

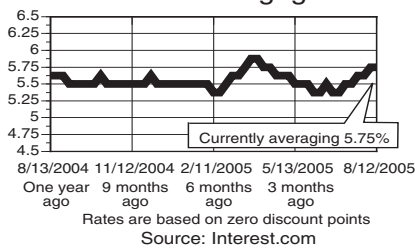


WEEKLY MORTGAGE RATE REPORT (Fax Weekly Report)

FOR THE WEEK OF 6-12-05

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

30-Year Fixed Mortgage Rate



KEY INTEREST RATES

U.S. Treasury Yields	6/3/05	6/10/05
2 year T-note	3.56%	3.68%
5 year T-note	3.70%	3.81%
10 year T-note	3.94%	4.01%
30 year T-Bond	4.25%	4.28%

Discount Rate (wk. end 6/3)	4.00%
Fed Funds Rate (wk. end 6/3)	3.02%
Prime rate (wk. end 6/3)	6.00%

ARM INDEXES

Natl. Avg. Contract Mtg. Rate (Apr.)	5.86%
12 mo. mvg. avg. (1-yr. TCM) (May)	2.64%
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 6/3)	3.48%
1 Year TCM (wk. end 6/3)	3.28%
2 Year TCM (wk. end 6/3)	3.55%
3 Year TCM (wk. end 6/3)	3.60%
5 Year TCM (wk. end 6/3)	3.69%
7 Year TCM (wk. end 6/3)	3.79%
10 Year TCM (wk. end 6/3)	3.95%
20 Year TCM (wk. end 6/3)	4.33%

Required Yields for Delivery

	Freddie Mac (6/10/05)	10 day	30 day	60 day	90 day
30 year	5.29%	5.32%	5.41%	5.48%	5.48%
15 year	4.85%	4.85%	4.92%	4.97%	4.97%

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 June 3, 2005	Change
Number of purchase applications	Up	+3.6%
Number of refinance applications	Up	+10.3%



Mixed Signals Leave Mortgage Rates Unchanged Week in review 6/6/05 - 6/10/05

A two-day rally in U.S. Treasuries, followed by moderate selling, left yields on government issues up a bit from where they were a week ago. Treasuries rallied on bond-friendly comments by Fed chairman Alan Greenspan, but turned around when he testified before a Joint Committee of Congress that rate increases will continue at a 'measured' pace and said the Fed is 'data dependent' with regard to future moves. Greenspan added, "The U.S. economy seems to be on a reasonably firm footing and underlying inflation remains contained."

Bond traders sold on confirmation that rate hikes would continue, raising recent record-low yields, which move in the opposite direction of prices. Selling escalated on word of a growing trade gap that suggested future inflation and built a case for economic strength. Treasury yields ticked up to their highest levels in two weeks, but thus far mortgage rates that are based on yields have remained near last week's low levels.

There was much conjecture over Greenspan's speeches and what he might or might not say, and his comments took on special significance due to a decided lack of economic news during the week. The U.S. trade balance in April came in at \$57 billion -- its

widest margin since October, with both imports and exports setting records. This was below the \$58 billion deficit that analysts were expecting. First-time jobless claims for the holiday-shortened week ended June 3 fell by 21,000 to 330,000. The more influential four-week average, which smoothes volatility, edged down to 331,750. Wholesale inventories in April climbed 0.8 percent -- double expectations -- with unsold autos responsible for a good part of the increase. Wholesale sales, however, rose 1.5 percent -- a huge hike from the 0.2-percent reading from the previous month.

A decline in mortgage rates for the week ended June 3 boosted mortgage applications -- especially those for refinances. According to the Mortgage Bankers Association, applications to refinance soared 10.3 percent and accounted for 43 percent of all applications. Purchases rose 3.6 percent.

The rate on the 30-year-fixed mortgage (based on zero discount points) remains above 5.375 percent, while the 15-year fixed-rate edged up past 5.0 percent. The introductory rate on the volatile one-year adjustable-rate mortgage shot up to 3.875 percent.

Strong Economic News Could Push Mortgage Rates Higher Week in preview 6/13/05 - 6/17/05

Market-moving economic releases are plentiful, with reports on retail sales, inflation, manufacturing, housing and consumer confidence on the docket. Of the dozen indicators scheduled, the Consumer Price Index (CPI) will be the most closely watched, as it checks for inflation at the retail level. Retail sales monitor consumer spending -- key to economic growth -- and regional and national reports on manufacturing also are good barometers. If inflation remains under control and economic growth is contained, Treasuries should hold reasonably steady, allowing mortgage rates to do the same.

