



NEWS

1777 F Street, N.W., Washington, D.C. 20006
(202) 408-2818

FOR RELEASE: 8:30 a.m. EST
April 26, 2001
FHFB 01-09

Contact: Timothy Forsberg 202/408-2967
www.fhfb.gov/MIRS/MIRS_rates.htm

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 7 basis points to 7.06 percent during March. This rate has decreased 137 basis points in the past nine months. Interest rates on 15-year, fixed-rate loans also decreased by 7 basis points to 7.07 percent during March.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) decreased 7 basis points to 7.01 percent. The effective interest rate, which reflects the amortization of initial fees and charges, also decreased 7 basis points to 7.10 percent. The average contract rate on fixed-rate mortgages decreased 7 basis points to 7.06 percent, while the average contract rate on adjustable-rate mortgages (ARMs) decreased 12 basis points to 6.53 percent.

Initial fees and charges were 0.58 percent of the loan balance in March, up from 0.57 percent in February. Thirty-three percent of the purchase-money mortgage loans originated in March were "no-point" mortgages, down from 35 percent in February. The average term was 27.8 years in March, down from 27.9 percent in February. The average loan-to-price ratio in March was 76.7 percent, up from 76.5 percent in February. The average loan amount increased by \$1,200 to \$153,700, in March, while the average house purchase price increased by \$900 to \$210,900.

[Table IV](#) is the regular quarterly table of mortgage rates and terms for selected metropolitan areas.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 7.02 percent based on loans closed in March. This is a decrease of 0.08 percent from the previous month. Recorded information on this index is available by calling (202) 408-2940. The April index value will be announced on May 25, 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 May 25, 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 28,702 reported loans from 122 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.