



WEEKLY MORTGAGE RATE REPORT (Fax Weekly Report)

FOR THE WEEK OF 7-24-05

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



Mortgage Rates Creep Up Week in review 7/18/05 - 7/22/05

Prices on U.S. Treasury securities remained relatively stable early in the week in spite of concerns about what Fed chief Alan Greenspan would say on Capitol Hill, impending rate hikes and the huge trade deficit. Capital flows data for May showed that although enough Treasuries were purchased to cover the May trade imbalance, there was concern regarding decreased participation from some foreign countries, including China. This raised a yellow flag in the Treasury markets and ignited a massive sell-off.

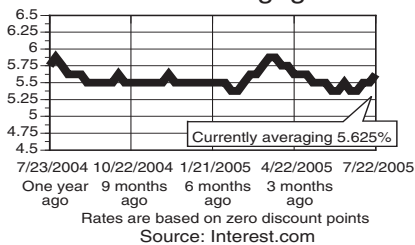
After a two-day rebound, China announced it would revalue its currency and let it "float" against a "basket of currencies" rather than tying it to the dollar. Bond traders sold on fear this move would reduce demand for long-term Treasury bills and bonds, and Treasury prices plummeted. Two sessions of strong selling put upward pressure on yields, which move in the opposite direction of prices, and mortgage rates, which are based on Treasury yields, rose on most products – especially ARMs.

Housing Starts in June remained flat, surprising analysts who expected an increase. But they matched May's annual rate of 2.004

million units – a number that continues to show vibrancy in the market. And June Building Permits, often a clue to future starts, rose to an annual rate of 2.11 million, beating forecasts and May's 2.06 million total. First-time unemployment claims for the week ended July 16 plunged 34,000 to 303,000 due to the decline in autoworker layoffs during the summer hiatus for retooling. The more accurate four-week average fell to 318,000, and continued claims, people receiving benefits for more than one week, declined to 2.58 million. In a separate report, the Philadelphia Fed index of manufacturing conditions climbed out of negative territory to 9.6, showing expansion in the sector.

Mortgage activity for the week ended July 15 was mixed, according to the Mortgage Bankers Association. Applications to purchase were stable, edging down only 0.1 percent, while refis rose 2.5 percent. The rate on the 30-year-fixed mortgage (based on zero discount points) climbed to just below 5.625 percent, while the 15-year fixed-rate edged up near 5.25 percent. The introductory rate on the one-year ARM soared to 3.75 percent.

30-Year Fixed Mortgage Rate



KEY INTEREST RATES

U.S. Treasury Yields	7/15/05	7/22/05
2 year T-note	3.86%	3.90%
5 year T-note	3.99%	4.03%
10 year T-note	4.18%	4.23%
30 year T-Bond	4.41%	4.46%

Discount Rate (wk. end 7/15)	4.25%
Fed Funds Rate (wk. end 7/15)	3.22%
Prime rate (wk. end 7/15)	6.25%

ARM INDEXES

Natl. Avg. Contract Mtg. Rate (May)	5.80%
12 mo. mvg. avg. (1-yr. TCM) (Jun.)	2.74%
3 mo. LIBOR (FNMA for Jun.)	3.50%
6 mo. LIBOR (FNMA for Jun.)	3.69%
National COFI (May)	2.43%
11th District COFI (May)	2.62%
6 month CD (wk. end 7/15)	3.78%
1 Year TCM (wk. end 7/15)	3.59%
2 Year TCM (wk. end 7/15)	3.84%
3 Year TCM (wk. end 7/15)	3.89%
5 Year TCM (wk. end 7/15)	3.95%
7 Year TCM (wk. end 7/15)	4.04%
10 Year TCM (wk. end 7/15)	4.16%
20 Year TCM (wk. end 7/15)	4.46%

Required Yields for Delivery

	Freddie Mac (7/22/05)			
	10 day	30 day	60 day	90 day
30 year	5.51%	5.53%	5.59%	5.64%
15 year	5.08%	5.09%	5.14%	5.18%

Fannie Mae no longer offers information on required net yields.

