INTEREST.COM

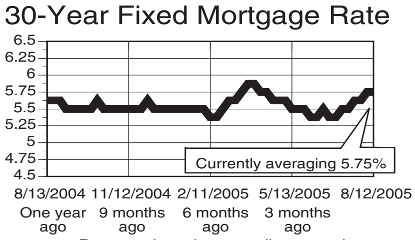
WEEKLY MORTGAGE RATE REPORT

(Fax Weekly Report)

FOR THE WEEK OF 2-06-05

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

30-Year Fixed Mortgage Rate



Rates are based on zero discount points
Source: Interest.com

KEY INTEREST RATES

U.S. Treasury Yields	1/28/05	2/4/05
2year T-note	3.23%	3.26%
5year T-note	3.67%	3.65%
10 year T-note	4.13%	4.05%
30 year T-Bond	4.60%	4.46%

Discount Rate	(wk. end 1/28)	3.25%
Fed Funds Rate	(wk. end 1/28)	2.27%
Prime rate	(wk. end 1/28)	5.25%

ARM INDEXES

Natl. Avg. Contract Mtg. Rate	(Dec.)	5.71%
12 mo. mvg. avg. (1-yr. TCM)	(Dec.)	1.82%
3 mo. LIBOR	(FNMA for Jan.)	2.74%
6 mo. LIBOR	(FNMA for Jan.)	2.96%
National COFI	(Nov)	2.18%
11th District COFI	(Dec.)	2.19%
6 month CD	(wk. end 1/28)	2.89%
1 Year TCM	(wk. end 1/28)	2.89%
2 Year TCM	(wk. end 1/28)	3.25%
3 Year TCM	(wk. end 1/28)	3.41%
5 Year TCM	(wk. end 1/28)	3.71%
7 Year TCM	(wk. end 1/28)	3.96%
10 Year TCM	(wk. end 1/28)	4.19%
20 Year TCM	(wk. end 1/28)	4.70%

Required Yields for Delivery

Freddie Mac (2/4/05)

	10 day	30 day	60 day	90 day
30 year	5.22%	5.25%	5.31%	5.37%
15 year	4.69%	4.73%	4.78%	4.83%

Fannie Mae no longer offers information on required net yields.

HOUSING SNAPSHOT

	Month	Total	Change
Construction Spending	Dec.	$1.03 tril.	+1.1%%
Housing Starts	Dec.	2.0 mil.	+10.9%
Building Permits	Dec.	2.02 mil.	-0.3%
Existing Home Sales	Dec.	6.69 mil.	-3.3%
New Home Sales	Dec.	1.10 mil.	+0.1%

MORTGAGE APPLICATION INDEXES	(MBA)
	Wk. ended Jan. 28, 2005
Number of purchase applications	Up +0.3%
Number of refinance applications	Up +16.6%

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A CONSUMER MORTGAGE MAGAZINE

Mortgage Rates Fall Then Rebound on Data, Fed
Week in review 1/31/05 - 2/4/05

Mortgage rates dipped early in the week only to rebound in the wake of a batch of economic reports and the Fed's expected rate hike. The release of weaker-than-expected fourth-quarter Gross Domestic Product data spurred aggressive buying in U.S. Treasuries, sending prices up and yields, which move in the opposite direction of prices, down. Treasury yields remained low until stronger economic news slowed buying then prompted selling. The Fed hiked short-term interest rates by another quarter of a percentage point, but this was fully priced into the markets. What did rattle traders was slower fourth-quarter productivity, which could bring on inflationary pressures. The January employment report gave Treasuries a boost, coming in below estimates. This could keep the Fed at bay. Although the week was tumultuous, in the end mortgage rates returned to previous levels.

January employment data showed only 146,000 new jobs added to non-farm payrolls - far short of the 190,000 expected. The unemployment rate, determined by a separate survey, fell to 5.2 percent - the lowest level since September 2001. But that's not the one that counts. Manufacturing data also were key, with the Chicago PMI index on manufacturing conditions beating estimates. The ISM index, which looks at the national manufacturing picture, fell to 56.4 - below forecasts - but showed increases in employment and productivity. Fourth-quarter productivity came in at a weaker-than-expected 0.8 percent. Productivity -- the hourly output of work -- rose 4.1 percent in 2004, short of the 4.4-percent reading for 2003. The ISM index on the service sector, which accounts for about 80 percent of the nation's economic activity, fell to 59.2 in January from 63.9. Jobless claims for the week ended January 28 fell by 9,000 to 316,000.

