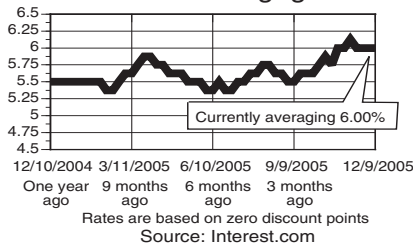




# WEEKLY MORTGAGE RATE REPORT (Fax Weekly Report)

FOR THE WEEK OF 12-11-05  
Annual subscription \$250 (1-800-844-4648)

30-Year Fixed Mortgage Rate



## KEY INTEREST RATES

U.S. Treasury Yields	12/2/05	12/9/05
2 year T-note	4.42%	4.40%
5 year T-note	4.44%	4.41%
10 year T-note	4.51%	4.51%
30 year T-Bond	4.71%	4.72%

Discount Rate (wk. end 12/2)	5.00%
Fed Funds Rate (wk. end 12/2)	4.02%
Prime rate (wk. end 12/2)	7.00%

### ARM INDEXES

Natl. Avg. Contract Mtg. Rate (Oct.)	5.98%
12 mo. mvg. avg. (1-yr. TCM) (Oct.)	3.48%
3 mo. LIBOR (FNMA for Nov.)	4.41%
6 mo. LIBOR (FNMA for Nov.)	4.58%
National COFI (Sep.)	2.54%
11th District COFI (Oct.)	3.07%
6 month CD (wk. end 12/2)	4.57%
1 Year TCM (wk. end 12/2)	4.34%
2 Year TCM (wk. end 12/2)	4.41%
3 Year TCM (wk. end 12/2)	4.40%
5 Year TCM (wk. end 12/2)	4.41%
7 Year TCM (wk. end 12/2)	4.43%
10 Year TCM (wk. end 12/2)	4.48%
20 Year TCM (wk. end 12/2)	4.79%

### Required Yields for Delivery

	Freddie Mac (12/9/05)			
	10 day	30 day	60 day	90 day
30 year	6.05%	6.07%	6.10%	6.14%
15 year	5.53%	5.55%	5.57%	5.60%

	Fannie Mae (12/9/05)			
	10 day	30 day	60 day	90 day
30 year	6.11%	6.13%	6.16%	6.20%
15 year	5.64%	5.65%	5.68%	5.72%

## HOUSING SNAPSHOT

	Month	Total	Change
Construction Spending	Oct.	\$1.13 tril.	+0.7%
Housing Starts	Oct.	2.01 mil.	-5.6%
Building Permits	Oct.	2.07 mil.	-6.7%
Existing Home Sales	Oct.	7.09 mil.	-2.74%
New Home Sales	Oct.	1.42 mil.	+13.0%

### MORTGAGE APPLICATION INDEXES (MBA)

	Wk. ended Dec. 2, 2005	Change
Number of purchase applications	Up	+4.0%
Number of refinance applications	Up	+7.6%



## Treasury Yields Volatile, Mortgage Rates Steady Week in review 12/5/05 - 12/9/05

U.S. Treasury securities weathered a couple of bad days and reveled in a couple of good ones, in spite of a dearth of economic news. This week's key report showed productivity galloping ahead while costs remained low – good news for inflation watchers who are wary that rising wages will unleash inflationary pressures. This, and an increase in first-time unemployment claims, rallied Treasuries on the hope the Fed will slow or halt its rate-hike program early in 2006. On the other hand, concerns about the outcome of the Fed's Dec. 13 meeting and nagging hints of inflation capped Treasury prices. Treasury yields, which move in the opposite direction of prices, were up one day and down the next, leaving mortgage rates unchanged.

The revised report on third-quarter productivity stunned the financial markets, rising by an upwardly revised 4.7 percent, while costs dipped to a negative 1 percent. This scenario allows manufacturers to increase output without raising prices – the perfect anti-inflation data. Inflation is the archenemy of bonds, as it erodes their long-term value. The other market-mover was the claims report for the week ended Dec. 3. First-time claims jumped by 6,000 to 327,000 – far more than the forecast for a decline to

317,000. But the more telling four-week average, which smoothes volatility, dipped to 322,500 while continued claims – those collecting benefits for more than one week – fell to 2.6 million.

The Institute of Supply Management November index on non-manufacturing conditions, i.e., the service sector, edged down to 58.5, but increases in employment and new orders, as well as the impact of higher freight costs due to rising oil prices, initiated selling in the Treasury markets. Factory Orders for October looked strong, rising 2.2 percent, but demand for aircraft was largely responsible for that number. When transportation was factored out, orders were up a tepid 0.6 percent. Orders for non-defense capital goods rose 1.4 percent, indicating business spending is healthy.

