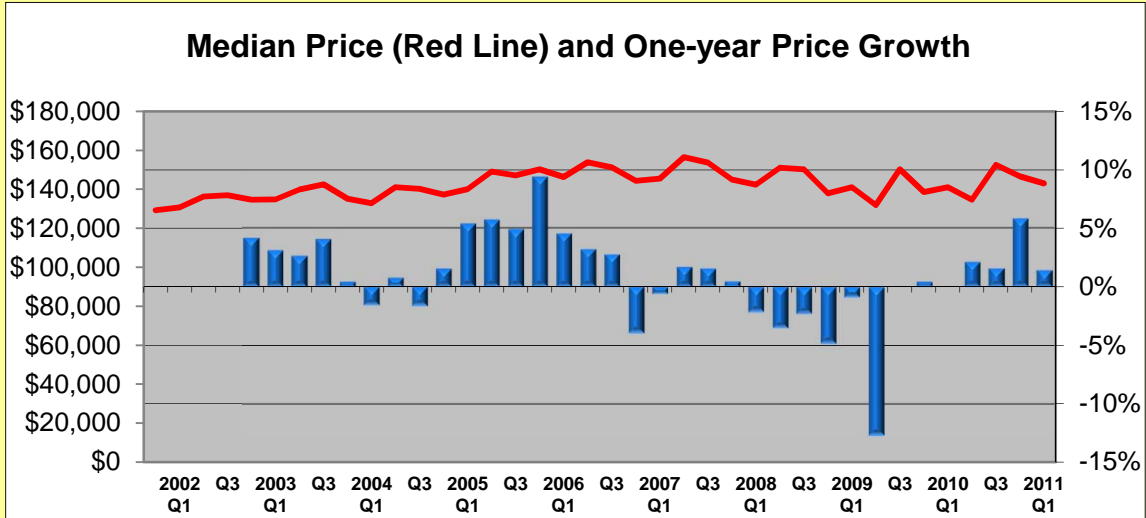


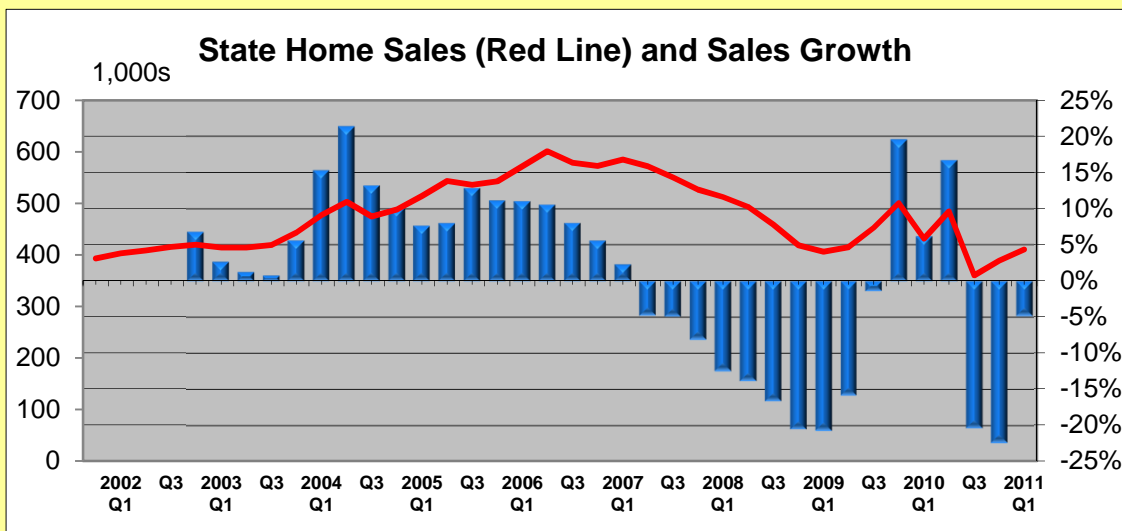
Dallas-Fort Worth-Arlington Area Local Market Report, First Quarter 2011



Today's Market...



