

Rodney's Weekly Home Loan Update for Realtors

February 26, 2008

Interest Rates Effective February 26, 2008

Loan Program	Conforming Loans ≤ \$417,000		Jumbo Loans > \$417,000	
	Interest Rate	APR	Interest Rate	APR
30-Year Fixed	6.250%	6.382%	7.125%	7.275%
15-Year Fixed	5.625%	5.859%	6.625%	6.860%
3/1 ARM	4.500%	5.008%	5.500%	5.248%
5/1 ARM	5.125%	5.335%	6.000%	5.671%
7/1 ARM	5.375%	5.384%	6.000%	5.699%

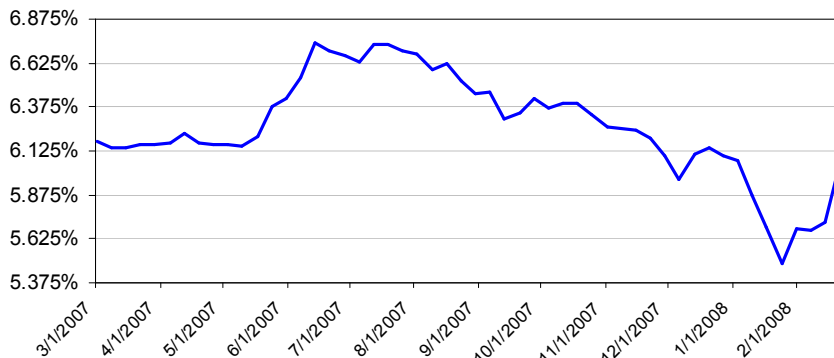
These rates should be viewed as estimates. Some borrowers (who have high credit scores for example) may qualify for lower rates while other borrower's financial situation may lead to slightly higher rates. Rates are subject to change at any time until locked with the lender.



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Freddie Mac 30-Year Fixed Rate Survey Through 2/21/08

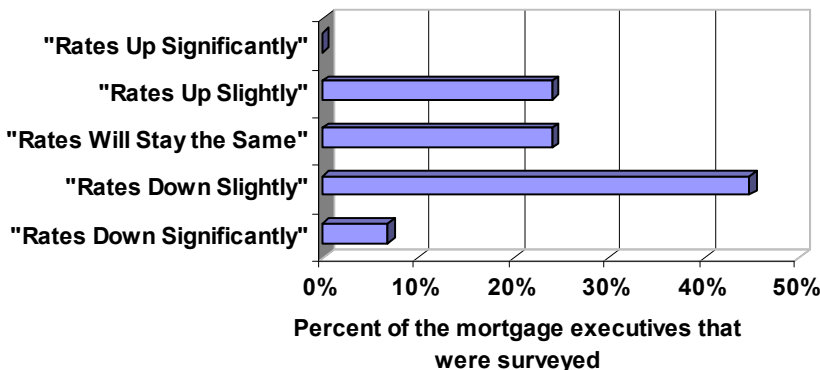


What's Causing Rates to Increase?

Five weeks ago the Fed surprised all with a .75% reduction in the Federal Funds rate, triggering a stampede into bonds. The soaring bond prices drove mortgage rates down to the low fives. Since then the Fed has further cut the Fed rate. Yet today the conforming 30-year fixed rate home loan is more than 1.0% higher. What gives?

First, let me say that from any long-term historical perspective, today's interest rates are fantastic. But many consider it odd that, following 5.125% five weeks ago, today's rates appear high. The reason for this fluctuation is because the bond market is inclined to knee-jerk reactions to big market news. Last month the market was so surprised by the Fed cuts that they suspected the economy might collapse. They stashed their money into bonds to protect it. But since then the collective wisdom of the market has moderated – feeling that things aren't so bad after all. Maybe the real estate market has even bottomed out. So, lacking a strong motivation to protect their funds, they've sold some of their bonds, causing the price to fall and mortgage rates to rise. With hind sight, it does make some sense. But many of us think there's yet another drop in the near-term. Stay tuned!

Here's where the experts think rates are headed over the next 90 days (survey dated 2/26/2008)



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