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WEEKLY MORTGAGE RATE REPORT

(Fax Weekly Report)

FOR THE WEEK OF 06-01-29
Annual subscription \$250 (1-800-844-4648)



Mortgage rates on the rise Week in review 1/23/06 - 1/27/06

Strong economic data, paired with concerns about an overabundance of government and corporate bonds, sent yields on U.S. Treasury securities to their highest levels since early December. Treasury yields move in the opposite direction of prices. The specter of weak demand for government debt and signs of a strengthening economy that could encourage the Fed to keep raising interest rates pushed yields upward. Mortgage lenders, who base rates on Treasury yields, have therefore been forced to begin raising rates.

Surprisingly strong demand for durable goods in December put upward pressure on yields, as did a bullish revision to the November report. Durables, which are big-ticket items meant to last more than three years, rose 1.3 percent. Nondefense capital goods expenditures -- a barometer for business spending -- were the strongest since August 2005.

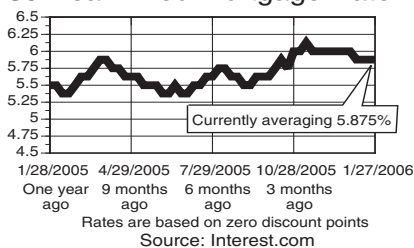
A thriving labor market also provided reason for concern among bond traders. Although weekly first-time jobless claims rose 11,000 to 283,000 for the week ended Jan. 21, the more closely watched four-week average, which smoothes volatility, came in at 288,750. This is its

lowest level since July 2000. There also is growing concern in the financial markets that employment is near capacity, with any further increases likely to foster inflation.

Fourth-quarter gross domestic product was weaker than expected, showing only a 1.1 percent increase in economic growth. A brief bond rally ensued, but it was halted when new home sales in December rose by a surprising 2.9 percent to an annual rate of 1.27 million units. December existing-home sales plunged by a steeper-than-expected 1.4 percent to an annualized rate of 6.6 million units. In spite of slow December sales, 2005 set another record for sales of existing homes.

Demand for mortgages continued to grow during the week ended Jan. 21. According to the Mortgage Bankers Association, applications to refinance posted a big increase, climbing 7.9 percent, while purchase applications rebounded, rising 6.7 percent. The rate on the 30-year fixed-rate mortgage (based on zero discount points) is now well above 5.875 percent, while the 15-year fixed-rate mortgage is nearing 5.5 percent. The rate on the volatile one-year adjustable-rate mortgage is holding at 4.125 percent.

30-Year Fixed Mortgage Rate



KEY INTEREST RATES

U.S. Treasury Yields	1/20/05	1/27/06
2 year T-note	4.38%	4.49%
5 year T-note	4.32%	4.44%
10 year T-note	4.37%	4.51%
30 year T-Bond	4.54%	4.69%

Discount Rate (wk. end 1/20)	5.25%
Fed Funds Rate (wk. end 1/20)	4.23%
Prime rate (wk. end 1/20)	7.25%

ARM INDEXES

Natl. Avg. Contract Mtg. Rate (Dec.)	6.29%
12 mo. mvg. avg. (1-yr. TCM) (Dec.)	3.61%
3 mo. LIBOR (FNMA for Dec.)	4.53%
6 mo. LIBOR (FNMA for Dec.)	4.69%
National COFI (Nov.)	2.82%
11th District COFI (Nov.)	3.19%
6 month CD (wk. end 1/20)	4.68%
1 Year TCM (wk. end 1/20)	4.43%
2 Year TCM (wk. end 1/20)	4.35%
3 Year TCM (wk. end 1/20)	4.30%
5 Year TCM (wk. end 1/20)	4.29%
7 Year TCM (wk. end 1/20)	4.31%
10 Year TCM (wk. end 1/20)	4.36%
20 Year TCM (wk. end 1/20)	4.59%

Required yields for delivery

	Freddie Mac (1/27/06)			
	10 day	30 day	60 day	90 day
30 year	5.97%	6.00%	6.02%	6.04%
15 year	5.50%	5.53%	5.55%	5.58%
	Fannie Mae (1/27/06)			
	10 day	30 day	60 day	90 day
30 year	6.05%	6.07%	6.10%	6.13%
15 year	5.61%	5.63%	5.65%	5.68%

