



About the Primary Mortgage Market Survey® (PMMS®)

Freddie Mac's Primary Mortgage Market Survey® (PMMS®) surveys lenders each week on the rates and points for their most popular 30-year fixed-rate, 15-year fixed-rate, 5/1 hybrid amortizing adjustable-rate, and 1-year amortizing adjustable-rate mortgage products. The survey is based on first-lien prime conventional conforming mortgages with a loan-to-value of 80 percent. In addition, the adjustable-rate mortgage (ARM) products are indexed to U.S. Treasury yields and lenders are asked for the both the initial coupon rate and points as well as the margin on the ARM products.

Since April 1971, Freddie Mac has surveyed lenders across the nation weekly to determine the average 30-year fixed-rate mortgage rate; in 1984, the 1-year ARM was added to the survey and the 15-year fixed-rate mortgage rate was included beginning in 1991. In January 2005, Freddie Mac added a 5/1 hybrid ARM series to the survey. Currently, about 125 lenders are surveyed each week and the mix of lender types – thrifts, credit unions, commercial banks and mortgage lending companies – is roughly proportional to the level of mortgage business that each type commands nationwide.

The survey is collected from Monday through Wednesday and the results are posted on Thursdays. Average rates and points (and margin for ARMs) for each product are reported for the nation and the five Freddie Mac regions. The PMMS results are published extensively in the media, used in several government agency reports, and many other industry-related publications. For example, the Federal Reserve Board includes the average 30-year rate on its list of Selected Interest Rates (Statistical Release H.15) as the measure of conventional mortgage rates.

The Primary Mortgage Market Survey has evolved into the foremost reliable, representative source of regional and national mortgage rate trends and is relied upon by the mortgage industry and the public in gauging market conditions and evaluating mortgage loan options.

Below we answer some frequently asked questions about the PMMS:

Is the PMMS rate based on current lender quotes or recent settlements? Quotes. These rates and points are indicative of what a consumer could expect to be offered if they were to request a loan on that day.

Do the PMMS survey results represent the rates charged on a specific day of the week? If so, which day? Or are they the average rate charged that week? Survey reminder emails are sent out on Mondays and lenders are asked to respond by close of business Wednesday. If we have received no response on Tuesday, we follow-up with a reminder email on Wednesday morning. We receive a few responses on Monday, but most responses are returned on Tuesday with the balance received on Wednesday. So, in general, the PMMS rates reflect loans offered Monday through Wednesday.



What are points? A “point” equals one percent of the loan amount. Discount points are used by consumers to buy down their mortgage interest rate. Therefore, an inverse relationship exists between the number of points paid and the given mortgage rate. Origination points are points are paid by consumers but are used to cover the costs of originating the mortgage, such as compensation for the loan officer, application processing costs, etc. The way we measure “points” for PMMS is by total points, which includes both discount and origination fees that have historically averaged around one point. The points quoted in the PMMS represent the average points charged for mortgages offered at the PMMS rate during the survey week.

What factors impact the points? In some areas it is common for home sellers to pay points on a home-buyer’s loan. This results in loans from areas with seller-paid points displaying lower rates and higher points relative to loans from areas without seller-paid points. Historically, originators have attributed one point for origination costs, and charged for it either explicitly (paid at origination) or implicitly with a higher mortgage rate. Automated underwriting systems, such as Loan Prospector®, and shifts in the mortgage origination channels (e.g., emergence of Internet commerce) have increased loan processing efficiencies. However, it is not clear if these cost-savings are passed on to consumers through lower interest rates, lower points or a combination of the two. Many lenders offer their customers a menu of rate-point combinations. We ask that they provide their most popular combination for the survey.

Does the fall in PMMS points from a December 1997 average of 1.8 to February 1998 average of 1.2 indicate increased origination efficiency and a resultant fall in origination costs? No. The decrease in points resulted from a change in the PMMS survey methodology. Previously, we asked lenders for their average rate with one origination point and one discount point. Starting in 1998, the survey wording was changed to request the most popular rate and points combination offered to consumers, including the origination fee. We relaxed the restriction on points so the survey averages would better reflect the rates that consumers see in the marketplace.

What type of lenders are surveyed? Currently, about 25 lenders from each of Freddie Mac’s five regions are surveyed each week. The mix of lenders surveyed approximates the volume of mortgage loans that each lender type originates nationwide.

What are Freddie Mac’s 5 regions? Freddie Mac defines its regions as follows:

Northeast: NY, NJ, PA, DE, MD, DC, VA, WV, ME, NH, VT, MA, RI, CT

Southeast: NC, SC, TN, KY, GA, AL, FL, PR, VI, MS

North Central: OH, IN, IL, MI, WI, MN, IA, ND, SD

Southwest: TX, LA, NM, OK, AR, MO, KS, CO, NE, WY

West: CA, AZ, NV, OR, WA, UT, ID, MT, HI, AK, GU

How is the national average determined? The survey results each week are weighted based on the most recently released dollar volume of conventional, single-family originations within the Freddie Mac one-unit loan limit reported under the Home Mortgage Disclosure Act (HMDA) data – prior survey averages are not adjusted. The HMDA data are typically published in September of each year for the immediately prior year. To do the weighting, we take the HMDA state origination volumes and aggregate them to the five regions to establish regional weightings. A national average is then calculated as the weighted average of the five regional averages. In



addition, when calculating the regional averages, we discard any rate/point combination outlier that is more than one standard deviation from the region's mean.

How can I access the PMMS? The PMMS is available on Freddie Mac's web site (www.freddiemac.com) under News & Info. It is also available on Bloomberg through NMCMFUS <INDEX>. The NMCMFUS series is the weekly PMMS rates.

How can I get an RSS feed of the PMMS for my website? Freddie Mac provides RSS feeds for several layouts for syndicated use on websites and allows users to publish or display PMMS data on websites subject to the following Terms and Conditions:

- a. Attribute the data to Freddie Mac with the text "Primary Mortgage Market Survey® data provided by Freddie Mac"
- b. Frame the imported data using the standalone HTML language provided by Freddie Mac to import PMMS® data into an iFrame on your web page.
- c. Agree that the PMMS® data is provided "as is," with no warranties of any kind, express or implied, including, but not limited to, warranties of accuracy or implied warranties of merchantability or fitness for a particular purpose. Use of the data is at the user's sole risk. In no event will Freddie Mac be liable for any damages arising out of or related to the data, including, but not limited to direct, indirect, incidental, special, consequential, or punitive damages, whether under a contract, tort, or any other theory of liability, even if Freddie Mac is aware of the possibility of such damages.

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