	Dallas	U.S.	Local Trend
Price Activity			
Current Median Home Price (2011 Q1)	\$143,100	\$157,933	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2011 Q1)	1.4%	-5.1%	
3-year (12-quarter) Appreciation (2011 Q1)	0.5%	-20.5%	
3-year (12-quarter) Housing Equity Gain*	\$700	-\$40,633	This area has held onto positive equity growth despite the national market decline
7-year (28 quarters) Housing Equity Gain*	\$10,300	-\$23,133	
9-year (36 quarters) Housing Equity Gain*	\$12,300	\$1,433	
*Note: Equity gain reflects price appreciation only			
Conforming Loan Limit**	\$417,000	\$729,250	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$271,050	\$417,000	
Local Median to Conforming Limit Ratio	34%	not comparable	
**Note: the 2009 loan limits for FHA and the GSEs were extended through 2010.			

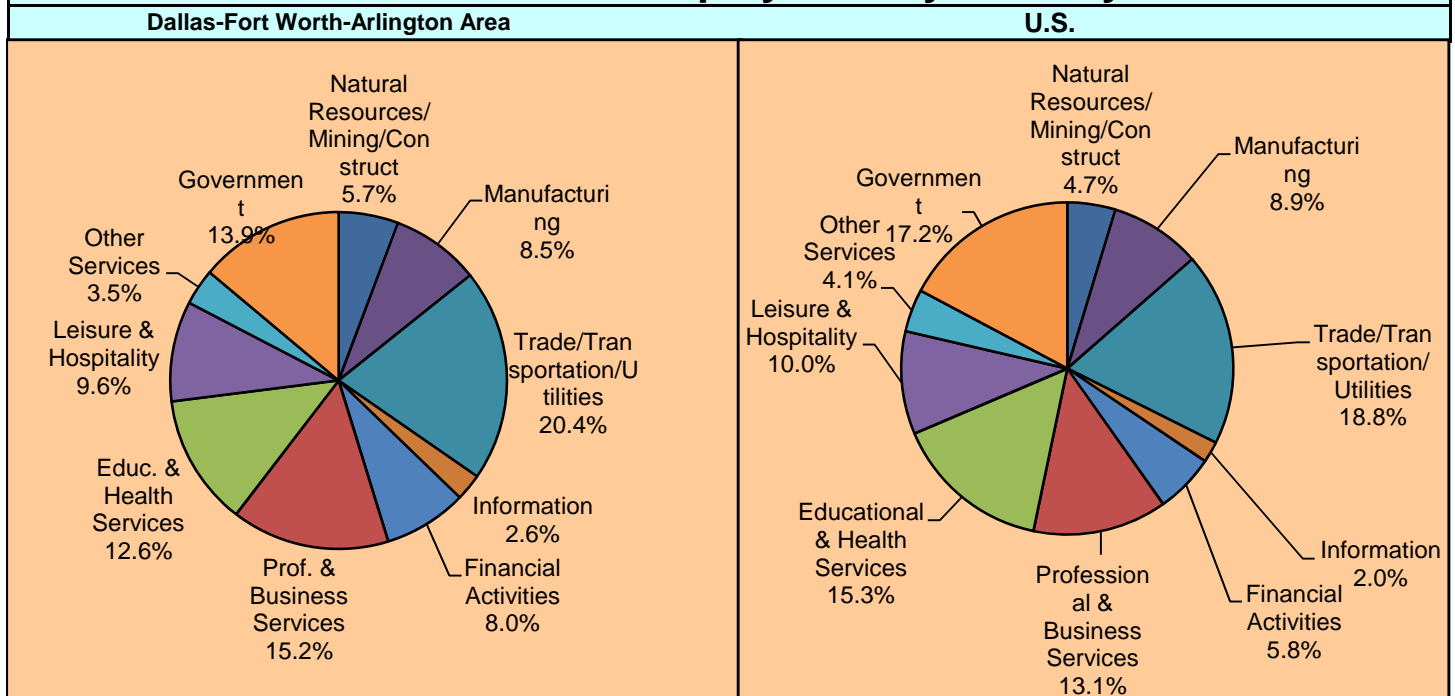


Home Sales	Texas	U.S.	
State Existing Home Sales (2011 Q1 vs 2010 Q1)	-4.8%	-0.8%	Local sales growth continues to be weak

Drivers of Local Supply and Demand...