HOUSING SNAPSHOT

	Month	Total	Change
Construction spending	Nov.	\$1.15 tril.	+0.2%
Housing starts	Dec.	1.93 mil.	-8.9%
Building permits	Dec.	2.07 mil.	-1.0%
Existing home sales	Dec.	6.9 mil.	-5.7%
New Home Sales	Dec.	1.27 mil.	+2.9%

MORTGAGE APPLICATION INDEXES (MBA)

	Wk. ended Jan. 20, 2006	Change
Number of purchase applications	Up	+6.7%
Number of refinance applications	Up	+7.8%

Mortgage rates could continue to climb Week in preview 1/30/06 - 2/3/06

The economic calendar for this week is packed with economic news, but the events carrying the most weight will be the employment report for December and the Jan. 31 Fed decision on interest rates (along with its thoroughly dissected explanatory statement). In addition, data on manufacturing, consumer confidence and inflation are set for release. Since Treasuries are sensitive to reports of economic growth, any such signal will likely spur selling. But if the Fed indicates it is almost finished with rate hikes, a rally could send mortgage rates back down.

Personal incomes and outlays are due Monday, and that report contains one of the Fed's favored inflation indicators, so it could be a market mover.

There are several events set for Tuesday, but none more important than the Fed

meeting on interest rates. A 25-basis-point increase is expected. Also due: the Chicago PMI; the employment cost index; and the consumer confidence report -- and all can impact the markets.

The ISM index for January manufacturing conditions comes out on Wednesday, and is widely regarded as a good barometer due to its scope and timeliness. New construction for December will also be released.

Thursday features first-time jobless claims for last week and productivity and costs for the fourth quarter of 2005.

The employment report for December reigns supreme on Friday, and will likely influence trading into the following week. Unlike past reports, the markets may look for moderate to slow payroll growth so as to not fuel the fires of inflation.

EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
Jan. 30	8:30 am	Personal Incomes and Outlays (Dec.)	+0.5% / +0.8%
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills	
Jan. 31	8:00 am	ICSC/UBS report on chain store sales (Wk. end 1/28)	
	8:00 am	Redbook report on retail sales (Wk. end 1/28)	
	8:30 am	Employment Cost Index (4th Qtr.)	+0.9%
	10:00 am	Chicago PMI releases index on Jan. business conditions	60.2
	10:00 am	Consumer Confidence Report (Jan.)	104.9
	2:15 pm	FOMC releases its decision on interest rates	+25 basis pts.
Feb. 1	10:00 am	ISM releases index of Jan. Mfg. Conditions	56
Feb. 2	10:00 am	New Construction (Dec.)	+0.1%
	8:30 am	Weekly Unemployment Claims (Wk. end 1/28)	290,000
Feb. 3	8:30 am	Productivity & Costs (prelim. 4th Qtr.)	+1.8% (prod.)
	8:30 am	The Employment Report (Jan.)	+243,000 @ 4.9%
	8:30 am	Hourly wage earnings (Jan.)	+0.3%
	9:45 am	Univ. of Mich. Sentiment Survey (Jan. final)	91.5
	10:00 am	Factory Orders/Inv. (Dec.)	+1.1%
	10:00 am	ISM releases index of Jan. non-Mfg. Conditions	60

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TRACKING THE ECONOMY -- FEBRUARY 2006

