

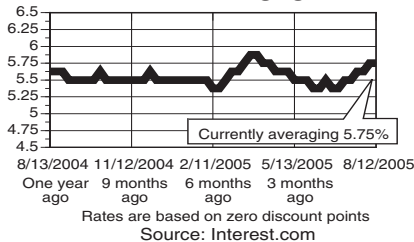


WEEKLY MORTGAGE RATE REPORT (Fax Weekly Report)

FOR THE WEEK OF 8-14-05

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

30-Year Fixed Mortgage Rate



KEY INTEREST RATES

U.S. Treasury Yields	8/5/05	8/12/05
2 year T-note	4.09%	4.05%
5 year T-note	4.22%	4.13%
10 year T-note	4.38%	4.27%
30 year T-Bond	4.57%	4.47%

Discount Rate (wk. end 8/5)	4.25%
Fed Funds Rate (wk. end 8/5)	3.29%
Prime rate (wk. end 8/5)	6.25%

ARM INDEXES

Natl. Avg. Contract Mtg. Rate (Jun.)	5.65%
12 mo. mvg. avg. (1-yr. TCM) (Jul.)	2.74%
3 mo. LIBOR (FNMA for Jul.)	3.69%
6 mo. LIBOR (FNMA for Jul.)	3.92%
National COFI (May)	2.43%
11th District COFI (Jun.)	2.68%
6 month CD (wk. end 8/5)	3.93%
1 Year TCM (wk. end 8/5)	3.84%
2 Year TCM (wk. end 8/5)	4.05%
3 Year TCM (wk. end 8/5)	4.10%
5 Year TCM (wk. end 8/5)	4.17%
7 Year TCM (wk. end 8/5)	4.24%
10 Year TCM (wk. end 8/5)	4.34%
20 Year TCM (wk. end 8/5)	4.61%

Required Yields for Delivery

Freddie Mac (8/12/05)		90 day	
10 day	30 day	60 day	90 day
30 year 5.59%	5.62%	5.67%	5.72%
15 year 5.15%	5.18%	5.22%	5.26%

Fannie Mae no longer offers information on required net yields.

HOUSING SNAPSHOT

	Month	Total	Change
Construction Spending	June	\$1.093 tril.	+0.3%
Housing Starts	June	2.04 mil.	unch.
Building Permits	June	2.11 mil.	+2.4%
Existing Home Sales	June	7.33 mil.	+2.7%
New Home Sales	June	1.37 mil.	+4.0%

MORTGAGE APPLICATION INDEXES (MBA)

	Wk. ended Aug. 5, 2005	
Number of purchase applications	Up	+0.9%
Number of refinance applications	Down	-3.3%



Mortgage Rates Rise Then Hold Week in review 8/8/05 - 8/12/05

U.S. Treasury securities continued to sell after the strong July employment gain, sending yields, which move in the opposite direction of prices, to four-month highs. But a rate hike by the Fed that retained a "measured" approach to increases halted selling and will likely lead to the first positive week for Treasuries in a month and a half. A rash of upbeat economic reports gave bond traders little reason to buy, but the unrelenting rise in oil prices is working on the side of Treasuries, as traders believe they will slow the economy without aggressive Fed action. Mortgage rates moved up steadily early in the week—especially those with adjustable rates. But increases leveled off and rates are holding firm.

A sharp increase in hourly labor costs in July warned of wage inflation, concerning traders. This concern was somewhat alleviated when second-quarter Productivity & Costs showed a 2.2 percent increase in productivity—below first-quarter totals—and a smaller-than-expected rise in unit labor costs. In a separate report, retail sales in July climbed 1.8 percent, due to "employee-discount" auto sales. When these were excluded, sales rose by a disappoint-

ing 0.3 percent. The labor market showed continued strength as first-time unemployment claims for the week ended August 5 fell to 306,000. The more closely watched four-week average hit its lowest level since February, coming in at 309,250.

The trade deficit for June rose to \$58.6 billion—the third highest ever—but high oil prices played a major role in the increase. July's export and import price indexes also were adversely affected by oil, but in line when oil prices were excluded. Concerns about oil prices drove consumer sentiment down in August. The University of Michigan index dropped to 92.7 from 96.5.

