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# WEEKLY MORTGAGE RATE REPORT

(Fax Weekly Report)

FOR THE WEEK OF 06-03-05  
Annual subscription \$250 (1-800-844-4648)



## Mortgage rates on the rise Week in review 2/27/06 - 3/3/06

Solid economic reports and troublesome news from the euro zone resulted in more selling than buying in U.S. Treasury securities. In fact, aggressive selling on Thursday and Friday sent the yield on the benchmark 10-year note to its highest level in almost two years. Yields move in the opposite direction of prices. The end-of-week spike in yields has begun driving mortgage rates higher.

Selling stemmed from news that the European Central Bank, or ECB, raised interest rates. In addition, the ECB president touted economic strength in the euro zone. And now Japan may be raising its rates. Not only could this draw money out of U.S. Treasuries, but it also might influence the Fed to keep raising short-term interest rates in order to compete for investment funds.

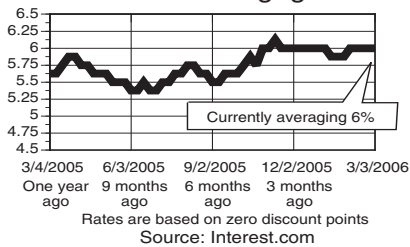
Better-than-expected reports on gross domestic product, or GDP, manufacturing and a report on income and spending showing benign wage pressures were offset by weak home sales and a dip in consumer confidence. Revised fourth-quarter GDP rose 1.6 percent from the advance 1.1 percent. This was substantially lower than the 4.1 percent gain in the third-quarter. A ripple effect from Hurricane Katrina was cited as probable cause for the decline. The ISM report on February

manufacturing conditions rose to 56.7, with new orders and an increase in employment pushing the index higher. Prices paid – an inflation component – dropped to 62.5 from 65, the January reading.

Home sales in January were lower than expected, with new home sales falling 5 percent to an annual rate of 1.23 million units. Existing home sales slid 2.8 percent, to an annual rate of 6.56 million units – the smallest in two years. And consumer confidence fell to 101.7, with future expectations at a three-year low. The February consumer sentiment survey from the University of Michigan also came in below forecasts. First-time unemployment claims for the week ended Feb. 24 rose by 15,000 to 294,000, but underlying numbers indicate strength in the labor market – a sign of possible future inflation.

Mortgage applications edged up for the week ended Feb. 24, according to the Mortgage Bankers Association. Applications to purchase rose 1.9 percent, while refis rose only 0.1 percent. The rate on the 30-year fixed-rate mortgage (based on zero discount points) is just above 6 percent, while the 15-year fixed-rate mortgage edged up over 5.625 percent. The rate on the five-year, adjustable-rate mortgage is also just above 5.625 percent.

### 30-Year Fixed Mortgage Rate



## KEY INTEREST RATES

U.S. Treasury Yields	2/24/06	3/3/06
2 year T-note	4.71%	4.74%
5 year T-note	4.63%	4.70%
10 year T-note	4.57%	4.67%
30 year T-Bond	4.51%	4.65%
Discount Rate (wk. end 2/24)		5.50%
Fed Funds Rate (wk. end 2/24)		4.49%
Prime rate (wk. end 2/24)		7.50%

### ARM INDEXES

Natl. Avg. Contract Mtg. Rate (Jan.)	6.30%
12 mo. mvg. avg. (1-yr. TCM) (Jan.)	3.75%
3 mo. LIBOR (FNMA for Feb.)	4.68%
6 mo. LIBOR (FNMA for Feb.)	4.81%
National COFI (Dec.)	2.86%
11th District COFI (Jan.)	3.35%
6 month CD (wk. end 2/24)	4.93%
1 Year TCM (wk. end 2/24)	4.72%
2 Year TCM (wk. end 2/24)	4.71%
3 Year TCM (wk. end 2/24)	4.69%
5 Year TCM (wk. end 2/24)	4.61%
7 Year TCM (wk. end 2/24)	4.58%
10 Year TCM (wk. end 2/24)	4.56%
20 Year TCM (wk. end 2/24)	4.70%
30 Year TCM (wk. end 2/24)	4.51%