Mortgage applications rebounded during the week following Thanksgiving. According to the Mortgage Bankers Association, purchase applications rose 4 percent, while refis climbed 7.6 percent. The rate on the 30-year fixed-rate mortgage (based on zero discount points) remains just above 6.0 percent, while the 15-year fixed-rate mortgage is holding below 5.625 percent. The rate on the volatile one-year adjustable-rate mortgage remained at 3.875 percent.

## Fed Action Could Edge Mortgage Rates Down Week in preview 12/12/05 - 12/16/05

Last week's drought in economic news ends with a number of key reports focusing on retail sales, inflation data, the U.S. trade deficit and a trio of indicators on the manufacturing sector. As if this weren't enough for the markets to digest, the Fed will announce its decision on interest rates. And investors are hoping for insight into future moves, and a hint that credit tightening will be winding down. If the reports show steady but not aggressive growth and low inflation and the Fed suggests a slowdown in rate hikes, Treasuries would rally and mortgage rates would hold or edge down. Of course, the opposite could also be true.

The action heats up on Tuesday with Retail Sales for November and Business Inventories/Sales for October. But the real news of the day will come from the FOMC, which will release its decision on interest rates and hopefully provide a hint on future intentions.

Two weekly surveys of retail sales at chain stores also will be released.

On Wednesday a report on U.S. International trade in October, i.e., the trade deficit, will be released along with U.S. Import/Export Prices Indexes for November. This carries less weight than the trade gap data.

There are five reports on tap for Thursday including the all-important Consumer Price Index, which monitors inflation at the retail level. Also due are two regional reports on manufacturing conditions – one from New York state and the other from the mid-Atlantic region, known as the Philly Fed survey. In addition, Industrial Production and Capacity Utilization for November is due. First-time unemployment claims for the week ended Dec. 10 also will be released.

The markets can take a breather on Friday, as there are no reports on the docket.

### EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
Dec. 12	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill	
	2:00 pm	Treasury Statement (Nov. monthly budget)	-\$71.5 bil.
Dec. 13	8:00 am	ICSC-UBS report on chain store sales (Wk. end 12/10)	
	8:00 am	Redbook report on retail sales (Wk. end 12/10)	
	8:30 am	Advance Retail Sales/ ex-auto (Nov.)	+0.6%/ -0.1%
	8:30 am	Business Inventories/ Sales (Oct.)	+0.5% (inv.)
	2:15 pm	The FOMC releases its decision on interest rates	+25 basis points
Dec. 14	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes (Nov.)	
	8:30 am	U.S. Internatl. Trade in Goods & Services (Oct. deficit)	-\$62.5 bil.
Dec. 15	8:30 am	NY Empire State Index of Dec. Manufacturing Conditions	18.2
	8:30 am	Weekly Unemployment Claims (Wk. end 12/10)	320,000
	8:30 am	Consumer Price Index/core rate (Nov.)	-0.4%/ +0.2%
	9:15 am	Industrial Production & Capacity Utilization (Nov.)	+0.5%/ 79.8
	noon	Philadelphia Fed Report on Dec. manufacturing conditions	14.5
Dec. 16		<b>No economic indicators are scheduled for release</b>	

Interest.com--all times Eastern Standard Time



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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 -- DECEMBER 2005

