HOME PRICING

NEW AND EXISTING MEDIAN HOME PRICING

The median price for new and existing homes reached all-time highs in 2006-2007, followed by the most severe price decline in over 50 years. Highlights from the following chart include:

- New home pricing reached a low of $204,200 in October 2010, reflecting a 22.2 percent drop from the market peak and a return to 2003-2004 levels. Erratic price fluctuations through early 2012 made discerning a trend difficult. However, positive housing news since then has resulted in an upward trend in pricing.
- Existing home pricing reached a low of $154,600 in January 2012, reflecting a 32.8 percent decline from the peak and a return to 2001-2002 levels. Year-over-year pricing in 2012 has been higher since February.
- After several years of price declines, pricing turned to the positive in early 2012. An increasing number of housing analysts suggest pricing has established a "bottom" with appreciation, albeit modest, continuing in 2013.

U.S. MEDIAN HOME PRICING

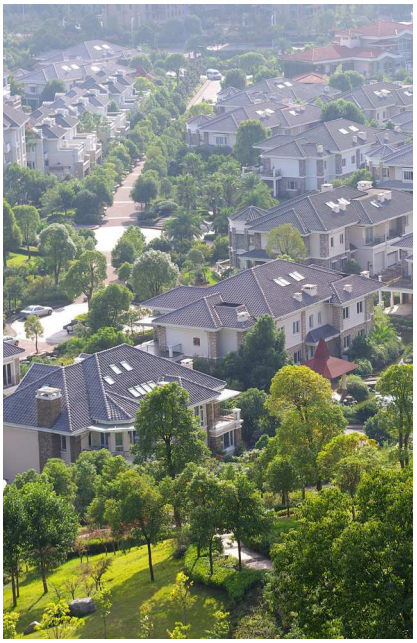
Source: U.S. Census Bureau & National Association of Realtors

CORELOGIC HOME PRICE INDEX

The CoreLogic Home Price Index is a repeat-sales index that tracks increases and decreases in sale prices for the same homes over time, including single family attached and detached homes. It is a multi-tier market evaluation based on price, time between sales, property type, loan type, and distressed sales, which provides a more accurate view of pricing trends than basing analysis on all home sales. Highlights from the following chart include:

- Since the peak in April 2006, the combined index declined 33.5 percent through February 2012, while the index excluding distressed sales has fared better with a 27.1 percent decline. The divergence between the two indices has increased with the growing number of distressed sales. Nevada, Arizona, Florida, Michigan, and California have fared the worst.

Positive housing news since early 2012 has resulted in an upward trend in pricing.



EMPLOYMENT

The housing and credit crisis led the country into the worst recession since the depression of the 1930s. Total nonfarm employment peaked in January 2008 and declined 6.3 percent through February 2010, reflecting a loss of approximately 8.8 million jobs. However, approximately 4.5 million new jobs were recorded through October 2012, and the U.S. unemployment rate of 7.9 percent is well below the peak of 10.0 percent in October 2009. Shadow unemployment (those no longer receiving unemployment benefits) still remains high, but studies now suggest many of these unemployed are re-entering the work force. This may slightly increase unemployment in the near-term but suggests positive traction in employment opportunities.

The continued addition of employment-aged population entering the workforce will contribute to sustained higher unemployment levels. There are, however, studies that suggest the movement of the large demographic baby-boomers into retirement should open up employment opportunities and alleviate some of the upward pressure on unemployment. However, this may be somewhat off-set by aging baby-boomers no longer able to exit the workforce due to financial inability to sustain a non-employed lifestyle. The lack of strong employment growth, employment insecurity, and wage compression, will continue to suppress demand, even as some sectors of the economy show improvement.

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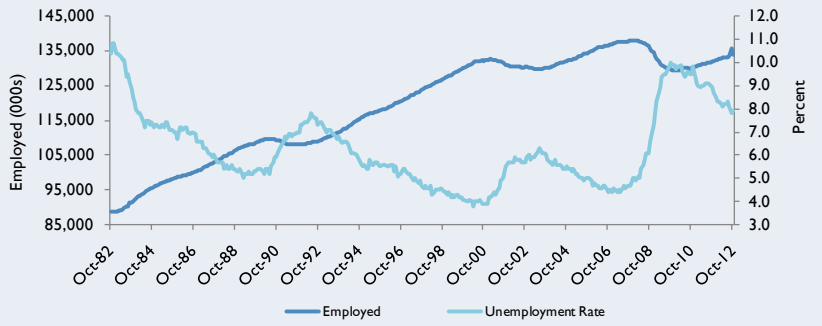
U.S. TOTAL NONFARM EMPLOYMENT AND UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)



Source: Bureau of Labor Statistics