### Required yields for delivery

	Freddie Mac (3/3/06)			
	10 day	30 day	60 day	90 day
30 year	6.09%	6.12%	6.15%	6.18%
15 year	5.70%	5.72%	5.75%	5.77%
	Fannie Mae (3/3/06)			
	10 day	30 day	60 day	90 day
30 year	6.16%	6.17%	6.20%	6.23%
15 year	5.76%	5.78%	5.80%	5.84%

## HOUSING SNAPSHOT

	Month	Total	Change
Construction spending	Jan.	\$1.16 tril.	+0.2%
Housing starts	Jan.	2.28 mil.	+14.5%
Building permits	Jan.	2.22 mil.	+6.8%
Existing home sales	Jan.	6.56 mil.	-2.8%
New Home Sales	Jan.	1.23 mil.	-5.0%

### MORTGAGE APPLICATION INDEXES (MBA)

	Wk. ended Feb. 24, 2006	Change
Number of purchase applications	Up	+1.9%
Number of refinance applications	Down	+0.1%

## Mortgage rates likely to edge up Week in preview 3/6/06 - 3/10/06

The first full week of March features little in the way of economic news, after a glut of reports the last week. The February employment report, due March 10, is the most important indicator and will likely influence the markets. Factory orders, wholesale inventories and the trade deficit for January along with fourth-quarter productivity and costs are low-impact reports.

Due to the sharp rise in yields, it is likely that mortgage lenders will be forced to increase rates on most mortgage products.

The week begins with factory orders for January, but they will probably not carry much weight. The Monday weekly auction of 3- and 6-month Treasury bills will also be held.

Revised fourth-quarter productivity and costs is due Tuesday, but revised numbers seldom have the clout that the initial report does. Consumer credit for January will be released later in the afternoon without fanfare. The calendar on Wednesday is empty.

The U.S. trade deficit for January will be out Thursday and if it is higher than forecast it could weigh on the markets. First-time jobless claims for the week ended March 4 are also due.

The February employment report will be released Friday and is the key report of the week. Also on tap, wholesale inventories for January and the February monthly budget statement from the Treasury Department.

### EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
Mar. 6	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill	
	10:00 am	Factory Orders (Jan.)	-5.4%
Mar. 7	8:00 am	ICSC/UBS report on chain store sales (Wk. end 3/4)	
	8:00 am	Redbook report on retail sales (Wk. end 3/4)	
	8:30 am	Productivity & Costs (rev. 4th Qtr. )	-0.3% (prod.)
	3:00 pm	Consumer Credit (Jan.)	+\$7.5 bil.
Mar. 8		<b>There are no economic indicators scheduled for release today.</b>	
Mar. 9	8:30 am	Weekly Unemployment Claims (Wk. end 3/4)	288,000
	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit) (Jan.)	-\$66.8 bil.
Mar. 10	8:30 am	The Employment Report (Feb.)	+195,000 @ 4.8%
	8:30 am	Hourly wage earnings (Feb.)	+0.3%
	10:00 am	Wholesale Inventories/Sales (Jan.)	+0.5% (inv.)
	2:00 pm	Treasury Statement (Feb. monthly budget)	-\$118 bil.

Interest.com--all times Eastern Standard Time



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Keeping you abreast of the ever-changing mortgage market

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## TRACKING THE ECONOMY -- MARCH 2006

