



NEWS

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FEDERAL HOUSING FINANCE BOARD REPORTS MORTGAGE INTEREST RATES

The Federal Housing Finance Board today reported that the average interest rate on conventional 30-year, fixed-rate, mortgage loans of \$417,000 or less increased 18 basis points to 6.42 percent in July. The average interest rate on 15-year, fixed-rate loans of \$417,000 or less increased 23 basis points to 6.15 percent in July. These rates pertain to mortgages closed during the July 25-31 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 June.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 6.37 percent in July up 18 basis points from 6.19 percent in June. The effective interest rate, which reflects the amortization of initial fees and charges, was 6.45 percent in July up 19 basis points from 6.26 percent in June. The average contract rate on fixed-rate mortgages increased 18 basis points to 6.41 percent in July, while the average contract rate on adjustable-rate mortgages (ARMs) increased 17 basis points to 5.91 percent in July.

Initial fees and charges were 0.55 percent of the loan balance in July, up 0.08 percent from June. Forty-seven percent of the purchase-money mortgage loans originated in July were "no-point" mortgages, down three percent from fifty percent in June. The average term was 28.5 years in July, up 0.1 years from 28.4 years in June. The average loan-to-price ratio in July was 76.2 percent, down 0.8 percent from 77.0 percent in June. The average loan amount decreased by \$8,300 to \$219,700 in July, while the average house purchase price decreased \$8,600 to \$309,100.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 6.41 percent based on loans closed in July. This is an increase of 0.18 percent from the previous month.

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

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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 9,709 reported loans from 60 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.

The Federal Housing Finance Board (FHFB) was merged into the Federal Housing Finance Agency (FHFA) an independent agency in the executive branch, in July 2008. The FHFB portion of FHFA oversees the safety, soundness, and mission of the 12 regional Federal Home Loan Banks. The Banks are government-sponsored enterprises created in 1932 to provide low-cost funding for housing finance. They have more than 8,100 financial institutions as members, including commercial banks, savings and loans, insurance companies and federally insured credit unions. More information can be found at <http://www.FHFB.gov>

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