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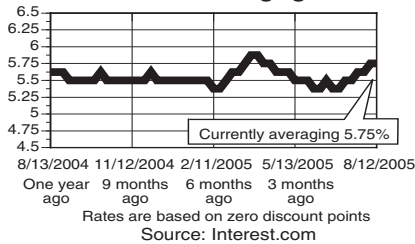
# WEEKLY MORTGAGE RATE REPORT

(Fax Weekly Report)

FOR THE WEEK OF 5-1-05

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

## 30-Year Fixed Mortgage Rate



## KEY INTEREST RATES

U.S. Treasury Yields	4/22/05	4/29/05
2 year T-note	3.61%	3.63%
5 year T-note	3.93%	3.87%
10 year T-note	4.26%	4.19%
30 year T-Bond	4.59%	4.50%

Discount Rate (wk. end 4/22)	3.75%
Fed Funds Rate (wk. end 4/22)	2.78%
Prime rate (wk. end 4/22)	5.75%

### ARM INDEXES

Natl. Avg. Contract Mtg. Rate (Mar.)	5.76%
12 mo. mvg. avg. (1-yr. TCM) (Mar.)	2.27%
3 mo. LIBOR (FNMA for Mar.)	3.10%
6 mo. LIBOR (FNMA for Mar.)	3.39%
National COFI (Feb.)	2.30%
11th District COFI (Feb.)	2.32%
6 month CD (wk. end 4/22)	3.31%
1 Year TCM (wk. end 4/22)	3.28%
2 Year TCM (wk. end 4/22)	3.57%
3 Year TCM (wk. end 4/22)	3.70%
5 Year TCM (wk. end 4/22)	3.90%
7 Year TCM (wk. end 4/22)	4.07%
10 Year TCM (wk. end 4/22)	4.26%
20 Year TCM (wk. end 4/22)	4.68%

### Required Yields for Delivery

	Freddie Mac (4/29/05)			
	10 day	30 day	60 day	90 day
30 year	5.45%	5.49%	5.54%	5.60%
15 year	4.94%	4.98%	5.02%	5.09%

Fannie Mae no longer offers information on required net yields.

## HOUSING SNAPSHOT

	Month	Total	Change
Construction Spending	Feb.	\$1.05 tril.	+0.4%
Housing Starts	Mar.	1.84 mil.	-17.6%
Building Permits	Mar.	2.02 mil.	-3.98%
Existing Home Sales	Mar.	6.89 mil.	+1.0%
New Home Sales	Mar.	1.43 mil.	+12.2%

### MORTGAGE APPLICATION INDEXES (MBA)

	Wk. ended April 22, 2005	
Number of purchase applications	Up	+3.3%
Number of refinance applications	Up	+9.8%



## Mortgage Rates Remain at Lower Levels

Week in review 4/25/05 - 4/29/05

Strong housing sales kept pressure on U.S. Treasury securities early in the week, but a combination of weak economic news and some disappointing earnings reports sent buyers back to bonds. Signs of a slowing economy have moved to the fore, and Treasury traders are counting on these signals to keep the Fed's rate hikes contained. Signs of inflation, which also are cropping up on a regular basis, have not impacted Treasuries as yet. Traders generally fear inflation as it erodes the value of fixed-rate assets such as bonds. Steady buying in Treasuries sent prices up and yields, which move in the opposite direction of prices, down. This has allowed mortgage lenders who base their rates on yields to hold them at low levels on most products.

The housing market continues to sizzle in spite of naysayers' warnings of a "housing bubble." March housing sales defy that outlook, with strong gains in both new- and existing-home sales. Sales of new homes soared 12.2 percent to an annual rate of 1.43 million units, and existing homes sold at an annualized rate of 6.89 million units - a 1.0-percent increase. Consumer

confidence in April took a dive, hitting a five-month low of 97.7. Evidence of a slowing economy and the high price of oil tainted future expectations. Orders for durable goods, items meant to last more than three years, shocked Wall Street by falling 2.8 percent in March when a 0.3-percent gain was expected. The steep decline in orders indicated to many that businesses are scaling back spending - a big negative for economic growth. First-quarter Gross Domestic Product (GDP) confirmed this outlook. GDP rose a mere 3.1 percent as opposed to a fourth-quarter increase of 3.8 percent and a forecast of a 3.5-percent increase.

