent from August. Forty-eight percent of the purchase-money mortgage loans originated in September were "no-point" mortgages, up one percent from forty-seven percent in August. The average term was 28.5 years in September, up 0.1 years from 28.4 years in August. The average loan-to-price ratio in September was 76.3 percent, unchanged from August. The average loan amount decreased by \$100 to \$221,100 in September, while the average house purchase price decreased \$1,200 to \$306,100.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 6.17 percent based on loans closed in September. This is a decrease of 0.29 percent from the previous month.

Recorded information on this index is available by calling (202) 408-2940. The October index value will be announced on November 25, 2008.

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 8,100 reported loans from 57 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 size and lender type as reported in the latest release of the Federal Reserve Board's Home Mortgage Disclosure Act data.

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$6.2 trillion in funding for the U.S. mortgage markets and financial institutions.