HOUSING SNAPSHOT

	Month	Total	Change
Construction Spending	May	\$1.103 tril.	-0.9%
Housing Starts	June	2.04 mil.	unch.
Building Permits	June	2.11 mil.	+2.4%
Existing Home Sales	May	7.15 mil.	-0.7%
New Home Sales	May	1.30 mil.	+2.1%

MORTGAGE APPLICATION INDEXES (MBA)

Wk. ended July 15, 2005

Number of purchase applications	Down	-0.1%
Number of refinance applications	Down	+2.5%

Mortgage Rates On the Rise Week in preview 7/25/05 - 7/29/05

July goes out with a bang, as it features 10 economic reports that could be market movers. During the week we get the first look at second-quarter Gross Domestic Product (GDP), Existing and New Home Sales for June, and two reports on consumer confidence. Also slated are data on durable goods, manufacturing and employment. If these reports point to continuing economic strength or hint of inflation, Treasury yields could creep up, but if the indicators come in on target or miss forecasts, rates would likely hold near newly elevated levels.

Monday is generally light on news, but not this week because Existing Home Sales, which account for approximately 85 percent of all single-family home sales, is due. In addition, the Treasury will hold its weekly auction of three- and six-month T-bills. This event has little effect on the markets.

The Conference Board will release its

report on Consumer Confidence for July on Tuesday. This report is closely watched because it contains current information and is thought to be a good barometer for consumer spending.

On Wednesday an advance report on June Durable Goods Orders, big-ticket items meant to last more than three years, is due along with data on New Home Sales for June. The Beige Book, an overview of economic conditions in each of the nation's 12 federal districts, will also be released.

Thursday features first-time unemployment claims for the week ended July 22. This will be followed on Friday with the advance report on second-quarter GDP, along with the Employment Cost Index for the second quarter, the final July University of Michigan Consumer Sentiment Survey and the July Chicago Purchasing Managers Index of Business Conditions.

EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
July 25	10:00 am	Existing Home Sales (June)	7.14 mil.
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill	
July 26	8:00 am	ICSC-UBS report on chain store sales (Wk. end 7/2)	
	8:00 am	Redbook report on retail sales (Wk. end 7/22)	
July 27	10:00 am	Consumer Confidence Report (July)	106.4
	8:30 am	Durable Goods Orders (adv.) ex. trans. (June)	-0.07%
July 28	10:00 am	New Home Sales (June)	1.29 mil.
	2:00 pm	Federal Reserve releases Beige Book	
July 28	8:30 am	Weekly Unemployment Claims (Wk. end 7/22)	320,000
July 29	8:30 am	Employment Cost Index (2nd Qtr.)	+0.9%
	8:30 am	Gross Domestic Product (adv 2nd Qtr.)	+3.5%
	8:30 am	GDP Chain Deflator (adv. 2nd Qtr.)	+3.0%
	9:45 am	Univ. of Mich. Sentiment Survey (July final)	96.4
	10:00 am	Chicago PMI releases index of July Business Conditions	54.9

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Formerly the Fax Weekly Report

Keeping you abreast of the ever-changing mortgage market

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TRACKING THE ECONOMY -- JULY 2005