Local Economic Outlook	Dallas	U.S.	
12-month Job Change (Mar)	69,000	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Feb)	64,300	Not Comparable	
36-month Job Change (Mar)	-69,300	Not Comparable	Unemployment in Dallas is better than the national average and improving
Current Unemployment Rate (Mar)	8.1%	8.8%	
Year-ago Unemployment Rate	8.4%	9.7%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	2.4%	0.1%	

Share of Total Employment by Industry



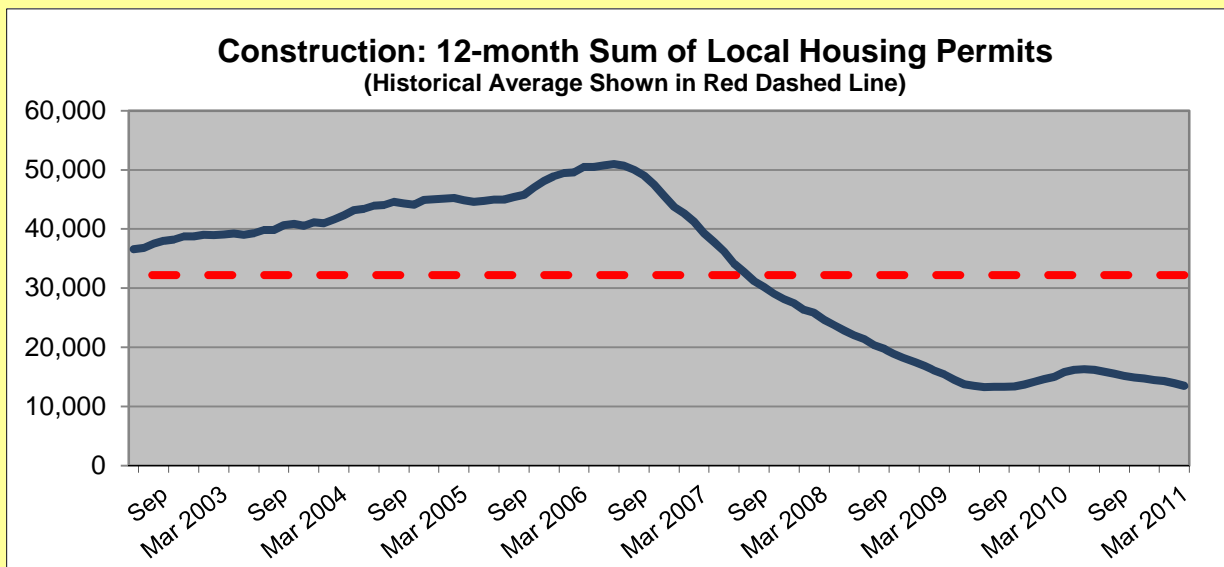
12-month Employment Change by Industry in the Dallas-Fort Worth-Arlington Area (Mar - 2011)

Goods Producing	NA	Information	-4,700
Natural Resources/Mining/Construction	12,700	Financial Activities	5,900
Natural Resources and Mining	NA	Prof. & Business Services	24,900
Construction	NA	Educ. & Health Services	14,800
Manufacturing	-600	Leisure & Hospitality	2,300
Service Providing Excluding Government	NA	Other Services	-600
Trade/Transportation/Utilities	8,800	Government	5,500