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS	
Jan. 23	10:00 am	Index of Leading Indicators	Dec.	Conference Board	+0.1%	+0.9% (rev.)	
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bills				
Jan. 24	8:00 am	ICSC/UBS report on chain store sales	Wk. end Jan. 21		+0.3%	-1.4%	
	8:00 am	Redbook report on retail sales	Wk. end Jan. 21 v. one month ago		-0.4%	-0.6%	
Jan. 25	10:00 am	Existing Home Sales	Dec.	Natl. Assn. of Realtors®	-5.7% @ 6.6 mil.	-1.7% @ 6.97 mil.	
Jan. 26	8:30 am	Weekly Unemployment Claims	Wk. end Jan. 21	Dept. of Labor	283,000	272,000 (rev.)	
	8:30 am	Durable Goods Orders (adv./ ex. trans.)	Dec.	Commerce Dept.	+1.3% +0.9%	+5.4 %/-0.6% (rev.)	
Jan. 27	8:30 am	Gross Domestic Product (adv.)	4th Qtr.	Commerce Dept.	1.1%	+4.1 %	
	8:30 am	GDP Chain Deflator (adv.)	4th Qtr.	Commerce Dept.	+3.0%	+3.3 %	
	10:00 am	New Home Sales	Dec.	Commerce Dept.	+2.9% @ 1.27 mil.	-11.3% @ 1.25 mil.	
Jan. 30	8:30 am	Personal Incomes and Outlays	Dec.	Commerce Dept.		+0.3 %/ +0.3 %	
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bills				
Jan. 31	8:00 am	ICSC/UBS report on chain store sales	Wk. end Jan. 28			+0.3%	
	8:00 am	Redbook report on retail sales	Wk. end Jan. 28			-0.4%	
	8:30 am	Employment Cost Index	4th Qtr.	Dept. of Labor		+0.8%	
	10:00 am	Chicago Purchasing Managers Institute release index on Jan. business conditions				61.5	
	10:00 am	Consumer Confidence Report	Jan.	Conference Board		103.6	
	2:15 pm	The Federal Open Market Committee releases its decision on interest rates				+25 basis points	
Feb.1	10:00 am	ISM releases index of Jan. Mfg. Conditions				54.2	
	10:00 am	New Construction	Dec.	Commerce Dept.		+0.2%	
Feb.2	8:30 am	Weekly Unemployment Claims	Wk. end Jan. 28	Dept. of Labor		283,000	
	8:30 am	Productivity & Costs (prelim.)	4th Qtr.	Dept. of Labor		+4.7%/-1.0%	
Feb.3	8:30 am	The Employment Report	Jan.	Dept. of Labor		+108,000 @ 4.9%	
	8:30 am	Hourly wage earnings	Jan.	Dept. of Labor		+0.3% @ \$16.37	
	9:45 am	Univ. of Mich. Sentiment Survey (final)	Jan.	Univ. of Michigan		91.5	
	10:00 am	Factory Orders/Inv.	Dec.	Commerce Dept.		+2.5%/+0.2%	
	10:00 am	ISM releases index of Jan. non-Mfg. Conditions				59.8	
Feb. 6	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bill				
Feb. 7	8:00 am	ICSC/UBS report on chain store sales	Wk. end Feb. 4				
	8:00 am	Redbook report on retail sales	Wk. end Feb. 4 v. one month ago				
	3:00 pm	Consumer Credit		Federal Reserve		-\$0.60 bil.	
Feb. 8		There are no economic indicators scheduled for release today.					
Feb. 9	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 4	Dept. of Labor			
	10:00 am	Wholesale Inventories/Sales	Jan.	Commerce Dept.		+0.4%/-0.7%	
Feb. 10	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	Dec.	Commerce Dept.		\$64.2 bil.	
	8:30 am	Business Inventories/ Sales	Dec.	Commerce Dept.		+0.5%/-	
	2:00 pm	Treasury Statement (monthly budget)	Jan.	Treasury Dept.		-\$11.0 bil.	
Feb. 13	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bill				
Feb. 14	8:00 am	ICSC-UBS report on chain store sales	Wk. end Feb. 11				
	8:00 am	Redbook report on retail sales	Wk. end Feb. 11 v. one month ago				
	8:30 am	Advance Retail Sales/ ex-auto	Jan.	Commerce Dept.		+0.7%/+0.2%	
Feb. 15	9:15 am	Industrial Production & Capacity Utilization	Jan.	Federal Reserve		+0.6%/ 80.7	
Feb. 16	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 11	Dept. of Labor			
	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	Jan.	Commerce Dept.		-0.2%/+0.1%	
	8:30 am	Housing Starts	Jan.	Commerce Dept.		-8.9% @ 1.93 mil.	
	8:30 am	Building Permits	Jan.	Commerce Dept.		-1% @ 2.07 mil.	
Feb. 17	8:30 am	Producer Price Index/core rate	Jan.	Dept. of Labor		+0.9%/+0.1%	
	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	Feb.	Univ. of Michigan			
Feb. 20		The federal government and financial markets will be closed in observance of Presidents Day					
Feb. 21	8:30 am	NY Empire State Index of Feb. Manufacturing Conditions				20.1	
	10:00 am	Index of Leading Indicators	Jan.	Conference Board		+0.1%	
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bill				
Feb. 22	8:00 am	ICSC-UBS report on chain store sales	Wk. end Feb. 18				
	8:00 am	Redbook report on retail sales	Wk. end Feb. 18 v. one month ago				
	8:30 am	Consumer Price Index/core rate	Jan..	Dept. of Labor		-0.1%/+0.2%	
Feb. 23	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 18	Dept. of Labor			
	noon	Philadelphia Fed Report on Feb. manufacturing conditions		Federal Reserve		3.3	
Feb. 24	8:30 am	Durable Goods Orders (adv./ ex. trans.)	Jan.	Commerce Dept.			
Feb. 27	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bills				
Feb. 28	8:00 am	ICSC/UBS report on chain store sales	Wk. end Feb. 25				
	8:00 am	Redbook report on retail sales	Wk. end Feb. 25 v. one month ago				
	8:30 am	Gross Domestic Product (prelim.)	4th Qtr.	Commerce Dept.			
	8:30 am	GDP Chain Deflator (prelim.)	4th Qtr.	Commerce Dept.			
	10:00 am	Existing Home Sales	Jan.	Natl. Assn. of Realtors®		-5.7% @ 6.6 mil.	
	10:00 am	Consumer Confidence Report	Feb.	Conference Board			
	10:00 am	Chicago Purchasing Managers Institute release index on Feb. business conditions					
Mar. 1	8:30 am	Personal Incomes and Outlays	Jan.	Commerce Dept.			
	10:00 am	ISM releases index of Feb. Mfg. Conditions					
	10:00 am	New Construction	Jan.	Commerce Dept.			
Mar. 2	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 25	Dept. of Labor			
Mar. 3	9:45 am	Univ. of Mich. Sentiment Survey (final)	Feb.	Univ. of Michigan			

