



FEDERAL MORTGAGE COMPANY INC.
2371 EASTLAKE AVENUE EAST
SEATTLE, WA 98102

Aug 29, 2008
MortgageGram

Puget Sound Home Sales Trends

In King County the median single family home sales price was **\$445,000** in July, a **3.5% increase** over the low of \$429,900 in February this year. With 12,288 homes listed at the end of July and 1,562 sales for the month it indicated a 7.9 month supply of homes. The average Days On Market (DOM) for homes sold was **73 days** compared to 50 days in July 2007. In **Snohomish County** the median home price was holding steady at **\$350,000** and with 594 homes sold out of 6,111 listed there was a 10.3 month supply, and the average DOM was **90 days** which was up from the 65 days last year in July. In **Pierce County** the median home price was **\$260,000** and with 731 sales out of 7,297 listings it indicated a 10.0 month supply. Marketing times averaged **102 days** compared to 75 days last year. Some local **Zip Codes** continued to show increases in median home price this summer compared to last: **West Bellevue 98004** increased a healthy **12.43%** and **Kenmore 98028** and **Redmond 98053** both showed gains. In general the average Days On Market rose in most areas. See our **NEW** website at **www.fedmtg.com** and click on **MortgageGrams** for even more information on recent home sales activity. Please call Mike or Conrad on (206) 325-8400 or email Mike@fedmtg.com or Conrad@fedmtg.com if you have any comments or questions on this information.

2008 July Home Deal Of The Month

Sold for just **\$264,950** on the July 9th after 28 days on the Market.

Neighborhood:
 Rainer Beach
Sq Ft: 1370
Beds: 2 **Baths:** 1
Address:
 9623 54th Ave S.
 Seattle, WA 98118



A Cute Home!

Hot Zip Codes

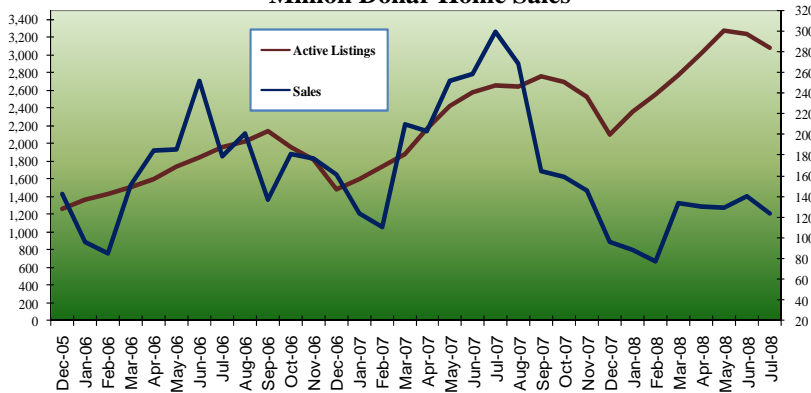
Single Family Residence Sales Activity June, July, and August 2007 and 2008

Zip	Neighborhood	2007 June July August			2008 June July August			% Change
		Sales	Median Price	DOM	Sales	Median Price	DOM	
98004	West Bellevue	92	\$1,307,500	32	41	\$1,470,000	88	12.43%
98028	Kenmore	68	\$510,975	46	59	\$534,000	75	4.51%
98053	East Redmond	103	\$649,950	36	80	\$677,500	56	4.24%
98052	Redmond	197	\$640,000	22	127	\$645,000	52	0.78%
98075	Sammamish	105	\$717,000	29	62	\$720,000	56	0.42%

Million Dollar Home Sales Trends

There were 123 home and condo sales over \$1 Million in the Puget Sound area in July 2008 compared to 299 the same month last year - a 58.8% drop. Year to date the number of sales in this category were down 43.6%. In July this year with 3,074 active listings it indicated a 25 month supply of homes as compared to a 8.9 month supply last year at this time. Most of the homes are in the \$1 to \$1.5Million range and the sales averaged 81 days on the market - compared to 130 days on the market average for homes listed.

Million Dollar Home Sales



Million Dollar Home Sales July 21 - August 21 2008

Range	# Listings	DOM	# Sales	DOM	Inventory
1 to 2 Million	2553	130	101	81	25
2 to 3 Million	511	138	16	102	32
3 to 4 Million	180	147	2	157	90
4 Million +	138	190	8	345	17

Conrad's Comments

Underwriting on mortgages is back to the fundamentals of five or six years ago. It's quite simple really - with a good credit report and a reasonable debt to income ratio we still have many excellent terms available. Plus, we still have some portfolio programs with extra underwriting flexibility.

