
FEDERAL HOUSING FINANCE AGENCY



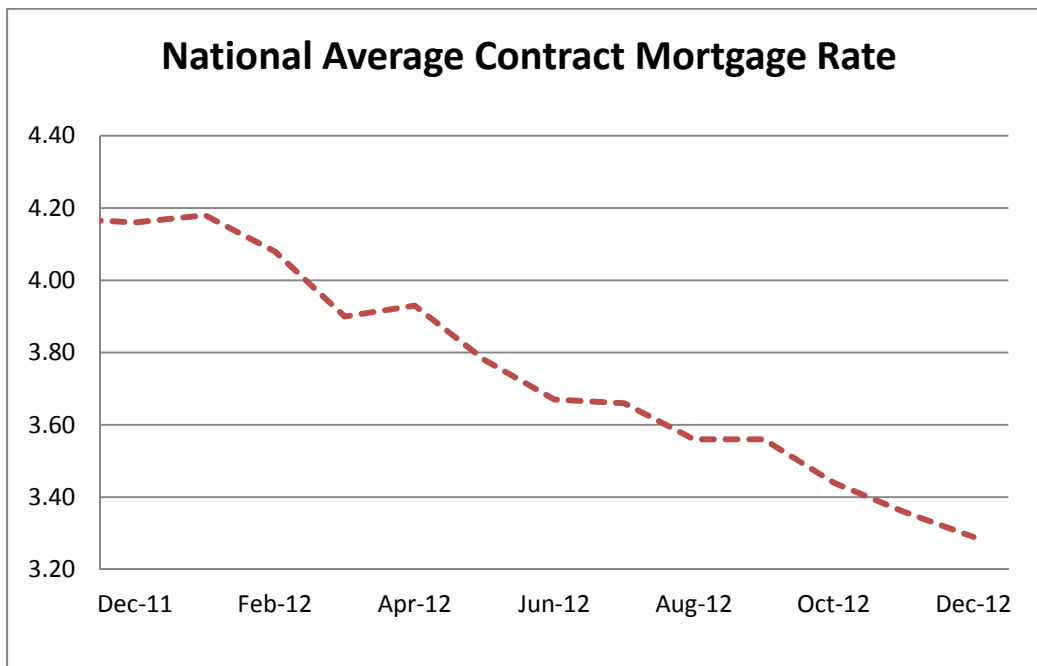
NEWS RELEASE

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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 adjustable-rate mortgage (ARM) contracts, was 3.29 percent based on loans closed in December. There was a decrease of 0.07 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 7 basis points to 3.47 in December. 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 December 24 - 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-November.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 3.28 percent in December, down 8 basis points from 3.36 percent in November. The effective interest rate, which reflects the amortization of initial fees and charges, was 3.42 percent in December, down 7 basis points from 3.49 percent in November.

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

Initial fees and charges were 1.15 percent of the loan balance in December, up 7 basis points from November. Fifteen percent of the purchase-money mortgage loans originated in December were “no-point” mortgages, down from 16 percent from the share in November. The average term was 27.4 years in December, constant from November. The average loan-to-price ratio in December was 76.3 percent, up 0.6 percent from 75.7 percent in November. The average loan amount was \$274,100 in December up \$1,800 from \$272,300 in November.

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 January index value will be announced on Feb. 26, 2013.

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 5,404 reported loans from 25 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.