
FEDERAL HOUSING FINANCE AGENCY



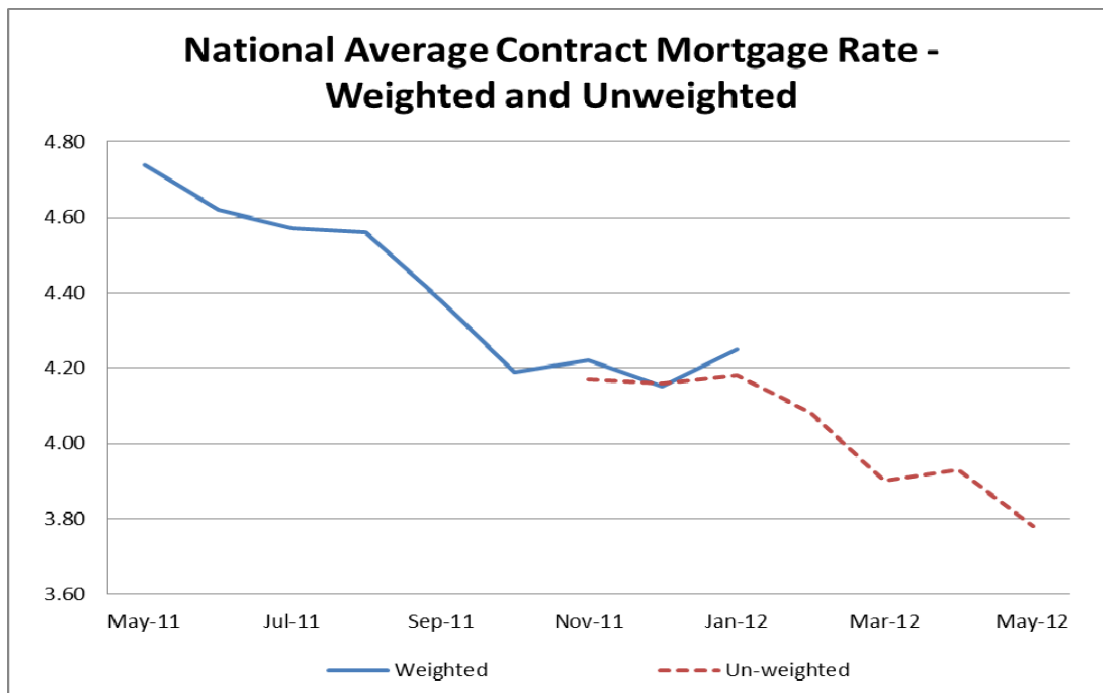
NEWS RELEASE

For Immediate Release
June 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 adjustable-rate mortgage (ARM) contracts, was 3.78 percent based on loans closed in May. Beginning in March, FHFA is calculating interest rates using unweighted survey data. There was a decrease of 0.15 percent from the previous month. 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 17 basis points to 4.04 in May. 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 May 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-April.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 3.78 percent in May, down 15 basis points from 3.93 percent in April. The effective interest rate, which reflects the amortization of initial fees and charges, was 3.91 percent in May, down 12 basis points from 4.03 percent in April.

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

Initial fees and charges were 1.03 percent of the loan balance in May, up 13 basis points from April. Thirteen percent of the purchase-money mortgage loans originated in May were "no-point" mortgages, down eight percent from the share in April. The average term was 27.7 years in May, up 0.4 years from 27.3 years in April. The average loan-to-price ratio in May was 76.4 percent, up 1.1 percent from 75.3 percent in April. The average loan amount was \$263,200 in May, up \$7,000 from \$256,200 in April.

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 June index value will be announced July 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 5,372 reported loans from 22 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.