



WEEKLY MORTGAGE RATE REPORT (Fax Weekly Report)

FOR THE WEEK OF 9-4-05
Annual subscription \$250 (1-800-844-4648)



Mortgage Rates Tumble Week in review 8/29/05 - 9/2/05

A tepid Employment Report for August paired with additional weak economic data and rising energy prices sent U.S. Treasury securities prices soaring. Yields, which move in the opposite direction of prices, fell to their lowest levels in two months.

For the past several weeks bond traders have viewed soaring energy costs as a deterrent to economic growth that would eventually take Fed rate hikes out of the picture. In the wake of the economic impact of Hurricane Katrina, fed futures are now erasing prospects for rate hikes in November and December, and chances for a September increase are waning. This is good news for Treasuries and good news for mortgage rates, which are based on Treasury yields. Over the past week rates have fallen on most products.

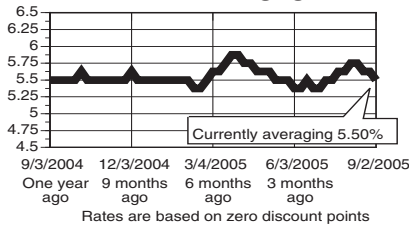
Expectations that high energy prices will cut into consumer spending spurred buying in Treasuries, which also got a lift from declines in manufacturing and a slight dip in Gross Domestic Product. Second-quarter GDP eased to 3.3 percent from the previous 3.4 percent. The Chicago Purchasing Managers Institute index on August business conditions plunged below 50 to

49.2, indicating contraction in the sector. The ISM index on manufacturing conditions also eased in August, coming in at 53.6 from 56.6.

On the labor front, 169,000 jobs were added to non-farm payrolls in August – 21,000 short of expectations. And wages increased by a benign 0.1 percent to \$16.16 an hour. The unemployment rate fell to 4.9 percent, the lowest level since Sept. 2001. Consumer Confidence for August rose to 105.6, with plentiful jobs cited as the reason for optimism. Consumer Spending in July also rose a full 1.0 percent, while savings plunged to negative 0.6 percent. Auto purchases at ‘employee prices’ accounted for a good part of that spending. New construction remained flat in July, and was downwardly revised in June to minus 0.6 percent from minus 0.3 percent.

Mortgage applications fell for the week ended August 26, according to the Mortgage Bankers Association. Applications to purchase were down 3.6 percent, while refis were off by 5.4 percent. The rate on the 30-year-fixed mortgage (based on zero discount points) is just above 5.5 percent, while the 15-year fixed-rate is slightly below 5.125 percent. The introductory rate on the volatile one-year ARM rose to 4.125 percent.

30-Year Fixed Mortgage Rate



KEY INTEREST RATES

U.S. Treasury Yields	8/26/05	9/2/05
2 year T-note	4.04%	3.71%
5 year T-note	4.06%	3.81%
10 year T-note	4.17%	4.02%
30 year T-Bond	4.36%	4.30%
Discount Rate (wk. end 8/26)	4.50%	
Fed Funds Rate (wk. end 8/26)	3.54%	
Prime rate (wk. end 8/26)	6.50%	

ARM INDEXES

Natl. Avg. Contract Mtg. Rate (Jul.)	5.68%
12 mo. 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 (Jun.)	2.48%
11th District COFI (Jun.)	2.68%
6 month CD (wk. end 8/26)	4.01%
1 Year TCM (wk. end 8/26)	3.88%
2 Year TCM (wk. end 8/26)	4.02%
3 Year TCM (wk. end 8/26)	4.04%
5 Year TCM (wk. end 8/26)	4.07%
7 Year TCM (wk. end 8/26)	4.12%
10 Year TCM (wk. end 8/26)	4.20%
20 Year TCM (wk. end 8/26)	4.46%

Required Yields for Delivery

Freddie Mac (9/2/05)		10 day	30 day	60 day	90 day
30 year	5.41%	5.43%	5.46%	5.49%	5.49%
15 year	4.88%	4.90%	4.93%	4.97%	

