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Federal Housing Finance Board Reports
OCTOBER HOUSE PRICE AND INTEREST RATES

Washington, D.C. -- The Federal Housing Finance Board today reported that the national average one-family house purchase price in October was \$235,700. By way of comparison, the October 2001 national average home price was \$219,600. Both Fannie Mae and Freddie Mac use the percentage change in this October average price to adjust each year the maximum size of mortgage loans that they can purchase called the conforming loan limit. By law, Fannie Mae and Freddie Mac will determine the limit for 2003. The Federal Housing Finance Board's only role is to provide the October average house price.

The average interest rate on conventional 30-year, fixed-rate mortgage loans decreased 13 basis points to 6.23 percent during October. The average interest rate on 15-year, fixed-rate loans was 6.05 percent during October, down from 6.30 percent in September.

The contract rate on the composite of all mortgage loans (fixed- and adjustable-rate) decreased 14 basis points to 6.08 percent. The effective interest rate, which reflects the amortization of initial fees and charges, also decreased 14 basis points to 6.14 percent. The average contract rate on fixed-rate mortgages decreased 16 basis points to 6.20 percent, while the average contract rate on adjustable-rate mortgages (ARMs) decreased eight basis points to 5.31 percent.

Initial fees and charges were 0.40 percent of the loan balance in October, down from 0.45 percent in September. Fifty-five percent of the purchase-money mortgage loans originated in October were "no-point" mortgages, up from 53 percent in September. The average term was 26.7 years in October, down from 27.3 years in September. The average loan-to-price ratio in October was 73.3 percent, down from 73.9 percent in September. The average loan amount decreased by \$3,500 to \$161,000 in October, while the average house purchase price decreased by \$1,900 to \$235,700.

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 6.09 percent based on loans closed in October. This is a decrease of 0.14 percent from the previous month.

Recorded information on this index is available by calling (202) 408-2940. The November index value will be announced on December 26, 2002.

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 December 26, 2002.

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 37,303 reported loans from 106 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.