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS
June 20	10:00 am	Index of Leading Indicators	May	Conference Board	-0.5%	-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		NA	NA
	8:00 am	Redbook report on retail sales	Wk. end June 17		NA	NA
June 22		No economic indicators are scheduled for release				
June 23	8:30 am	Weekly Unemployment Claims	Wk. end June 17	Dept. of Labor	314,000	334,000 (rev.)
	10:00 am	Existing Home Sales	May	Natl. Assn. of Realtors®	-0.7% @ 7.13 mil.	+4.5% @ 7.18 mil.
June 24	8:30 am	Durable Goods Orders (adv.)/ex. trans.	May	Commerce Dept.	+5.5%/ -0.2%	+1.4%/
	10:00 am	New Home Sales	May	Commerce Dept.	+2.1% @ 1.3 mil.	+0.2%/ 1.27 mil. (rev.)
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		NA	NA
	8:00 am	Redbook report on retail sales	Wk. end June 24		NA	NA
	10:00 am	Consumer Confidence Report	June	Conference Board	105.8	103.1 (rev.)
June 29	8:30 am	Gross Domestic Product (final)	1st Qtr.	Commerce Dept.	+3.8%	+3.8%
	8:30 am	GDP Chain Deflator (final)	1st Qtr.	Commerce Dept.	+2.9%	+3.2%
	8:30 am	Corporate Profits	1st Qtr.	Commerce Dept.	+1.2%	+12.2%
	9:00 am	FOMC convenes two-day meeting				
June 30	8:30 am	Weekly Unemployment Claims	Wk. end June 24	Dept. of Labor	310,000	316,000 (rev.)
	10:00 am	Chicago Purchasing Managers Institute releases index of June Mfg. Conditions			53.6	54.1
	2:15 pm	FOMC announces its decision on interest rates			+25 basis points	+25 basis points
July 1	9:45 am	Univ. of Mich. Sentiment Survey (final)	June	Univ. of Michigan	96.0	86.9
	10:00 am	New Construction	May		-0.9%	+0.5%
	10:00 am	Institute of Supply Management releases index of June Mfg. Conditions			53.8	51.5
July 4		The federal government and financial markets will be closed to observe Independence Day				
July 5	10:00 am	Factory Orders	May	Commerce Dept.	+2.9%	+0.7% (rev.)
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
July 6	8:00 am	ICSC-UBS report on chain store sales	Wk. end July 1		NA	NA
	8:00 am	Redbook report on retail sales	Wk. end July 1 vs. one year ago		+4.2%	NA
	10:00 am	Institute of Supply Management releases index of June Non-Mfg. Conditions			62.2	58.5
July 7	8:30 am	Weekly Unemployment Claims	Wk. end July 1	Dept. of Labor	319,000	312,000 (rev.)
July 8	8:30 am	The Employment Report	June	Dept. of Labor	146,000 @ 5.0%	+104,000 @ 5.1% (rev.)
	8:30 am	Hourly wage earnings	June	Dept. of Labor	+0.2% @ \$16.06	+0.2% @ \$16.03
	10:00 am	Wholesale trade/Inventories and Sales	May	Commerce Dept.	+0.1%	+0.7% (rev.)
	3:00 pm	Consumer Credit	May	Federal Reserve	NA	\$1.3 bil.
July 11	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
July 12	8:00 am	ICSC-UBS report on chain store sales	Wk. end July 8	Commerce Dept.	NA	NA
	8:00 am	Redbook report on retail sales	Wk. end July 8		NA	+4.2%
July 13	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	May	Commerce Dept.	-\$55.3 bil.	-\$56.9 bil.
	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	June	Commerce Dept.	-0.4%/ -0.1%	-0.3%/ -0.4%
	2:00 pm	Treasury Statement (monthly budget)	June	Treasury Dept.	\$22.46 bil.	\$19.1 bil.
July 14	8:30 am	Weekly Unemployment Claims	Wk. end July 8	Dept. of Labor	336,000	320,000 (rev.)
	8:30 am	Advance Retail Sales/ ex-auto	June	Commerce Dept.	+1.7%/ +0.7%	-0.3%/ 0.0% (rev.)
	8:30 am	Consumer Price Index/core rate	June	Dept. of Labor	unch./ +0.1%	-0.1%/ +0.1%
July 15	8:30 am	NY Empire State Index of July Manufacturing Conditions			23.9	10.5 (rev.)
	8:30 am	Producer Price Index/core rate	June	Dept. of Labor	unch./ -0.1%	-0.6%/ +0.1%
	8:30 am	Business Inventories/ Sales	May	Commerce Dept.	+0.1%/ -0.1%	+0.3% (inv.)
	9:15 am	Industrial Production & Capacity Utilization	June	Federal Reserve	+0.9%/ 80.0%	+0.4% / 79.4%
	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	July	Univ. of Michigan	96.5	96.0
July 18	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
July 19	8:00 am	ICSC-UBS report on chain store sales	Wk. end July 15		NA	NA
	8:00 am	Redbook report on retail sales	Wk. end July 15		NA	NA
	8:30 am	Housing Starts	June	Commerce Dept.	unch @ 2.004 mil.	+0.2% @ 2.004 mil.
	8:30 am	Building Permits	June	Commerce Dept.	+2.4% 2.11	-4.7 @ 2.06 mil.
July 20		No economic indicators are scheduled for release				
July 21	8:30 am	Weekly Unemployment Claims	Wk. end July 15	Dept. of Labor	303,000	337,000 (rev.)
	10:00 am	Index of Leading Indicators	June	Conference Board	+0.9%	-0.2%
	noon	Philadelphia Fed Report on July manufacturing conditions		Federal Reserve	9.6	-2.2
July 22		No economic indicators are scheduled for release				
July 25	10:00 am	Existing Home Sales	June	Natl. Assn. of Realtors®	_____	+4.5% @ 7.18 mil.
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
July 26	8:00 am	ICSC-UBS report on chain store sales	Wk. end July 22		_____	NA
	8:00 am	Redbook report on retail sales	Wk. end July 22		_____	NA
	10:00 am	Consumer Confidence Report	July	Conference Board	_____	105.8
July 27	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	June	Commerce Dept.	_____	+1.9%/
	10:00 am	New Home Sales	June	Commerce Dept.	_____	+0.2%/ 1.31 mil.
	2:00 pm	Federal Reserve releases Beige Book				
July 28	8:30 am	Weekly Unemployment Claims	Wk. end July 22	Dept. of Labor	_____	303,000
July 29	8:30 am	Gross Domestic Product (adv.)	2nd Qtr.	Commerce Dept.	_____	+3.1%
	8:30 am	GDP Chain Deflator (final)	2nd Qtr.	Commerce Dept.	_____	+3.2%
	8:30am	Employment Cost Index	2nd Qtr.		_____	+0.7%
	9:45 am	Univ. of Mich. Sentiment Survey (final)	July	Univ. of Michigan	_____	85.3
	10:00 am	Chicago Purchasing Managers Institute releases index of July Business Conditions			_____	65.6

