Mortgage Monitor
Weekly

For the Period: December 4, 2008 - December 10, 2008

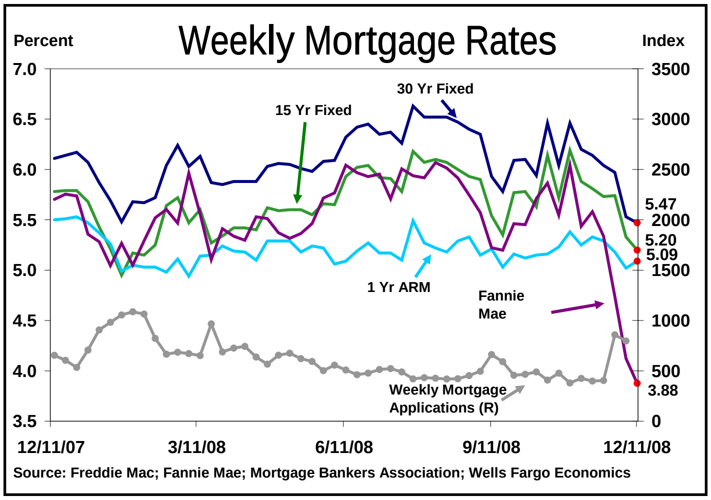
Historical comparisons	1-Yr ARM	15-Yr fixed	30-Yr fixed	Fannie Mae coupon
This week	*5.09*	*5.20*	*5.47*	*3.88*
Last week	*5.02*	*5.33*	*5.53*	*4.12*
Year ago	*5.50*	*5.78*	*6.11*	*5.70*

Mortgage Applications (Y/Y%)	
Total	*-1.8%*
Purchase	*-36.8%*
Refinance	*30.8%*

30-Year Rate Falls to 5.47%

Recap: The average 30-year fixed rate fell to 5.47% from 5.53%, the 15-year fixed rate fell to 5.20% from 5.33%, and the 1-year ARM rose to 5.09% from 5.02%.

Week in review: *In the most recent survey period, mortgage rates fell amid more signs of economic weakness and more government efforts to bring down mortgage rates.* A 5.1% plunge in October factory orders, a 26-year high in continuing jobless claims, fear of a horrible November jobs report, the Fed's announcement of plans to purchase GSE debt and rumors of the Treasury's plan to push mortgage rates down to 4.5% all helped to push down yields on 10-year Treasuries and MBS on December 4. Despite a 533K job loss in November, the biggest in 34 years, and record mortgage delinquency and foreclosure rates in the third quarter, yields rose on December 5 as investors rushed into stocks amid speculation that the awful jobs report would accelerate a massive stimulus package and increase the probability of an auto industry bailout. An upward revision in the amount of bonds to be auctioned later in the week and President-elect Barack Obama's pledge of the biggest public works plan since the 1950s reduced demand for government debt on December 8, and yields rose. On December 9, a 0.7% drop in October pending home sales and a stock market sell-off helped to push 10-year yields lower, and 3-month yields actually fell into negative territory. Despite a record 4.1% drop in October wholesale sales, yields rose slightly on December 10 as a weak 3-year note auction and supply concerns on the heels of a surge in the budget deficit reduced demand for Treasuries.

