

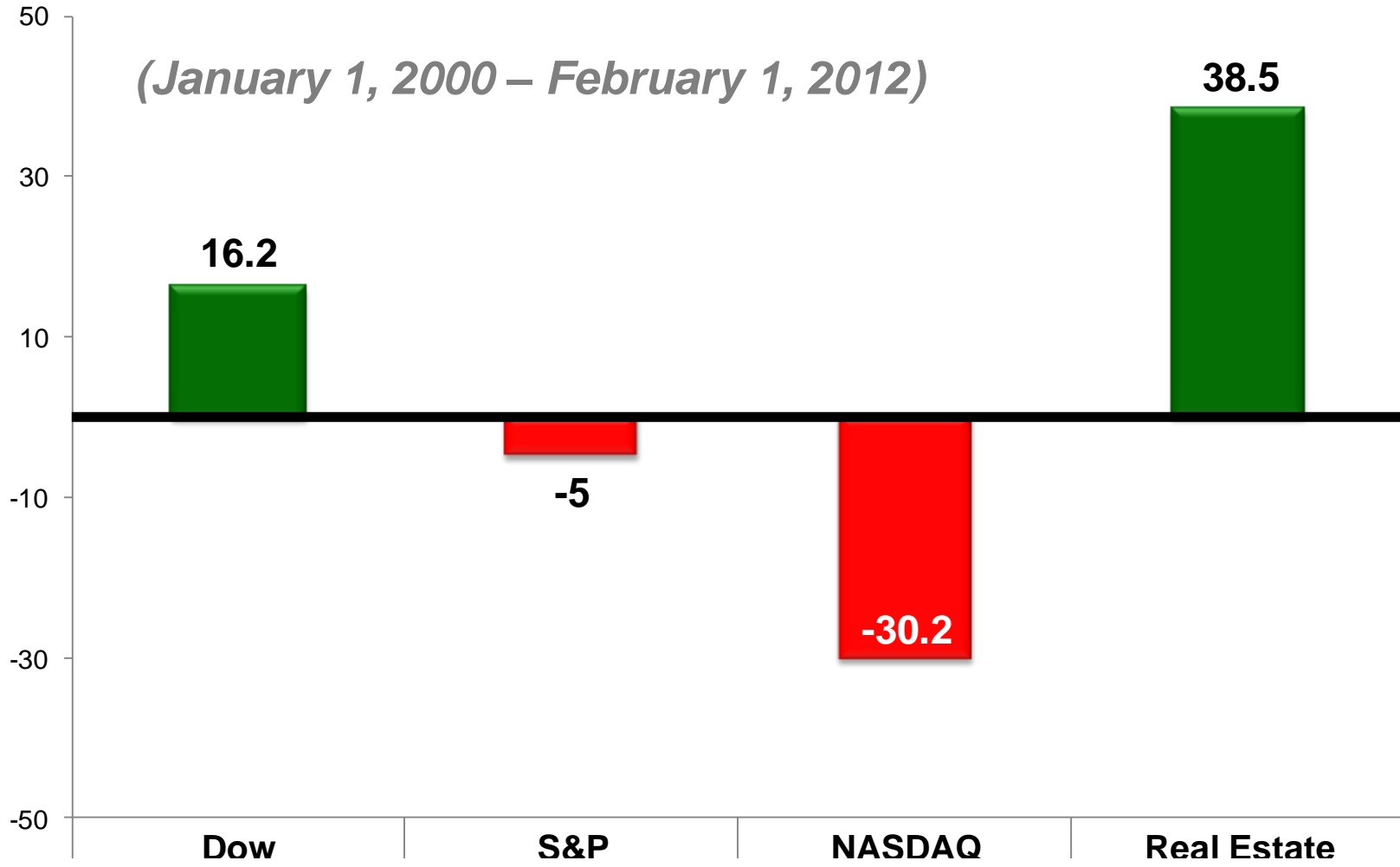
Existing Home Sales

An abstract graphic on the left side of the slide. It features several 3D rectangular blocks of varying heights, colored in red and black. The blocks are arranged in a row, with the tallest one on the right. To the right of the blocks, there are several white, wavy, curved lines that sweep across the slide, creating a sense of motion and depth.