Purchase applications edged up while demand for refis dwindled during the week ended August 5. According to the Mortgage Bankers Association, applications to purchase rose 0.9 percent, while refis fell 3.3 percent. The rate on the 30-year-fixed mortgage (based on zero discount points) is just below 5.75 percent, while the 15-year fixed-rate is slightly above 5.25 percent. The introductory rate on the volatile one-year ARM soared to 4.25 percent.

Mortgage Rates May Stabilize Week in preview 8/15/05 - 8/19/05

Upcoming releases feature two economic reports on inflation—the July Producer and Consumer Price indexes—as well as a pair of regional manufacturing reports. Also on tap are Housing Starts/Building Permits and Industrial Production, all containing July data. The two price indexes will be key for Treasuries due to the negative impact inflation has on fixed-rate assets. But reports on manufacturing could also sway the markets, as they are good indicators of economic strength. Signs of inflation and strong manufacturing conditions would weigh on Treasuries and put upward pressure on mortgage rates. If the reports come in on forecast, however, rates should hold near current levels.

Monday's market-mover is the Empire State index on August manufacturing conditions, but it will be followed on Tuesday by a host of significant reports

including the Consumer Price Index (CPI), Housing Starts and Industrial Production for July.

On Wednesday the Producer Price Index, which looks at inflation in wholesale prices, will be out. Because it follows the CPI release on retail inflation, it will not have the impact that it would were it put out first.

Thursday reports feature first-time unemployment claims for the week ended August 12 and the noon release of the influential Philly Fed Index on August manufacturing conditions in the Middle Atlantic region. The Index of Leading Indicators for July also is on tap, but has negligible impact on the financial markets. This report looks at the economy three to six months ahead. No releases are scheduled for Friday.

EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
Aug. 15	8:30 am	NY Empire State Index of August Manufacturing Conditions	18.5
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill	
Aug. 16	8:00 am	ICSC-UBS report on chain store sales (Wk. end 8/12)	
	8:00 am	Redbook report on retail sales (Wk. end 8/12)	
	8:30 am	Consumer Price Index/core rate (July)	+0.4/+0.2%
	8:30 am	Housing Starts (July)	2.01 mil.
Aug. 17	8:30 am	Building Permits (July)	2.1 mil.
	9:15 am	Industrial Production & Capacity Utilization (July)	+0.6%/ 80.4%
	8:30 am	Producer Price Index/core rate (July)	+0.6%/ +0.2%
Aug. 18	8:30 am	Weekly Unemployment Claims (Wk. end 8/12)	310,000
	10:00 am	Index of Leading Indicators (July)	+0.1%
	noon	Philadelphia Fed Report on August manufacturing conditions	14.5
Aug. 19		No economic indicators are scheduled for release	

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WEEKLY MORTGAGE RATE REPORT

Formerly the Fax Weekly Report

Keeping you abreast of the ever-changing mortgage market

FOR THE WEEK OF 8-14-05 Page 2

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TRACKING THE ECONOMY -- AUGUST 2005