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



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INDUSTRY NEWS

Freddie Mac Extends Mortgage Relief to Borrowers Affected by Hurricane Dennis

MCLEAN, Va., July 13 /PRNewswire/ -- Freddie Mac's full menu of relief policies for borrowers affected by disasters is being extended to families whose homes were damaged or destroyed by Hurricane Dennis, Freddie Mac announced. Freddie Mac is one of the nation's largest investors in residential mortgages.

"Freddie Mac and the nation's mortgage servicers are working together to bring some measure of financial relief to homeowners affected by Hurricane Dennis," said Ingrid Beckles, vice president of default asset management at Freddie Mac. "Borrowers affected by Hurricane Dennis can contact their mortgage servicers for mortgage relief if their homes have been damaged or destroyed."

Freddie Mac strongly encourages servicers to extend several other measures to help affected borrowers with Freddie Mac-owned loans:

- * Expediting the release of insurance proceeds to help borrowers secure materials, labor and other resources to repair their homes;
- * Waiving assessments of penalties or late fees against borrowers with disaster-damaged homes; and,
- * Not reporting forbearance or delinquencies caused by the disaster to the nation's credit bureaus.

Freddie Mac disaster relief policies can be found at <http://www.freddiemac.com/singlefamily/relief.html>.

Builders Take Steps to Curb Speculation in Housing Markets

WASHINGTON, /PRNewswire/ -- Home builders have been taking steps to curb speculative home buying by investors in the nation's hottest housing markets, according to a series of surveys conducted by the National Association of Home Builders (NAHB).

"Builders -- especially the largest builders -- early on recognized the dangers of excessive speculative activity and took steps to discourage sales to investors who did not intend to occupy the new homes," said NAHB Chief Economist David Seiders. "As a result of these proactive efforts, speculative activity in the national market for new single-family homes has been well contained."