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS	
Feb. 20		<b>The federal government and financial markets will be closed in observance of Presidents Day</b>					
Feb. 21	10:00 am	Index of Leading Indicators	Jan.	Conference Board	+1.1%	+0.3% (rev.)	
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill					
	2:00 pm	Release of the minutes of the Jan. 31 FOMC meeting					
Feb.22	8:00 am	ICSC-UBS report on chain store sales	Wk. end Feb.18		+0.2%	-2%	
	8:00 am	Redbook report on retail sales	Wk. end Feb. 18 v. one month ago		unch.	+0.3%	
	8:30 am	Consumer Price Index/core rate	Jan.	Dept. of Labor	+0.5%/+0.2%	-0.1%/+0.1% (rev.)	
Feb. 23	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 18	Dept. of Labor	278,000	297,000	
Feb. 24	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	Jan.	Commerce Dept.	-10.2%/+0.6%	+2.5%/+0.9% (rev.)	
Feb. 27	10:00 am	New Home Sales	Jan.	Commerce Dept.	-5.0% @ 1.23 mil.	+2.9% @ 1.27 mil.	
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills					
Feb. 28	8:00 am	ICSC/UBS report on chain store sales	Wk. end Feb. 25		+1.8%	+0.2%	
	8:00 am	Redbook report on retail sales	Wk. end Feb. 25 v. one month ago		unch.	unch.	
	8:30 am	Gross Domestic Product (prelim.)	4th Qtr.	Commerce Dept.	+1.6%	+1.1%	
	8:30 am	GDP Chain Deflator (prelim.)	4th Qtr.	Commerce Dept.	+3.3%	+3.0%	
	10:00 am	Existing Home Sales	Jan.	Natl. Assn. of Realtors®	-2.8% @ 6.56 mil.	-5.7% @ 6.6 mil.	
	10:00 am	Consumer Confidence Report	Feb.	Conference Board	101.7	106.3	
	10:00 am	Chicago Purchasing Managers Institute release index on Feb. business conditions			54.9	58.5	
Mar. 1	8:30 am	Personal Incomes and Outlays	Jan.	Commerce Dept.	+0.7%/+0.4%	+0.4%/+0.9%	
	10:00 am	ISM releases index of Feb. Mfg. Conditions			56.7	54.8	
	10:00 am	New Construction	Jan.	Commerce Dept.	+0.2%	+1%	
Mar. 2	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 25	Dept. of Labor	294,000	279,000 (rev.)	
Mar. 3	9:45 am	Univ. of Mich. Sentiment Survey (final)	Feb.	Univ. of Michigan	86.7	87.4	
	10:00 am	ISM releases index of Feb. non-Mfg. Conditions			60.1	56.8	
Mar. 6	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill					
	10:00 am	Factory Orders/Inv.	Jan.	Commerce Dept.		+1.1%	
Mar. 7	8:00 am	ICSC/UBS report on chain store sales	Wk. end Mar. 4			+1.8%	
	8:00 am	Redbook report on retail sales	Wk. end Mar. 4 v. one month ago			unch.	
	8:30 am	Productivity & Costs (rev.)	4th Qtr.	Dept. of Labor		-0.6%/+3.5%	
	3:00 pm	Consumer Credit	Jan.	Federal Reserve		+\$3.3 bil.	
Mar. 8		<b>There are no economic indicators scheduled for release today.</b>					
Mar. 9	8:30 am	Weekly Unemployment Claims	Wk. end Mar. 4	Dept. of Labor		294,000	
	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	Jan.	Commerce Dept.		\$65.7 bil.	
Mar. 10	8:30 am	The Employment Report	Feb.	Dept. of Labor		+193,000 @ 4.7%	
	8:30 am	Hourly wage earnings	Feb.	Dept. of Labor		+0.4% @ \$16.41	
	10:00 am	Wholesale Inventories/Sales	Jan.	Commerce Dept.		+1%/+1%	
	2:00 pm	Treasury Statement (monthly budget)	Feb.	Treasury Dept.		+\$21 bil.	
Mar. 13	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill					
Mar. 14	8:00 am	ICSC-UBS report on chain store sales	Wk. end Mar. 11				
	8:00 am	Redbook report on retail sales	Wk. end Mar. 11 v. one month ago				
	8:30 am	Advance Retail Sales/ ex-auto	Feb.	Commerce Dept.		+2.3%/+2.2%	
	8:30 am	Business Inventories/ Sales	Jan.	Commerce Dept.		+0.7%/+1.2%	
Mar. 15	8:30 am	NY Empire State Index of Mar. Manufacturing Conditions				20.3	
	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	Jan.	Commerce Dept.		+1.3%/+0.7%	
	2:00 pm	The Federal Reserve releases beige book					
Mar. 16	8:30 am	Weekly Unemployment Claims	Wk. end Mar. 11	Dept. of Labor			
	8:30 am	Housing Starts	Feb.	Commerce Dept.		+14.5% @ 2.28 mil.	
	8:30 am	Building Permits	Feb.	Commerce Dept.		+6.8% @ 2.22 mil.	
	8:30 am	Consumer Price Index/core rate	Feb.	Dept. of Labor		+0.7%/+0.2%	
	noon	Philadelphia Fed Report on Mar. manufacturing conditions		Federal Reserve		15.4	
Mar. 17	9:15 am	Industrial Production & Capacity Utilization	Feb.	Federal Reserve		-0.2%/ 80.9	
	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	Mar.	Univ. of Michigan		86.7	
Mar. 20	10:00 am	Index of Leading Indicators	Feb.	Conference Board		+1.1%	
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill					
Mar. 21	8:00 am	ICSC-UBS report on chain store sales	Wk. end Mar. 18				
	8:00 am	Redbook report on retail sales	Wk. end Mar. 18 v. one month ago				
	8:30 am	Producer Price Index/core rate	Feb.	Dept. of Labor		+0.3%/+0.4%	
Mar. 22		<b>There are no economic indicators scheduled for release today.</b>					
Mar. 23	8:30 am	Weekly Unemployment Claims	Wk. end Mar. 18	Dept. of Labor			
	10:00 am	Existing Home Sales	Feb.	Natl. Assn. of Realtors®		-2.8% @ 6.56 mil.	
Mar. 24	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	Feb.	Commerce Dept.		-10.2%/+0.6%	
	10:00 am	New Home Sales	Feb.	Commerce Dept.		-5% @ 1.23 mil.	
Mar. 27	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills					
Mar. 28	8:00 am	ICSC/UBS report on chain store sales	Wk. end Mar. 25				
	8:00 am	Redbook report on retail sales	Wk. end Mar. 25 v. one month ago				
	10:00 am	Consumer Confidence Report	Mar.	Conference Board		101.7	
	2:15 pm	The Federal Open Market Committee releases its decision on interest rates				+25 basis points	
Mar. 29		<b>There are no economic indicators scheduled for release today.</b>					
Mar. 30	8:30 am	Weekly Unemployment Claims	Wk. end Mar. 25	Dept. of Labor			
	8:30 am	Gross Domestic Product (final)	4th Qtr.	Commerce Dept.		+1.6%	
	8:30 am	GDP Chain Deflator (final)	4th Qtr.	Commerce Dept.		+3.3%	
	8:30 am	Corporate Profits	4th Qtr.	Commerce Dept.			
Mar. 31	8:30 am	Personal Incomes and Outlays	Feb.	Commerce Dept.		+0.7%/+0.4%	
	9:45 am	Univ. of Mich. Sentiment Survey (final)	Mar.	Univ. of Michigan			
	10:00 am	Chicago Purchasing Managers Institute release index on Mar. business conditions				54.9	
	10:00 am	Factory Orders/Inv.	Feb.	Commerce Dept.			