The loans now being generated by FNMA and FHLMC have meticulous underwriting and are all audited, so they have a much higher quality than ever before. Plus the rate of return for investors is quite good so this bodes well for the future of the industry. Hopefully Congress and the legislature and regulators will not replace the "irrational exuberance" with "over-reactive regulations".

The Puget Sound economy is diverse and international in scope, and doing well in all sectors with Technology, Aerospace, and Biotech all hiring top jobs which will continue to help hold up local housing prices in this area much better than national statistics. See our new website at **www.fedmtg.com** for the regional home sales trends.

If you or your clients have a real estate loan and it seems like you are trying to sew a button on cottage cheese, please call me or anyone here on the Federal Mortgage Team. We will review the situation and guide you through the latest underwriting options then help provide a solid solution with great rates and the best service available anywhere.

Sincerely, *Conrad Wouters*

Federal Mortgage Company, Inc. is a member in good standing of the Washington Association of Mortgage Brokers, the Seattle Mortgage Bankers Association, and the National Mortgage Bankers Association. We are licensed and bonded to originate loans in Washington, Oregon, and Idaho. See **www.fedmtg.com** for more information or call Larissa, Tracy or Conrad on 206-325-8400 or email us at conrad@fedmtg.com for a detailed estimate. We specialize in **Self Employed** borrowers!



There are Many Home Financing Options still available

For **First Time Home Buyers** there are many excellent conforming FNMA and FHLMC options still available with down payments as low as 3.0%. The rates are still quite good especially for borrowers with 740+ credit scores. For example, today on a \$435,000 purchase with a 5.0% down payment the rate on a conforming purchase is 6.99% (APR 7.09%) for \$2,746.59 a month with **NO mortgage insurance**. The other option is with mortgage insurance then the rate is lower at 6.375% (APR 6.47%) and the monthly insurance cost with 30% coverage is \$268.61 which makes the overall payment \$2,846.75 - higher than the LPMI option, however the mortgage insurance can be removed after the loan to value is proven to be less than 80% after two years. We also still do some combo first and second mortgages to 90% loan to value which avoids both mortgage insurance and the extra rate on the first mortgage. Each purchase is different so please don't hesitate to call or email us and we can analyze and scenario quickly and accurately.

Mortgage Insurance, LPMI or Purchase Money Second?

A home buyer can completely avoid the mortgage insurance by using **LPMI** (lender paid mortgage insurance) by adding to the rate, or doing a combo second mortgage at the same time. With mortgage insurance now tax deductible, it is a close call and the best option depends on the rate and fee and loan amount - call us on (206) 325-8400 and we can provide a detailed Estimate and help analyze the best solution.

Jumbo Financing Strategies

Jumbo Financing is still alive and well with several options available for individuals with good credit and verifiable income. For a **\$1,000,000 purchase** with 20% down consider:

- ◆ **Seven Year ARM at 6.00%** at Zero Points (APR 5.70%)
- ◆ **Five Year ARM at 5.75%** with Zero Points (APR 5.58%)
- ◆ **Combo Loan:** We have also found a good strategy for

\$1Million home buyers is to do an **Agency Jumbo** fixed rate first mortgage of **\$562,500** at the same time as a **combo Home Equity Loan** for **\$237,500**. Today the Agency Jumbo rate is excellent at 6.25% with Zero Points on the first mortgage, and we can do a second at 5.00% (Prime Rate + zero with interest only payments monthly) - an excellent alternative to the higher Jumbo 30 year fixed rates and the monthly payment is substantially less.

Rates available as of August 29th 2008 and you can be assured that they are subject to change. Call Larissa or Conrad on (206) 325-8400 to discuss any mortgage scenario and we can provide a detailed Good Faith Estimate and more details!

Ripley's Strange Credit Facts ~Believe It or Not !!

A \$6,750 cell phone late fee?? Recently FNMA introduced a pricing matrix for Loan to Value and credit score. Borrowers with 740+ credit scores get .25% better in fees...but our client buying a home had perfect credit except for a \$79 collection on a cell phone (he did not know about it). This lowered his credit score to 655 and created an extra 2.25% points on a \$300,000 mortgage - an extra \$6,750 fee!! The trade off was a .75% higher rate and a \$147.90 higher monthly payment....because of a late cell phone payment!

30 Year Fixed Rate Mortgages