**12,630 Homes
Sell Every Day**

**and 8,715 Buyers
Receive a Mortgage**

Return on Investment



Upbeat on the Market

The Wall Street Journal:

“From Bottom Up, Signs of Housing Recovery”

USA Today:

“Housing Outlook is More Upbeat”

Washington Post:

“Housing Market and Economy Showing Encouraging Signs.”



Upbeat on the Market

CoreLogic:

“CoreLogic’s chief economist Mark Fleming says housing statistics and the duration of the downturn to date indicate 2012 may be the year the housing market begins to turn the corner.”

Freddie Mac:

“With the New Year comes a sense of cautious optimism. There are some positive signs in the job market and consumer confidence; housing is starting to raise hopes for continued gradual economic recovery.”

Fannie Mae:

*“The housing sector will likely take incremental steps forward in 2012 ... according to economists at **Fannie Mae.**”*

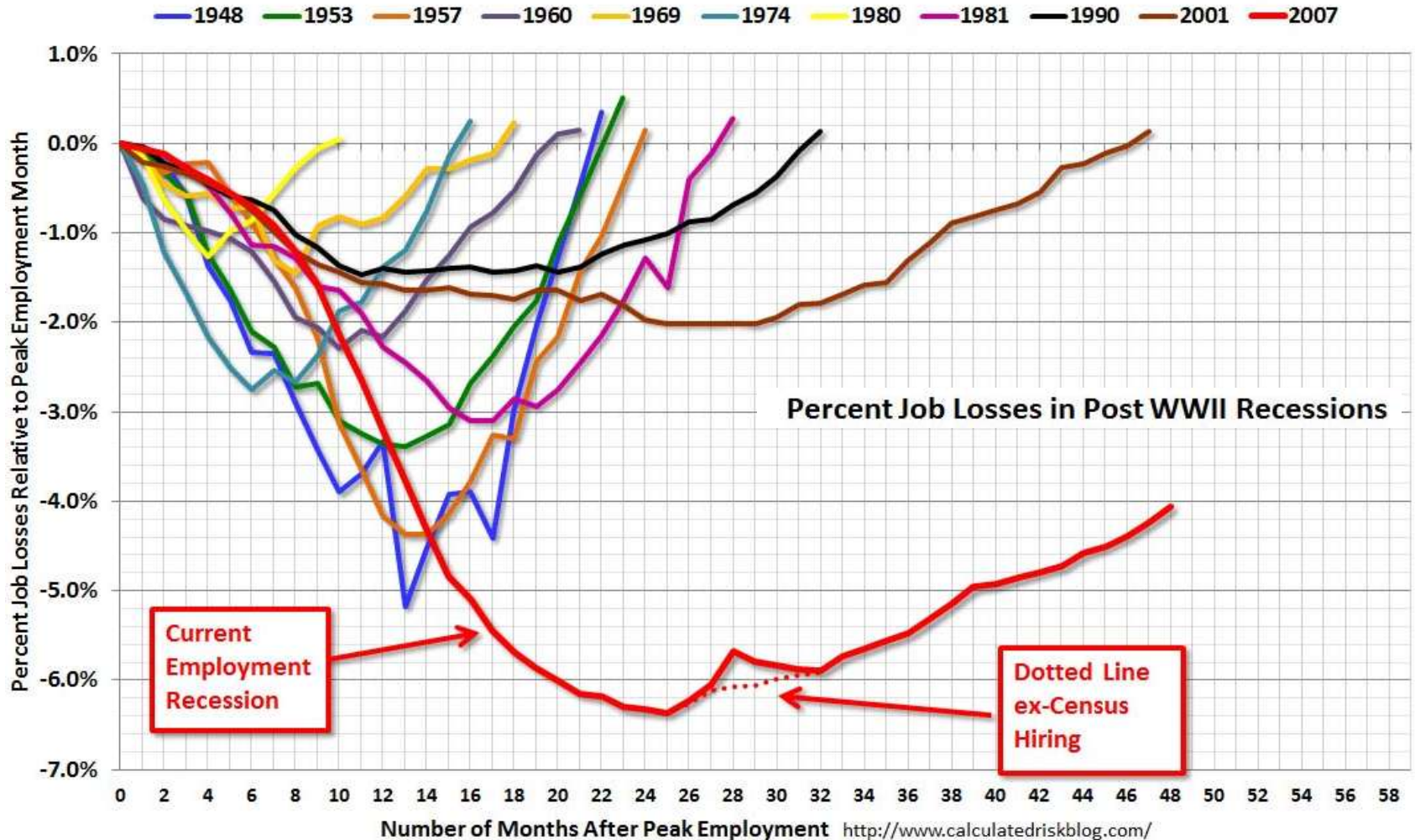


Employment and the Economy

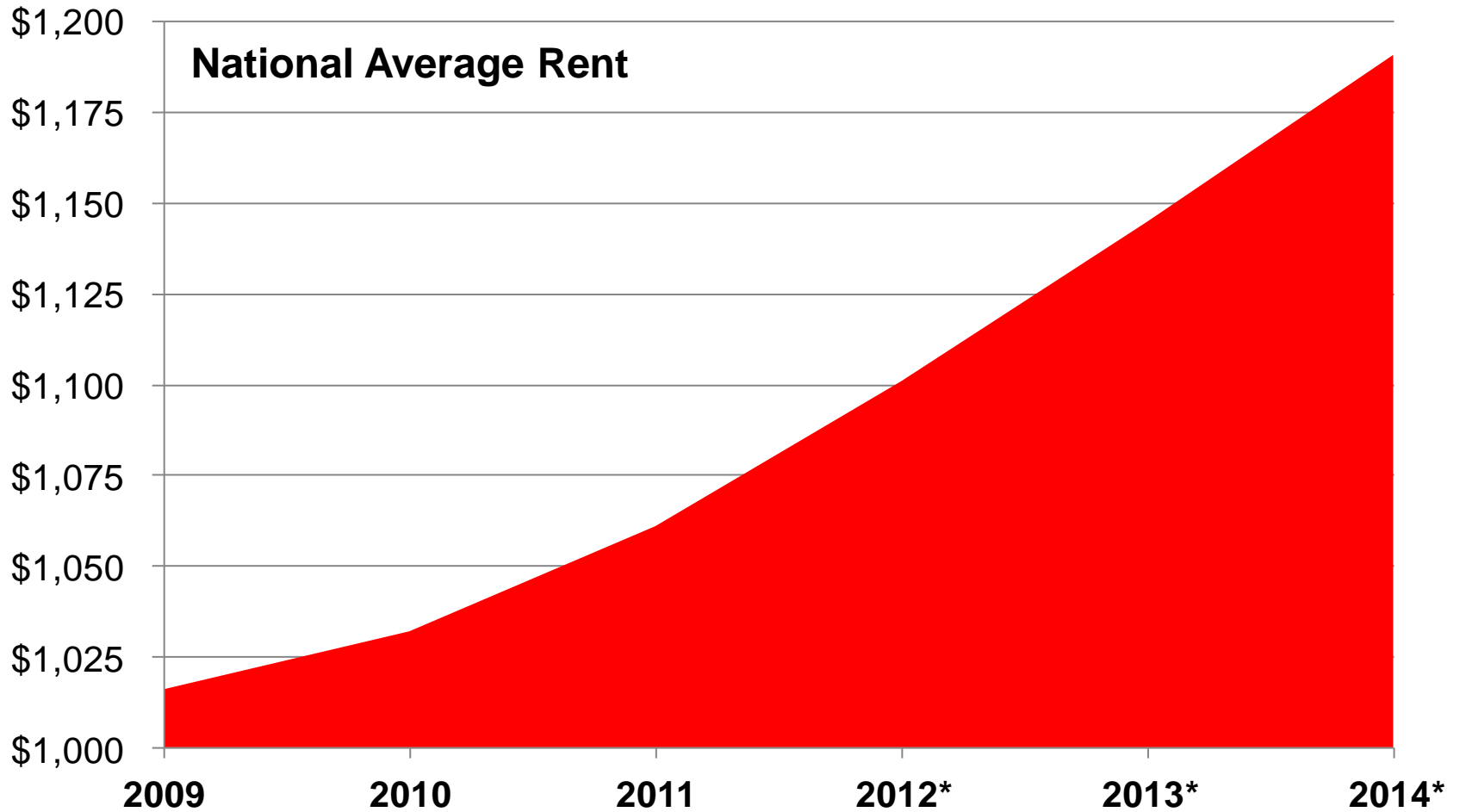
“The January labor market report is a big positive surprise...In combination with better news from Europe, recession fears are easing still further, and growth prospects for 2012 are improving.”



