



Linda's Mortgage Update

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**Week of
January 11,
2009**

**Mortgage
Market
Commentary**

Mortgage rates, especially longer-term conforming rates, continued their downward march last week as economic news continued to reveal a difficult economy. The week ended with the announcement of a 16-year high in the unemployment rate, with 2.6 millions jobs shed from the economy in 2008.

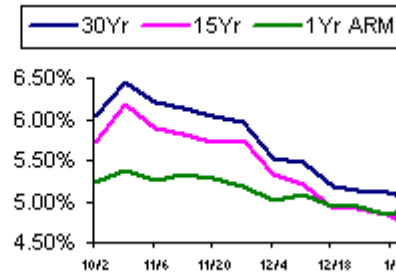
This very well could be another week of downward moving mortgage rates if the significant amount of economic news due this week continues in the same vein. Retail sales data is expected to show that December sales fell another 1.1%, while Industrial Production is expected to come in weak, dropping another 0.8%. The twin inflation indexes are also due with expected drops in both headline numbers and near zero core inflation readings. If all of this comes to pass, then rates are very likely to continue downward. Other than some very unlikely good economic news, the biggest risk to downward moving mortgage rates is probably a surprise announcement that the massive economic stimulus package will be ready and waiting for the new President's signature.

Mortgage Rates

Freddie Mac's Primary Mortgage Market Survey

| | January 8 | | 12/31/08 |
|---------------|-----------|---|----------|
| 30 Year Fixed | 5.01% | ▼ | 5.10% |
| 15 Year Fixed | 4.62% | ▼ | 4.83% |
| One Year ARM | 4.95% | ▲ | 4.84% |

For more information visit www.FreddieMac.com



Rates & Indexes

| | |
|--------------------------|--------|
| 1 Yr T-Bill | 0.370% |
| 12 Mn Libor | 1.855% |
| 6 Mo Libor | 1.600% |
| 11 th D. COFI | 3.155% |
| Prime | 3.250% |
| Fed Fund | 0.250% |

Economic Snapshot

Gross Domestic Product

23-Dec ▼ %pt Chg
-0.5% 3.3
Economy Slowing

Consumer Confidence

25-Nov ▼ pt Chg
38.0 6.7
Confidence Plunging

Housing Starts

16-Dec ▼ % Chg
625K 18.9%
Slowing Growth

Dow Jones

8,599.18

NASDAQ

1,571.59

NYSE

5,702.37

S&P 500

890.35

Dow Jones



Unemployment Rate

5-Dec ▲ %pt Chg
7.2% 0.5
Unemployment Growing

US Retail Sales

12-Dec ▼ % Chg
355.7b 1.8%
Slowing Growth

Existing Home Sales

23-Dec ▼ % Chg
4.43m 8.6%
Slowing Growth

Leading Indicators (LEI)

18-Dec ▼ % Chg
99.0 0.4
Slowing Growth

Manufacturing Activity

1-Dec ▼ pt Chg
32.4 3.8
Manufacturing Contracting

New Home Sales

23-Dec ▼ % Chg
407K 2.9%
Slowing Growth

Worth Remembering



The nearest way to glory - a shortcut, as it were - is to strive to be what you wish to be thought to be.

Socrates

Linda Hancock

850-747-1620 Cell

850-747-1650 Fax

Linda.Hancock@mortgagefamily.com