To: Executive Committee,
Federal Open Market Committee

From: The staff

Impressions of Secondary Mortgage Market in Late January, Based on a Spot Survey by Federal Reserve Banks.

1. Mortgage money continues available on rather easy terms, but the terms are slightly less easy than a few months ago.

2. Mortgages for immediate delivery generally command slightly higher prices than mortgages under commitment for future closing, and this difference is a recent development.

3. Premium prices appear to be rare while discounts, which vary according to terms and location, have tended to increase in recent weeks.

4. By and large, the par FHA or VA mortgage is 4 1/2 per cent interest rate, 10 per cent down payment and 25 year maturity. Among conventionals, perhaps 4 1/2 to 4 3/4 per cent interest rate and the common down payment and maturities. The no down payment, 30-year mortgage is becoming less attractive to investors. Lenders are reported to be more "selective".

5. An appreciable number of the respondents expect the tightening that has taken place to a minor extent in recent weeks to continue further in the next two or three months.

6. There is a large measure of agreement that reduced takings or commitments by insurance companies as a whole is an important part of the reason for tightening. Some reduction in activities of savings banks is noted here and there. Other reasons given are the large volume of mortgage lending and the great activity of insurance companies in issuing commitments last year.

7. A few banks noted or implied that investors will become less willing to take low-down payment, long-maturity mortgages if yields on alternative investments rise.

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