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



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## INDUSTRY NEWS

### Lenders to begin using tools to help Spanish-speaking home buyers overcome barriers to homeownership

**Wolters Kluwer Financial Services and Freddie Mac provide bilingual mortgage documents and educational materials**

MINNEAPOLIS, Feb. 27 /PRNewswire/ – Wolters Kluwer Financial Services announced that select lenders will begin to use bilingual mortgage documents and educational brochures developed through a joint initiative with Freddie Mac. These tools, in English and Spanish, are designed to assist lenders to increase homeownership among the Spanish-speaking community by reducing the communication barriers that exist in understanding the mortgage process.

Some of the early adopters include New York-based Home Funding Finders and Florida-based Eastern Financial Credit Union.

Dynatek, a Wolters Kluwer Financial Services LOS partner and the first technology provider to take advantage of this opportunity, will also be participating by providing its lender base with the bilingual mortgage documents in the near future. The company is currently in the process of mapping data to the hundreds of fields that are a part of these documents. Upon completion, participants will be able to immediately begin using the bilingual documents and educational materials for conventional mortgage programs.

The mortgage documents, which were created by Wolters Kluwer Financial Services' VMP Mortgage Solutions brand in collaboration with Freddie Mac, include origination and closing documents in a bilingual format. With the mortgage documents, Home Funding Finders and Eastern Financial Florida Credit Union will use bilingual consumer education brochure series to help them explain the mortgage process and some of the documents that they will encounter along the way that their customer – the home buyer – will be signing.

The brochure series presents a step-by-step approach to the mortgage lending process. The educational materials, "A Home Buyer's Guide to the Mortgage Process and Paperwork," use some content from Freddie Mac's award-winning CreditSmart Espanol consumer financial literacy curriculum. They are designed to help consumers better understand the mortgage process, and their rights and responsibilities. Each of the educational pieces contains corresponding English and Spanish text to allow speakers of either language follow the information. The educational brochures will be completed in mid-2006.

