

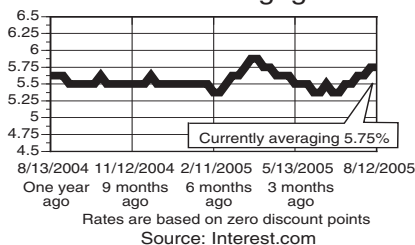


WEEKLY MORTGAGE RATE REPORT (Fax Weekly Report)

FOR THE WEEK OF 6-5-05

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

30-Year Fixed Mortgage Rate



KEY INTEREST RATES

U.S. Treasury Yields	5/27/05	6/3/05
2 year T-note	3.64%	3.56%
5 year T-note	3.81%	3.70%
10 year T-note	4.07%	3.94%
30 year T-Bond	4.43%	4.25%
Discount Rate (wk. end 5/27)	4.00%	
Fed Funds Rate (wk. end 5/27)	3.01%	
Prime rate (wk. end 5/27)	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 May)	3.33%
6 mo. LIBOR (FNMA for May)	3.53%
National COFI (Mar.)	2.34%
11th District COFI (Apr.)	2.32%
6 month CD (wk. end 5/27)	3.47%
1 Year TCM (wk. end 5/27)	3.32%
2 Year TCM (wk. end 5/27)	3.63%
3 Year TCM (wk. end 5/27)	3.71%
5 Year TCM (wk. end 5/27)	3.81%
7 Year TCM (wk. end 5/27)	3.86%
10 Year TCM (wk. end 5/27)	4.07%
20 Year TCM (wk. end 5/27)	4.47%

Required Yields for Delivery

	Freddie Mac (6/3/05)			
	10 day	30 day	60 day	90 day
30 year	5.24%	5.27%	5.35%	5.42%
15 year	4.76%	4.80%	4.85%	4.90%

Fannie Mae no longer offers information on required net yields.

HOUSING SNAPSHOT

	Month	Total	Change
Construction Spending	Apr.	\$1.07 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 27, 2005	
Number of purchase applications	Down	-4.1%
Number of refinance applications	Down	-1.2%



Treasury Rally Sends Mortgage Rates Lower Week in review 5/30/05 - 6/03/05

A surprisingly weak employment report for May capped a great week for U.S. Treasuries. Strong demand for U.S. Treasury securities sent the yield on the benchmark 10-year note, which moves in the opposite direction of price, to a 16-month low. In addition to a poor showing in employment, rallies were sparked by a cooling of inflation fears, strong interest from foreign buyers and the suggestion by a Fed official that the current cycle of rate increases could be nearing the end. The resulting sharp decline in Treasury yields allowed mortgage lenders to edge rates down on many products.

Only 78,000 jobs were added to non-farm payrolls in May – far below estimates of 185,000, and way below the 274,000 jobs added in April. Hourly wages showed no inflationary tendencies, rising 0.2 percent to an average of \$16.03 per hour. In separate reports, inflation-friendly manufacturing data eased concerns about higher prices. Both the Chicago PMI and the ISM index on May manufacturing conditions were well below forecasts. The PMI slid to 54.1 in May from 65.6 the previous month, and the ISM plummeted to 51.4 – perilously close to the 50-mark that divides expansion from contraction. Safe-haven buying due to uncertainty in the European markets added

optimism, as did the Dallas Fed president's comments on rate hikes. Richard Fisher said the Fed was in the eighth inning of its tightening cycle and entering the ninth, leading many to suspect there would be a pause after the June 30 increase.

A jump in first-quarter productivity and costs raised yellow flags regarding inflation, with productivity revised upward to 2.9 percent from the initial 2.6-percent reading. The big increase, however, was in costs, which surged to 3.3 percent from 2.2 percent. Factory orders came in below forecasts but rose 0.9 percent in April – the biggest increase in five months. March orders were revised upward to plus 0.7 percent from plus 0.1 percent. While these reports slowed buying in Treasuries, they did not halt it.

Mortgage applications stalled for the week ended May 27, according to the Mortgage Bankers Association. Applications to purchase fell 4.1 percent, while refinancings were off 1.2 percent. The rate on the 30-year-fixed mortgage (based on zero discount points) is at its lowest level since February -- well below 5.375 percent. The 15-year fixed-rate dropped to 4.875 percent, while the introductory rate on the volatile one-year adjustable-rate mortgage remains at 3.375 percent.

Lack of Economic Data Could Keep Mortgage Rates Low Week in preview 6/6/05 - 6/10/05

The week has little to offer in the way of economic news, with only the U.S. trade balance for April, May reports on Wholesale Inventories and U.S. Import Price Indexes, and the weekly jobless claims due. Reaction to the May employment report should keep Treasury yields at low levels for some time to come. And lack of influential data could allow mortgage rates to continue edging down on many products.