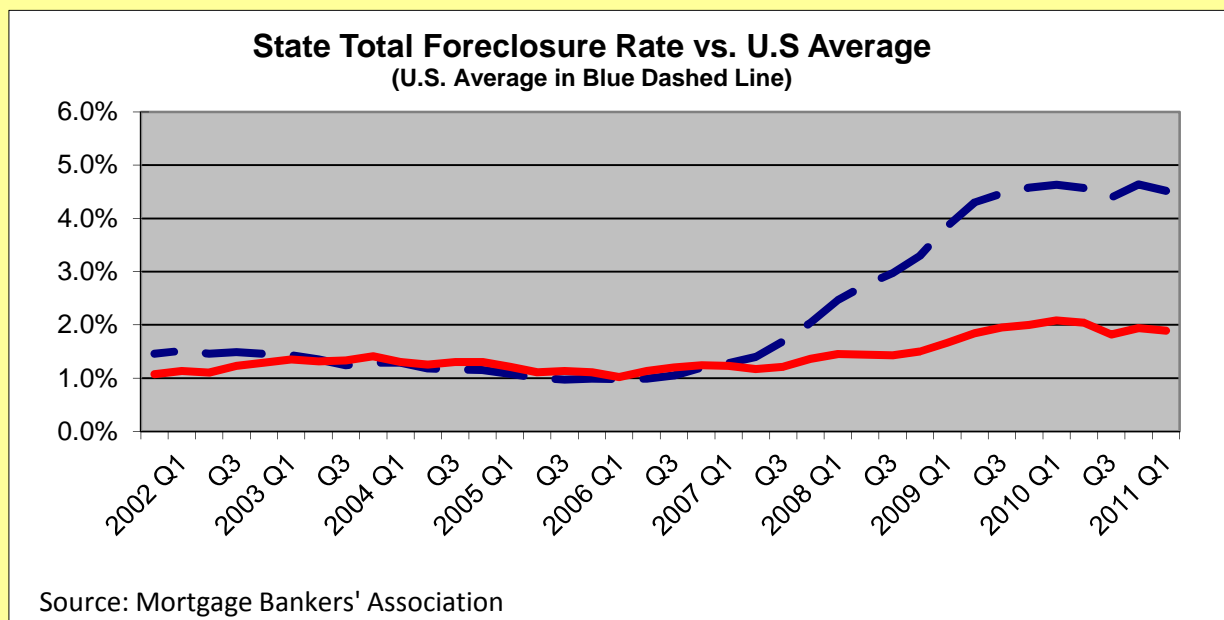
State Economic Activity Index	Texas	U.S.	
12-month change (2011 - Mar)	2.3%	2.9%	The economy of Texas is growing more slowly than the rest of the nation, but improved modestly from last month's 2.13% change
36-month change (2011 - Mar)	-7.2%	-5.1%	

New Housing Construction

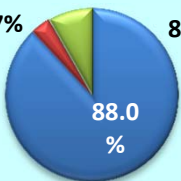
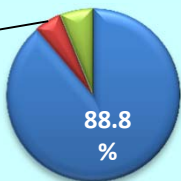
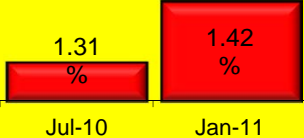
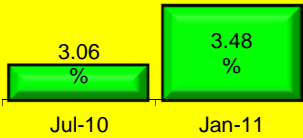
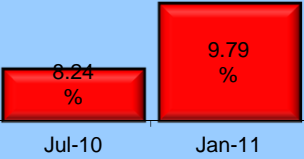
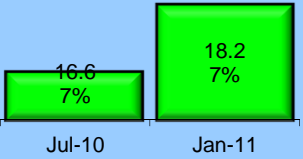
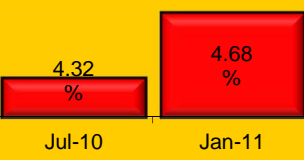
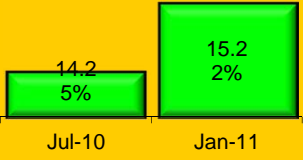
Local Fundamentals	Dallas	U.S.	
12-month Sum of 1-unit Building Permits through Mar 2011	13,466	not comparable	The current level of construction is 58.2% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	32,185	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with the inventory more quickly
Single-Family Housing Permits (Mar 2011) 12-month sum vs. a year ago	-14.9%	-10.5%	Construction continues to decline from last year



While new construction is the traditional driver of supply in real estate, foreclosures now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or foreclosure, place downward pressure on the median home prices.