Fannie Mae (9/2/05)

Fannie Mae (9/2/05)		10 day	30 day	60 day	90 day
30 year	5.46%	5.49%	5.53%	5.57%	
15 year	4.99%	5.01%	5.05%	5.08%	

HOUSING SNAPSHOT

	Month	Total	Change
Construction Spending	July	\$1.099 tril.	unch.
Housing Starts	July	2.04 mil.	-0.2%
Building Permits	July	2.17 mil.	+1.6%
Existing Home Sales	July	7.16 mil.	-2.6%
New Home Sales	July	1.41 mil.	+6.5%

MORTGAGE APPLICATION INDEXES (MBA)

Wk. ended Aug. 26, 2005			
Number of purchase applications	Down	-3.6%	
Number of refinance applications	Down	-5.4%	

Mortgage Rates Should Remain Low Week in preview 9/5/05 - 9/9/05

The first week of September – shortened to four days due to Labor Day – is lean on data. Major reports include only the ISM index on the service sector for August, second-quarter Productivity and Costs, U.S. import/export price indexes and the release of the Fed's Beige Book, which looks at nationwide economic conditions. News from the hurricane-devastated areas and energy prices will likely guide Treasuries. If safe-haven buying continues, mortgage rates should remain at lower levels.

Technically, the business week begins on Tuesday with the Institute of Supply Management index on non-manufacturing conditions for August, i.e., the service sector. This report does not have the impact of the ISM index on manufacturing. The weekly Treasury auction of 3- and 6-month T-bills also will be held.

On Wednesday the only report due

will be a second-quarter revision of Productivity and Costs. Estimates show there is not likely to be much of a revision, which would likely suit the markets. Two weekly nationwide surveys of retail sales from the week ended September 3 also will be released. At noon the Fed will make its Beige Book available. This outlines economic conditions in the nation's 12 federal districts and can move the markets.

Weekly first-time unemployment claims for the week ended Sept. 2 are due on Thursday. It may, however, be too soon to begin measuring the impact of Hurricane Katrina on the labor market. Wholesale inventories and sales for July also will be released along with Consumer Credit for July.

U.S. Prices indexes on August imports and exports is the only report due out Friday, and its impact is moderate, at best.

EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
Sept. 5		The federal government and the financial markets will be closed to observe Labor Day.	
Sept. 6	10:00 am	ISM releases index of Aug. Non-Mfg. Conditions	61.0
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills	
Sept. 7	8:00 am	ICSC/UBS report on chain store sales (Wk. end 9/2)	
	8:00 am	Redbook report on retail sales (Wk. end 9/2)	
	8:30 am	Productivity & Costs (2nd Qtr. rev.)	+2.2% (prod.)
	noon	Federal Open Market Committee releases Beige Book	
Sept. 8	8:30 am	Weekly Unemployment Claims (Wk. end 9/2)	315,000
	10:00 am	Wholesale trade/Inventories and Sales (July)	+0.6% (inv.)
	3:00 pm	Consumer Credit (July)	\$10.0 bil.
Sept. 9	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes (Aug.)	

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Keeping you abreast of the ever-changing mortgage market

FOR THE WEEK OF 9-4-05 Page 2

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TRACKING THE ECONOMY -- SEPTEMBER 2005

