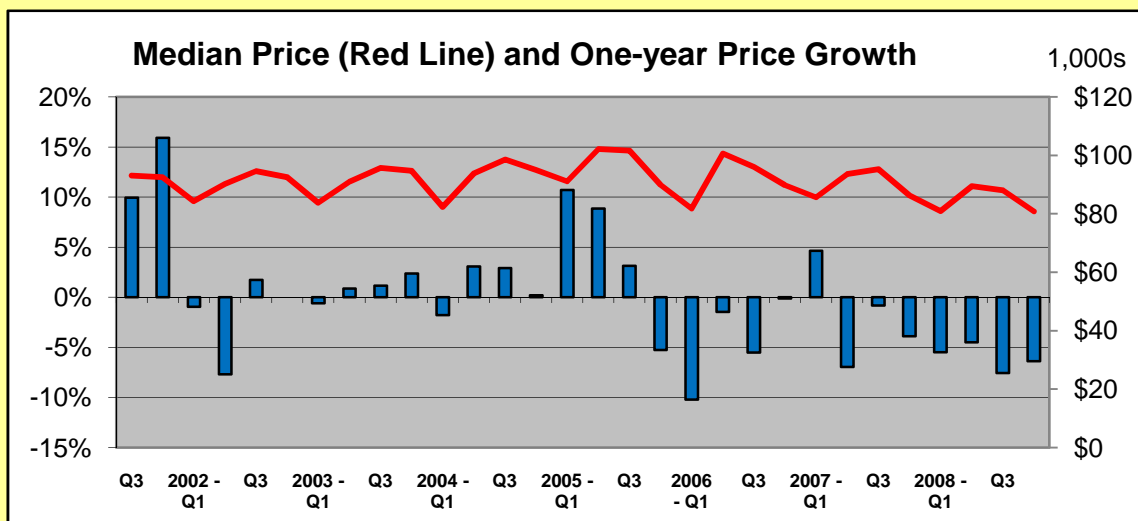


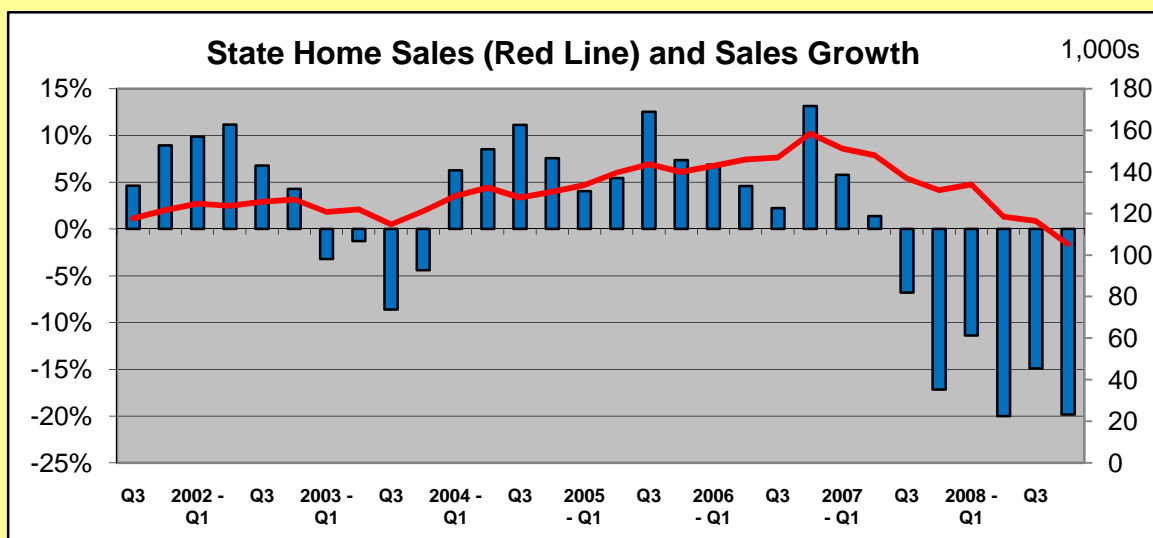


## South Bend-Mishawaka Area Metro Market Report, Fourth Quarter 2008

### Today's Market...



	South Bend	U.S.	Local Trend
<b>Price Activity</b>			
Current Median Home Price (2008 - Q4)	\$80,800	\$180,800	
1-year Appreciation (2008 - Q4)	-6.4%	-7.0%	Weak for this metro area
3-year Appreciation (2008 - Q4)	-10.1%	-19.8%	Weak for this market
3-year (12-quarter) Housing Equity Gain	-\$9,100	-\$44,567	
7-year (28 q) Housing Equity Gain	-\$13,000	-\$13,167	
9-year (36 q) Housing Equity Gain	-\$9,400	\$16,967	



Home Sales and Construction Growth	Indiana	U.S.	
*State Existing Home Sales (Q4)	-19.8%	-16.4%	Weak compared to local average