Employment



Rents Rising Rapidly



* *projected*

Time to Buy

"I just thought it was time to buy a home. Warren tells me that it will be the best opportunity in my lifetime. Mortgage rates are low and prices have dropped dramatically...I share Warren's view about the future of America, and we believe that our country will do just fine. I'm happy to make this investment."

Debbie Bosanek - Warren Buffet's Secretary of 37 Years on Purchasing a Second Home

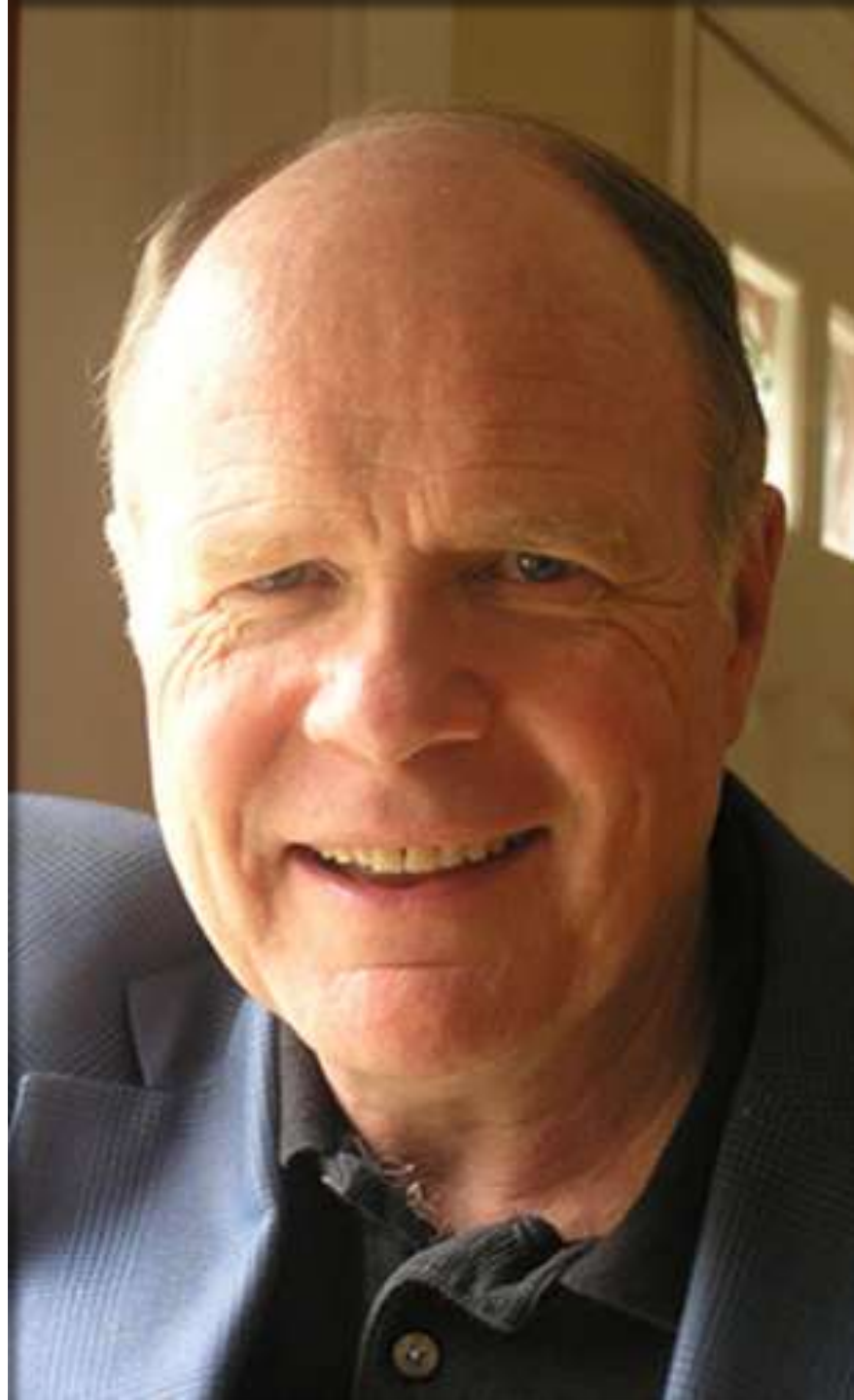


Karl Case

*“If you’re buying a house or apartment to live in and pay for over time, and can afford the payments, then it’s **a terrific time to buy.**”*

Karl Case

Co-Founder of the *Case Shiller Index*



Chris Thornberg

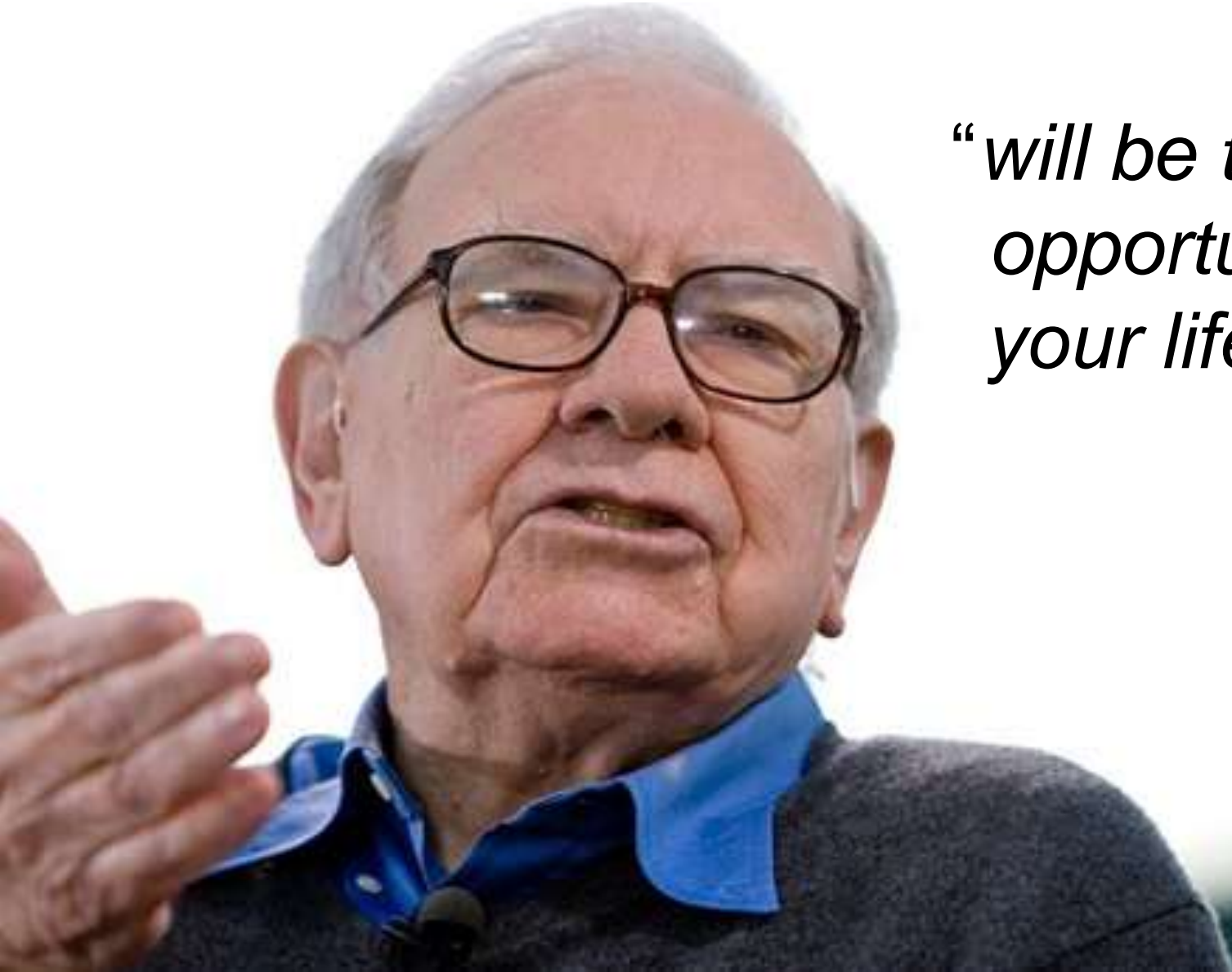
Chris Thornberg is a former UCLA economist and a founding principal of Beacon Economics.