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS
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		-0.2%	-0.3%
	8:00 am	Redbook report on retail sales	Wk. end Aug. 19		NA	NA
	10:00 am	Existing Home Sales	July	Natl. Assn. of Realtors®	-2.6% @ 7.16 mil.	+2.75% @ 7.33 mil.
Aug. 24	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	July	Commerce Dept.	-4.9%/-3.2%	+1.9%/
	10:00 am	New Home Sales	July	Commerce Dept.	+6.5%/ 1.41 mil.	+0.2%/ 1.32 mil. (rev.)
Aug. 25	8:30 am	Weekly Unemployment Claims	Wk. end Aug. 19	Dept. of Labor	315,000	319,000 (rev.)
Aug. 26	9:45 am	Univ. of Mich. Sentiment Survey (final)	August	Univ. of Michigan	89.1	92.8
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		NA	NA
	8:00 am	Redbook report on retail sales	Wk. end Aug. 26		NA	NA
	10:00 am	Factory Orders	June	Commerce Dept.	-1.9%	+1.4%
	10:00 am	Consumer Confidence Report	August	Conference Board	105.6	105.8
	2:00 pm	Minutes from the Aug. 9 meeting of the FOMC will be released				
Aug. 31	8:30 am	Gross Domestic Product (prelim.)	2nd Qtr.	Commerce Dept.	+3.3%	+3.4%
	8:30 am	GDP Chain Deflator (prelim.)	2nd Qtr.	Commerce Dept.	+2.4%	+2.4%
	8:30 am	Corporate Profits	2nd Qtr.	Commerce Dept.	+26.95%	+24.5% (rev. 1st Qtr.)
	10:00 am	Chicago Purchasing Managers Institute releases	index of August Business Conditions		49.2	63.5
Sept. 1	8:30 am	Weekly Unemployment Claims	Wk. end Aug. 26	Dept. of Labor	320,000	317,000 (rev.)
	8:30 am	Personal Incomes and Outlays	July		+0.3%/ +1.0%	+0.5%/ +1.0% (rev.)
	10:00 am	New Construction	July	Commerce Dept.	unch.	-0.6% (rev.)
	10:00 am	ISM releases index of August Mfg. Conditions			53.6	56.6
Sept. 2	8:30 am	The Employment Report	Aug.	Dept. of Labor	169,000 @ 4.9%	242,000 @ 5% (rev.)
	8:30 am	Hourly wage earnings	Aug.	Dept. of Labor	+0.1% @ \$16.16	+0.3% @ \$16.14
Sept. 5	The federal government and the financial markets will be closed in observance of Labor Day.					
Sept. 6	10:00 am	Institute of Supply Management releases index of August Non-Mfg. Conditions				60.5
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bills			
Sept. 7	8:00 am	ICSC-UBS report on chain store sales	Wk. end Sept. 2			NA
	8:00 am	Redbook report on retail sales	Wk. end Sept. 2			NA
	8:30 am	Productivity & Costs (rev.)	2nd Qtr.	Commerce Dept.		+2.2%/ +1.3%
	noon	Federal Open Market Committee releases Beige Book				
Sept. 8	8:30 am	Weekly Unemployment Claims	Wk. end Sept. 2	Dept. of Labor		320,000
	10:00 am	Wholesale trade/Inventories and Sales	July	Commerce Dept.		+0.7%/ +0.6%
	3:00 pm	Consumer Credit	July	Federal Reserve		+\$14.5 bil.
Sept. 9	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	Aug.	Commerce Dept.		-0.1%/ +0.2%
Sept. 12	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bills			
Sept. 13	8:00 am	ICSC-UBS report on chain store sales	Wk. end Sept. 9			
	8:00 am	Redbook report on retail sales	Wk. end Sept. 9			
	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	July	Commerce Dept.		\$58.8 bil.
	8:30 am	Producer Price Index/core rate	Aug.	Dept. of Labor		+1.0%/ +0.4%
	2:00 pm	Treasury Statement (monthly budget)	Aug.	Treasury Dept.		-\$52.79
Sept. 14	8:30 am	Advance Retail Sales/ ex-auto	Aug.	Commerce Dept.		+1.8%/ +0.3%
	9:15 am	Industrial Production & Capacity Utilization	Aug.	Federal Reserve		+0.1%/ 79.7
Sept. 15	8:30 am	Weekly Unemployment Claims	Wk. end Sept. 9	Dept. of Labor		
	8:30 am	Business Inventories/ Sales	July	Commerce Dept.		unch/ +0.7%
	8:30 am	Consumer Price Index/core rate	Aug.	Dept. of Labor		+0.5%/ +0.1%
Sept. 16	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	Sept.	Univ. of Michigan		89.1
Sept. 19	8:30 am	NY Empire State Index of Sept. Manufacturing Conditions				23
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bill			
Sept. 20	8:00 am	ICSC-UBS report on chain store sales	Wk. end Sept. 16			
	8:00 am	Redbook report on retail sales	Wk. end Sept. 16			
	8:30 am	Housing Starts	Aug.	Commerce Dept.		-0.2% @ 2.042 mil.
	8:30 am	Building Permits	Aug.	Commerce Dept.		+1.6% @ 2.17 mil.
	2:15 pm	The Federal Open Markets Committee announces its decision on rate increases				
Sept. 21	No economic indicators are scheduled for release					
Sept. 22	8:30 am	Weekly Unemployment Claims	Wk. end Sept. 16	Dept. of Labor		
	10:00 am	Index of Leading Indicators	Aug.	Conference Board		+0.1%
	noon	Philadelphia Fed Report on Sept. manufacturing conditions		Federal Reserve		17.5
Sept. 23	No economic indicators are scheduled for release					
Sept. 26	10:00 am	Existing Home Sales	Aug.	Natl. Assn. of Realtors®		-2.6% @ 7.16 mi
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bill			
Sept. 27	8:00 am	ICSC-UBS report on chain store sales	Wk. end Sept. 23			
	8:00 am	Redbook report on retail sales	Wk. end Sept. 23			
	10:00 am	New Home Sales	Aug.	Commerce Dept.		+6.5%/ 1.41 mil.
Sept. 28	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	Aug.	Commerce Dept.		-4.9%/-3.2%
Sept. 29	8:30 am	Weekly Unemployment Claims	Wk. end Sept. 23	Dept. of Labor		
	8:30 am	Gross Domestic Product (final)	2nd Qtr.	Commerce Dept.		3.3%
	8:30 am	GDP Chain Deflator (final)	2nd Qtr.	Commerce Dept.		2.4%
	8:30 am	Corporate Profits (rev.)	2nd Qtr.	Commerce Dept.		26.95%
Sept. 30	8:30 am	Personal Incomes and Outlays	Aug.			+0.3%/ +1.0%
	9:45 am	Univ. of Mich. Sentiment Survey (final)	Sept.	Univ. of Michigan		
	10:00 am	Chicago Purchasing Managers Institute releases	index of Sept Business Conditions			49.2

