



Linda's Mortgage Update

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**Week of
Dec. 27,
2009**

**Mortgage
Market
Commentary**

Mortgage rates climbed again last week as money flowed into equity markets to take advantage of any holiday, or end-of-year, rally. The increase came in spite of GDP being adjusted to 2.2%, as some analysts are now predicting a 5% GDP for 2009's last quarter. While some of the increase in rates could be due to lighter trading volumes during this holiday season, there is a growing consensus that 2010 will see 30-year fixed-rate mortgages becoming more expensive. In an interview last weekend, Freddie Mac's deputy chief economist, Amy Crews Cutts, told the Washington Post that rates were bound to rise to 6% by the end of 2010 as private investors return to the secondary market.

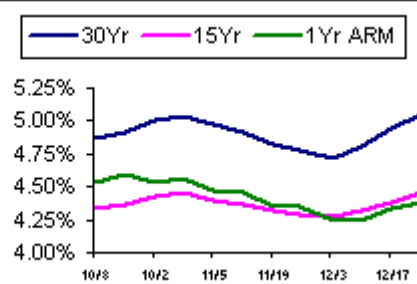
This week could see mortgage rates continuing to move upward, especially if money continues to move over to equity markets. However, if Consumer Confidence does not rise as expected, and stock markets fail to provide an end-of-year rally, we could see mortgage rates sliding back downward next week as money moves back to the relative security of the bond markets.

Mortgage Rates

**Freddie Mac's
Primary Mortgage Market Survey**

	December 24		12/17/09
30 Year Fixed	5.05%	▲	4.94%
15 Year Fixed	4.45%	▲	4.38%
One Year ARM	4.38%	▲	4.34%

For more information visit www.FreddieMac.com



Rates & Indexes

1 Yr T-Bill	0.370%
12 Mn Libor	0.979%
6 Mo Libor	0.431%
11 th D. COFI	1.259%
Prime	3.250%
Fed Fund	0.250%

Economic Snapshot

Gross Domestic Product

22-Dec ▲ %pt Chg
2.2% 2.9
Economy Growing

Consumer Confidence

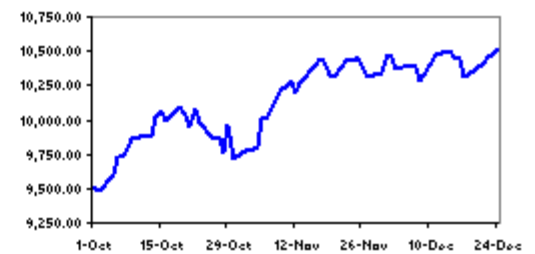
24-Nov ▲ pt Chg
49.5 0.8
Confidence Tentative

Housing Starts

16-Dec ▲ % Chg
574K 8.9%
Slowing Stabilizing

Dow Jones 10,520.10 **NASDAQ** 2,285.69
NYSE 7,255.00 **S&P 500** 1,126.48

Dow Jones



Unemployment Rate

4-Dec ▼ %pt Chg
10.0% 0.2
Unemployment Stabilizing

US Retail Sales

12-Dec ▲ % Chg
352.1b 1.3%
Sales Stabilizing

Existing Home Sales

24-Dec ▲ % Chg
6.54m 7.4%
Sales Stabilizing

Leading Indicators (LEI)

17-Dec ▲ % Chg
104.9 0.9
Economy Stabilizing

Manufacturing Activity

1-Dec ▼ pt Chg
53.6 2.1
Manufacturing Expanding

New Home Sales

2-Dec ▼ % Chg
355K 11.3%
Sales Stabilizing

Worth Remembering



The vitality of thought is in adventure. Ideas won't keep. Something must be done about them.

Alfred N. Whitehead

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