2007 -*“What’s the point of buying today when you can buy it for 10 percent less in a year? For the life of me, I can’t figure out that logic.”*

2012 -*“Even if you’ve been thinking about buying a condo in Vegas or buying a condo in Miami, buy now. Now is a great time to buy a home.”*



Buying a Home Right Now...



“will be the best opportunity in your lifetime”.

Mortgage Rates - 30 Year Fixed



Payment Based on Interest Rates

RATE

5.00	1,933	1,986	2,040	2,094	2,147
4.75	1,878	1,930	1,982	2,034	2,087
4.50	1,824	1,874	1,926	1,976	2,027
4.25	1,771	1,820	1,869	1,919	1,968
4.00	1,719	1,766	1,814	1,862	1,910
3.75	1,667	1,714	1,760	1,806	1,852
3.50	1,617	1,661	1,706	1,751	1,796

\$360,000

-10%

\$370,000

-7.5%

\$380,000

-5%

\$390,000

-2.5%

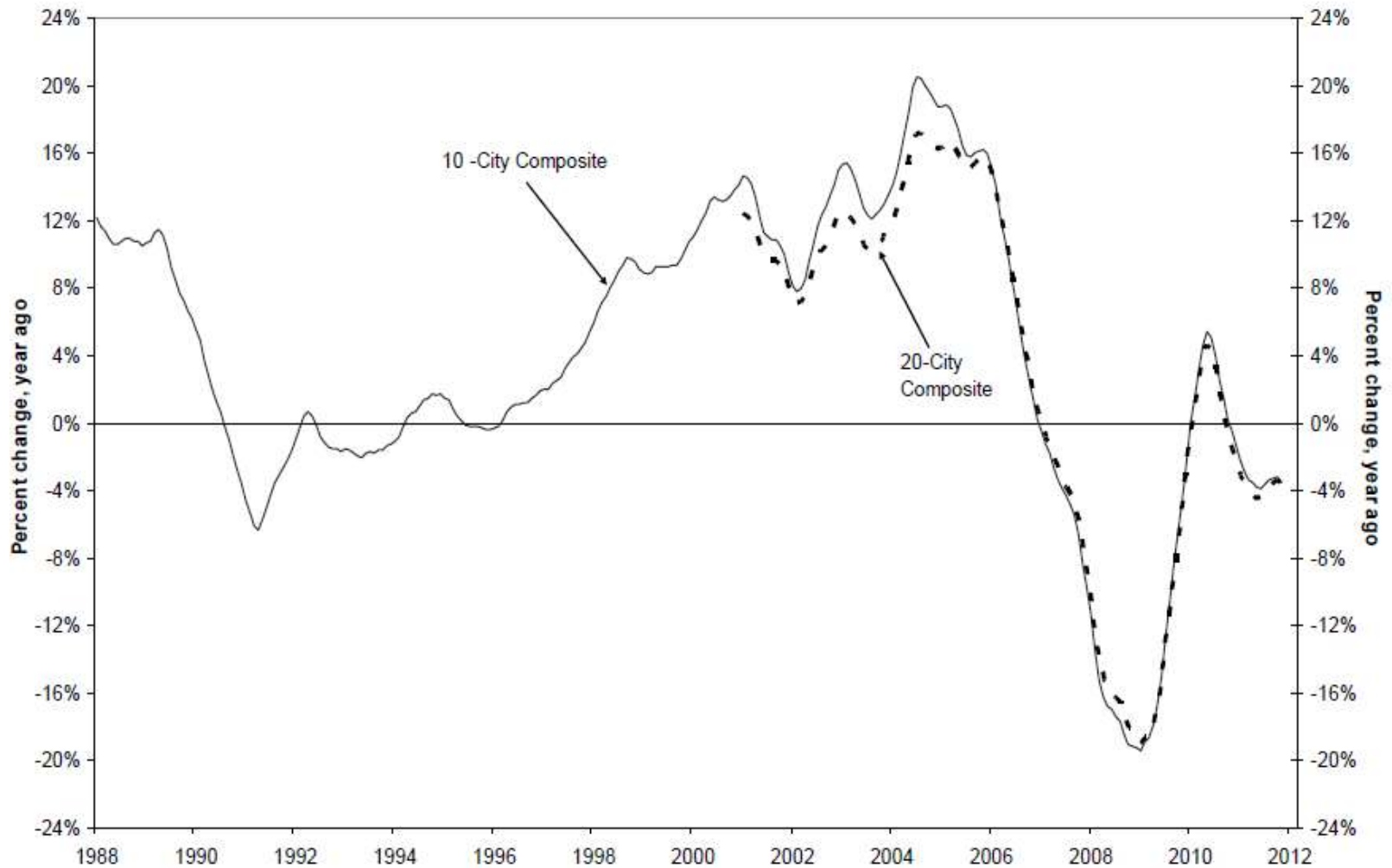
\$400,000

LOAN

Supply & Demand



S&P Case-Shiller Home Price Indices



Source: S&P Indices & Fiserv

Prices

“The enormous supply overhang of existing homes (particularly factoring in all those in foreclosure or soon to be) promises to keep pressure on prices for some time.”

Joshua Shapiro

Chief U.S. Economist at MFR Inc.



Appraisals

“Foreclosures and short sales can provide important information for appraisers, who develop valuations based on market data and market forces.

*An appraiser **should not ignore foreclosure sales and short sales if consideration of such sales** is necessary to develop a credible value opinion...*

*A short sale ... might have involved **atypical seller motivations and so might not be an ideal comp...***



A sale of a bank-owned property might have involved typical motivations, so the fact that it was a foreclosed property would not render it ineligible as a comp.”

