Mortgage Monitor

Weekly

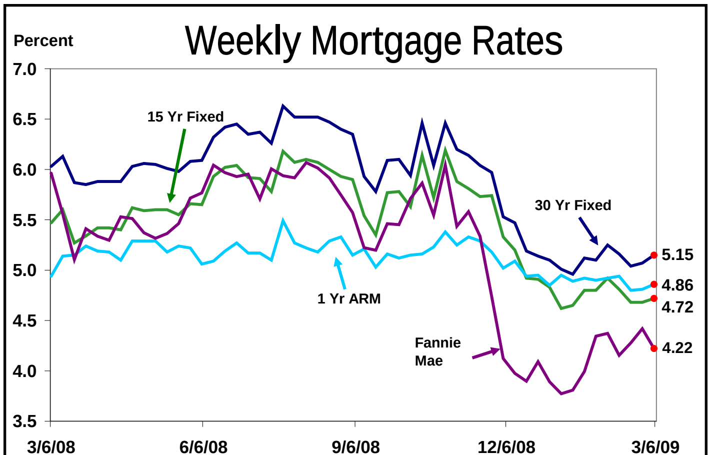
For the Period: February 26, 2009 - March 4, 2009

Historical comparisons	1-Yr ARM	15-Yr fixed	30-Yr fixed	Fannie Mae coupon	Mortgage Applications (Y/Y%)	
This week	*4.86*	*4.72*	*5.15*	*4.22*	Total	*-5.1%*
Last week	*4.81*	*4.68*	*5.07*	*4.42*	Purchase	*-34.9%*
Year ago	*4.94*	*5.47*	*6.03*	*5.96*	Refinance	*19.2%*

30-Year Rate Rises to 5.15%

Recap: The average 30-year fixed rate rose to 5.15% from 5.07%, the 15-year fixed rate rose to 4.72% from 4.68%, and the 1-year ARM rose to 4.86% from 4.81%.

Week in review: *In the most recent survey period, mortgage rates rose as a weakening economy and further deterioration in the financial sector raised concerns about absorption of Treasuries.* Despite record-high continuing claims, record-low January new home sales and a 5.2% drop in January durable goods orders, 10-year Treasury yields inched up on February 26 as the higher-than-expected yield in the 7-year note auction suggested investors remained leery of oncoming Treasury supply. Long-term yields rose on February 27 as the FDIC expanded its bank debt guarantee program, which may add more supply to the fixed income market, while short-term yields fell as the government bolstered its effort to rescue Citigroup, Q4 GDP growth was revised sharply lower to -6.2% and the February Chicago PMI showed further contraction. Despite a surprise 0.6% rise in January personal spending and a slight rise in the February ISM manufacturing index to 35.8, 10-year yields fell on March 2 as a 3.3% drop in January construction spending and the government's $30 billion increase in aid to AIG in the wake of the largest corporate loss in U.S. history boosted demand for the safety of government debt. Despite a 7.7% plunge in January pending home sales, yields rose slightly on March 3 as the Fed and the Treasury said the banking system may need more assistance, portending more Treasury issuances. Despite a slight drop in the February ISM non-manufacturing index to 41.6 and a massive 697K job loss reported by ADP, yields jumped on March 4 as rumors that China may increase their stimulus package fueled a stock market rally.

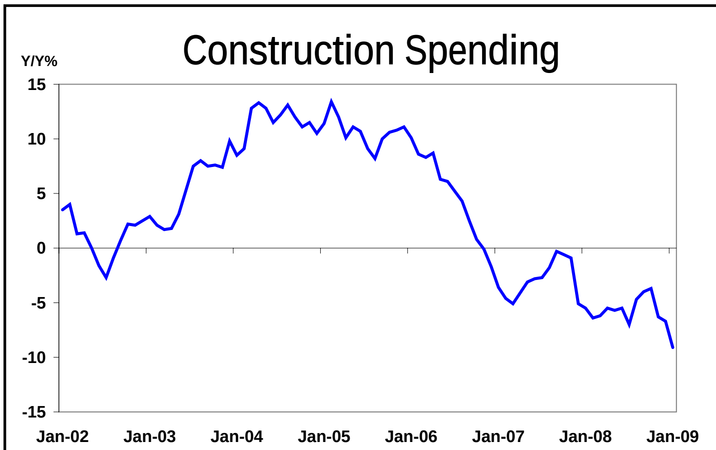


Source: Freddie Mac; Fannie Mae; Mortgage Bankers Association; Wells Fargo Economics

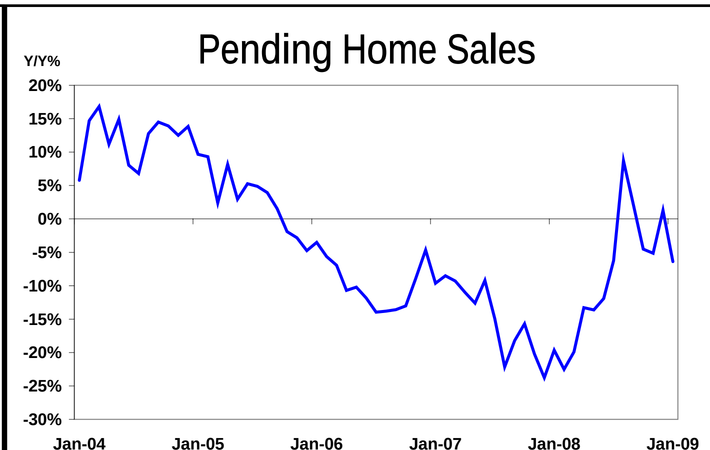
Fed Funds Rate: The Fed Funds target range is now 0-0.25%. The next meeting is March 17. The Fed said they expect rates to remain very low for some time.

After the survey: Yields plunged on March 5 as the Bank of England's plan to buy sovereign and corporate debt fueled speculation that the Fed may soon follow suit. Despite another huge job loss and a jump in the unemployment rate in February, yields rose on March 6 as the market braced for more auctions. The upcoming week brings a report on retail sales.

-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	2008.09	2008.10	2008.11	2008.12	2009.01	2009.02	2009.03	3/6/2009	2009.04	2009.05	2009.06	2009.07	2009.08	2009.09	2009.10	2009.11
Federal Funds Rate	1.26	0.63	0.42	0.13	0.17	0.23	0.25	0.25	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Treasury-10 Year Notes (yield)	3.69	3.82	3.51	2.41	2.50	2.87	2.90	2.84	2.85	2.85	2.85	2.88	2.93	2.93	2.93	2.93
Prime Rate	5.00	4.54	4.00	3.61	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Mortgage-15 Year (yield)	5.67	5.85	5.86	5.17	4.73	4.79	4.70	4.72	4.69	4.69	4.69	4.72	4.77	4.77	4.77	4.77
Mortgage-Adjustable (yield)	5.16	5.18	5.29	5.02	4.90	4.88	4.83	4.86	4.83	4.83	4.83	4.86	4.91	4.91	4.91	4.91
Mortgage-30 Year (yield)	6.08	6.16	6.16	5.42	5.05	5.13	5.10	5.15	5.11	5.11	5.11	5.14	5.19	5.19	5.19	5.19