

*****INTEREST RATES*****

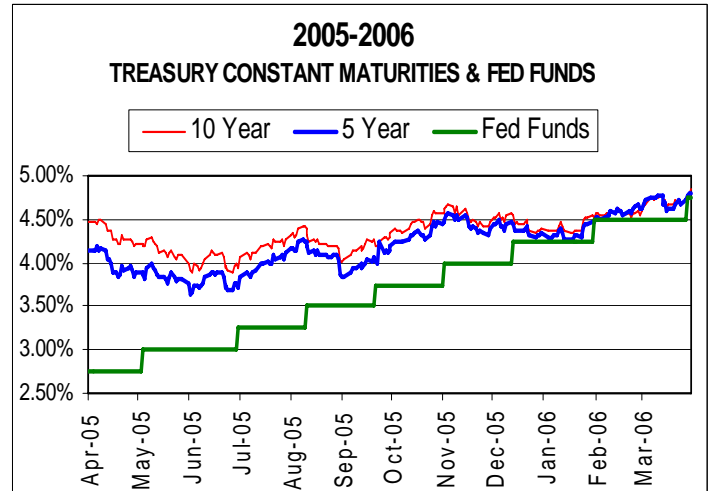
On Tuesday the Federal Reserve raised the benchmark fed funds rate to 4.75%, the 15th consecutive increase since their first increase in June 2004. The statement from the central bank's policy making body, the Federal Open Market Committee, also suggests that the officials may raise the rate at least one more time in the near future to help guard against inflation.

What does this mean to long term fixed mortgage interest rates? The 10 year UST has risen to 4.85%, up about 50 bps from the 2006 low of 4.34% on 1/18/06. Spreads are generally in the 100-150 bps over the 10 yr UST depending on loan size, property type, loan to value, closing date, location etc. Therefore the 10 year fixed rates are in the 5.85% to 6.35% range. These rates are well below prime of 7.75%

What about other fixed rate terms? The yield curve is flat, to say the least. Currently there is only a 2 bps

difference between the 2 yr and 10 yr UST and only a 6 bps difference between the 2 yr and 30 yr UST.

Conclusion: Now is a good time to lock in long term rates and lock in your profit.



Treasury Constant Maturities

Immediate Funding Mortgage Rate

Date	5 yr	10 yr	20/30 yr	Term	Interest Rate Range
Current -3/30/06	4.82%	4.85%	4.89%	3-5 Years	5.75% - 6.50%
Week End -3/24/06	4.67%	4.69%	4.72%	7 & 10 Years	5.75% - 6.50%
February 2006	4.57%	4.57%	4.54%	15, 20 & 25 Years	5.75% - 6.50%
February 2005	3.37%	4.17%	4.61%	Amortization	15-30 Years

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