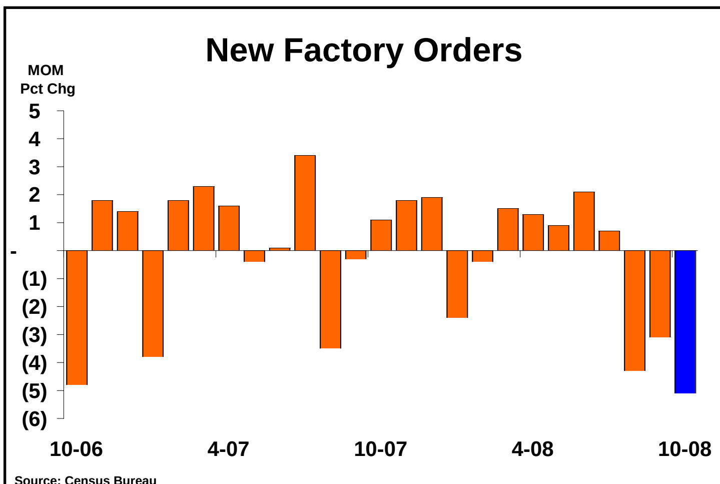


Source: Freddie Mac; Fannie Mae; Mortgage Bankers Association; Wells Fargo Economics

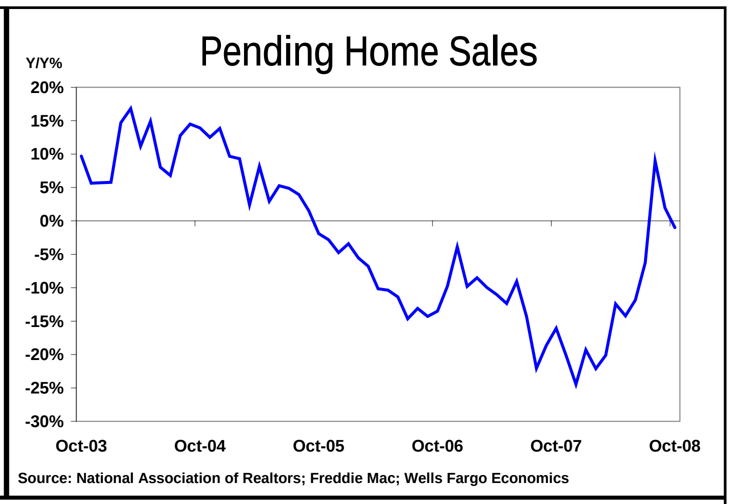
Fed Funds Rate: The Fed Funds rate currently stands at 1.00%. The next meeting is December 16, at which time we expect the Fed to cut another 50 basis points as the economy has deteriorated rapidly.

After the survey: Despite a widening in the trade deficit, soaring continuing jobless claims and a plunge in import prices, Treasury yields were little changed on December 11 as investors awaited the outcome of the auto bailout vote in the Senate. Despite an increase in consumer confidence, yields fell early on December 12 as retail sales and PPI fell and the auto bailout failed in the Senate. Next week brings the FOMC meeting and reports on manufacturing, housing and inflation.

-Ed Kashmarek, Economist
Wells Fargo & Company



Source: Census Bureau



Source: National Association of Realtors; Freddie Mac; Wells Fargo Economics

	History							Month-to-Date	Current	Forecast (monthly)							
Financial Data	2008.06	2008.07	2008.08	2008.09	2008.10	2008.11	2008.12	12/12/2008	2009.01	2009.02	2009.03	2009.04	2009.05	2009.06	2009.07	2009.08
Federal Funds Rate	1.82	1.87	1.76	1.26	0.63	0.42	0.16	0.13	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Treasury-10 Year Notes (yield)	4.10	4.01	3.89	3.69	3.82	3.51	2.67	2.64	2.70	2.80	2.90	2.90	2.90	2.90	2.93	2.93
Prime Rate	5.00	5.00	5.00	5.00	4.54	4.00	4.00	4.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Mortgage-15 Year (yield)	5.86	5.96	6.05	5.67	5.85	5.86	5.43	5.20	5.05	5.15	5.25	5.25	5.25	5.25	5.28	5.28
Mortgage-Adjustable (yield)	5.15	5.24	5.25	5.16	5.18	5.29	5.08	5.09	4.90	5.00	5.10	5.10	5.10	5.10	5.13	5.13
Mortgage-30 Year (yield)	6.27	6.41	6.50	6.08	6.16	6.16	5.65	5.47	5.30	5.40	5.50	5.50	5.50	5.50	5.53	5.53