



# Mortgage Rate UPDATE

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## Buyers should act now!

These are incredible times! Recently, the Federal Reserve cut interest rates by .75%, bringing them down to .25%...the lowest Fed Funds Rate in history. Additionally, the Fed has been purchasing Mortgage Bonds which has helped drive interest rates to the lowest levels seen in our lifetime.

While this is great news, we must remember that these windows of opportunity may exist for a very brief period of time. And the interest rate market has recently been incredibly volatile, with spikes of .25% within hours and .50% within days. As rates can change quickly, the best advice for buyers is to lock early and get all of their paperwork in immediately to capture and protect the best rates ever.

Although it might seem obvious that buyers should act quickly, it is sometimes human nature to get greedy and try to capture the very bottom of the market. There are many problems with that risky strategy, the least of which is that we don't know where the bottom is until it is already in the rear-view mirror. Buyers should act now and take advantage of the best buyer's market in recent history!

### Diminishing Values

A year ago, the Royal Bank of Scotland paid \$100 billion for ABN Amro. That would now buy:

- \* Citibank \$22,5 billion (down 74%)
- \* Morgan Stanley \$10,5 billion (down 72%)
- \* Goldman Sachs \$21 billion (down 67%)
- \* Merrill Lynch \$12,3 billion (down 77%)
- \* Deutsche Bank \$13 billion (down 71%)
- \* Barclays \$12,7 billion (down 71%)

And still leave \$8 billion - with which you would be able to pick up General Motors, Ford, Chrysler and the Honda F1 team.

Or a US Senate seat from Illinois.

## Mortgage Interest Rates\*

Rates as of Friday, 19th December, 2008:

|                      | Conforming | APR    | Payment per \$1,000 | Jumbo  | APR    | Payment per \$1,000 |
|----------------------|------------|--------|---------------------|--------|--------|---------------------|
| <b>5/1 ARM</b>       | 5.000%     | 5.088% | \$5.37              | 5.250% | 5.339% | \$5.52              |
| <b>7/1 ARM</b>       | 5.375%     | 5.465% | \$5.60              | 5.500% | 5.590% | \$5.68              |
| <b>30 Year Fixed</b> | 5.250%     | 5.339% | \$5.52              | %      | 0.000% | \$0.00              |
| <b>15 Year Fixed</b> | 5.000%     | 5.088% | \$5.37              | 5.250% | 5.339% | \$5.52              |
| <b>30 Year FHA</b>   | 5.375%     | 5.465% | \$5.60              | %      | 0.000% | \$0.00              |

\*Rates are subject to change due to market fluctuations and borrower's eligibility.

Rates are based on a 30% down payment, 720 credit score and subject to change without notice. ARM rates are fixed for a period of time and may increase after the fixed period has expired. Certain restrictions apply and offer of credit subject to approval. THE National Bank provides a wide range of financing solutions including Interest Only and Jumbo loans at attractive interest rates! Call us for free pre-approvals and to discuss financing solutions to help you buy your dream home.

