



# NEWS

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## FEDERAL HOUSING FINANCE BOARD REPORTS MORTGAGE INTEREST RATES

The Federal Housing Finance Board today reported that the average interest rate on conventional 30-year, fixed-rate, mortgage loans decreased 22 basis points to 5.98 percent in January. The average interest rate on 15-year, fixed-rate loans decreased 27 basis point to 5.58 percent in January. These rates pertain to mortgages closed during the January 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 December.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 5.96 percent in January down 24 basis points from 6.20 percent in December. The effective interest rate, which reflects the amortization of initial fees and charges, was 6.04 percent in January down 24 basis points from 6.28 percent in December. The average contract rate on fixed-rate mortgages decreased 25 basis points to 5.97 percent in January, while the average contract rate on adjustable-rate mortgages (ARMs) decreased 21 basis points to 5.80 percent in January.

Initial fees and charges were 0.56 percent of the loan balance in January, up 0.01 percent from December. Forty-five percent of the purchase-money mortgage loans originated in January were "no-point" mortgages, up one percent forty-four percent in December. The average term was 28.6 years in January, down from 28.9 years in December. The average loan-to-price ratio in January was 78.4 percent, down 1.9 percent from 80.3 percent in December. The average loan amount decreased by \$100 to \$222,600 in January, while the average house purchase price increased \$9,100 to \$306,200.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 5.97 percent based on loans closed in January. This is a decrease of 0.26 percent from the previous month.

Recorded information on this index is available by calling (202) 408-2940. The February index value will be announced on March 25, 2008.

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Technical note: The data is 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 excludes FHA-insured and VA-guaranteed mortgages, refinancing loans, and balloon loans. This month's data is based on 7,954 reported loans from 53 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 is 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 Board is an independent agency in the executive branch that oversees the safety, soundness, and mission of the 12 regional Federal Home Loan Banks. The Banks are government-sponsored enterprises created in 1932 to provide low-cost funding for housing finance. They have more than 8,100 financial institutions as members, including commercial banks, savings and loans, insurance companies and federally insured credit unions. More information can be found at <http://www.FHFB.gov>*

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