



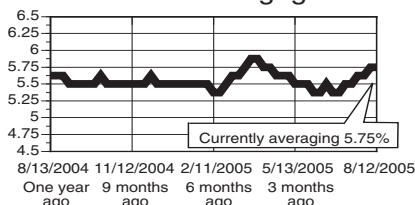
INTEREST.COM

WEEKLY MORTGAGE RATE REPORT (Fax Weekly Report)

FOR THE WEEK OF 5-29-05

Annual subscription \$250 (1-800-844-4648)

30-Year Fixed Mortgage Rate



KEY INTEREST RATES

U.S. Treasury Yields	5/20/05	5/27/05
2 year T-note	3.64%	3.64%
5 year T-note	3.85%	3.81%
10 year T-note	4.11%	4.07%
30 year T-Bond	4.44%	4.43%

Discount Rate (wk. end 5/20)	4.00%
Fed Funds Rate (wk. end 5/20)	3.01%
Prime rate (wk. end 5/20)	6.00%

ARM INDEXES

Natl. Avg. Contract Mtg. Rate (Apr.)	5.86%
12 mo. mvg. avg. (1-yr. TCM) (Apr.)	2.51%
3 mo. LIBOR (FNMA for Apr.)	3.21%
6 mo. LIBOR (FNMA for Apr.)	3.42%
National COFI (Mar.)	2.34%
11th District COFI (Mar.)	2.32%
6 month CD (wk. end 5/20)	3.44%
1 Year TCM (wk. end 5/20)	3.32%
2 Year TCM (wk. end 5/20)	3.62%
3 Year TCM (wk. end 5/20)	3.72%
5 Year TCM (wk. end 5/20)	3.83%
7 Year TCM (wk. end 5/20)	3.87%
10 Year TCM (wk. end 5/20)	4.11%
20 Year TCM (wk. end 5/20)	4.53%

Required Yields for Delivery

Freddie Mac (5/27/05)				
	10 day	30 day	60 day	90 day
30 year	5.37%	5.41%	5.48%	5.53%
15 year	4.87%	4.90%	4.94%	4.97%

Fannie Mae no longer offers information on required net yields.

HOUSING SNAPSHOT

	Month	Total	Change
Construction Spending	Mar.	\$1.05 tril.	+0.5%
Housing Starts	Apr.	2.04 mil.	+11.0%
Building Permits	Apr.	2.13 mil.	+5.3%
Existing Home Sales	Apr.	7.18 mil.	+4.5%
New Home Sales	Apr.	1.31 mil.	+0.2%

MORTGAGE APPLICATION INDEXES (MBA)

Wk. ended May 20, 2005		
Number of purchase applications	Up	+2.8%
Number of refinance applications	Up	+6.4%



Mortgage Rates Remain Low Week in review 5/23/05 - 5/27/05

A rally in U.S. Treasury securities that lasted almost two weeks screeched to a halt when Fed officials and minutes from the May 3 meeting of the Fed made it clear that rate hikes would continue - albeit at a "measured pace." Recent tepid economic reports lulled bond traders into thinking the Fed might pause its program of credit tightening, but selling ensued when those hopes were dashed. Treasury prices fell and their yields, which move in the opposite direction of prices, edged up. This forced the yield the benchmark 10-year note that lenders use as a guide to set rates off its 4.03-percent reading -- the lowest in almost four months. Although the yield edged up, mortgage lenders held rates on most products near their lowest levels since February.

Housing sales continued to shine in April, with Existing Home Sales hitting an annual rate of 7.18 million units -- another record. It also was noted that median home prices rose 15.1 percent from those of one year ago. New Home Sales (NHS) were a bit more complicated due to a major downward revision for March, but the bottom line was that NHS came in at a record-breaking annualized rate of 1.32 million units. Orders for Durable Goods, big-ticket items meant to last three

years or more, made its first gain in five months, rising 1.9 percent in April. Excluding transportation (mainly autos and aircraft), orders edged down 0.2 percent.

