FEDERAL HOUSING FINANCE AGENCY

NEWS RELEASE

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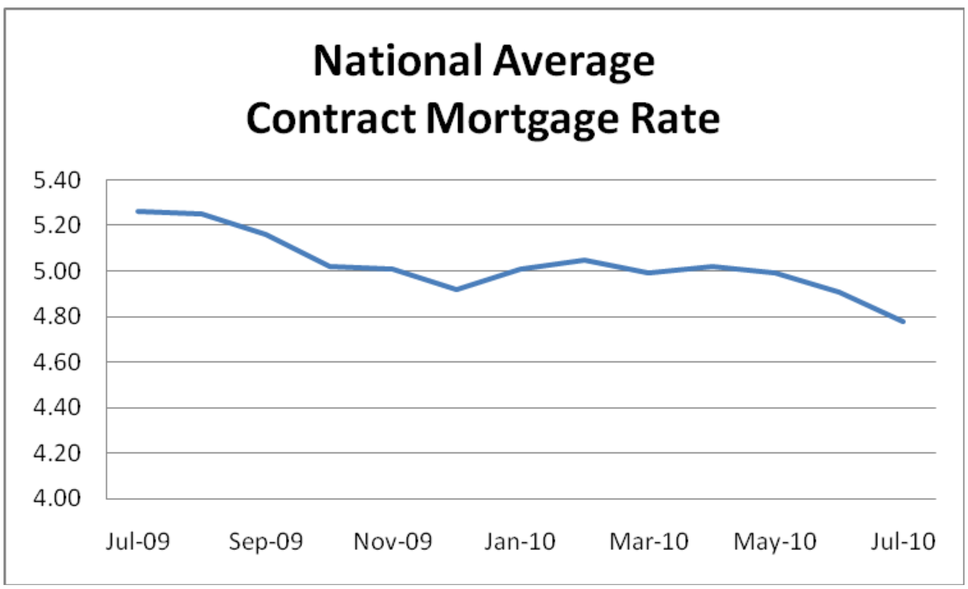
Federal Housing Finance Agency Reports Mortgage Interest Rates

Washington, DC – The Federal Housing Finance Agency 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 4.78 percent based on loans closed in July. This is a decrease of 0.13 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 16 basis points to 4.84 percent in July. The average interest rate on 15-year, fixed-rate loans of $417,000 increased 19 basis points to 4.66 percent in July. These rates are calculated from the FHFA's Monthly Interest Rate Survey (MIRS) of purchase-money mortgages. These results reflect loans closed during the July 26-31 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 4.77 percent in July, down 13 basis points from 4.90 percent in June. The effective interest rate, which reflects the amortization of initial fees and charges, was 4.90 percent in July, down 12 basis points from 5.02 percent in June.

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

Initial fees and charges were 0.87 percent of the loan balance in July, up 0.07 percent from 0.80 in June. This is the highest reported rate since December of 1998. This increase is driven by the declining share of “no-point” mortgages. Twenty-five percent of the purchase-money mortgage loans originated in July were "no-point" mortgages, down from 30 percent in June. The average term was 27.6 years in July, down 0.1 years from 27.7 years in June. The average loan-to-price ratio in July was 74.4 percent, up 0.1 percent from 74.3 percent in June. The average loan amount was $223,400 in July, up $3,500 from $219,900 in June.

Recorded information on this index is available by calling (202) 408-2940. For technical questions on this index, please call David Roderer at (202) 408-2540. The August index value will be announced on September 28, 2010.

Technical note: The data are 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 exclude FHA-insured and VA-guaranteed mortgages, refinancing loans, and balloon loans. This month's data are based on 4,376 reported loans from 43 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 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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