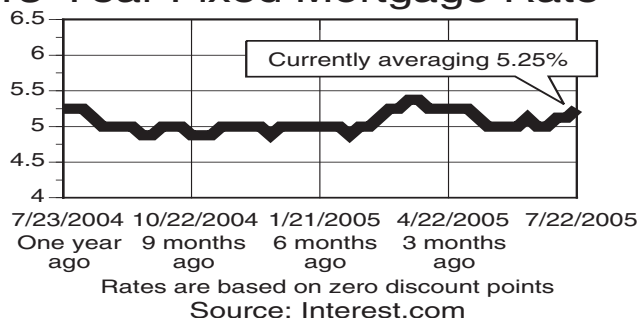
NAHB conducted a series of three surveys in March, April and June of this year to assess the degree of concern by home builders about speculative activity in local housing markets, to gauge the extent of speculative new-home buying and to determine how home builders are responding to the threat of speculative activity. The results of the three surveys are summarized below.

NAHB research has uncovered a good bit of concern in the home building industry about speculative home buying, i.e., purchases driven solely by the lure of short-term capital gains. Our research also found that many builders are taking steps to discourage sales to buyers that do not intend to occupy the homes and that these efforts have helped contain speculative activity in the national new-home market.

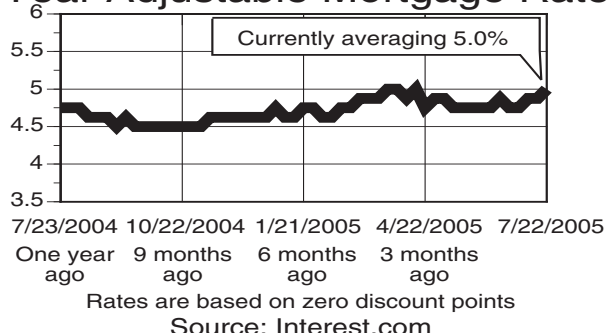
NAHB began surveying home builders about the investor/speculator phenomenon in March, gathering information from more than 500 companies throughout the country. At that time, a majority of single-family builders (60 percent) reported some

MORTGAGE MARKET MONITOR

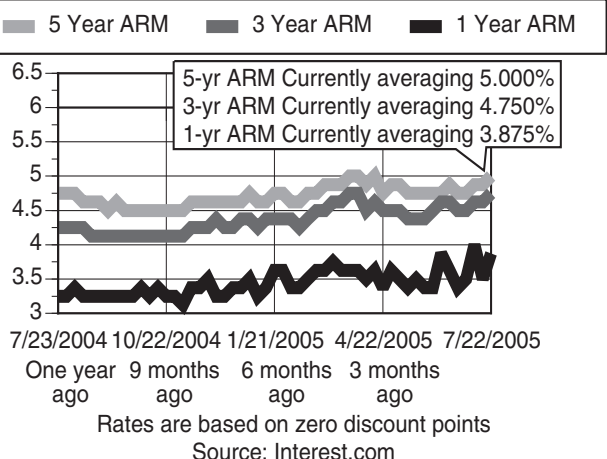
15-Year Fixed Mortgage Rate



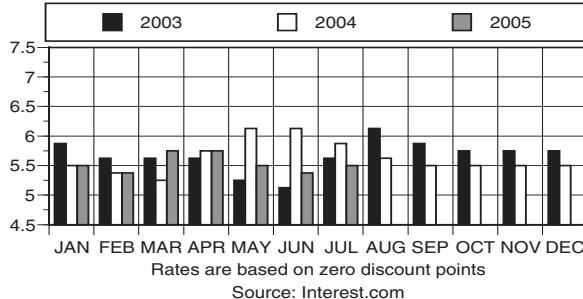
5-Year Adjustable Mortgage Rate



Adjustable Mortgage Rates



30 YEAR FIXED MORTGAGE RATE



investor/speculator activity in their markets, and a majority of those companies felt that this activity was fueling house prices to some degree. Concerns about potential price "bubbles" ran relatively deep among larger companies and those located in the Northeast and West regions. Builders in the West also noted relatively heavy usage in their markets of adjustable-rate mortgages with deeply discounted ("teaser") initial rates, with interest-only monthly payments and with the potential for negative amortization (rising principal balances).

