
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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FEDERAL HOUSING FINANCE AGENCY REPORTS MORTGAGE INTEREST RATES

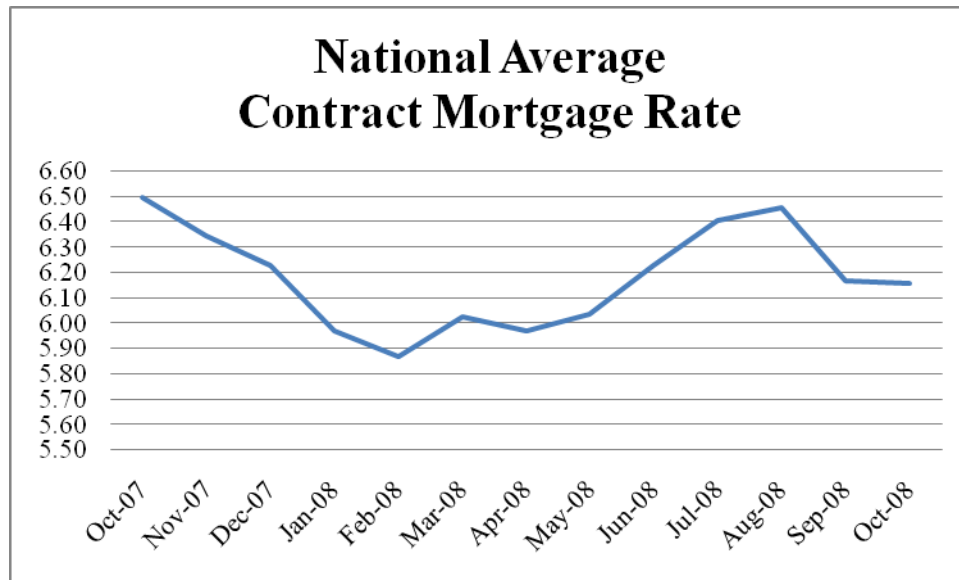
Washington, DC – The Federal Housing Finance Agency today reported that the average interest rate on conventional 30-year, fixed-rate, mortgage loans of \$417,000 or less decreased 4 basis points to 6.12 percent in October. The average interest rate on 15-year, fixed-rate loans of \$417,000 or less remained unchanged at 5.96 percent in October. These rates are calculated from the FHFA's Monthly Interest Rate Survey (MIRS) of purchase-money mortgages. These results reflect loans closed during the October 27-31 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 September.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 6.12 percent in October down 1 basis point from 6.13 percent in September. The effective interest rate, which reflects the amortization of initial fees and charges, was 6.21 percent in October down 1 basis point from 6.22 percent in September. The average contract rate on fixed-rate mortgages decreased 3 basis points to 6.12 percent in October, while the average contract rate on adjustable-rate mortgages (ARMs) increased 29 basis points to 6.10 percent in October.

Initial fees and charges were 0.58 percent of the loan balance in October, down 0.05 percent from September. Forty-eight percent of the purchase-money mortgage loans originated in October were "no-point" mortgages, unchanged from September. The average term was 28.7 years in October, up 0.2 years from 28.5 years in September. The average loan-to-price ratio in October was 76.1 percent, down 0.2 percent from 76.3 percent in September. The average loan amount decreased by \$6,400 to \$214,700 in October.

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 6.16 percent

based on loans closed in October. This is a decrease of 0.01 percent from the previous month.



The MIRS was previously released by the Federal Housing Finance Board (FHFB). 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 November index value will be announced on December 30, 2008.

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 7,077 reported loans from 54 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.

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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 \$6.2 trillion in funding for the U.S. mortgage markets and financial institutions.