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Appraisal Insights for the Real Estate Professional

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ARM Refinance opportunity in 2006

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With the growth of Adjustable Rate Mortgages beginning back several years ago, several industry experts are indicating a potential for increased refinance demand.

Many ARM's were written with a three year fixed rate in the 3 to 5 % range and are nearing the end of the lock period. The post lock adjustable rate could go significantly higher. The fixed mortgage rates noted below may be more attractive to many homeowners, especially given most forecasters projecting gradually increasing mortgage interest rates through 2006.

Source: Freddie Mac, NAR Forecast.

Mortgage Rates

Weekly	Dec 1 st 2005	Nov 24 th 2005	Nov 17 th 2005	Nov 10 th 2005	Nov 3 rd 2005	Oct 27 th 2005
30 Year Fixed Mortgage Rate	6.26	6.28	6.37	6.36	6.31	6.15
Trend	Latest	1 Month Ago	1 Year Ago	One Year Average	Forecast in 3 Months	Forecast in 1 Year
30 Year Fixed Mortgage Rate	6.26	6.10	5.73	5.77	5.90	6.60

Source: Freddie Mac, NAR Forecast.

Summary:

- The 30-year fixed rate remains flat at 6.37% from the latest week as 6.36%. The 1-year adjustable rate was slightly up from last week's 5.12% to 5.20%.
- The gap between 30-year fixed rate and one-year ARM rate is the narrowest since November, 2001.
- The economy is recovering faster than expected and resulting inflationary pressures increase the interest rates. Nevertheless, current mortgage rates still remained at near generational lows.
- Mortgage rates are expected to rise up to 6.2% range by the year-end and close to mid 6% by the end of 2006.

Source: Freddie Mac, NAR Forecast.

Mortgage Rates As of December 1

30 Year Fixed: **6.26%**
15 Year Fixed: **5.81%**
1- Year ARM: **5.16%**

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