FEDERAL HOUSING FINANCE AGENCY

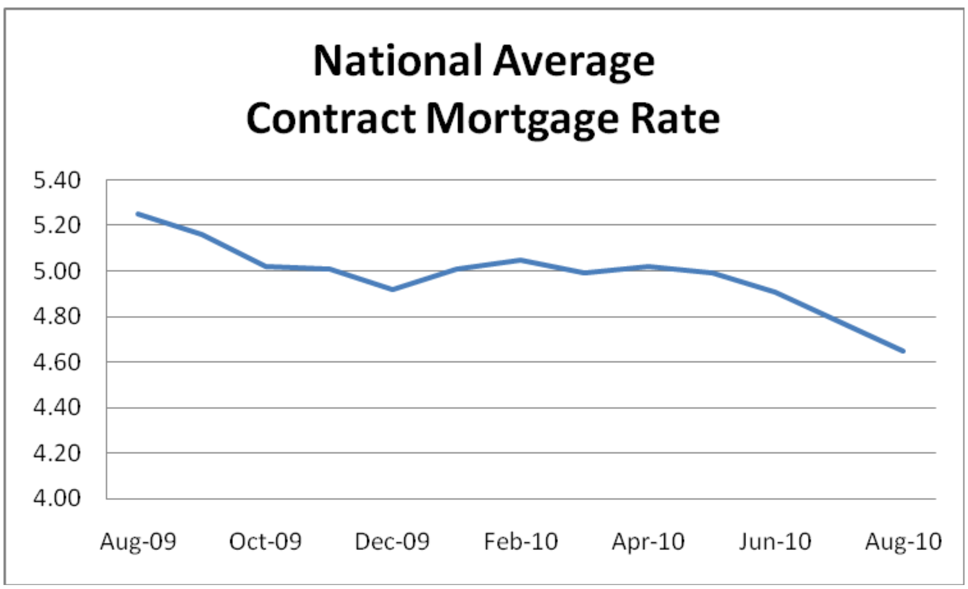
NEWS RELEASE

For Immediate Release
Sept. 28, 2010

Contact: Corinne Russell (202) 414-6921
Stefanie Mullin (202) 414-6376

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 4.65 percent based on loans closed in August. 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 14 basis points to 4.70 percent in August. The average interest rate on 15-year, fixed-rate loans of $417,000 decreased 20 basis points to 4.46 percent in August. These rates are calculated from the FHFA's Monthly Interest Rate Survey (MIRS) of purchase-money mortgages. These results reflect loans closed during the August 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-July.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 4.63 percent in August, down 14 basis points from 4.77 percent in July. The effective interest rate, which reflects the amortization of initial fees and charges, was 4.74 percent in

August, down 16 basis points from 4.90 percent in July.

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

Initial fees and charges were 0.81 percent of the loan balance in August, down 0.06 percent from 0.87 in July. Thirty-one percent of the purchase-money mortgage loans originated in August were "no-point" mortgages, up from 25 percent in July. The average term was 27.5 years in August, down 0.1 years from 27.6 years in July. The average loan-to-price ratio in August was 73.3 percent, down 1.1 percent from 74.4 percent in July. The average loan amount was $216,700 in August, down $6,700 from $223,400 in July.

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 September index value will be announced on Oct. 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 5,349 reported loans from 45 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.

###

The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than 5.9 trillion in funding for the U.S. mortgage markets and financial institutions.