



## Fed Surprises with Deepest Cut since 1984

January 23, 2008

The Federal Reserve surprised everyone Tuesday with an emergency intersession rate cut of .75%, the deepest cut in the Fed Funds Rate since 1984. The Fed Governors are acting in direct response to recent reports that the country is on the brink of recession.

If you have credit cards, auto loans, HELOCs, or an Adjustable Rate Mortgage, the Fed's decision to cut this key interest rate is great news. For long-term mortgage rates however, this could signal the beginning of the end for the lowest 30-year home loan rate borrowers have experienced since 2005.

Let's look at the impact of a few recent Fed Funds Rate cuts and the corresponding impact to home loan rates to see what this could mean for you:

Period	Fed Funds Rate Cut	Impact to Home Loan Rates
January to June 2001	Down 2.25%	Rose 0.10%
October to December 2001	Down 0.75%	Rose 0.45%
May to August 2003	Down 0.25%	Rose 0.78%

Rates are predicted to be cut again when the Federal Reserve meets at the end of this month. Many believe Tuesday's action was taken because of a dramatic downturn in the stock market, where the Dow dropped 464 points, the worst single day drop since September 11, 2001. Since the Fed's announcement, the Dow has recovered much of those losses but volatility is likely to remain a consistent theme throughout the week.

If you are waiting for long-term mortgage rates to fall further from here, don't count on it. Your best chance to lock in the lowest mortgage rates since 2005 is now. Getting your application in process will allow you to capture a rate near all time lows and, with many experts predicting home values could continue to decline, waiting could kill your chance to capture a great rate if your home doesn't appraise.

This is an unprecedented market and things are moving fast. Regardless of your current mortgage, please give me a call so that we can review your current financial situation in light of these market movements.

**Call today to discuss how I may assist you. Not calling today could cost you tens of thousands of dollars in the next few years. Don't let this happen. I look forward to hearing from you.**