Continued low mortgage rates -- and perhaps the specter of a Fed rate hike -- ignited a refinance boom for the week ended January 28. The Mortgage Bankers Association said refinances soared 16.6 percent, while applications to purchase rose only 0.2 percent. Mortgage rates are holding, with the 30-year fixed-rate mortgage (based on zero discount points) somewhat under 5.5 percent, and the 15-year fixed-rate well below 5.0 percent. The introductory rate on the volatile one-year adjustable-rate mortgage fell to just above 3.375 percent.

Mortgage Rates Could Edge Down
Week in preview 2/7/05 - 2/11/05

There is little in the way of market-moving news scheduled for this week. Of the handful of economic reports due, the U.S. trade balance report will be closely watched, as the growing trade deficit is partially responsible for the weak dollar. Wholesale trade and first-time unemployment claims are the only other reports due that could impact the markets. The weaker-than-expected January employment report will likely drive U.S. Treasuries for the first few days of the week. The rally that began on Friday morning should continue if nothing happens to stifle buying. Rising Treasury prices and sinking yields should result in lower rates on many products.

Monday features the weekly auction of 3 & 6 month T-bills, and a report on Consumer Credit for December.

Two weekly surveys on retail sales across the nation come out on Tuesday. The ICSC/UBS report monitors sales at major chain stores, while the Redbook reports on sales at 9,000 retail outlets.

The only report due Wednesday is Wholesale Trade/inventories and sales. Because the data is from December this will not impact the markets.

Thursday has weekly first-time unemployment claims along with U.S. International Trade in Goods and Services for December. This report includes the trade deficit, which is closely watched, especially because of its impact on the dollar.

There are no economic indicators scheduled for Friday release.

EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
Feb. 7	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills	
	3:00 pm	Consumer Credit (Dec.)	$7.3 bil.
Feb. 8	8:00 am	ICSC/UBS report on chain store sales (Wk. end 2/4)	
	8:00 am	Redbook report on retail sales (Wk. end 2/4)	
Feb. 9	10:00 am	Wholesale trade/Inventories and Sales (Dec.)	+1.0% (inv.)
Feb. 10	8:30 am	Weekly Unemployment Claims (Wk. end 2/4)	325,000
	8:30 am	U.S. Internatl. Trade in Goods & Services (Dec. deficit)	$57.7 bil.
	2:00 pm	Treasury Statement (Jan. monthly budget)	$6.5 bil.
Feb. 11		**There are no economic reports scheduled for release.**	