Lower mortgage rates during the week ended April 22 spurred a rash of mortgage activity, according to the Mortgage Bankers Association. Applications to purchase rose 3.3 percent, but there was a run on refinancings, which climbed 9.8 percent. The rate on the 30-year-fixed mortgage (based on zero discount points) is well below 5.625 percent, while the 15-year fixed-rate is holding under 5.25 percent. The introductory rate on the volatile one-year adjustable-rate mortgage is at 3.625 percent.

## Mortgage Rates Likely to Soften Slightly

Week in preview 5/2/05 - 5/6/05

The first week of May features a barrage of economic reports on manufacturing, but two items will guide the financial markets - the May 3 meeting of the Federal Open Market Committee and the Employment Report for April. Although the Fed is expected to raise interest rates by 25 basis points for the eighth time since June 30, 2004, there is always anxiety over what the Fed will say about the economy in the accompanying statement. And the jobs report, due May 6, will impact trading in both Treasuries and equities. In the early part of the week, barring any major surprises, mortgage rates should soften slightly after the prior week's move lower.

The week begins with the ISM report on manufacturing conditions across the country during the month of May. If this number comes in stronger or weaker than expected, it will generally move the markets. New construction for March also is on the docket, but its impact is negligible by comparison. The U.S.

Treasury Department also conducts its weekly auction of 3- and 6-month Treasury bills.

The FOMC will grab headlines Tuesday with its decision on interest rates. Although all signs point to a 25-basis-point increase, there will be much interest in the accompanying statement. Factory Orders for March and two weekly retail sales surveys also will be released.

The sole report for Wednesday is the ISM index on the service sector, which does not pack the wallop like the one on manufacturing.

The weekly first-time jobless claims come out Thursday morning along with the first-quarter Productivity and Costs, which could be key, but everyone will be waiting for Friday's April employment report.

The jobs report will have a major impact on the markets not only on Friday, but it could also set the trading tone for the early part of the following week.

### EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
May 2	10:00 am	ISM releases index of Apr. Mfg. Conditions	55.0
	10:00 am	New Construction (Mar.)	+0.3%
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills	
May 3	8:00 am	ICSC/UBS report on chain store sales (Wk. end 4/29)	
	8:00 am	Redbook report on retail sales (Wk. end 4/29)	
	10:00 am	Factory Orders (Mar.)	+0.4%
	2:15 pm	FOMC announces its decision on interest rates	+25 basis points
May 4	10:00 am	ISM releases index of Apr. Non-Mfg. Conditions	61.3
May 5	8:30 am	Weekly Unemployment Claims (Wk. end 4/29)	
	8:30 am	Productivity & Costs (1st Qtr.)	+2.5% (prod.)
May 6	8:30 am	The Employment Report (April)	+170,000 @ 5.2%
	8:30 am	Hourly wage earnings (April)	+0.2%
	3:00 pm	Consumer Credit (Mar.)	\$6.1 bil.

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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 -- MAY 2005