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS
Nov. 21	10:00 am	Index of Leading Indicators	Oct.	Conference Board	+0.9%	-0.8% (rev.)
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
Nov. 22	8:00 am	ICSC-UBS report on chain store sales	Wk. end Nov. 19		+1.0%	-0.6%
	8:00 am	Redbook report on retail sales	Wk. end Nov. 19		NA	NA
	2:00 pm	Federal Open Market Committee minutes of Nov. 1 meeting				
Nov. 23	8:30 am	Weekly Unemployment Claims	Wk. end Nov. 19	Dept. of Labor	335,000	305,000 (rev.)
	9:45 am	Univ. of Mich. Sentiment Survey (final)	Nov.	Univ. of Michigan	81.6	79.9
Nov. 24		<b>The federal government and the financial markets will be closed in observance of Thanksgiving Day.</b>				
Nov. 25		<b>No economic indicators are scheduled for release</b>				
Nov. 28	10:00 am	Existing Home Sales	Oct.	Natl. Assn. of Realtors®	-2.74% @ 7.09 mil.	+2.0% @ 7.29 mil.
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
Nov. 29	8:00 am	ICSC-UBS report on chain store sales	Wk. end Nov. 26		-0.7%	+1.0%
	8:00 am	Redbook report on retail sales	Wk. end Nov. 26		NA	NA
	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	Oct.	Commerce Dept.	+3.4%/ +0.3%	-2.0%/
	10:00 am	Consumer Confidence Report	Nov.	Conference Board	98.9	86.6
	10:00 am	New Home Sales	Oct.	Commerce Dept.	+13% @ 1.42 mil.	-9.9% @ 1.26 mil. (rev.)
Nov. 30	8:30 am	Gross Domestic Product (prelim.)	3rd Qtr.	Commerce Dept.	+4.3%	+3.3%
	8:30 am	GDP Chain Deflator (prelim.)	3rd Qtr.	Commerce Dept.	3.0%	+3.1%
	10:00 am	Chicago Purchasing Managers Institute releases index on November business conditions			61.7	62.9
	noon	Federal Open Market Committee releases Beige Book				
Dec. 1	8:30 am	Weekly Unemployment Claims	Wk. end Nov. 26	Dept. of Labor	320,000	337,000 (rev.)
	8:30 am	Personal Incomes and Outlays	Oct.		+0.4%/ +0.2%	+1.7%/ +0.5%
	10:00 am	New Construction	Oct.	Commerce Dept.	+0.7%	+0.5%
	10:00 am	ISM releases index of November Mfg. Conditions			58.1	59.1
Dec. 2	8:30 am	The Employment Report	Oct.	Dept. of Labor	+215,000 @ 5%	+44,000 @ 5.0% (rev.)
	8:30 am	Hourly wage earnings	Oct.	Dept. of Labor	+0.2% @ \$16.32	+0.5% @ \$16.27
Dec. 5	10:00 am	ISM releases index of November non-Mfg. Conditions			58.5	60
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
Dec. 6	8:00 am	ICSC-UBS report on chain store sales	Wk. end Dec. 3		-3.1%	-0.7%
	8:00 am	Redbook report on retail sales	Wk. end Dec. 3 v. one month ago		-0.3%	NA
	8:30 am	Productivity & Costs	3rd Qtr. (rev.)		+4.7%/ -1.0%	+4.1%/ -0.5%
	10:00 am	Factory Orders	Oct.	Commerce Dept.	+2.2%	-1.7%
Dec. 7	3:00 pm	Consumer Credit		Federal Reserve	-\$7.2 bil.	-\$59.4 mil.
Dec. 8	8:30 am	Weekly Unemployment Claims	Wk. end Dec. 3	Dept. of Labor	327,000	321,000 (rev.)
Dec. 9	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	Dec.	Univ. of Michigan	88.7	81.6
	10:00 am	Wholesale Inventories/Sales	Oct.	Commerce Dept.	+0.2%	+0.6%
Dec. 12	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
	2:00 pm	Treasury Statement (monthly budget)	Nov.	Treasury Dept.		-\$47.2 bil.
Dec. 13	8:00 am	ICSC-UBS report on chain store sales	Wk. end Dec.10			-3.1%
	8:00 am	Redbook report on retail sales	Wk. end Dec.10			-0.3%
	8:30 am	Advance Retail Sales/ ex-auto	Nov.	Commerce Dept.		-0.1%/ +0.9%
	8:30 am	Business Inventories/ Sales	Oct.	Commerce Dept.		+0.5%
	2:15 pm	The Federal Open Market Committee releases its decision on interest rates				+25 basis points
Dec.14	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	Nov.	Commerce Dept.		-3%/+0.6%
	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	Oct.	Commerce Dept.		-\$66.1bil.
Dec.15	8:30 am	NY Empire State Index of Dec. Manufacturing Conditions				22.8
	8:30 am	Weekly Unemployment Claims	Wk. end Dec. 10	Dept. of Labor		327,000
	8:30 am	Consumer Price Index/core rate	Nov.	Dept. of Labor		+0.2%/ +0.2%
	9:15 am	Industrial Production & Capacity Utilization	Nov.	Federal Reserve		+0.9%/ 79.5
	noon	Philadelphia Fed Report on Dec. manufacturing conditions		Federal Reserve		11.5
Dec.16		<b>No economic indicators are scheduled for release</b>				
Dec.19	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
Dec. 20	8:00 am	ICSC/UBS report on chain store sales	Wk. end Dec. 17			
	8:00 am	Redbook report on retail sales	Wk. end Dec. 17			
	8:30 am	Producer Price Index/core rate	Nov.	Dept. of Labor		+0.7%/ -0.3%
	8:30 am	Housing Starts	Nov.	Commerce Dept.		-5.6% @ 2.01 mil.
	8:30 am	Building Permits	Nov.	Commerce Dept.		-6.7% @ 2.07 mil.
Dec. 21	8:30 am	Gross Domestic Product (final)	3rd Qtr.	Commerce Dept.		+4.3%
	8:30 am	GDP Chain Deflator (final)	3rd Qtr.	Commerce Dept.		+3.0%
Dec. 22	8:30 am	Weekly Unemployment Claims	Wk. end Dec. 17	Dept. of Labor		
	8:30 am	Personal Incomes and Outlays	Nov.			
	10:00 am	Index of Leading Indicators	Nov.	Conference Board		+0.9%
Dec. 23	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	Nov.	Commerce Dept.		+3.4%/ +0.3%
	10:00 am	New Home Sales	Nov.	Commerce Dept.		+13% @ 1.42 mil.
Dec. 26		<b>The federal government and bond markets will be closed in observance of Christmas Day</b>				
Dec. 27	10:00 am	Consumer Confidence Report	Dec.	Conference Board		98.9
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
Dec.28	8:00 am	ICSC/UBS report on chain store sales	Wk. end Dec. 24			
	8:00 am	Redbook report on retail sales	Wk. end Dec. 24			
Dec.29	8:30 am	Weekly Unemployment Claims	Wk. end Dec. 24	Dept. of Labor		
	10:00 am	Existing Home Sales	Nov.	Natl. Assn. of Realtors®		-2.74% @ 7.09 mil.
Dec. 30	9:45 am	Univ. of Mich. Sentiment Survey (final)	Dec.	Univ. of Michigan		88.7
	10:00 am	Chicago Purchasing Managers Institute release index on Dec. business conditions				61.7

