

Monthly Press Release

FOR RELEASE at 8:30 a.m. EDT
Tuesday, August 26, 2003
FHFB 03-30 (MIRS)

For further information contact:
David L. Roderer
(202) 408-2967

FEDERAL HOUSING FINANCE BOARD REPORTS MIXED MORTGAGE INTEREST RATES

Washington, D.C. - The Federal Housing Finance Board today reported that the average interest rate on conventional 30-year, fixed-rate, mortgage loans increased 3 basis points to 5.53 percent during July. The average interest rate on 15-year, fixed-rate loans decreased 12 basis points to 5.19 percent during July. These rates pertain to mortgages closed during the July 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 June.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) decreased 1 basis point to 5.36 percent during July. The effective interest rate, which reflects the amortization of initial fees and charges, also decreased 1 basis point to 5.41 percent. The average contract rate on fixed-rate mortgages, decreased 1 basis point to 5.46 percent in July, while the average contract rate on adjustable-rate mortgages (ARMs) increased 2 basis points to 4.67 percent.

Initial fees and charges were 0.37 percent of the loan balance in July, up from 0.33 percent in June. Fifty-eight percent of the purchase-money mortgage loans originated in July were "no-point" mortgages, down from sixty-five percent in June. The average term was 26.6 years in July, down from 26.7 years in June. The average loan-to-price ratio in July was 73.9 percent, up from 72.6 percent in June. The average loan amount increased by \$1,400 to \$170,800 in July, while the average house purchase price decreased by \$400 to \$247,400.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 5.34 percent based on loans closed in July. This is a decrease of 0.02 percent from the previous month.

Recorded information on this index is available by calling (202) 408-2940. The August index value will be announced on September 25, 2003.

The Federal Housing Finance Board maintains telephone lines that give recorded information on the current value of many of the interest rates reported in this release. That phone number is (202) 408-2624. This recording will be next updated on September 25, 2003.

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 45,589 reported loans from 95 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.