

Monthly Press Release

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FEDERAL HOUSING FINANCE BOARD REPORTS 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 11 basis points to 6.09 percent in April. The average interest rate on 15-year, fixed-rate loans increased 16 basis points to 5.58 percent in April. These rates pertain to mortgages closed during the April 25-29 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 March.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 5.84 in April up 8 basis points from 5.76 percent during March. The effective interest rate, which reflects the amortization of initial fees and charges, increased 9 basis points to 5.90 percent. The average contract rate on fixed-rate mortgages increased 11 basis points to 6.06 percent during April, while the average contract rate on adjustable-rate mortgages (ARMs) increased 8 basis points to 5.40 percent.

Initial fees and charges were 0.41 percent of the loan balance in April, up 4 basis points from 0.37 percent in March. Forty-six percent of the purchase-money mortgage loans originated in April were "no-point" mortgages, down from 52 percent in March. The average term was 28.5 years in April, unchanged from March. The average loan-to-price ratio in April was 75.1 percent, down from 75.9 percent in February. The average loan amount decreased by \$2,600 to \$202,300 in April, while the average house purchase price decreased by \$1,700 to \$283,800.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 5.86 percent based on loans closed in April. This is an increase of 0.10 percent from the previous month.

Recorded information on this index is available by calling (202) 408-2940. The May index value will be announced on June 29, 2005.

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 June 29, 2005.

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 20,636 reported loans from 89 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.