The first revision of first-quarter Gross Domestic Product showed the economy grew at an annual rate of 3.5 percent - up from the previous reading of 3.1 percent. The gain was largely due to the narrowing of the trade deficit in March. The inflation components within the GDP remained flat - a reading welcomed by both stocks and bonds. First-time unemployment claims for the week ended May 20 rose by a scant 1,000 to 323,000, and the more closely watched four-week average rose to 330,500 - an increase of only 500.

Low mortgage rates spurred a resurgence in applications for the week ended May 20, according to the Mortgage Bankers Association. Applications to purchase were up 2.8 percent, while refinancings grew 6.4 percent. The rate on the 30-year-fixed mortgage (based on zero discount points) is right at 5.50 percent, while the 15-year fixed-rate remains above 5.0 percent. The introductory rate on the volatile one-year adjustable-rate mortgage slipped to 3.375 percent.

Bond-Friendly Reports Could Keep Mortgage Rates Low Week in preview 5/30/05 - 6/3/05

There is a lot of news packed into the four-day week following the extended Memorial Day weekend. Information on manufacturing and consumer confidence could move the markets in the early going, but as the week winds down all eyes will turn toward the Employment Report for May, due on June 3. Although estimates for new jobs are well below the 274,000 added to April payrolls, the report will make an impact. If upcoming data are on target, mortgage rates could hold near present levels.

The first business day of the week is Tuesday, and there are a couple of key reports scheduled for release. The Chicago PMI index on May manufacturing conditions often foretells the national ISM index on manufacturing due on Wednesday. For

this reason, the PMI index can be a market mover. The Consumer Confidence report for May also is due, and the weekly auction of 3 and 6-month T-bills will be held a day late.

The highlight on Wednesday will be the ISM index. Construction Spending for April and the two weekly surveys on national retail surveys generally have little impact.

Thursday has weekly first-time jobless claims for the week ended May 27, revised first-quarter Productivity and Costs data and Factory Orders for April. But the focus will be on Friday.

The all-important Employment Report for May is due, and it will likely determine the direction of the financial markets. The ISM report on the service sector also is slated for release.

Date	Time	Event	Forecast
May 30		The federal government and financial markets will be closed to observe Memorial Day	
May 31	10:00 am	Chicago PMI releases index of May Mfg. Conditions	62.0
	10:00 am	Consumer Confidence Report (May)	94.0
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills	
June 1	8:00 am	ICSC/UBS report on chain store sales (Wk. end 5/27)	
	8:00 am	Redbook report on retail sales (Wk. end 5/27)	
	10:00 am	ISM releases index of May. Mfg. Conditions	53.0
	10:00 am	New Construction (Apr.)	+0.7%
June 2	8:30 am	Weekly Unemployment Claims (Wk. end 5/27)	320,000
	8:30 am	Productivity & Costs (1st Qtr. rev.)	3.0%
	10:00 am	Factory Orders (Apr.)	+1.2%
June 3	8:30 am	The Employment Report (May)	185,000 @ 5.2%
	8:30 am	Hourly wage earnings (May)	+0.2%
	10:00 am	ISM releases index of non-Mfg. Conditions for May	61.0

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WEEKLY MORTGAGE RATE REPORT

Formerly the Fax Weekly Report

Keeping you abreast of the ever-changing mortgage market

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TRACKING THE ECONOMY -- JUNE 2005