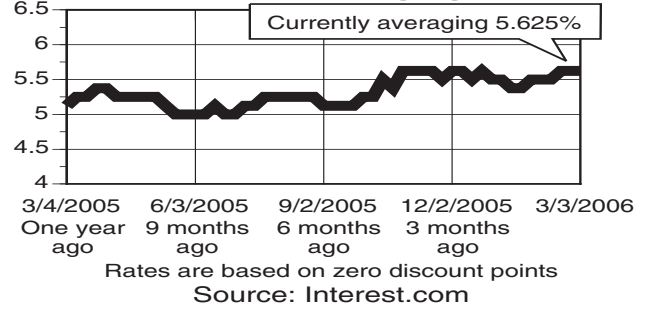
"Homeownership is the largest source of long-term wealth for many families, and the path to owning a home begins with understanding the mortgage process," said Tricia McClung, vice president of Freddie Mac. "Bilingual documents and educational materials are a critical step in helping these families become homeowners. We are working with lenders to help them increase homeownership among the fastest growing segment of the population – Hispanic/Latino families."

"Buying a home is one of the most significant decisions a family can make, and the process can be daunting, especially for first-time home buyers. That's why it's so important for home buyers to be fully informed and to understand their rights and responsibilities," said John Bryant, senior vice president of banking for Wolters Kluwer Financial Services. "We are proud to give lenders the tools they need to educate their Spanish-speaking customers on the process and to help ensure that their customers feel more confident about the process."

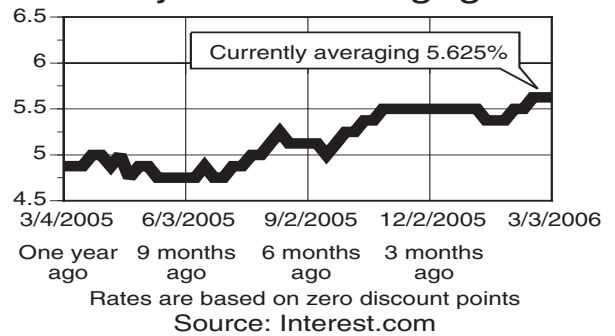
To list your mortgage rates on **Interest.com** call 877-721-1197

## MORTGAGE MARKET MONITOR

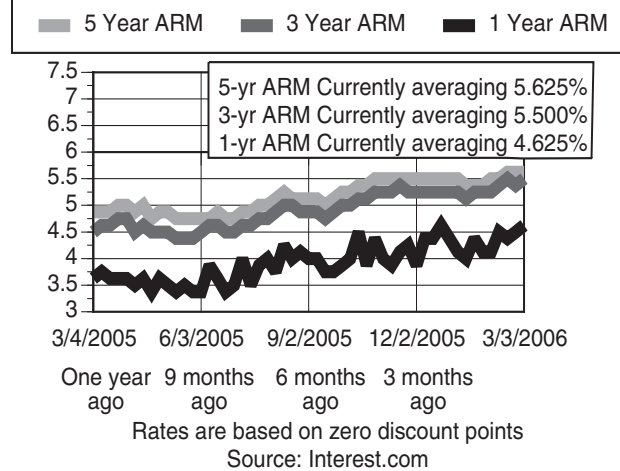
### 15-Year Fixed Mortgage Rate



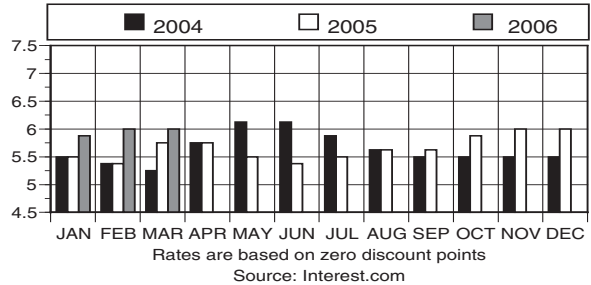
### 5-Year Adjustable Mortgage Rate



### Adjustable Mortgage Rates



### 30 YEAR FIXED MORTGAGE RATE



### 30-year fixed-rate mortgage

