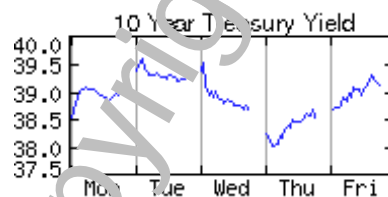
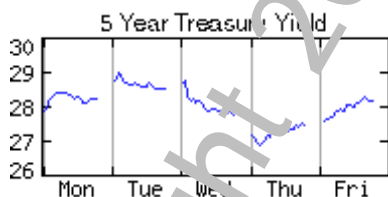


U.S. Treasury Bonds

Maturity	Yield	Last Week	Last Month
5 Year	2.82	2.80	2.83
10 Year	3.92	3.88	3.92
30 Year	4.82	4.81	4.91

Interest rates this past week opened flat. They rose slightly on Tuesday and were flat on Wednesday. On Thursday they dipped slightly. By Friday they were the same as when the week began. A graphic view of the 10-year and other benchmark yields are linked off the Charts and Data listing. Economic releases steer the long end this week. Late week reports from ISM and on April employment growth will provide some movement, especially as the FOMC meets May 6. The risk is greater for weaker than stronger than expected data which provide a downward push on rates. Expect the 10-year Treasury yields to hold in the recent 3.9% to 4% range, but may bust out with the late week data. The success in Iraq and expectation for stronger growth ahead provides the rate direction as lower oil prices and a lift in equities partially offset manufacturing concern. An expected lift in business and consumer confidence will provide a boost to the weakened economy though the near term outlook for business investment (and the manufacturing sector) isn't bright. Clarity on Iraq clears the caution and opens the door for stronger economic growth. The outlook for the second half improves with lightened geopolitical risks, half century lows in interest rates and the massive fiscal stimulus with more on the way. The extended outlook now depends more on the economy than geopolitical concerns.



What is the Difference between Conforming, Non-Conforming and Portfolio Loans?

Conforming, non-conforming and portfolio loans are "mortgage jargon" that many times are misinterpreted by consumers. A loan that conforms to the guidelines established by Fannie Mae or Freddie Mac is considered a conforming loan.

These guidelines establish the maximum loan amount, down payment, borrower credit & income requirements, and suitable properties. Lenders that make loans established to these guidelines may sell those loans to Fannie Mae or Freddie Mac.

These lenders may retain the servicing on these loans so that a borrower will continue to make payments to the original lender. Conforming loans make up the majority of loans in the U.S.

A loan that is larger than the conforming loan limit is called a Jumbo loan or non-conforming. Many issues can make a loan non-conforming.

Loans that do not meet the credit quality of conforming loans ('A' paper) are called 'B', 'C' and 'D' paper loans also non-conforming.

Second mortgage loans - credit lines, home equity loans, home improvement loans are also non-conforming loans.

Also a property type may classify a loan as non-performing. Portfolio Loans-loans may be sold on the secondary market to Fannie Mae, Freddie Mac or a select number of conduits or they be kept in the banks portfolio. Portfolio loans may have more flexible qualifying criteria, while saleable loans have to meet investor's criteria.

Economic Indicators for this week that could impact the mortgage or real estate markets include...

Wholesale Inventories	May 7th
Consumer Credit	May 7th
Initial Claims	May 8th

Because of the complexities associated with a real estate transaction the first step is to meet with a qualified mortgage professional to address your specific needs.

The loan professional that has made this information available to you specializes in assisting those individuals with obtaining a loan whether for purchase or refinance.

Your loan professional in most cases can advise you on the best approach and help you with your specific loan requirements.

The purpose of this newsletter is not to give legal, insurance or tax advice. The purpose is to stimulate thought for our clients and those professionals we network with.

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