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS
May 23	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
May 24	8:00 am	ICSC-UBS report on chain store sales	Wk. end May 20		NA	NA
	8:00 am	Redbook report on retail sales	Wk. end May 20		NA	NA
	10:00 am	Existing Home Sales	Apr.	Natl. Assn. of Realtors®	+4.5% @ 7.18 mil.	+1.0% @ 6.89 mil
May 25	8:30 am	Durable Goods Orders (adv.)/ex. trans.	Apr.	Commerce Dept.	+1.9%/	-2.8%/ -1.0%
	10:00 am	New Home Sales	Apr.	Commerce Dept.	+0.2%/ 1.31 mil.	+12.2% @ 1.3 mil. (rev.)
May 26	8:30 am	Gross Domestic Product (prelim.)	1st Qtr.	Commerce Dept.	+3.5%	+3.1%
	8:30 am	GDP Chain Deflator (prelim.)	1st Qtr.	Commerce Dept.	+2.2%	+3.2%
	8:30 am	Weekly Unemployment Claims	Wk. end May 20	Dept. of Labor	323,000	321,000
May 27	8:30 am	Personal Income and Outlays	Apr.	Commerce Dept.	+0.7%/+0.6%	+0.5%/+0.9% (rev.)
	9:45 am	Univ. of Mich. Sentiment Survey (final)	May	Univ. of Michigan	86.9	85.3
May 30		The federal government and financial markets will be closed to observe Memorial Day				
May 31	10:00 am	Chicago Purchasing Managers Institute releases index of May Mfg. Conditions	May	Conference Board		65.6
	10:00 am	Consumer Confidence Report	May			97.7
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
June 1	8:00 am	ICSC-UBS report on chain store sales	Wk. end May 27			NA
	8:00 am	Redbook report on retail sales	Wk. end May 27			NA
	10:00 am	Institute of Supply Management releases index of May. Mfg. Conditions	May			53.3
	10:00 am	New Construction	Mar.			+0.5%
June 2	8:30 am	Weekly Unemployment Claims	Wk. end May 27	Dept. of Labor		323,000
	8:30 am	Productivity & Costs (rev.)	1st Qtr.	Dept. of Labor		+2.6%/ +2.2%
	10:00 am	Factory Orders	April	Commerce Dept.		+0.1%
June 3	8:30 am	The Employment Report	May	Dept. of Labor		+274,000 @ 5.2%
	8:30 am	Hourly wage earnings	May	Dept. of Labor		+0.3% @ \$16.00
	10:00 am	Institute of Supply Management releases index of non-Mfg. Conditions for May	May			61.7
June 6	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
June 7	8:00 am	ICSC-UBS report on chain store sales	Wk. end June 3	Commerce Dept.		
	8:00 am	Redbook report on retail sales	Wk. end June 3			
	3:00 pm	Consumer Credit	May	Federal Reserve		\$5.5 bil.
June 8	10:00 am	Wholesale trade/Inventories and Sales	May	Commerce Dept.		+0.4%
June 9	8:30 am	Weekly Unemployment Claims	Wk. end June 3	Dept. of Labor		
June 10	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	Apr.	Commerce Dept.		\$55.0 bil.
	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	May	Commerce Dept.		+0.8%/ +0.6%
	2:00 pm	Treasury Statement (monthly budget)	May	Treasury Dept.		\$57.7 bil.
June 13	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
June 14	8:00 am	ICSC-UBS report on chain store sales	Wk. end June 10			
	8:00 am	Redbook report on retail sales	Wk. end June 10			
	8:30 am	Advance Retail Sales/ ex-auto	May	Commerce Dept.		+1.4%/ 1.1%
	8:30 am	Producer Price Index/core rate	May	Dept. of Labor		+0.6%/ +0.3%
June 15	8:30 am	NY Empire State Index of June Manufacturing Conditions	May	Dept. of Labor		-11.11
	8:30 am	Consumer Price Index/core rate	May	Dept. of Labor		+0.5%/ unch
	8:30 am	Business Inventories/ Sales	Apr.	Commerce Dept.		+0.4%/ +0.7%
	9:15 am	Industrial Production & Capacity Utilization	May	Federal Reserve		-0.2%/ 79.2%
June 16	8:30 am	Weekly Unemployment Claims	Wk. end June 10	Dept. of Labor		
	8:30 am	Housing Starts	May	Commerce Dept.		+11.0% @ 2.04 mil.
	8:30 am	Building Permits	May	Commerce Dept.		+5.3% @ 2.13 mil.
	noon	Philadelphia Fed Report on May manufacturing conditions	May	Federal Reserve		7.3
June 17	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	June	Univ. of Michigan		85.3
June 20	10:00 am	Index of Leading Indicators	May	Conference Board		-0.2%
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
June 21	8:00 am	ICSC-UBS report on chain store sales	Wk. end June 17			
	8:00 am	Redbook report on retail sales	Wk. end June 17			
June 22		No economic indicators are scheduled for release				
June 23	8:30 am	Weekly Unemployment Claims	Wk. end June 17	Dept. of Labor		
	10:00 am	Existing Home Sales	May	Natl. Assn. of Realtors®		+4.5% @ 7.18 mil.
June 24	8:30 am	Durable Goods Orders (adv.)/ex. trans.	May	Commerce Dept.		+1.9%/
	10:00 am	New Home Sales	May	Commerce Dept.		+0.2%/ 1.31 mil.
June 27	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
June 28	8:00 am	ICSC-UBS report on chain store sales	Wk. end June 24			
	8:00 am	Redbook report on retail sales	Wk. end June 24			
	10:00 am	Consumer Confidence Report	June	Conference Board		97.7
June 29	8:30 am	Gross Domestic Product (final)	1st Qtr.	Commerce Dept.		+3.1%
	8:30 am	GDP Chain Deflator (final)	1st Qtr.	Commerce Dept.		+3.2%
	9:00 am	FOMC convenes two-day meeting				
June 30	8:30 am	Weekly Unemployment Claims	Wk. end June 24	Dept. of Labor		
	8:30 am	Personal Income and Outlays	May	Commerce Dept.		+0.5%/+0.6%
	10:00 am	Chicago Purchasing Managers Institute releases index of June Mfg. Conditions	June			65.6
	2:15 pm	FOMC announces its decision on interest rates				+25 basis points
July 1	9:45 am	Univ. of Mich. Sentiment Survey (final)	June	Univ. of Michigan		85.3
	10:00 am	New Construction	May			+0.5%
	10:00 am	Institute of Supply Management releases index of June Mfg. Conditions	June			53.3