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS
July 25	10:00 am	Existing Home Sales	June	Natl. Assn. of Realtors®	+2.7% @ 7.33 mil.	+4.5% @ 7.13 mil. (rev.)
	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 23		+0.4%	+0.3%
	8:00 am	Redbook report on retail sales	Wk. end July 22		NA	NA
	10:00 am	Consumer Confidence Report	July	Conference Board	103.2	105.8
July 27	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	June	Commerce Dept.	+1.4%	+6.4%/ -0.2% (rev.)
	10:00 am	New Home Sales	June	Commerce Dept.	+4.0% @ 1.37 mil.	+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	310,000	305,000 (rev.)
July 29	8:30 am	Gross Domestic Product (adv.)	2nd Qtr.	Commerce Dept.	+3.4%	+3.8%
	8:30 am	GDP Chain Deflator (adv.)	2nd Qtr.	Commerce Dept.	+2.4%	+3.0%
	8:30am	Employment Cost Index	2nd Qtr.		+0.7%	+0.7%
	9:45 am	Univ. of Mich. Sentiment Survey (final)	July	Univ. of Michigan	96.5	96.5
	10:00 am	Chicago Purchasing Managers Institute releases	index of July Business Conditions		63.5	53.6
Aug.1	10:00 am	New Construction	June	Commerce Dept.	+0.3%	-1.7% (rev.)
	10:00 am	Institute of Supply Management releases index of July Mfg. Conditions	July		56.6	53.8
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bills			
Aug. 2	8:00 am	ICSC/UBS report on chain store sales	Wk. end July 29		NA	+0.4%
	8:00 am	Redbook report on retail sales	Wk. end July 29 v. one year ago		+0.4%	NA
	8:30 am	Personal Incomes and Outlays	June		+0.5%/ +0.8%	0.0%/ +0.2%
	10:00 am	Factory Orders	June	Commerce Dept.	+1.0%	+3.6% (rev.)
Aug. 3	10:00 am	Institute of Supply Management releases index of July Non-Mfg. Conditions	July		60.5	62.2
Aug. 4	8:30 am	Weekly Unemployment Claims	Wk. end July 29	Dept. of Labor	312,000	313,000 (rev.)
Aug. 5	8:30 am	The Employment Report	July	Dept. of Labor	+207,000 @ 5.0%	166,000 @ 5.0% (rev.)
	8:30 am	Hourly wage earnings	July	Dept. of Labor	+0.4% @ \$16.13	+0.2% @ \$16.06
	3:00 pm	Consumer Credit	June	Federal Reserve	+\$14.5 bil.	-\$1.2 bil.
Aug. 8	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bills		NA	NA
Aug. 9	8:00 am	ICSC/UBS report on chain store sales	Wk. end Aug. 5		NA	+0.4%
	8:00 am	Redbook report on retail sales	Wk. end Aug. 5			
	8:30 am	Productivity & Costs	2nd Qtr.	Commerce Dept.	+2.2%/ +1.3%	+3.2% (prod.)
	10:00 am	Wholesale trade/Inventories and Sales	June	Commerce Dept.	+0.7%/ +0.6%	+0.3%/ +0.1% (rev.)
	2:15 pm	The Federal Open Markets Committee announces its decision on rate increases			+25 basis points	+25 basis points
Aug. 10	2:00 pm	Treasury Statement (monthly budget)	July	Treasury Dept.	-\$52.79	-\$69.2 bil.
Aug. 11	8:30 am	Weekly Unemployment Claims	Wk. end Aug. 5	Dept. of Labor	306,000	312,000
	8:30 am	Advance Retail Sales/ ex-auto	July	Commerce Dept.	+1.8%/ +0.3%	+1.7%/ +0.7%
	8:30 am	Business Inventories/ Sales	June	Commerce Dept.	unch./ +0.7%	+0.1%/ -0.1%
Aug. 12	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	June	Commerce Dept.	\$58.8 bil.	-\$55.4 bil. (rev.)
	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	July	Commerce Dept.	-0.1%/ +0.2%	-0.4%/ -0.1%
	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	Aug.	Univ. of Michigan	92.7	96.5
Aug. 15	8:30 am	NY Empire State Index of August Manufacturing Conditions				23.9
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bill			
Aug. 16	8:00 am	ICSC-UBS report on chain store sales	Wk. end Aug. 12			NA
	8:00 am	Redbook report on retail sales	Wk. end Aug. 12			NA
	8:30 am	Consumer Price Index/core rate	July	Dept. of Labor		unch./ +0.1%
	8:30 am	Housing Starts	July	Commerce Dept.		unch @ 2.004 mil.
	8:30 am	Building Permits	July	Commerce Dept.		+2.4% 2.11
	9:15 am	Industrial Production & Capacity Utilization	July	Federal Reserve		+0.9%/ 80.0%
Aug. 17	8:30 am	Producer Price Index/core rate	July	Dept. of Labor		unch./ -0.1%
Aug. 18	8:30 am	Weekly Unemployment Claims	Wk. end Aug. 12	Dept. of Labor		306,000
	10:00 am	Index of Leading Indicators	July	Conference Board		+0.9%
	noon	Philadelphia Fed Report on August manufacturing conditions		Federal Reserve		9.6
Aug. 19		No economic indicators are scheduled for release				
Aug. 22	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bill			
Aug. 23	8:00 am	ICSC-UBS report on chain store sales	Wk. end Aug. 19			
	8:00 am	Redbook report on retail sales	Wk. end Aug. 19			
	10:00 am	Existing Home Sales	July	Natl. Assn. of Realtors®		+4.5% @ 7.18 mil.
Aug. 24	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	July	Commerce Dept.		+1.9%/
	10:00 am	New Home Sales	July	Commerce Dept.		+0.2% @ 1.31 mil.
Aug. 25	8:30 am	Weekly Unemployment Claims	Wk. end Aug. 19	Dept. of Labor		
Aug. 26	9:45 am	Univ. of Mich. Sentiment Survey (final)	August	Univ. of Michigan		85.3
Aug. 29	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bill			
Aug. 30	8:00 am	ICSC/UBS report on chain store sales	Wk. end Aug. 26			
	8:00 am	Redbook report on retail sales	Wk. end Aug. 26			
	10:00 am	Factory Orders	June	Commerce Dept.		+2.9%
	10:00 am	Consumer Confidence Report	August	Conference Board		105.8
Aug. 31	8:30 am	Gross Domestic Product (prelim.)	2nd Qtr.	Commerce Dept.		+3.1%
	8:30 am	GDP Chain Deflator (prelim.)	2nd Qtr.	Commerce Dept.		+3.2%
	8:30 am	Corporate Profits				
	10:00 am	Chicago Purchasing Managers Institute releases	index of August Business Conditions			63.5
Sept.1	8:30 am	Weekly Unemployment Claims	Wk. end Aug. 26	Dept. of Labor		
	8:30 am	Personal Incomes and Outlays	July			
	10:00 am	New Construction	July	Commerce Dept.		-0.9%
	10:00 am	ISM releases index of August Mfg. Conditions				53.8
Sept. 2	8:30 am	The Employment Report	August	Dept. of Labor		
	8:30 am	Hourly wage earnings	August	Dept. of Labor		