As per usual the weekly auction of 3- and 6-month T-bills is the only event scheduled for Monday. And Tuesday isn't much better. The morning begins with two weekly surveys on national retail sales -- one from the International Council of Shopping

Centers/UBS and the other from Redbook. These reports generally have little impact. Consumer Credit data for May will be released later in the day.

Wholesale Inventories and Sales for May are due on Wednesday but generally have only minor influence on the markets.

Thursday has weekly first-time jobless claims for the week ended June 3. These data can affect the markets if they come in weaker or stronger than analysts' forecasts.

Friday the spotlight is on trade, with the U.S. Trade Balance for April set for release as well as Import/ Export price indexes for May. A big change in the trade deficit could rattle the bond markets.

Date	Time	Event	Forecast
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 6/3)	
	8:00 am	Redbook report on retail sales (Wk. end 6/3)	
	3:00 pm	Consumer Credit (May)	\$6.8 bil.
June 8	10:00 am	Wholesale trade/Inventories and Sales (May)	+0.5% (inv.)
June 9	8:30 am	Weekly Unemployment Claims (Wk. end 6/3)	335,000
June 10	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit) Apr.	-\$58.3 bil.
	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes (May)	
	2:00 pm	Treasury Statement (May monthly budget)	-\$46.0 bil.

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Formerly the Fax Weekly Report

Keeping you abreast of the ever-changing mortgage market

FOR THE WEEK OF 6-5-05 Page 2

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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	54.1	65.6
	10:00 am	Consumer Confidence Report	May	Conference Board	102.2	97.5 (rev.)
	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	NA
	8:00 am	Redbook report on retail sales	Wk. end May 27		NA	NA
	10:00 am	Institute of Supply Management releases index of May Mfg. Conditions	May		51.4	53.3
	10:00 am	New Construction	Mar.		+0.5%	+0.5%
June 2	8:30 am	Weekly Unemployment Claims	Wk. end May 27	Dept. of Labor	350,000	325,000 (rev.)
	8:30 am	Productivity & Costs (rev.)	1st Qtr.	Dept. of Labor	+2.9%/ +3.3%	+2.6%/ +2.2%
	10:00 am	Factory Orders	April	Commerce Dept.	+0.9%	+0.7% (rev.)
June 3	8:30 am	The Employment Report	May	Dept. of Labor	+78,000 @ 5.1%	+274,000 @ 5.2%
	8:30 am	Hourly wage earnings	May	Dept. of Labor	+0.2% @ \$16.03	+0.3% @ \$16.00
	10:00 am	Institute of Supply Management releases index of non-Mfg. Conditions for May	May		58.5	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.	_____	NA
	8:00 am	Redbook report on retail sales	Wk. end June 3		_____	NA
	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	_____	350,000
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	June		_____	-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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Page 3

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INDUSTRY NEWS

HOUSING MARKET STILL GOING STRONG

First Quarter Appreciation Up 9.6 Percent
On An Annualized Basis

McLean, VA, June 2, 2005 – Freddie Mac announced that its quarterly national Conventional Mortgage Home Price Index (CMHPI) rose 9.6 percent in the first quarter of 2005 on an annualized basis, down from a revised fourth quarter 2004 annualized rate of 9.7 percent and a third quarter 2004 rate of 17.6 percent.

“Low mortgage rates and brisk home sales led to an annualized 9.6 percent rate of house price appreciation in the first quarter,” said Frank Nothaft, Freddie Mac vice president and chief economist. “Even though interest rates on adjustable-rate mortgages came up a bit, 30-year, fixed mortgage rates remained at an average of just 5.8 percent over the first three months of the year and fixed-rate mortgages still make up the majority of the mortgage market; 67 percent of new mortgage applications in the first quarter were for fixed-rate mortgages according to the Primary Mortgage Market Survey(SM).”

The CMHPI continues to show strong growth primarily along the coasts – areas where populations are growing rapidly, jobs growth is strong and land scarcity is pushing up the cost of housing.

“As strong as home sales and new home construction were last year, this year is off to an even stronger start,” said Nothaft. “Sales of new and existing houses and pre-owned condominiums averaged an annualized total of 8.1 million units sold in the first quarter.

“National annual home price growth is likely to slow in 2005. Our best estimate is that house price growth will moderate to between 6.0 percent and 9.0 percent as interest rates climb higher. We are already seeing some slowing in the quarterly growth rates relative to autumn of last year when home prices were growing at nearly double the current rate,” added Nothaft.

Nationally, home values increased 11.8 percent on an annual basis, from the first quarter of 2004 through the first quarter of 2005. For the seventh consecutive quarter, the Pacific states led the nation in annual house-price appreciation, growing at 19.2 percent. Once again the South Atlantic states were second, with a growth rate of 15.3 percent, followed again by the Middle Atlantic states, which grew at a slightly slower pace of 14.7 percent for the year. The New England states came next with growth at an annual appreciation rate of 13.4 percent.