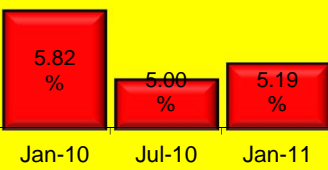
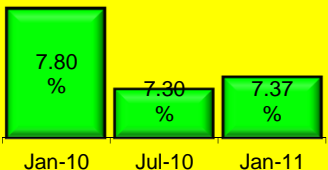
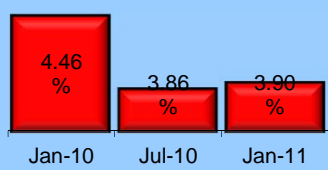
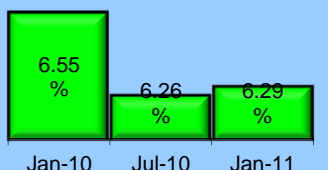
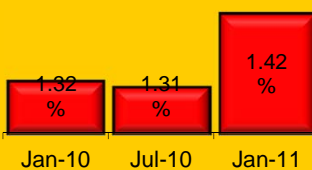
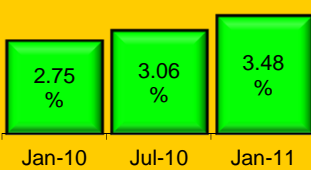
Foreclosures by Type

Monthly Market Data - January 2011	Dallas	U.S.	
Market Share: Prime (blue), Alt-A (green), and Subprime (red)			The Dallas market has a lower share of subprime loans than the average market, but rising prime foreclosures are becoming a problem
PRIME: Foreclosure + REO Rate			<p>There was small local increase relative to July of last year</p> <p>Compared to the national average, today's local prime rate is low</p>
SUBPRIME: Foreclosure + REO Rate			<p>The subprime foreclosure rate jumped compared to July of last year</p> <p>Locally, today's foreclosure rate is low relative to the national average</p>
ALT-A: Foreclosure + REO Rate			<p>The alt-A foreclosure rate rose slightly over the most recent 6 months</p> <p>The January rate for Dallas is low compared to the national average</p>

The "foreclosure + REO rate" is the number of mortgages, by metro area, that are either in the foreclosure process or have completed the foreclosure process and are owned by banks divided by the total number of mortgages for that area.

Source: First American CoreLogic, LoanPerformance data

Prime Foreclosures and Delinquencies in Process

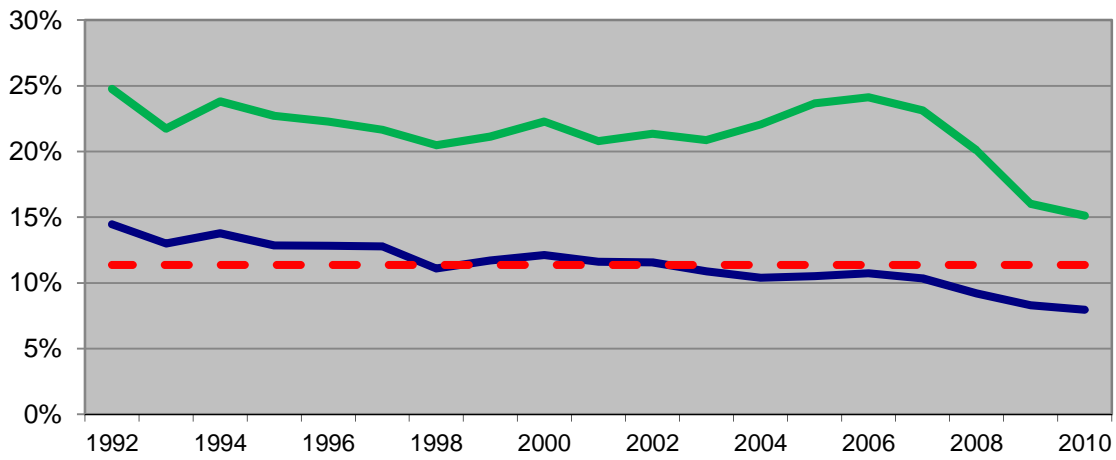
Monthly Market Data - January 2011	Dallas	U.S.	
Prime: 60-day Delinquent			The 60-day delinquency rose over the 6 months ending in January suggesting that the 90-day delinquency rate is likely to rise in the near future
Prime: 90-day Delinquent			Dallas's 90-day delinquency rate climbed faster than the national average over the most recent 6-month period suggesting a bulge of foreclosures in the future
Prime: Foreclosure + REO Rate			The increase in both the 60 and 90-day delinquency rates over the most recent 6-month period will press up on local prime foreclosure rate in the near future.

