

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 8 basis points to 5.98 percent in March. The average interest rate on 15-year, fixed-rate loans increased 9 basis points to 5.42 percent in February. These rates pertain to mortgages closed during the March 25-31 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 February.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) was 5.76 in March up 8 basis points from 5.68 percent during February. The effective interest rate, which reflects the amortization of initial fees and charges, increased 9 basis points to 5.81 percent. The average contract rate on fixed-rate mortgages increased 8 basis points to 5.95 percent during March, while the average contract rate on adjustable-rate mortgages (ARMs) increased 8 basis points to 5.32 percent.

Initial fees and charges were 0.37 percent of the loan balance in March, up 9 basis points from 0.28 percent in February. Fifty-two percent of the purchase-money mortgage loans originated in March were "no-point" mortgages, down from 59 percent in February. The average term was 28.5 years in March, up from 28.3 years in February. The average loan-to-price ratio in March was 75.9 percent, up from 74.8 percent in February. The average loan amount increased by \$4,500 to \$204,900 in March, while the average house purchase price decreased by \$1,800 to \$285,500.

The National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, a popular ARM index, was 5.76 percent based on loans closed in March. This is an increase 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, 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 May 25, 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 14,132 reported loans from 86 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.