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

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INDUSTRY NEWS

Loan officer licensing: a crucial legislative issue for Washington state consumers and mortgage brokers

EDMONDS, Wash., Jan. 9 /PRNewswire/ -- The Washington Association of Mortgage Brokers (WAMB), the voice for mortgage-related issues throughout the state of Washington, announced its unwavering support of a crucial, pending legislative initiative that involves loan officer licensing and expanded examination authority by the Department of Financial Institutions (DFI) in the state of Washington.

"In nearly every consumer industry there is potential for fraud, however, more times than not, highly regulated industries uncover noncompliance due to a naive lack of knowledge," explained Jeff Berglund, president of WAMB.

"That's why as an organization we are dedicated to offering programs that support the professional development of mortgage brokers with ongoing training," Berglund continued, "Because we have the resources available to keep our membership educated and aware of industry changes, it is our firm belief that both loan originators and consumers will be better served and protected with this act." Berglund added that nearly two-thirds of all homes bought in the United States originate with mortgage brokers, and stressed the need for immediate legislative action in Washington state.

Across the country, we are starting to see a movement by states to enact licensing legislation. Regionally, neighboring states including Oregon, Idaho and Utah already have licensing laws. According to Berglund, "These laws are supported by our industry at large, and it is important to consumers and our industry to ensure that Washington state continues to keep in step with national trends and legislation."

The Mortgage Brokers Practices Act, which is two-fold and includes expansion in both loan officer licensing and branch examinations will be considered by state legislators in mid-January 2006. If enacted as bill, the act will address two highly important issues: 1) better protection for consumers by exposing general noncompliance and helping to eradicate the potential for predatory lending practices; and 2) help to increase consumer confidence in Washington state's mortgage brokers, who, with the passing of this act, will become the only state-certified and licensed mortgage professionals available to consumers, unmatched by even mortgage bankers.