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



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## INDUSTRY NEWS

### GRADUALLY RISING MORTGAGE RATES BEGIN TO SLOW THE PACE OF HOUSE PRICE APPRECIATION

Third Quarter 2005 Appreciation Up 12.3 Percent On An Annualized Basis

McLean, VA—Freddie Mac (NYSE: FRE) announced that its quarterly national Conventional Mortgage Home Price Index (CMHPI) rose 12.3 percent in the third quarter on an annualized basis, down from a revised second-quarter 2005 annualized rate of 15.3 percent.

“The gradual rise in mortgage rates during the third quarter moderated home price gains, compared with the second quarter,” said Frank Nothaft, Freddie Mac vice president and chief economist. “According to the Primary Mortgage Market Survey<sup>SM</sup> the weekly average rate for fixed-rate mortgages and for 5/1 hybrid ARMs rose about three-eighths of a percentage point from the end of June to the end of September. Thirty-year fixed-rate loans rose from an average rate of 5.53 percent as of June 30 to an average of 5.91 percent as of Sept. 29.”

“Home sales and single-family housing starts are still expected to set a new record this year,” said Nothaft. “The devastating effects of hurricanes Katrina, Rita and Wilma will likely keep overall construction material costs high and add to new construction in the affected region.”

Nationally, home values increased 12.1 percent on an annual basis, from the third quarter of 2004 through the third quarter of 2005, down from a 14.0 percent annual growth rate for the year ending with the second quarter of 2005 and the slowest annual growth rate reported for the last five quarters. “It looks as if home sales and single-family construction crested during the third quarter. Our forecast for 2006 has about a 7 percent decline in new starts and home sales, and with more moderate home price gains than in 2005,” added Nothaft.

The South Atlantic and Mountain divisions showed the strongest home-value appreciation in the U.S., with quarterly appreciation of 19.5 percent at an annualized rate during the third quarter, followed by the Pacific and Middle Atlantic areas with gains of 15.2 percent and 13.3 percent, respectively. The East South Central and New England states experienced average price growth of 8.2 percent and 7.8 percent, respectively. The East North Central division saw an increase of 6.6 percent. The West South Central states had gains of 6.2 percent and the West North Central states had the slowest annual appreciation of 6.0 percent annually.

“The CMHPI continues to show strong growth primarily along the coasts – areas where the population is growing rapidly, job growth is strong and land scarcity is pushing up the cost of housing,” noted Amy Crews Cutts, Freddie Mac deputy chief economist. By state, the most robust housing market was in Arizona, which recorded annual home-value gains of 31.3 over the year through the third quarter, while the slowest appreciating market was in Michigan, where home values were up 4.1 percent over the same one-year span.

