



30 Year Fixed Rates Drop!

Merry Christmas! We had been hopeful to see such a headline! With the Fed announcement of purchasing a large amount of MBS last week, the 30 year conforming loan rates improved dramatically. As of this writing, we are quoting **5.125% with zero points (APR 5.18%)** on a 30 day rate lock, assuming a 720+ credit score and an 80% loan to value or less. Call Conrad or Mary Kay on **(206) 325-8400** for a very accurate quote and a detailed Good Faith Estimate on your specific scenario.

2009 FNMA and FHLMC Loan Limits

The **Federal Housing Finance Agency** announced that the conforming loan limit for Fannie Mae and Freddie Mac will remain at **\$417,000** for **2009**. The **Agency Jumbo** loans will be 115% of the median home price, which makes it **\$506,000** for King, Pierce and Snohomish counties (lower than the \$562,500 in 2008). Keep in mind that the very best pricing we see now is for the 30 year fixed conforming loans, and the rates are a little higher for those to \$506,000 amounts. Always ask for a detailed Good Faith Estimate and a specific lock period. Call us for details and the best pricing anywhere at (206)325-8400.

Puget Sound Home Sales Trends

We are quite hopeful that the new lower conforming loan rates will **spur some new purchase activity** in Puget Sound. The November home sales we analyzed the number of sales in several price ranges to see the trends in each category as below. The sales under \$250,000 were little changed in an overall very slow month, however the number of sales over \$500,000 to \$750,000 were off 50%. Despite the reduced number of sales in King County, the **median home price actually increased to \$395,000** from the October median price of \$392,000.

FNMA and FHLMC Risk Based Pricing now in effect

The new pricing models all conform to the pricing matrix below. The best pricing is with a 740+ score and less than 60% loan to value, however 620 lower scores can add up to 2.75% to the loan fees (equal to \$8,250 on a \$300,000 loan amount!) or a higher rate can be selected. Plus if cash out is desired, the fee can be even more as shown below.

Price Adjustments

Loan to Value and Credit Score Risk Based Fees

Score	<=60LTV	60.01-70	75.01-80	80.01-90	80.01-90	90.01-95	95.01-97
740+	-0.250	0.000	0.000	0.000	0.000	-0.250	-0.250
720-739	-0.250	0.000	0.250	0.000	0.000	-0.250	-0.250
700-719	-0.250	0.500	0.750	0.500	0.500	0.250	0.250
680-699	0.000	0.500	1.000	0.500	0.500	0.250	0.250
660-679	0.000	0.500	1.750	1.500	1.500	1.000	NA
640-659	0.000	0.500	2.250	2.000	2.000	1.500	NA
620-639	0.000	0.750	2.750	2.750	2.750	2.250	NA
< 620	0.000	0.750	2.750	2.750	2.750	2.750	NA

Cash Out Refinances (in addition to above fees)

Score	<=60LTV	60.01-70	75.01-80	80.01-85	80.01-85	85.01-90	90.01-97
740+	0.000	0.000	0.250	0.375	0.375	0.375	NA
720-739	0.000	0.125	0.375	0.500	0.500	0.500	NA
700-719	0.000	0.125	0.375	0.500	0.500	0.500	NA
680-699	0.000	0.250	0.750	1.500	1.500	1.500	NA
660-679	0.000	0.250	0.750	NA	NA	NA	NA
640-659	0.000	0.750	1.500	NA	NA	NA	NA
620-639	0.000	0.750	1.500	NA	NA	NA	NA

The best way to predict the future is to create it! - Anon

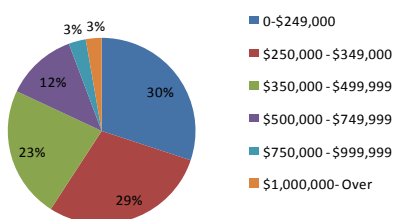
Which Credit Score is used?

Credit scores are a critical factor in setting the rate and fees for a mortgage, it helps to know more about the aspects of scoring. Mortgage lenders use the middle score (the lowest middle score if two borrowers) of the three credit bureaus. Plus keep in mind different scoring models exist: For mortgages, Experian uses the FICO II, Equifax uses Beacon 5.0, and TransUnion uses FICO Classic 04. These vary slightly but are all based on a scale of 300 to 850 points. See www.myfico.com and click on **Credit Education** which helps explain how the scoring models work - and how to improve the scores if needed.

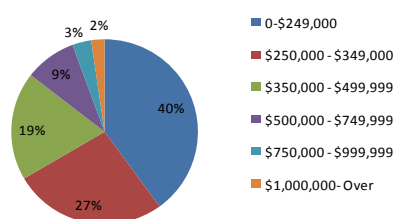
Western Washington Home Sales: Residential & Condo

	November-07	November-08	% Change
0-\$249,000	1622	1492	-8.01%
\$250,000 - \$349,000	1557	987	-36.61%
\$350,000 - \$499,999	1236	709	-42.64%
\$500,000 - \$749,999	664	332	-50.00%
\$750,000 - \$999,999	158	121	-23.42%
\$1,000,000- Over	145	86	-40.69%
Totals	5382	3727	-30.75%

Washington Home Sales: Residential & Condo November-07



Washington Home Sales: Residential & Condo November-08



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