"The Washington State Department of Financial Institutions (DFI) has always had the ability to examine an office within its first two years," explained Adam Stein, WAMB legislative chair. The issue has been the DFI's budget constraints which limited the staff needed to facilitate examinations. The revisions to the act will increase the examination window to five years, and more importantly, provides the staff to do it.

"Consumers are the big winners here," Stein explained. "We're talking examination, not audits." The majority of time the examinations will serve to expose training or knowledge deficits that can be corrected vs. the more rare circumstance of outright fraud. Stein added, "If a broker is found to be non-compliant, the DFI can provide a road map to success without any punitive results and this enables the broker to better help his or her clients -- American home buyers."

The WAMB position is that loan officer licensing should not even be a question because mortgage brokers need to protect and serve their customers across the state. Passing of the Act will help to eradicate predators; help lenders that need it; and help to elevate the integrity of our trade.

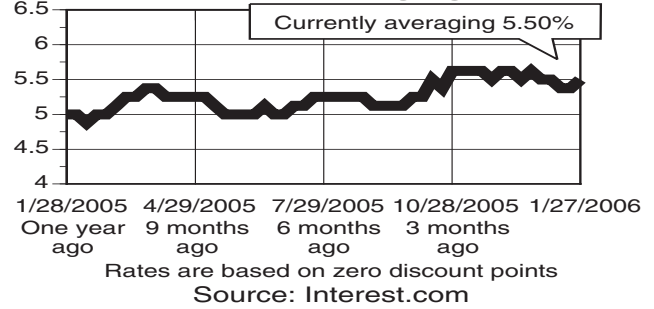
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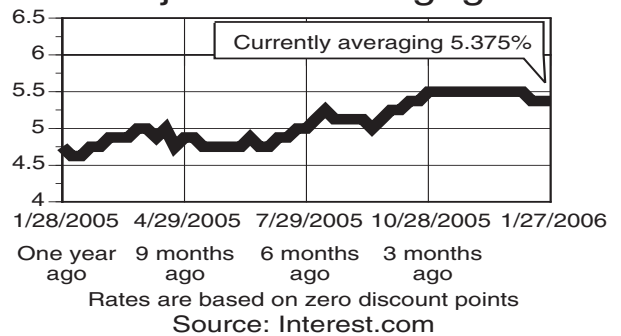
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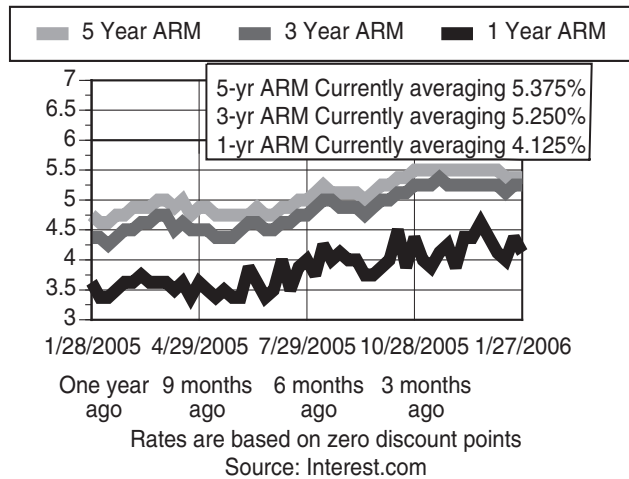
15-Year Fixed Mortgage Rate



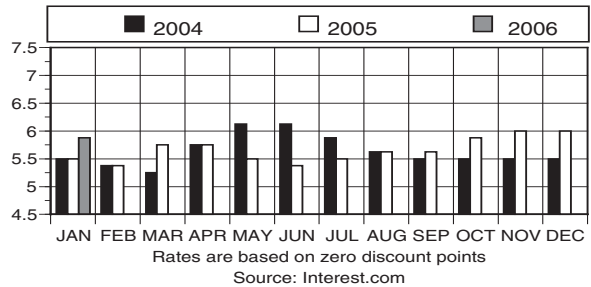
5-Year Adjustable Mortgage Rate



Adjustable Mortgage Rates



30 YEAR FIXED MORTGAGE RATE



30-year fixed-rate mortgage

