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Federal Housing Finance Board Reports
CONTINUED LOWER 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 decreased nineteen basis points to 6.53 percent during August. This is the lowest this rate has been since the Federal Housing Finance Board began reporting this rate in 1994. The average interest rate on 15-year, fixed-rate loans was 6.44 percent during August, down from 6.63 percent in July.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) decreased 16 basis points to 6.30 percent. The effective interest rate, which reflects the amortization of initial fees and charges, decreased 16 basis points to 6.37 percent. The average contract rate on fixed-rate mortgages decreased 19 basis points to 6.53 percent, while the average contract rate on adjustable-rate mortgages (ARMs) decreased six basis points to 5.38 percent.

Initial fees and charges were 0.47 percent of the loan balance in August, down from 0.50 percent in July. Fifty-one percent of the purchase-money mortgage loans originated in August were "no-point" mortgages, up from 49 percent in July. The average term was 27.5 years in August, down from 27.7 years in July. The average loan-to-price ratio in August was 74.7 percent, down from 76.1 percent in July. The average loan amount decreased by \$500 to \$166,000 in August, while the average house purchase price increased by \$4,700 to \$236,200.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 6.32 percent based on loans closed in August. This is a decrease of 0.16 percent from the previous month.

Recorded information on this index is available by calling (202) 408-2940. The September index value will be announced on October 25, 2002.

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 October 25, 2002.

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 31,313 reported loans from 115 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 type as reported in the latest release of the Federal Reserve Board's Home Mortgage Disclosure Act data.