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

Freddie Mac Extends Mortgage Relief to Policy Borrowers Affected by Katrina

McLean, VA – Freddie Mac (NYSE: FRE) has extended its mortgage relief policies for borrowers affected by Hurricane Katrina in locations declared Major Disaster Areas by President Bush. Freddie Mac also announced that it is donating \$50,000 to the American Red Cross to support hurricane relief efforts. In addition, the Freddie Mac Foundation is matching Freddie Mac employee donations to relief efforts and will double the match if donations support Habitat for Humanity's hurricane relief efforts.

“Our goal is to help families affected by Hurricane Katrina to keep their homes,” said Richard F. Syron, Freddie Mac Chairman and CEO. “We also want to ensure that families who are displaced from their homes receive the assistance they need.”

Freddie Mac's disaster relief policies provide a number of ways for mortgage servicers to provide borrowers with relief that can help protect their credit ratings and financial interests in their homes.

Freddie Mac's disaster relief policies also strongly encourage servicers to extend several other measures to help affected borrowers with Freddie Mac-owned loans. These include:

- 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 allows servicers additional discretion to reduce or suspend mortgage payments for up to 12 months for borrowers with Freddie Mac-owned mortgages in the declared major-disaster areas. Each case must be individually assessed to determine which alternative will best fit the homeowner's circumstances.