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS
Apr. 25	10:00 am	Existing Home Sales	Mar.	Natl. Assn. of Realtors®	+1.0% @ 6.89 mil.	-0.4% @ 6.79 mil.
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
Apr. 26	8:00 am	ICSC-UBS report on chain store sales	Wk. end Apr. 22		NA	NA
	8:00 am	Redbook report on retail sales	Wk. end Apr. 22		NA	NA
	10:00 am	New Home Sales	Mar.	Commerce Dept.	+12.2% @ 1.43 mil.	+9.4% @ 1.23 mil.
	10:00 am	Consumer Confidence Report	Apr.	Conference Board	97.7	103 (rev.)
Apr. 27	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	Mar.	Commerce Dept.	-2.8%/ -1.0%	-0.2%/ -0.2% (rev.)
Apr. 28	8:30 am	Gross Domestic Product (adv.)	1st Qtr.	Commerce Dept.	+3.1%	+3.8%
	8:30 am	GDP Chain Deflator (adv.)	1st Qtr.	Commerce Dept.	+3.2%	+2.34% (rev.)
	8:30 am	Weekly Unemployment Claims	Wk. end Apr. 22	Dept. of Labor	320,000	299,000 (rev.)
Apr. 29	8:30 am	Personal Income and Outlays	Mar.	Commerce Dept.	+0.5%/+0.6%	+0.4%/ +0.7% (rev.)
	8:30 am	Employment Cost Index	1st Qtr.		+0.7%	+0.8% (rev.)
	9:45 am	Univ. of Mich. Sentiment Survey (final)	Apr.	Univ. of Michigan	87.7	88.7
	10:00 am	Chicago Purchasing Managers Institute releases index of Apr. Mfg. Conditions			65.6	69.2
May 2	10:00 am	Institute of Supply Management releases index of Apr. Mfg. Conditions				55.2
	10:00 am	New Construction	Mar.			+0.4%
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
May 3	8:00 am	ICSC-UBS report on chain store sales	Wk. end Apr. 29			NA
	8:00 am	Redbook report on retail sales	Wk. end Apr. 29			NA
	10:00 am	Factory Orders	April	Commerce Dept.		+0.2%
	2:15 pm	FOMC announces its decision on interest rates				+25 basis points
May 4	10:00 am	ISM releases index of Apr. Non-Mfg. Conditions				63.1
May 5	8:30 am	Weekly Unemployment Claims	Wk. end Apr. 29	Dept. of Labor		320,000
	8:30 am	Productivity & Costs	1st Qtr.	Dept. of Labor		+2.1%
May 6	8:30 am	The Employment Report	April	Dept. of Labor		110,000 @ 5.2%
	8:30 am	Hourly wage earnings	April	Dept. of Labor		+0.3% @ \$15.95
	3:00 pm	Consumer Credit	Mar.	Federal Reserve		\$5/6 bil.
May 9	10:00 am	Wholesale trade/Inventories and Sales	Mar.	Commerce Dept.		+0.6%/ -0.4%
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
May 10	8:00 am	ICSC-UBS report on chain store sales	Wk. end May 6			
	8:00 am	Redbook report on retail sales	Wk. end May 6			
May 11	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	Mar.	Commerce Dept.		\$63.1
	2:00 pm	Treasury Statement (monthly budget)	April	Treasury Dept.		-\$72.1 bil.
May 12	8:30 am	Advance Retail Sales/ ex-auto	April	Commerce Dept.		+0.3%/ +0.1
	8:30 am	Weekly Unemployment Claims	Wk. end May 6	Dept. of Labor		
May 13	8:30 am	Business Inventories/ Sales	Mar.	Commerce Dept.		+0.5%/ -0.4%
	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	April	Commerce Dept.		+0.2%/ +0.1%
	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	May	Univ. of Michigan		88.7
May 16	8:30 am	NY Empire State Index of Mar. Manufacturing Conditions				3.1
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
May 17	8:00 am	ICSC-UBS report on chain store sales	Wk. end May 13			
	8:00 am	Redbook report on retail sales	Wk. end May 13			
	8:30 am	Producer Price Index/core rate	April	Dept. of Labor		+0.7%/ +0.1%
	8:30 am	Housing Starts	April	Commerce Dept.		-17.6% @ 1.84 mil.
	8:30 am	Building Permits	April	Commerce Dept.		-3.98% @ 2.02 mil.
	9:15 am	Industrial Production & Capacity Utilization	April	Federal Reserve		+0.3%/ 79.4%
May 18	8:30 am	Consumer Price Index/core rate	April	Dept. of Labor		+0.6%/ +0.4%
May 19	8:30 am	Weekly Unemployment Claims	Wk. end May 13	Dept. of Labor		
	10:00 am	Index of Leading Indicators	April	Conference Board		-0.4%
	noon	Philadelphia Fed Report on May manufacturing conditions		Federal Reserve		25.3
May 20		<b>No economic indicators are scheduled for release</b>				
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			
	8:00 am	Redbook report on retail sales	Wk. end May 20			
May 25	8:30 am	Durable Goods Orders (adv.)/ex. trans.	April	Commerce Dept.		-2.8%/ -1.0%
	10:00 am	Existing Home Sales	April	Natl. Assn. of Realtors®		+1.0% @ 6.89 mil.
	10:00 am	New Home Sales	April	Commerce Dept.		+12.2% @ 1.43 mil.
May 26	8:30 am	Gross Domestic Product (prelim.)	1st Qtr.	Commerce Dept.		+3.1%
	8:30 am	GDP Chain Deflator (prelim.)	1st Qtr.	Commerce Dept.		+3.2%
	8:30 am	Weekly Unemployment Claims	Wk. end May 20	Dept. of Labor		
May 27	8:30 am	Personal Income and Outlays	April	Commerce Dept.		
	9:45 am	Univ. of Mich. Sentiment Survey (final)	May	Univ. of Michigan		
May 30		<b>The federal government and financial markets will be closed to observe Memorial Day</b>				
May 31	10:00 am	Chicago Purchasing Managers Institute releases index of Apr. Mfg. Conditions				
	10:00 am	Consumer Confidence Report	May	Conference Board		
	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			
	8:00 am	Redbook report on retail sales	Wk. end May 27			
	10:00 am	Institute of Supply Management releases index of Mar. Mfg. Conditions				
	10:00 am	New Construction	Mar.			
June 2	8:30 am	Weekly Unemployment Claims	Wk. end May 27	Dept. of Labor		
	8:30 am	Productivity & Costs (rev.)	1st Qtr.	Dept. of Labor		
	10:00 am	Factory Orders	April	Commerce Dept.		
	10:00 am	Institute of Supply Management releases index of non-Mfg. Conditions for May				
June 3	8:30 am	The Employment Report	May	Dept. of Labor		

