FEDERAL HOUSING FINANCE AGENCY

NEWS RELEASE

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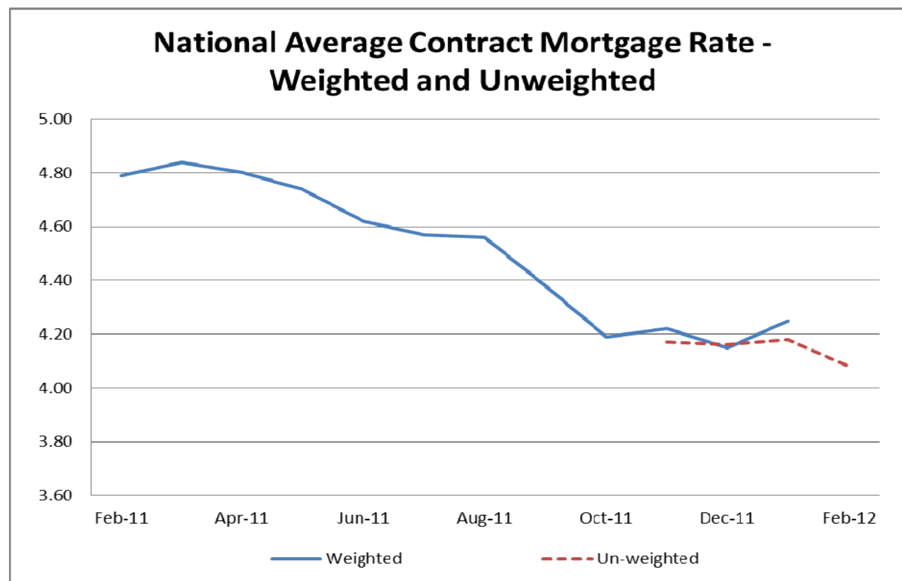
Federal Housing Finance Agency Reports Mortgage Interest Rates

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 ARM contracts, was 4.08 percent based on loans closed in February. Beginning this month, FHFA is calculating interest rates using un-weighted survey data. For January, a comparable rate based on un-weighted data would have been 4.18 percent. Thus, there was a decrease of 0.10 percent from the previous month's corresponding un-weighted rate. 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 5 basis points to 4.36 percent from January's figure based on un-weighted data. 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 February 23-29 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-January.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 4.05 percent in February, down 9 basis points from 4.14 percent, based on un-weighted data, in January. The effective interest rate, which reflects the amortization of initial fees and charges, was 4.17 percent in February, down 10 basis points from 4.27 percent, based on un-weighted data, in January.

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

Initial fees and charges were 0.93 percent of the loan balance in February, up 0.04 percent from 0.89, based on un-weighted data, in January. Thirty-one percent of the purchase-money mortgage loans originated in February were "no-point" mortgages, down three percent from the un-weighted share in January. The average term was 28.8 years in February, up 0.1 years from an un-weighted 28.7 years in January. The average loan-to-price ratio in February was 75.3 percent, down 0.4 percent from 75.7 percent, un-weighted, in January. The average loan amount was $244,300 in February, up $7,300 from an un-weighted $237,000 in January.

The MIRS results have previously been calculated using a weighting methodology, but we are now reporting un-weighted averages. The interaction between the weighting methodology and MIRS' shrinking sample size was causing distortions in the reported averages. Going forward, we will only be reporting un-weighted averages.

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 March index value will be announced on April 26, 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 2,865 reported loans from 14 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.