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

Office of the Chief Economist at Freddie Mac

August 2005 Economic Outlook

Summer Dreaming

The brightest light in the U.S. economy continues to be the housing sector. In June, new records were achieved in sales of both new and existing houses, and sales through the first half of the year are running nearly 6 percent higher than over the same period in 2004 – also a record year for home sales.

The Federal Reserve System's (Fed) Beige Book (a periodic report on economic conditions across the 12 Fed districts) indicates that the strength of residential real estate markets is widespread, with the exception of the seventh and ninth districts (covering the states of North Dakota, South Dakota, Iowa, Minnesota, Illinois, Wisconsin, Indiana, and Michigan). These two districts had mixed real estate performance by location and market segment due to employment weakness in manufacturing and other local industries.

The strong performance of the housing sector is attracting investors into the market for single-family homes. According to data compiled by LoanPerformance, the share of prime, conforming mortgage loans for home purchase that were taken out by investors hit a new high of 10.3 percent in the first quarter of 2005. Another 7.3 percent of home purchase mortgages were taken out by buyers of second homes. The combined share of recently purchased investor-owned and second homes (17.6 percent) has nearly doubled in three years – the average share in 2001 was 9.3 percent. These shares are even higher in some metropolitan markets that have experienced much higher-than-average price appreciation.

One concern among market watchers is that speculative investment may be driving prices higher than they should be on the basis of population and income growth. Builders seem to be highly attuned to this, and are now adding in contract provisions to prevent the flipping of homes during construction and through the first year or two after completion.

Higher interest rates will certainly dampen demand for housing eventually, but a stronger labor market will offset some of the interest rate effects. The U.S. has added an average of 188,000 payroll jobs per month in the first six months of this year, just slightly above the 183,000 average new jobs added per month in 2004.

Approximately 35 percent of companies recently surveyed by the National Association of Business Economists said they are having trouble finding skilled labor – just 25 percent reported skilled labor shortages last year. In the same survey, 39 percent of respondents indicated wages and salaries were rising, compared with 22 percent for the same period last year.