Interest.com--all times Eastern Standard Time

WEEKLY MORTGAGE RATE REPORT

Formerly the Fax Weekly Report

Keeping you abreast of the ever-changing mortgage market

TRACKING THE ECONOMY -- FEBRUARY 2005

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS
Jan. 31	8:30 am	Personal Income and Outlays	Dec.	Commerce Dept.	+0.6%*/ +0.8%	+0.3%/ +0.2%
	10:00 am	Chicago Purchasing Managers Institute releases index of Jan. Mfg. Conditions			62.4	61.2
	10:00 am	New Home Sales	Dec.	Commerce Dept.	+0.1% @ 1.1 mil.	-12% @ 1.125 mil.
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
Feb.1	8:00 am	ICSC/UBS report on chain store sales	Wk. end Jan. 28		-1.9%	NA
	8:00 am	Redbook report on retail sales	Wk. end Jan. 28		NA	NA
	9:00 am	FOMC convenes two-day meeting to discuss interest rates				
	10:00 am	Institute of Supply Management releases index of Jan. Mfg. Conditions			56.4	57.3 (rev.)
	10:00 am	New Construction	Dec.		+1.1%	unch.
Feb. 2	2:15 pm	FOMC releases statement regarding decision on interest rates			+25 basis points	+25 basis points
Feb. 3	8:30 am	Weekly Unemployment Claims	Wk. end Jan. 28	Dept. of Labor	316,000	325,000
	8:30 am	Productivity & Costs (rev.)	3rd Qtr.		+0.8%/	+1.8%/ +1.8%
	10:00 am	Institute of Supply Management releases index of Jan. Non-Mfg. Conditions			59.2	63.9 (rev.)
	10:00 am	Factory Orders	Jan.	Commerce Dept.	+0.3%	+0.5%
Feb. 4	8:30 am	The Employment Report	Jan.	Dept. of Labor	+146,000 @ 5.2%	+133,000 @ 5.4% (rev.)
	8:30 am	Hourly wage earnings	Jan.	Dept. of Labor	+0.2% @ $16.86	+0.1% @ $15.83
	9:45 am	Univ. of Mich. Sentiment Survey (final)	Jan.	Univ. of Michigan	95.5	95.8
Feb. 7	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
	3:00 pm	Consumer Credit	Dec.	Federal Reserve	__________	$8.7 bil.
Feb. 8	8:00 am	ICSC/UBS report on chain store sales	Wk. end Feb. 4		__________	-1.9%
	8:00 am	Redbook report on retail sales	Wk. end Feb. 4		__________	NA
Feb. 9	10:00 am	Wholesale trade/Inventories and Sales	Dec.	Commerce Dept.	__________	+1.1%/ +0.7%
Feb. 10	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 4	Dept. of Labor	__________	316,000
	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	Dec.	Commerce Dept.	__________	$60.3 bil.
	2:00 pm	Treasury Statement (monthly budget)	Jan.	Treasury Dept.	__________	-$3.4 bil..
Feb. 11		**There are no economic reports scheduled for release.**				
Feb. 14	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
Feb. 15	8:00 am	ICSC-UBS report on chain store sales	Wk. end Feb. 11		__________	__________
	8:00 am	Redbook report on retail sales	Wk. end Feb. 11	+3.1%	__________	__________
	8:30 am	Advance Retail Sales/ ex-auto	Jan.	Commerce Dept.	__________	+1.2%/ +0.3%
	8:30 am	Business Inventories/ Sales	Dec.	Commerce Dept.	__________	+1%/ +0.4%
	8:30 am	NY Empire State Index of Feb. Manufacturing Conditions			__________	20.08
Feb. 16	8:30 am	Housing Starts	Jan.	Commerce Dept.	__________	+10.9% @ 2 mil.
	8:30 am	Building Permits	Jan.	Commerce Dept.	__________	-0.3% @ 2.02 mil.
	9:15 am	Industrial Production & Capacity Utilization	Jan.	Federal Reserve	__________	+0.8%/ 79.2%
Feb. 17	noon	Philadelphia Fed Report on Feb. manufacturing conditions		Federal Reserve	__________	13.2
	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 11	Dept. of Labor	__________	__________
	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	Jan.	Commerce Dept.	__________	-1.3%/ +0.2%
	10:00 am	Index of Leading Indicators	Jan.	Conference Board	__________	+0.2%
Feb. 18	8:30 am	Producer Price Index/core rate	Jan.	Dept. of Labor	__________	-0.7%/ +0.1%
	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	Feb.	Univ. of Michigan	__________	95.5
Feb. 21		**The federal government and financial markets will be closed to observe Presidents Day**				
Feb. 22	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
	10:00 am	Consumer Confidence Report	Feb.	Conference Board	__________	103.4
Feb. 23	8:00 am	ICSC-UBS report on chain store sales	Wk. end Feb. 18		__________	__________
	8:00 am	Redbook report on retail sales	Wk. end Feb. 18		__________	__________
	8:30 am	Consumer Price Index/core rate	Jan.	Dept. of Labor	__________	-0.1%/ +0.2%
Feb. 24	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 18	Dept. of Labor	__________	__________
	8:30 am	Durable Goods Orders (adv.)	Jan.	Commerce Dept.	__________	+0.6%
Feb. 25	8:30 am	Gross Domestic Product (prelim.)	4th Qtr.	Commerce Dept.	__________	+3.1%
	8:30 am	GDP Chain Deflator (prelim.)	4th Qtr.	Commerce Dept.	__________	+2.0%
	10:00 am	Existing Home Sales	Jan.	Natl. Assn. of Realtors®	__________	-3.3% @ 6.69 mil.
Feb. 28	8:30 am	Personal Income and Outlays	Jan.	Commerce Dept.	__________	+0.3%/ +0.2%
	10:00 am	Chicago Purchasing Managers Institute releases index of Feb. Mfg. Conditions			__________	62.4
	10:00 am	New Home Sales	Jan.	Commerce Dept.	__________	+0.1% @ 1.098 mil.
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				+0.1% @ 1.1 mil.
Mar.1	8:00 am	ICSC-UBS report on chain store sales	Wk. end Feb. 25		__________	__________
	8:00 am	Redbook report on retail sales	Wk. end Feb. 25		__________	__________
	8:30 am	New Construction	Jan.		__________	+1.1%
	10:00 am	Institute of Supply Management releases index of Feb. Mfg. Conditions			__________	56.4
Mar. 2		**There are no economic reports scheduled for release.**				
Mar. 3	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 25	Dept. of Labor	__________	__________
	8:30 am	Productivity & Costs (rev.)	4th Qtr.		__________	+0.8%/ +2.3%
	10:00 am	Institute of Supply Management releases index of Feb. Non-Mfg. Conditions			__________	59.2
Mar. 4	8:30 am	The Employment Report	Feb.	Dept. of Labor	__________	+1146,000 @ 5.2%
	8:30 am	Hourly wage earnings	Feb.	Dept. of Labor	__________	+0.1% @ $15.83
	9:45 am	Univ. of Mich. Sentiment Survey (final)	Feb.	Univ. of Michigan	__________	__________
	10:00 am	Factory Orders	Jan.	Commerce Dept.	__________	+0.3%