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



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## INDUSTRY NEWS

### HUD Raises Fines for Lenders Who Fail to Assist Troubled Borrowers

WASHINGTON -The Department of Housing and Urban Development published a final rule that dramatically increases the amount of damages HUD can seek against FHA lenders that fail to engage in loss mitigation techniques. Loss mitigation options enable many homeowners who are in default on their FHA mortgage to avoid foreclosure and remain in their homes.

"We are working to ensure that every FHA borrower is afforded the opportunity to explore all options to keep their homes," said HUD Secretary Alphonso Jackson. "Our lenders must make every effort to help people stay in their homes, help to stabilize neighborhoods and prevent losses to FHA's Insurance Fund."

Currently, the maximum penalty that can be imposed on lenders is \$6,500 for each violation, up to a limit of \$1.25 million for all violations committed during any one-year period. This new penalty provides for additional damages of three times the amount of any FHA mortgage insurance benefit claimed by a lender and is not subject to the current limitations.

In recent years, HUD has strived to ensure that lenders work with FHA-insured homeowners in default to see how they may qualify for one of HUD's loss mitigation options. In the past three fiscal years, almost 230,000 defaulted FHA borrowers benefited from loss mitigation -- more than lost their homes through foreclosure. This new rule will build upon those efforts by specifically addressing how HUD will be empowered to penalize lenders who fail to successfully engage in loss mitigation techniques and by specifically defining the criteria used to evaluate a lender's performance.

Failure to engage in loss mitigation is defined as a servicing lender's failure to: evaluate a loan for loss mitigation before four full monthly mortgage installments are due and unpaid; determine which, if any, loss mitigation techniques are appropriate and take appropriate loss mitigation actions. HUD will use its Tier Ranking System (TRS) to measure a lender's loss mitigation efforts on a portfolio-wide basis, and rank the lender based on the ratio of loss mitigation actions to foreclosure actions. HUD intends to focus its efforts on lenders ranked in the lowest tier.

Loss mitigation techniques include the following:

- \*Special Forbearance, in which the lender arranges a repayment plan based on the borrower's financial situation and possibly provide for a temporary reduction or suspension of payments;

- \*Mortgage Modification, in which the lender capitalizes the mortgage delinquency, usually reducing the monthly payment and/or extending the term of the mortgage;

- \*Partial Claim, in which the lender obtains a one-time payment from the FHA insurance fund to bring the mortgage current;

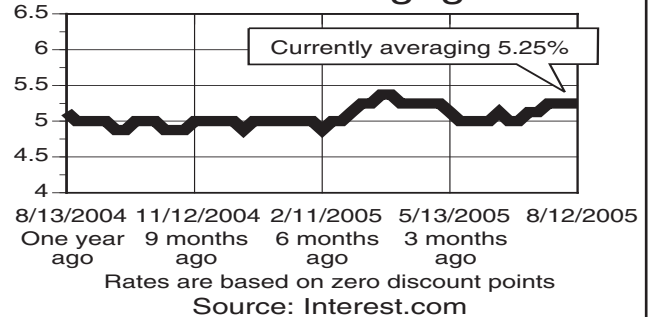
- \*Pre-Foreclosure Sale, in which the borrower avoids foreclosure by selling the property for its appraised value, and these proceeds are less than the amount necessary to pay off the mortgage, and

- \*Deed-in-Lieu of Foreclosure, in which the borrower gives back the property to the lender. The borrowers lose their house, but do not damage their credit rating as much as a foreclosure would.