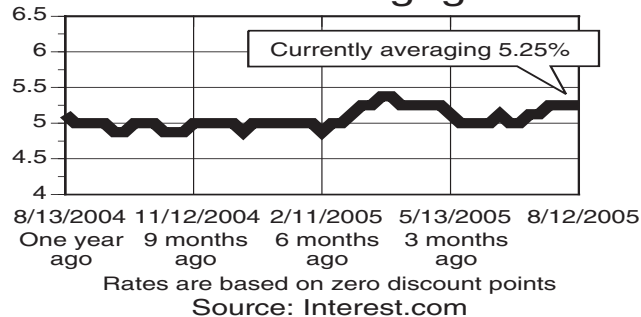
However, threatening clouds loom over this idyllic summer economic picture. Oil prices once again hit a new record on August 1st, briefly rising over \$62 per barrel, on news of the death of King Fahd of Saudi Arabia. Higher energy costs create a drag on the economy, and, if they should approach \$100 per barrel, could lead to serious discussions of recession.

China's decision in July to de-link the yuan from the U.S. dollar and allow it to float against an unspecified currency basket was hailed as a step towards reducing their government's intervention in markets. The good news is that Chinese goods will likely become relatively more expensive, boosting demand for U.S.-produced goods. The bad news is that more expensive goods will hurt U.S. consumers, and China's demand for U.S. debt instruments like Treasury bonds and mortgage-backed securities may decline. A decline in demand for U.S. Treasury instruments would lead to higher interest rates than we would have otherwise expected – thus causing rain to fall on our sunny housing market.

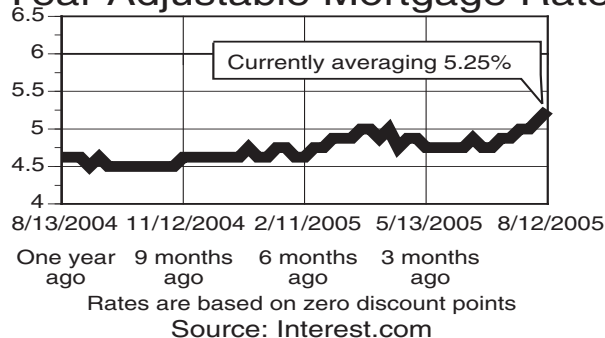
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MORTGAGE MARKET MONITOR

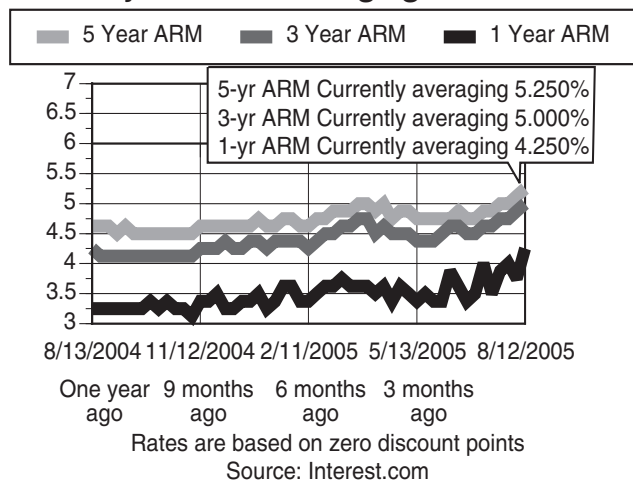
15-Year Fixed Mortgage Rate



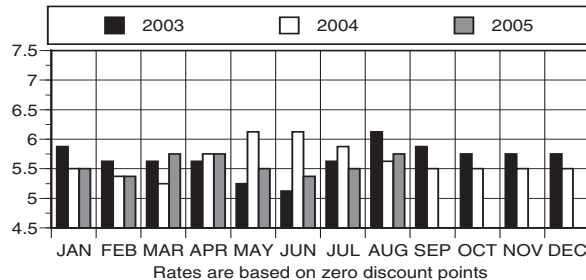
5-Year Adjustable Mortgage Rate



Adjustable Mortgage Rates



30 YEAR FIXED MORTGAGE RATE



30-year fixed-rate mortgage

