

 The CS Advisory Group

# the plan: action alert



## Summary: Federal Reserve Rate Cut

### Article: "Fed Rate Cuts Do Not Equal Lower Mortgage Rates"

In a surprise move, the Fed cut the Fed Funds Rate by .75%, lowering it to 3.50%. The Fed decided to hold a special meeting last night because US Stock futures were trading significantly lower. Stocks around the world sold off sharply yesterday and this morning, as foreign countries fear a US recession.

Treasury Secretary Hank Paulson stated this morning that he is optimistic a stimulus package plan can be implemented with Congressional approval "long before winter turns to spring."

This morning's volatility has caused Mortgage Bond prices to hit their best levels in three years, causing home loan rates to improve. I will continue to recommend floating, but we need to be prepared to lock should things change. Stocks are very volatile and any further improvement in stocks could be at the expense of Mortgage Bonds.

Warm Regards,  
**Tracy Cavanaugh CMP, CMPS**



#### About Tracy Cavanaugh

Tracy has over ten years experience in the mortgage lending industry. She established the Advisory division of AFFG with offices in both east and west coasts.

Tracy has earned the designations of both Certified Mortgage Planning Specialist (CMPS) and Certified Mortgage Planner (CMP) and holds a New Jersey Mortgage Banking License for both first and second mortgages and is a licenced California lender. She is a member in good standing with the Financial Planning Association and Certified Mortgage Planning Specialist Institute.