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# FEDERAL HOUSING FINANCE AGENCY



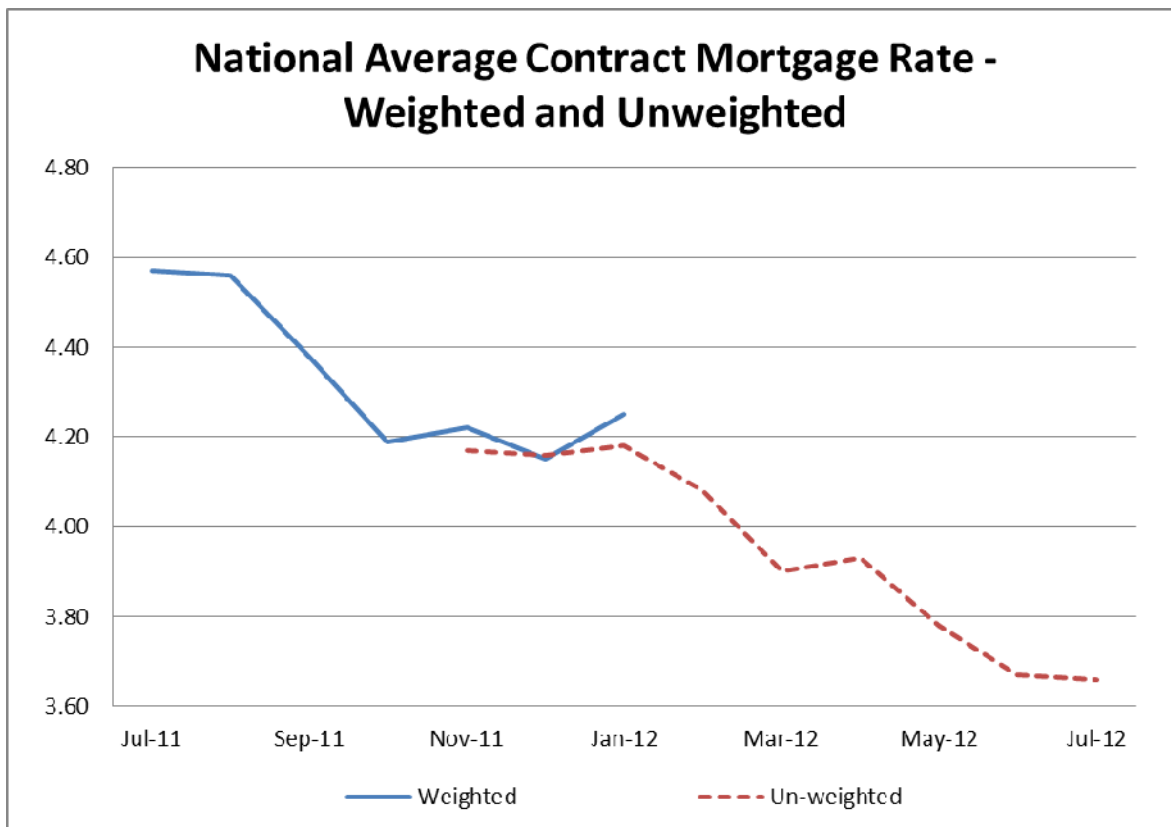
## NEWS RELEASE

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### Federal Housing Finance Agency Reports Mortgage Interest Rates

**Washington, DC** – The Federal Housing Finance Agency (FHFA) today reported that the National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, used as an index in some adjustable-rate mortgage (ARM) contracts, was 3.66 percent based on loans closed in July. Beginning in March, FHFA is calculating interest rates using un-weighted survey data. There was a decrease of 0.01 percent from the previous month. The complete contract rate series can be found at <http://www.fhfa.gov/Default.aspx?Page=251>.



The average interest rate on conventional, 30-year, fixed-rate mortgage loans of \$417,000 or less decreased 4 basis points to 3.84 in July. These rates are calculated from the FHFA's

Monthly Interest Rate Survey of purchase-money mortgages (see technical note). These results reflect loans 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 3.65 percent in July, down 2 basis points from 3.67 percent in June. The effective interest rate, which reflects the amortization of initial fees and charges, was 3.78 percent in July, down 3 basis points from 3.81 percent in June.

This report contains no data on adjustable-rate mortgages due to insufficient sample size.

Initial fees and charges were 0.95 percent of the loan balance in July, down 12 basis points from June. Twenty percent of the purchase-money mortgage loans originated in July were "no-point" mortgages, up three percent from the share in June. The average term was 27.5 years in July, unchanged from June. The average loan-to-price ratio in July was 76.1 percent, up 0.5 percent from 75.6 percent in June. The average loan amount was \$258,900 in July, down \$4,300 from \$263,200 in June.

Recorded information on this index is available by calling (202) 649-3993. For technical questions on this index, please call David Roderer at (202) 649-3206. The August index value will be announced on September 27, 2012.

Technical note: The data are based on a small monthly survey of mortgage lenders which may not be representative. Survey respondents 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 sample is not a statistical sample but is rather a convenience sample. The data exclude FHA-insured and VA-guaranteed mortgages, refinancing loans, and balloon loans. This month's data are based on 6,206 reported loans from 26 lenders, which may include 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.

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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 \$5.7 trillion in funding for the U.S. mortgage markets and financial institutions.*