The weekly auction of 3- and 6-month T-bills is scheduled for Monday, but the pace picks up on Tuesday with Retail Sales and the Producer Price Index (PPI) for May. The PPI looks at wholesale prices for signs of inflation.

The CPI is out Wednesday and it will mold movements in the financial markets. But the NY index on June manufacturing conditions and Industrial Production for May could be influential. Business Inventories and Sales for April also is on tap.

Thursday gives us the first look at May's housing market, with housing starts and building permits on the agenda. Weekly first-time jobless claims for the week ended June 10 will be out and can move the markets, as can the Philly Fed survey on June manufacturing in the Mid-Atlantic region. The Fed Beige Book, which looks at the economy in all 12 fed districts also is due, can be influential.

The only report due Friday is the University of Michigan's preliminary June consumer sentiment survey.

EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
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 6/10)	
	8:00 am	Redbook report on retail sales (Wk. end 6/10)	
	8:30 am	Advance Retail Sales/ ex-auto (May)	+0.2%/ +0.3%
	8:30 am	Producer Price Index/core rate (May)	-0.4%/ +0.2%
June 15	8:30 am	NY Empire State Index of June Manufacturing Conditions	4.0
	8:30 am	Consumer Price Index/core rate (May)	+0.1%/ +0.2%
	8:30 am	Business Inventories/ Sales (Apr.)	+0.4%
	9:15 am	Industrial Production & Capacity Utilization (May)	+0.2%/ 79.3%
June 16	8:30 am	Weekly Unemployment Claims (Wk. end 6/10)	325,000
	8:30 am	Housing Starts (May)	2.1 mil.
	8:30 am	Building Permits (May)	2.13 mil
	noon	Philadelphia Fed Report on June manufacturing conditions	10.0
	1:00 pm	Federal Reserve releases Beige Book	
June 17	9:45 am	Univ. of Mich. Sentiment Survey (June prelim.)	88.5

Interest.com--all times Eastern Daylight Time



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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	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	NA
	8:00 am	Redbook report on retail sales	Wk. end June 3		NA	NA
	3:00 pm	Consumer Credit	May	Federal Reserve	\$1.3 bil.	\$5.5 bil.
June 8	10:00 am	Wholesale trade/Inventories and Sales	Apr.	Commerce Dept.	+0.8%	+0.6% (rev.)
June 9	8:30 am	Weekly Unemployment Claims	Wk. end June 3	Dept. of Labor	330,000	351,000 (rev.)
June 10	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	Apr.	Commerce Dept.	\$57.0 bil.	\$53.6 bil. (rev.)
	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	May	Commerce Dept.	-0.3%/ -0.4%	+0.8%/ +0.6%
	2:00 pm	Treasury Statement (monthly budget)	May	Treasury Dept.	-\$35.3 bil.	-\$62.5 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			-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 June manufacturing conditions	June	Federal Reserve		7.3
	2:00 pm	Federal Reserve releases Beige Book				
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



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INDUSTRY NEWS

Office of the Chief Economist at Freddie Mac June 2005 Economic Outlook "Cognitive Dissonance"

What explains the mismatch between the data pointing to heightened inflationary concerns and bond market perceptions that have discounted inflationary worries over the last few weeks? In some ways, it's an extension of the "conundrum" theme that Fed Chairman Alan Greenspan raised a few months ago.

Looking at the positive side of the ledger, GDP growth for the first quarter of 2005 came in at 3.5 percent (annualized), consistent with stable or gradually declining unemployment. Added to this was a pickup in labor productivity to an annualized rate of 2.9 percent in the first quarter of 2005 and a gain in consumer confidence from 97.5 in April to 102.2 in May. This increase in consumer confidence presages a rebound in consumption spending in the second quarter. Taken at face value, these indicators point to an economy performing well, and are consistent with stable, low inflation over time.

On the negative side of the ledger, some other data point to a less sanguine view of economic performance. First, despite a decline in the value of the dollar over the past year, there has been no improvement in our net exports, creating a large trade deficit. Further, despite improving labor productivity, labor costs rose at a 3.3 percent annualized rate during the first quarter of 2005, after a jarring 7.7 percent increase during the last quarter of 2004. Additionally, May produced a payroll employment increase of only 78,000 – and manufacturing continued to shed jobs.

Comparing the two sides of the ledger, while GDP growth has been strong, inflationary pressures are percolating and job creation remains less than impressive and volatile. And the US dollar remains weaker than a year ago with no visible impact on exports.