Source: First American CoreLogic, LoanPerformance data

Affordability

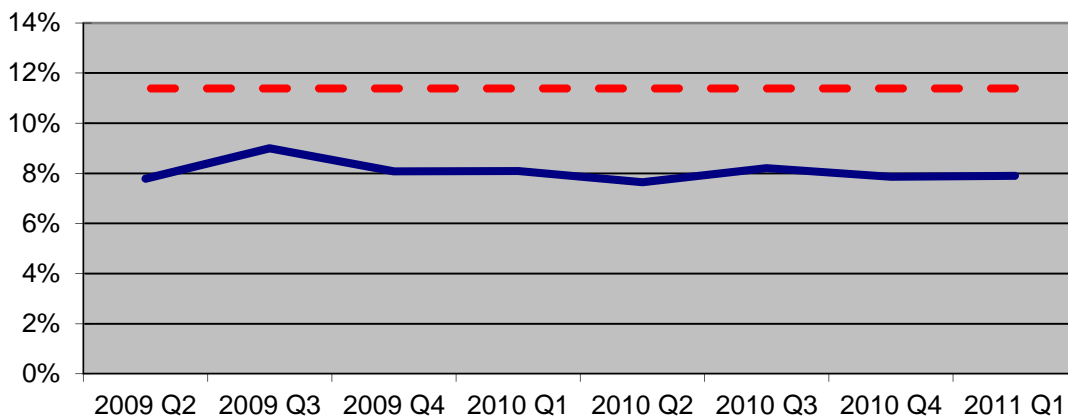


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

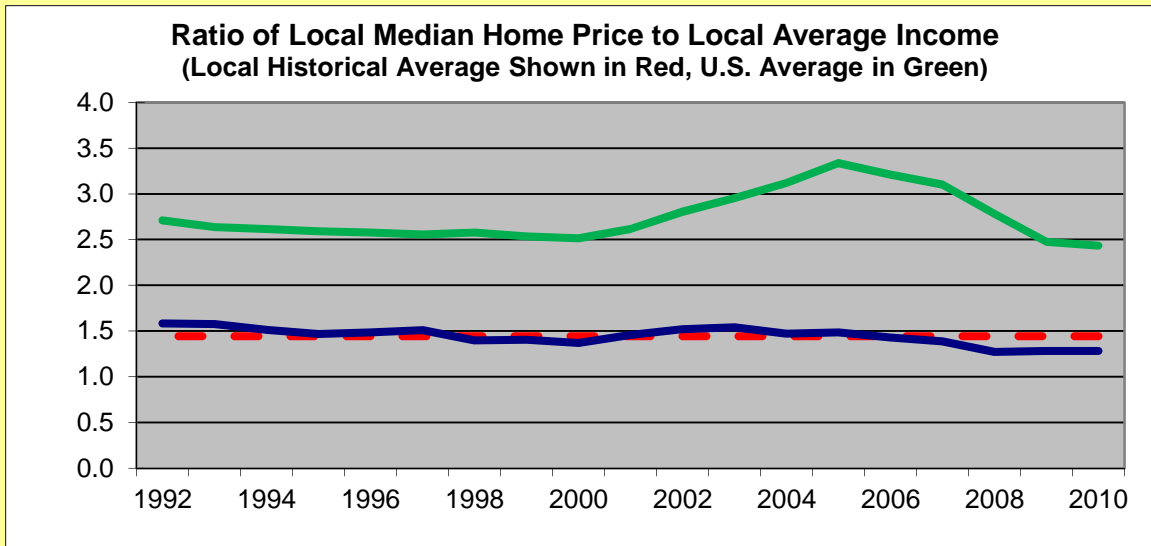


Monthly Mortgage Payment to Income	Dallas	U.S.	
Ratio for 2009	8.0%	15.1%	Historically strong, but weaker than the fourth quarter of 2010
Ratio for 2011 Q1	7.9%	13.8%	
Historical Average	11.4%	22.0%	More affordable than most markets