Resources

Slide	Slide Title	Link
	Existing Home Sales, Pending Home Sales, Monthly Inventory of Homes for Sale	http://www.realtor.org
	Return on Investment	www.msnmoney.com
	Upbeat on the Market	www.kcmblog.com/2012/01/24/real-estate-2012-many-positive-outlooks
	Upbeat on the Market	http://www.kcmblog.com/2012/01/24/real-estate-2012-many-positive-outlooks
	Employment and the Economy	www.ihs.com/products/Global-Insight/industry-economic-report.aspx?ID=1065932259
	Employment	www.calculatedriskblog.com
	Affordability at 1971 Levels	portal.hud.gov/hudportal/documents/huddoc?id=DecNat2011_SC_FINAL.pdf
	Rents Rising Rapidly	news.investors.com/Article/599071/201201261738/higher-rental-rates-help-boost-home-sales.htm
	Time to Buy	www.omaha.com/article/20120127/MONEY/701279886/1031166
	Karl Case	www.nytimes.com/2011/12/31/business/three-experts-prognosticate-on-2012.html
	Chris Thornberg	lansner.oregister.com/2012/01/13/ex-doomsayer-its-a-great-time-to-buy-a-home/157105/
	Buying a Home Right Now	www.omaha.com/article/20120127/MONEY/701279886/1031166
	Mortgage Rates – 30 Year Fixed	www.freddiemac.com/pmms

Resources

Slide	Slide Title	Link
	Quality Residential Mortgage - QRM	www.fhfa.gov/webfiles/20686/QRM_FINAL_ALL.pdf
	Harder to Get a Mortgage	www.responsiblelending.org/mortgage-lending/research-analysis/Underwriting-Standards-for-Qualified-Residential-Mortgages.pdf
	S&P Case-Shiller Home Price Indices	www.housingviews.com/wp-content/uploads/2012/01/CSHomePrice_Release1.pdf
	Prices	www.corelogic.com/about-us/researchtrends/asset_upload_file382_14069.pdf
	Prices	www.nytimes.com/2012/02/01/business/economy/home-prices-decline-again.html
	Prices	investors.fiserv.com/releasedetail.cfm?ReleaseID=643558
	Appraisals	www.appraisalinstitute.org/newsadvocacy/downloads/AI_AppraisalsInDecliningMarkets.pdf
	Percentage of Contract Failures, Percentage of Distressed Property Sales	www.realtor.org
	REOs to Rentals	blogs.wsj.com/developments/2012/02/02/on-foreclosures-uncle-sam-courts-investors
	REOs to Rentals	housingwire.com/article/fhfa-will-pre-qualify-investors-bulk-reo-program
	REOs to Rentals	www.bloomberg.com/news/2012-01-31/foreclosures-draw-private-equity-as-u-s-selling-200-000-homes-mortgages.html
	Value by Sale Category	www.realtor.org
	Homeowner Satisfaction	www.prweb.com/releases/2012/home-owner-satisfaction/prweb9123606.htm

Keeping Current Matters



Home Price Expectation Survey
 Home prices will **decrease** until distress sales represent a smaller share of total home sales. The decline still to come has increased from 5% to 8%.

Future House Prices - CME Group

% Appreciation in 5 Year Increments

Year	2005	2006	2007	2008	2009	2010
Value	25	27	25	29	29	29

Moody's Economy - Possible

Bank Of America Pricing Forecast

70% Say Time to Buy is Now
 National Housing Survey:
 70% of respondents think it is a good time to buy a house. And of those 36% think it is a very good time to buy.

The Luxury Purchaser
 The wealthy are returning to the real estate market.

For the Next 12 Months	03/10/2009
Buying/Repeating a New Primary Residence	22% 9%
Buying a Second Home or Vacation Home	11% 2%

Karl Case of Case Shiller
A Dream House After All
 "For people with a realistic version of the American Dream, buying a house now can make a lot of sense."

Months Supply's Impact on Prices

Months	Market
1-4	Stable
5-6	Good
7+	Buyers

Home is the Same, it Just Costs Less

Year	Loan Amount	Interest Rate	Monthly Payment (\$)
Last Year	\$250,000	6.85	\$1,286.50
Today	\$230,000	4.58	\$1,286.71
Monthly Mortgage Payments			\$200.00

National Housing Survey

Statement	Percentage
Having a good place to raise children and provide a good education	79
Having a physical structure where you and your family feel safe	78
It allows you to have more space for your family	72
It gives you control over what you do with your living space	70

Shadow & Visible

\$384.63 per week!