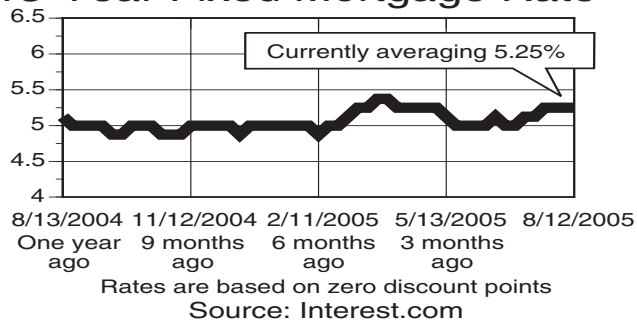
Despite concerns about current mounting inflationary pressures, the bond market remains optimistic about long-term inflationary prospects. In fact, the 10-year, constant-maturity Treasury has fallen from 4.62 percent at the end of March 2005 to less than 4 percent in early June. The bond market has concluded that long-term inflation is not a cause for concern. Indeed, the Fed's gradual tightening of monetary policy, and statements that it will continue to reduce its accommodative posture, may have convinced the capital market that the Fed remains a vigilant inflation fighter, thus mitigating concerns of a significant rise in inflation later this decade.

Does this signal an economic slowdown or a problem with the data? A strong possibility is that GDP will be revised upward again, and with it, estimates of productivity. This is consistent with the possibility that the bond market is discounting unit-labor-cost numbers. This is also consistent with firms hesitating to hire new workers since their current work force is highly productive.

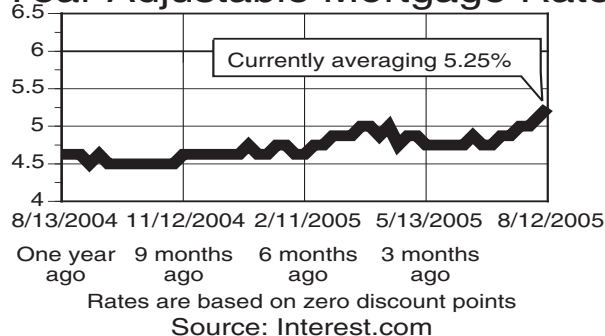
The stronger-economy-than-the-data-indicate scenario implies strong performance for the housing sector for the remainder of 2005. Housing starts are expected to come in at a strong two million units and home sales at 7.25 million units in the second quarter, both at an annualized rate. With the continuing favorable interest-rate environment, house-price appreciation should stay robust nationally, in the neighborhood of 7 percent to 8 percent for the year. However, the continuing strength of the housing sector coupled with innovative financing is allowing investors to highly leverage their positions. These conditions may be creating excess demand in certain areas of the country, perhaps leading to some localized "frothiness." In particular, investor and second-home purchases are up in a number of high-cost and coastal markets.

MORTGAGE MARKET MONITOR

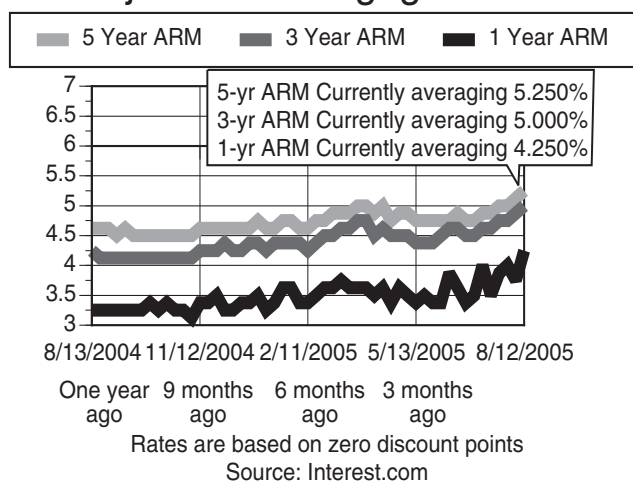
15-Year Fixed Mortgage Rate



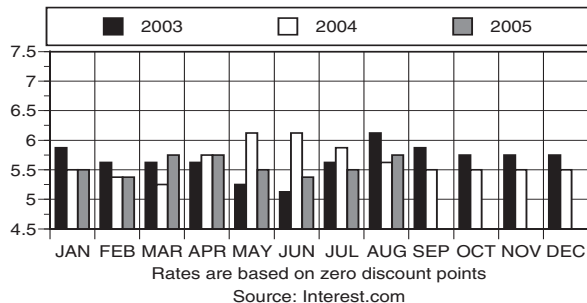
5-Year Adjustable Mortgage Rate



Adjustable Mortgage Rates



30 YEAR FIXED MORTGAGE RATE



30-year fixed-rate mortgage