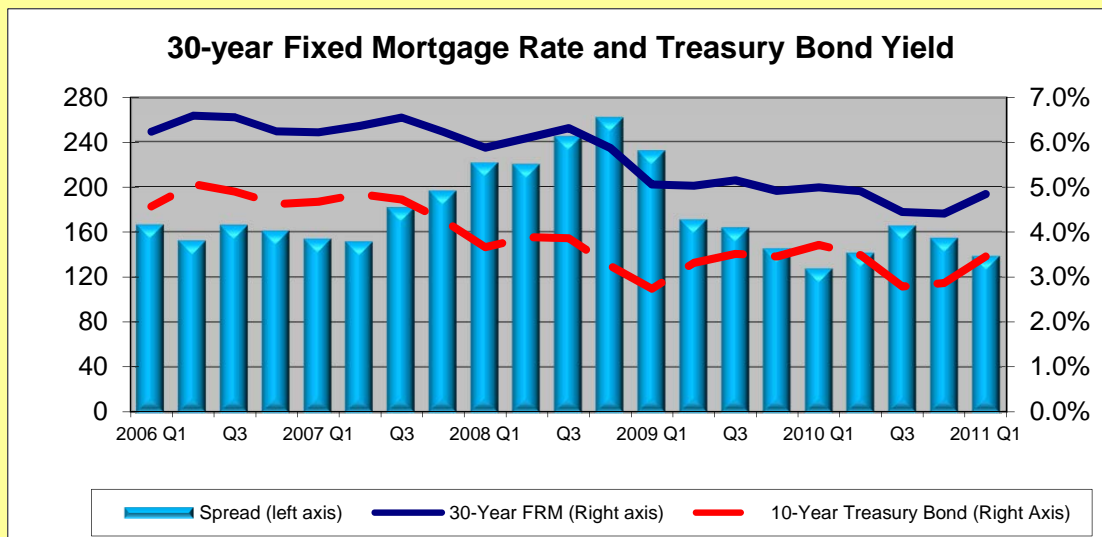
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Dallas	U.S.	
Ratio for 2010	1.3	2.4	The price-to-income ratio has fallen and is below the historical average
Ratio for 2011 Q1	1.2	2.2	
Historical Average	1.4	2.7	Affordable compared to most markets



