

For release at 8:30 a.m. EDT
Tuesday, August 28, 2001
FHFB 01-20 (MIRS)

For further information contact:
Timothy D. Forsberg
(202) 408-2967

Federal Housing Finance Board Reports
STABLE FIXED-RATE 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 was 7.21 percent during July, the same as in June. Interest rates on 15-year, fixed-rate loans increased by 4 basis points to 7.09 percent during July.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) remained the same at 7.09 percent. The effective interest rate, which reflects the amortization of initial fees and charges, increased one basis point to 7.18 percent. The average contract rate on fixed-rate mortgages remained the same at 7.19 percent, while the average contract rate on adjustable-rate mortgages (ARMs) increased 10 basis points to 6.47 percent.

Initial fees and charges were 0.54 percent of the loan balance in July, the same as in June. Forty percent of the purchase-money mortgage loans originated in July were "no-point" mortgages, up from 39 percent in June. The average term was 27.8 years in July, up from 27.7 percent in June. The average loan-to-price ratio in July was 76.5 percent, down from 76.6 percent in June. The average loan amount decreased by \$1,100 to \$156,500, in July, while the average house purchase price decreased by \$1,300 to \$215,300.

Table VI is the regular quarterly table on mortgage rate and term information by Federal Home Loan Bank District.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 7.10 percent based on loans closed in July. This is the same as in the previous month.

Recorded information on this index is available by calling (202) 408-2940. The August index value will be announced on September 26, 2001.

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 26, 2001.

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 26,278 reported loans from 116 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.