“Freddie Mac and the nation's mortgage servicers are working together to help families affected by Hurricane Katrina receive mortgage relief so they can focus their energies on putting their lives and homes back together,” Syron added. “These mortgage relief provisions are intended to expedite the release of insurance proceeds to help borrowers secure materials, labor and other resources to get the home repair process underway.”

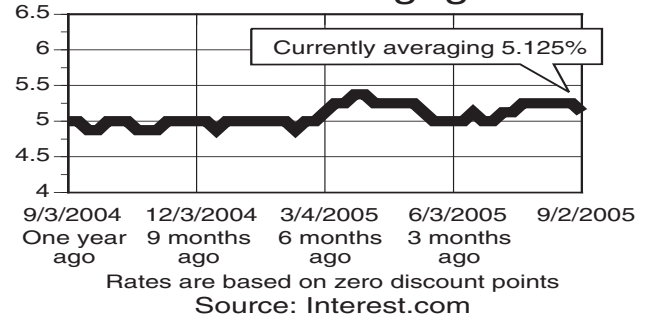
Mortgage servicers working with Freddie Mac have helped an estimated 100,000 families over the past two years from losing their homes due to financial difficulties.

For more information on mortgage payment relief, you can call Freddie Mac at (800) FREDDIE. Freddie Mac's general disaster relief policies are posted online at <<http://www.freddiemac.com/singlefamily/relief.html>>.

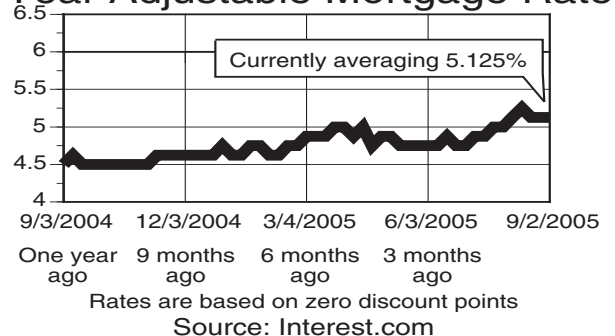
To list your mortgage rates on **Interest.com** call 877-721-1197

MORTGAGE MARKET MONITOR

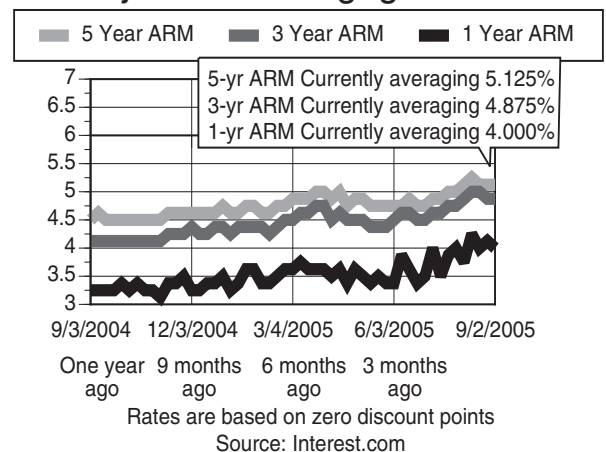
15-Year Fixed Mortgage Rate



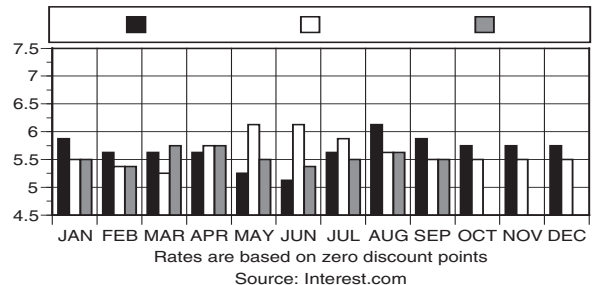
5-Year Adjustable Mortgage Rate



Adjustable Mortgage Rates



30 YEAR FIXED MORTGAGE RATE



30-year fixed-rate mortgage

