
FEDERAL HOUSING FINANCE AGENCY



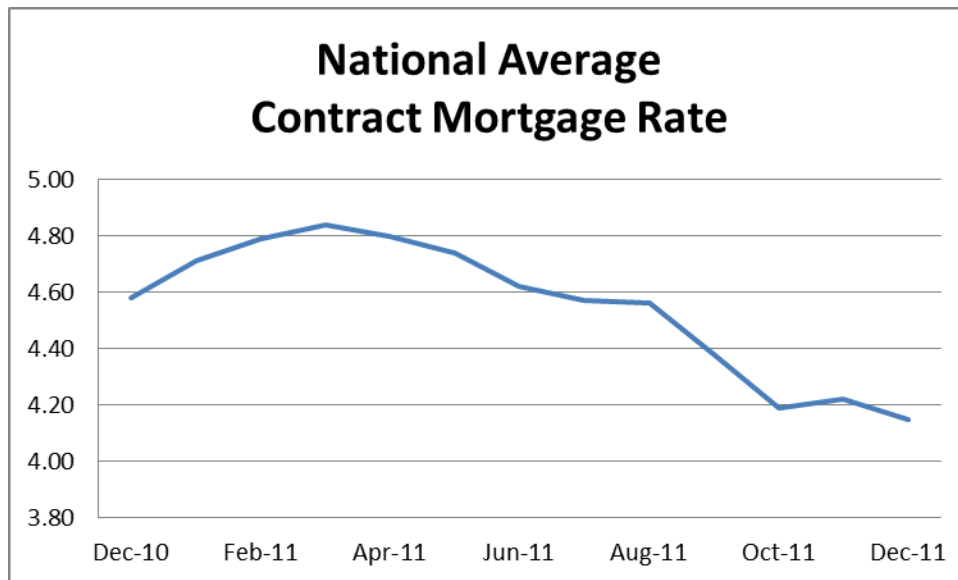
NEWS RELEASE

For Immediate Release
January 26, 2012

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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 ARM contracts, was 4.15 percent based on loans closed in December. This is a decrease of 0.07 percent from the previous month. This 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 8 basis points to 4.32 percent in December. 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 December 23-30 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-November.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 4.13 percent in December, down 7 basis points from 4.20 percent in November. The effective interest rate, which reflects the amortization of initial fees and charges, was 4.24

percent in December, down 7 basis points from 4.31 percent in November.

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

Initial fees and charges were 0.83 percent of the loan balance in December, up 0.05 percent from 0.78 in November. Thirty-two percent of the purchase-money mortgage loans originated in December were "no-point" mortgages, down two percent from the share in November. The average term was 28.8 years in December, up 0.3 years from 28.5 years in November. The average loan-to-price ratio in December was 78.7 percent, up 1.6 percent from 77.1 percent in November. The average loan amount was \$221,700 in December, up \$1,200 from \$220,500 in November.

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 January index value will be announced on Feb. 28, 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 2,592 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. The data are 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 \$5.7 trillion in funding for the U.S. mortgage markets and financial institutions.