Note: In some instances, these dates are merely approximations. Release times are Eastern Daylight Time



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INDUSTRY NEWS

From the U.S. Census Bureau Comparing New and Existing Home Sales

New home sales and existing home sales are released each month at about the same time. Many comparisons are made between the two series, but before doing any comparisons, one must be aware of some definition differences that affect the timing of the statistics.

The Census Bureau collects new home sales based upon the following definition: "A sale of the new house occurs with the signing of a sales contract or the acceptance of a deposit." The house can be in any stage of construction: not yet started, under construction, or already completed. Typically about 25% of the houses are sold at the time of completion. The remaining 75% are evenly split between those not yet started and those under construction.

Existing home sales data are provided by the National Association of Realtors®. According to them, "The majority of transactions are reported when the sales contract is closed." Most transactions usually involve a mortgage which takes 30-60 days to close. Therefore, an existing home sale (closing) most likely involves a sales contract that was signed a month or two prior.

Given the difference in definition, new home sales usually lead existing home sales regarding changes in the residential sales market by a month or two. For example, an existing home sale in January, was probably signed 30 to 45 days earlier, which would have been in November or December. This is based on the usual time it takes to obtain and close a mortgage.

Effective on January 2005, the National Association of Realtors created a new monthly series to overcome the lagging effect of the existing home sales definition. This new series is called Pending Home Sales and is based on sales of existing homes where the contract has been signed but the transaction has not been closed, making it roughly equivalent to the new home sales definition. Monthly estimates are expressed as an index where the year 2001 has been set to equal 100.0.

Low Rates Push April Home Sales To All-Time Record High Levels

Housing Remains Strong Part of the National Economy

McLEAN, VA -- Freddie Mac released the results of its Primary Mortgage Market SurveySM in which the 30-year fixed-rate mortgage (FRM) averaged 5.65 percent, with an average 0.6 point, for the week ending May 26, 2005, down from last week when it averaged 5.71 percent. Last year at this time, the 30-year FRM averaged 6.32 percent.

The average for the 15-year FRM this week is 5.21 percent, with an average 0.6 point, also down from last week when it averaged 5.27 percent. A year ago, the 15-year FRM averaged 5.69 percent.

Five-Year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 5.07 percent this week, with an average 0.7 point, unchanged from last week. There is no annual historical information for last year since Freddie Mac only began tracking this mortgage rate at the start of this year.