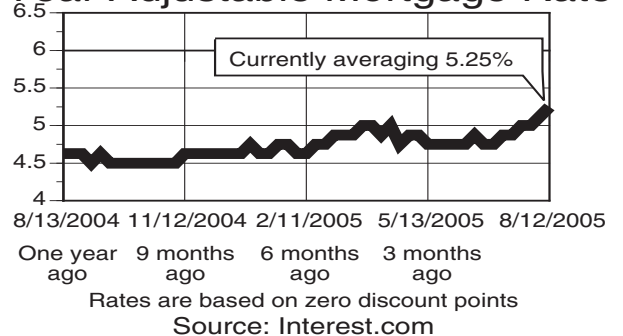
For each of these options, the borrower must meet certain qualifications, based on their circumstances. HUD's site, "Help for Homeowner's Facing the Loss of Their Home," provides a step by step plan and offers more details on HUD's loss mitigation programs.

## MORTGAGE MARKET MONITOR

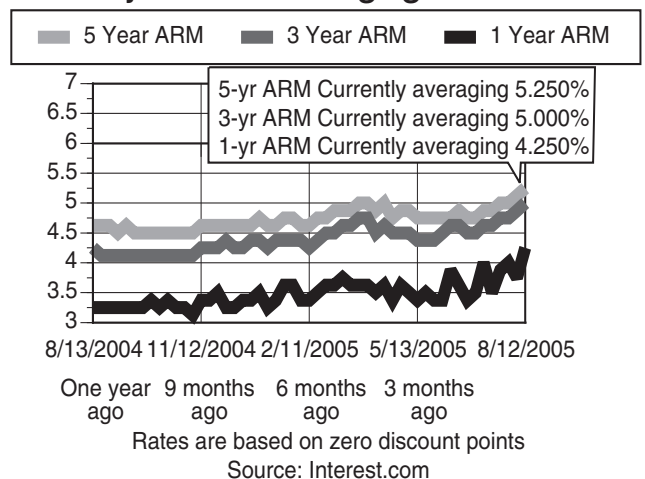
### 15-Year Fixed Mortgage Rate



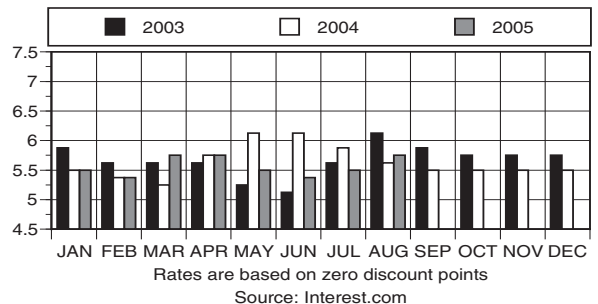
### 5-Year Adjustable Mortgage Rate



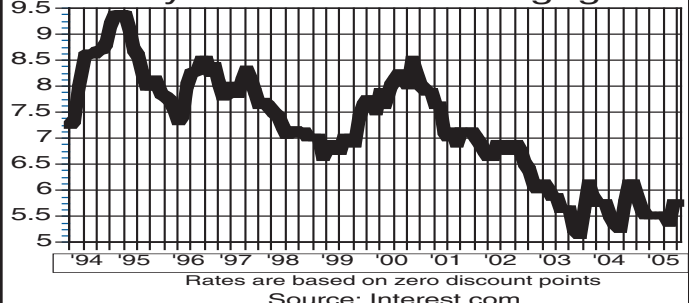
### Adjustable Mortgage Rates



### 30 YEAR FIXED MORTGAGE RATE



### 30-year fixed-rate mortgage



HUD is the nations housing agency committed to increasing homeownership, particularly among minorities; creating affordable housing opportunities for low-income Americans; and supporting the homeless, elderly, people with disabilities and people living with AIDS. The Department also promotes economic and community development as well as enforces the nation's fair housing laws. More information about HUD and its programs is available on the Internet at [www.hud.gov](http://www.hud.gov) and [espanol.hud.gov](http://espanol.hud.gov).

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