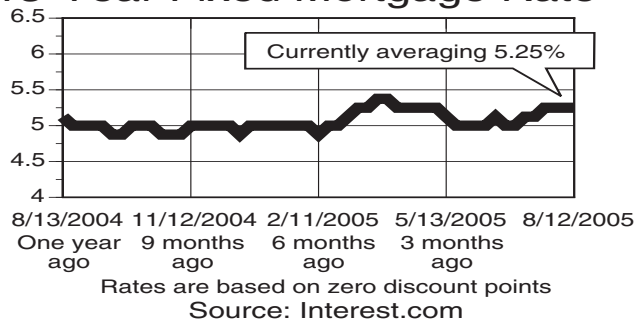
The Mountain states followed New England, posting an annual home-price growth rate of 11.9 percent. After the Mountain states, the West North Central states saw an increase of 7.1 percent, while the East North Central states showed an increase of 6.7 percent. Finally, the East South Central states had gains of 5.7 percent and the West South Central states had the slowest annual appreciation of 3.7 percent annually.

“The first quarter of 2005 was the 39th consecutive quarter in which all nine regions of the United States had positive annual home price growth,” noted Amy Crews Cutts, Freddie Mac deputy chief economist. “We are starting to see the impact of the manufacturing job losses on house prices in smaller metro areas covered by the CMHPI. The question remains as to how long the streak of positive growth in all regions will last if interest rates rise sharply and economic growth stagnates or the public loses some of its enthusiasm for real estate.

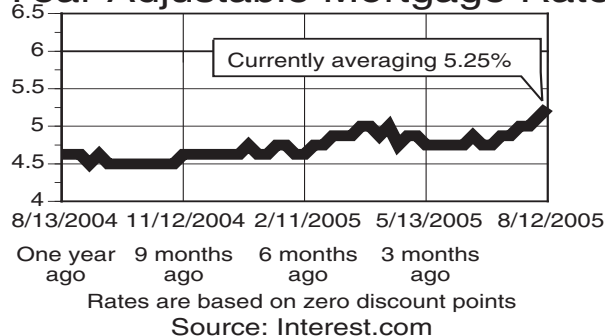
The fastest growing areas are attracting population due to strong jobs growth and secular migration to the sun belt. For instance, Nevada added 72,600 non-farm payroll jobs over the 12 months ended in the first quarter 2005, a 6.5 percent increase in employment and the largest percentage gain of any state. Nevada also enjoyed the strongest annual house price appreciation in the nation at 29.7 percent. In contrast, Michigan lost 17,800 payroll jobs, a 0.4 percent employment decline, and house prices grew statewide at 4.9 percent over the year.”

MORTGAGE MARKET MONITOR

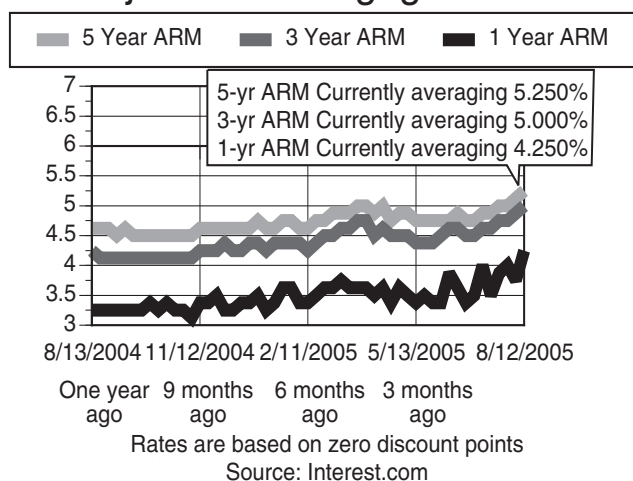
15-Year Fixed Mortgage Rate



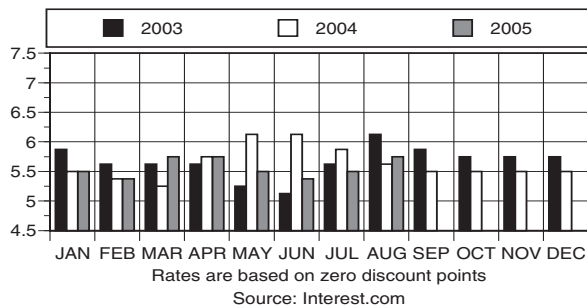
5-Year Adjustable Mortgage Rate



Adjustable Mortgage Rates



30 YEAR FIXED MORTGAGE RATE



30-year fixed-rate mortgage