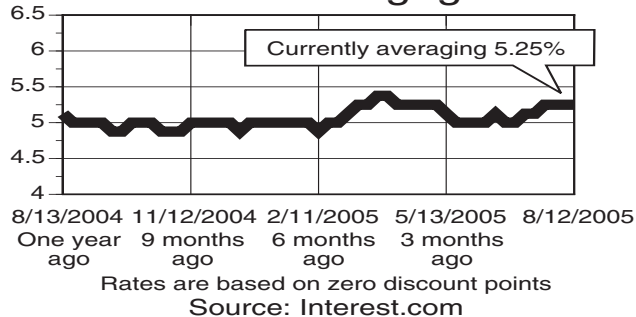
One-year Treasury-indexed adjustable-rate mortgages (ARMs) averaged 4.21 percent this week, with an average 0.7 point, down from last week when it averaged 4.26 percent. At this time last year, the one-year ARM averaged 3.87 percent.

(Average commitment rates should be reported along with average fees and points to reflect the total cost of obtaining the mortgage.)

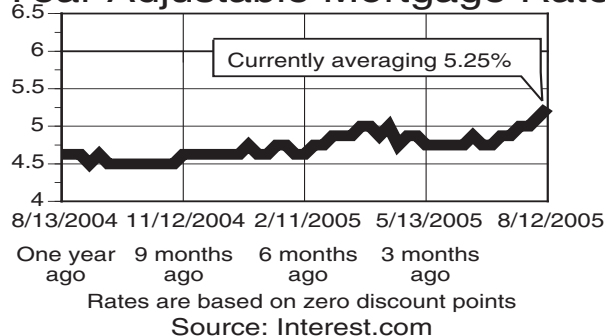
"Release of the May Federal Open Market Committee (FOMC) minutes this week reinforced the notion that inflation in the economy in the first three months of the year was contained and upward price pressure in the

MORTGAGE MARKET MONITOR

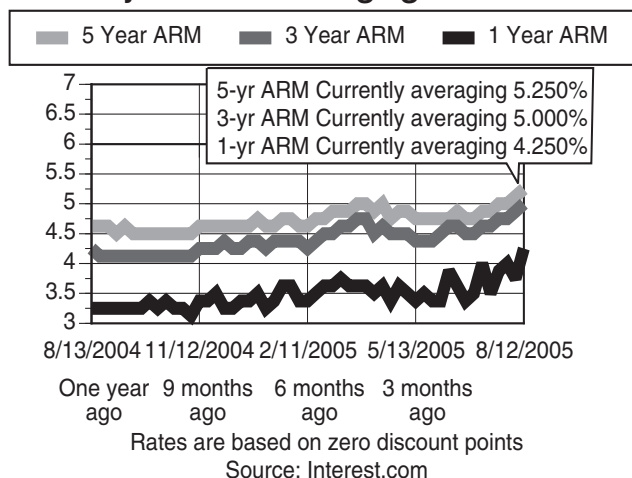
15-Year Fixed Mortgage Rate



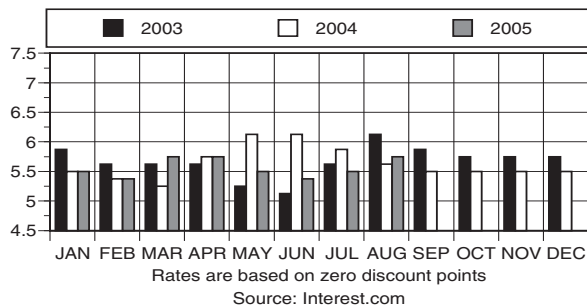
5-Year Adjustable Mortgage Rate



Adjustable Mortgage Rates



30 YEAR FIXED MORTGAGE RATE



near-term seems unlikely," said Frank Nothaft, Freddie Mac vice president and chief economist. "And when inflation is contained, mortgage rates decline.

"Housing continued to help fuel the economy this year, accounting for about 20 percent of real GDP growth in the first quarter alone. Further, since the end of March long-term bond yields have fallen by more than a half of a percentage point, allowing interest rates on fixed-rate mortgages to decline as well. Consequently, both new and existing home sales in April reached all-time record highs."