FEDERAL HOUSING FINANCE AGENCY

NEWS RELEASE

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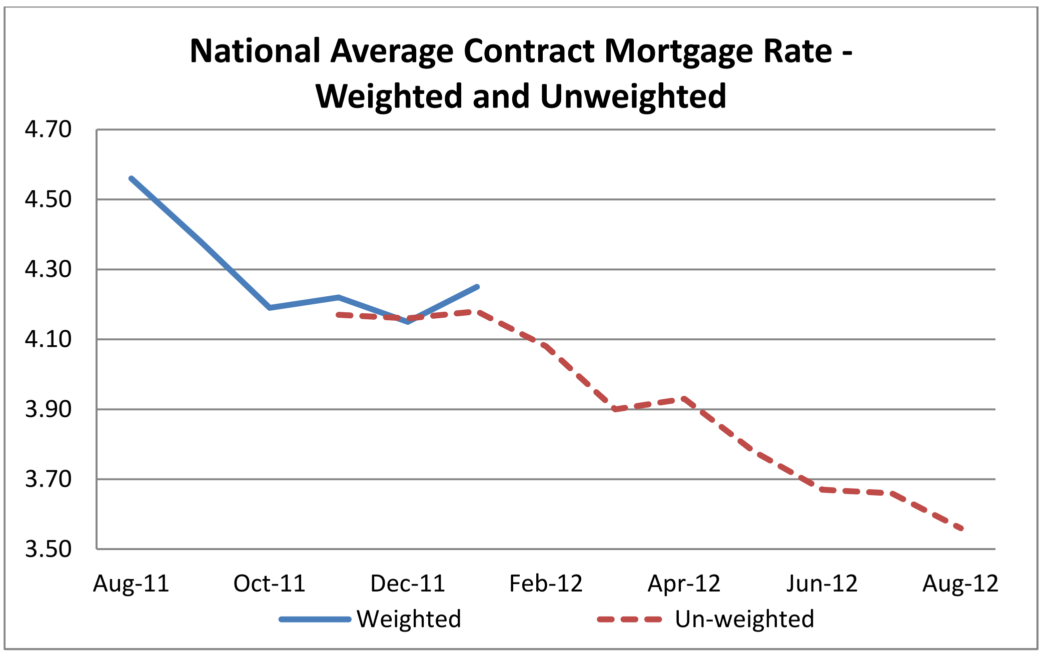
Federal Housing Finance Agency Reports Mortgage Interest Rates

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 3.56 percent based on loans closed in August. There was a decrease of 0.10 percent from the previous month. In March of 2012, FHFA began calculating interest rates using un-weighted survey data. 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 10 basis points to 3.74 in August. 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 August 27 - 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-July.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 3.56 percent in August, down 9 basis points from 3.65 percent in July. The effective interest rate, which reflects the amortization of initial fees and charges, was 3.69 percent in August, down 9 basis points from 3.78 percent in July.

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

Initial fees and charges were 1.07 percent of the loan balance in August, up 12 basis points from July. Eight percent of the purchase-money mortgage loans originated in August were "no-point" mortgages, down 12 percent from the share in July. The average term was 27.5 years in August, unchanged from July. The average loan-to-price ratio in August was 75.8 percent, down 0.3 percent from 76.1 percent in July. The average loan amount was $256,900 in August, down $2,000 from $258,900 in July.

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 September index value will be announced on Oct. 30, 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 5,886 reported loans from 34 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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