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

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INDUSTRY NEWS

Cash-Out Refi Share Falls Modestly in Fourth Quarter of 2004

McLean, VA -- In the fourth quarter of 2004, 56 percent of Freddie Mac-owned loans that were refinanced resulted in new mortgages at least 5 percent higher in amount than the original mortgages, according to Freddie Mac's quarterly refinance review. This is in contrast to the third quarter of 2004, when 59 percent of refinanced loans had higher new loan amounts.

"The dip in 30-year fixed mortgage rates that happened in the fourth quarter brought down the cash-out share of new refinancings even though the total share of refis went up," said Frank Nothaft, Freddie Mac vice president and chief economist. "When homeowners decide to refinance because of falling interest rates, they might take cash out of home equity because it is convenient, but it is not the main reason they are seeking a new loan. As interest rates rise over this year we should see higher cash-out shares among refi loans but total dollars cashed-out should be lower than in 2004."

Freddie Mac expects growth in U.S. Gross Domestic Product in 2005 to reach 3.9 percent, a little stronger than 2004's growth rate of 3.7 percent, and a continuation of the low core rate of inflation (which excludes the direct impact of the volatile food and energy components) as measured by the Consumer Price Index. The Federal Reserve Board (Fed) has indicated that it views monetary policy as accommodative and this accommodation could be removed at a "measured" pace. "We expect this means another quarter-percentage point increase in short-term interest rates when the Fed next meets on March 22," noted Nothaft.

Freddie Mac expects 30-year fixed mortgage rates will begin to rise, but still remain modest, indicating that 2005 will likely be another good year for housing. Thirty-year, fixed mortgage rates will probably rise by about one-half of a percentage point over the year, averaging between 6.1 and 6.3 percent in the fourth quarter, up from an average of 5.7 percent over January. Because of these slightly higher rates, home sales and home construction will come down from the record levels of 2004, but only by 1 percent to 3 percent.

"Applications for refinance hit 47 percent in the fourth quarter of 2004," said Amy Crews Cutts, Freddie Mac deputy chief economist. "In recent weeks mortgage rates have come down below 5.7 percent, so we are expecting relatively high refinance activity, around a 45 percent share of new applications, to continue during the first quarter of 2005. Due to the small share of mortgages outstanding with rates above 6.5 percent, it is unlikely that the refi share will exceed 50 percent or stay there long if it does. Based on our January outlook for mortgage originations and refi activity over the next two years, we estimate the amount of home equity cashed-out through prime, first-lien refinances to total $96 billion in 2005 and $61 billion in 2006. Total equity cashed out in the fourth quarter is estimated at $41 billion, up from the revised cash-out estimate for the third quarter of $42 billion."

"In the fourth quarter of 2004, homeowners who refinanced their mortgages lowered their rate an average of 0.74 percentage points. On an average loan size of $150,000, that lower rate translates into a payment that is about $74 a month lower for a savings of more than $885 annually," said Cutts. "In aggregate, homeowners who have refinanced their mortgages over the past 12 months will save $1.7 billion in 2005 in lower interest costs. These savings offset some of the burdens on families from higher gasoline prices and home heating costs," Cutts added.

The Cash-Out Refinance Report also revealed that properties refinanced during the fourth quarter of 2004 experienced a median house-price appreciation of 15 percent during the time since the original loan was made, down slightly from the 17 percent appreciation on loans refinanced in the third quarter. For loans refinanced in the fourth quarter of 2004, the median age of the original loan was 2.2 years, four months younger than the median age of loans refinanced during the third quarter.

These estimates come from a sample of properties on which Freddie Mac has funded at least two successive loans. Transactions are further screened to verify that the latest loan is for refinance rather than for home purchase. The Freddie Mac analysis does not track the use of funds made available from these refinances.

MORTGAGE MARKET MONITOR