The Mortgage Market



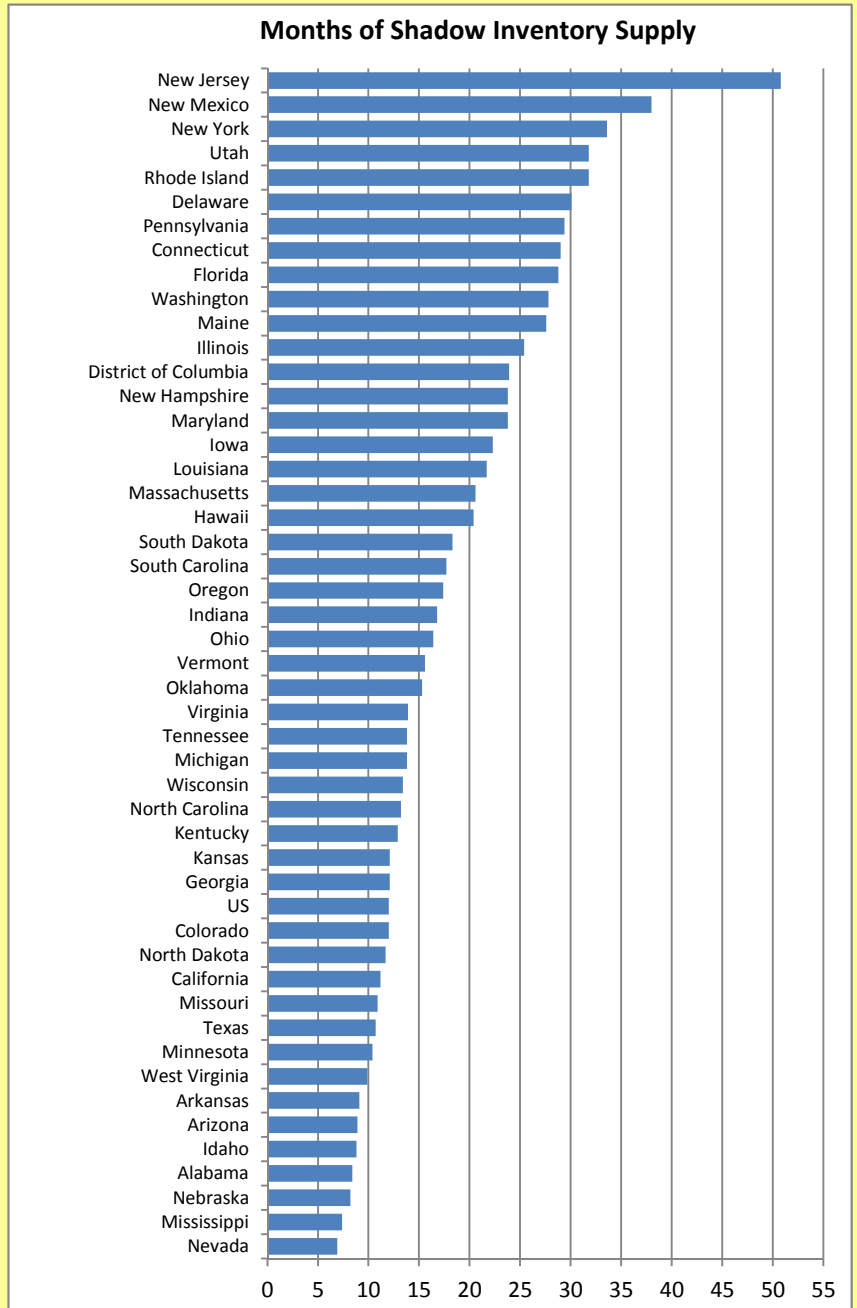
After falling sharply in the second half of 2010, mortgage rates climbed in the 1st quarter of 2011. Strength from a variety of economic indicators including consumer spending, confidence and even housing led the 10-year Treasury higher. This pattern dragged the rate on the average 30-year fixed upward with the Treasury. As a result the spread between the 10-year and the 30-year FRM shrank. This pattern is likely to reverse course in the 2nd quarter as fighting in Libya and uncertainty in Egypt have caused oil prices to spike. In addition, the tsunami and subsequent nuclear disaster in Japan impacted supply chains necessary for production by U.S. firms. The combined effect was a reduction in economic growth in the 1st quarter. This unexpected shock drew down expectation for economic growth and the 10-year Treasury. Mortgage rates have followed suit and were well below 5% as of May. Rates are likely to remain low in the near term, but are expected to reach 5.6% by the 4th quarter of 2011.

A Closer Look...Shadow Inventory

Shadow Inventory	Dallas	U.S.
As of Q4 2010	93,761	2,777,247
Share of US Shadow	3.4%	NA
Months Supply	10.7	12.0

A concern of many in the real estate field is the amount of inventory that banks have on their books, but have not yet released to the market. This shadow inventory consists of homes near default or already in bank possession, but not listed for sale. A large influx of inventory from this shadow population would place downward pressure on home prices. Bank representatives state that they are not holding back inventory.

Statistical evidence suggests that foreclosures are often priced well below comparable non-distressed properties and move quickly after entering the market as a result. The shadow inventory for Dallas is 93,761 properties which accounts for roughly 3.4% of the total shadow inventory for the United States. This represents 10.7 months of supply assuming that the shadow inventory sells at roughly the current rate of sales for foreclosed homes. For more information on how the shadow inventory was calculated, see the article "State by State Estimate of Shadow Inventory" by Economist Selma Hepp of NAR Research at <http://economistsoutlook.blogs.realtor.org>



Geographic Coverage for this Report

The Dallas area referred to in this report covers the geographic area of the Dallas-Fort Worth-Arlington metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Collin County, Dallas County, Delta County, Denton County, Ellis County, Hunt County, Johnson County, Kaufman County, Parker County, Rockwall County, Tarrant County, and Wise County

More information on the OMB's geographic definitions can be found at http://www.whitehouse.gov/omb/inforg_statpolicy/