Jointly developed by Freddie Mac and Fannie Mae and first published by Freddie Mac starting in 1994, the CMHPI features indexes for the nine Census divisions as well as a national index. The national index is the average of the nine divisional indexes weighted by the distribution of one-unit detached, single-family structures in each Census division.

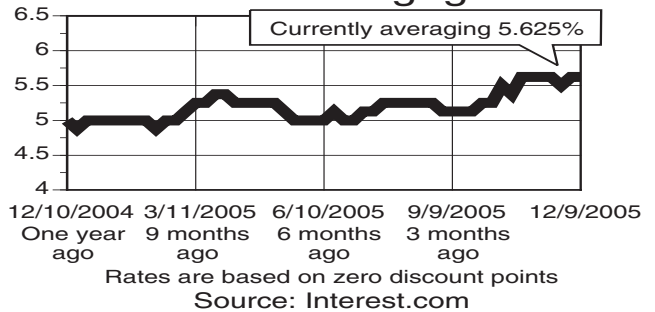
Unlike other home price indexes based on mean or median values of homes sold during a given period, the CMHPI is constructed, using regression techniques, from observations of actual sales prices or appraised values of the same homes over time. The street addresses of properties that serve as collateral for mortgages funded by the two secondary mortgage market firms are first processed using software certified by the United States Postal Service to create a uniform address format and are then matched to identify consecutive transactions on the same property. There are currently 30.6 million records in the repeat-transactions database used to construct the CMHPI – this database includes transactions on one-unit detached and single-family townhome properties serving as collateral on loans originated through the third quarter of 2005 and purchased by Freddie Mac and Fannie Mae by Oct. 31, 2005.

The full report is available at:

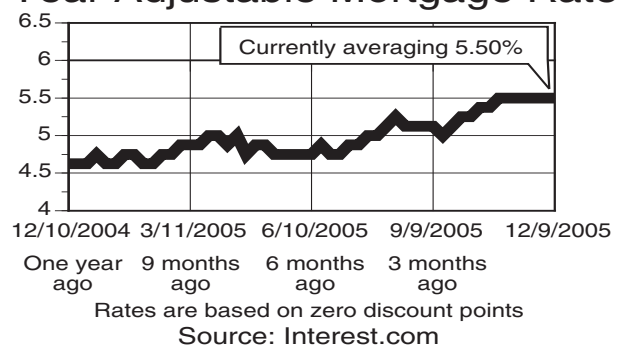
<http://freddiemac.com/news/archives/rates/2005/3qhpi05.html>.

## MORTGAGE MARKET MONITOR

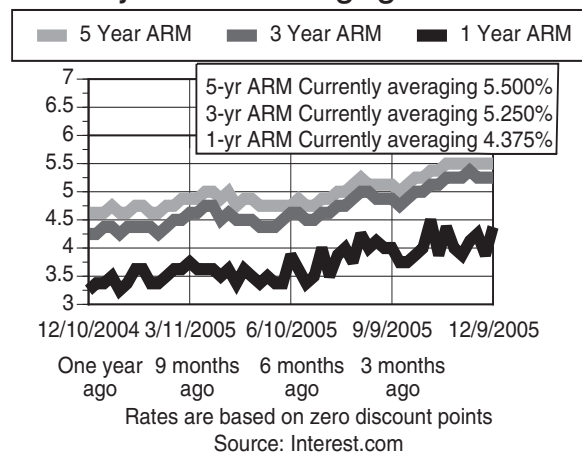
### 15-Year Fixed Mortgage Rate



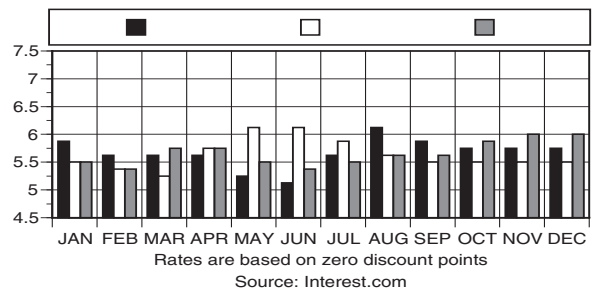
### 5-Year Adjustable Mortgage Rate



### Adjustable Mortgage Rates



### 30 YEAR FIXED MORTGAGE RATE



### 30-year fixed-rate mortgage