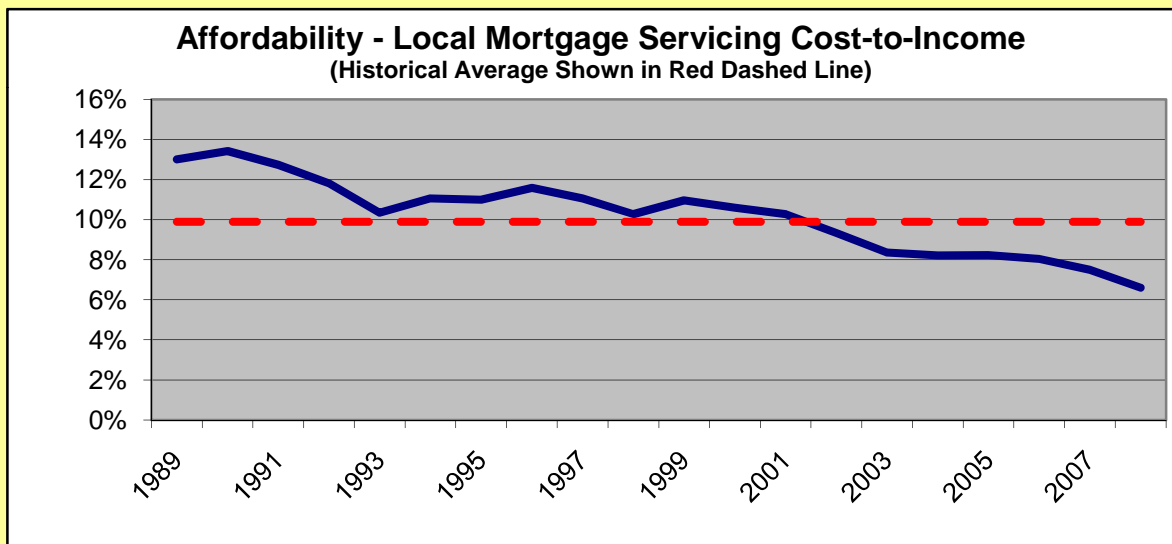
\*versus same quarter, year-ago

# Local Supply and Demand...

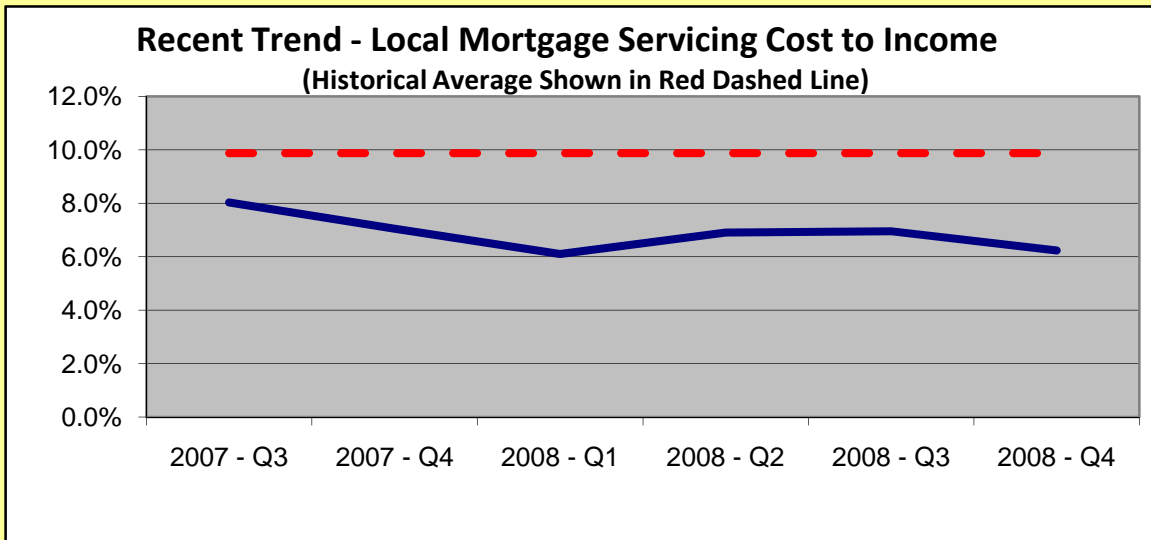
Local Economic Outlook	South Bend	U.S.	
1-year Job Additions (2008 - Dec)	-4,300	Not Comparable	Soft for this market
3-year Job Additions (2008 - Dec)	-3,900	Not Comparable	Weaker than local average
State Economic Activity Index	Indiana	U.S.	
12-month change (2008 - Dec)	-5.8%	-0.9%	Weak compared with nation
36-month change (2008 - Dec)	-2.7%	4.5%	Weak relative to the nation

Local Fundamentals	South Bend	U.S.	
1-year (12 month) Job Growth Rate	-2.9%	-0.4%	Weak compared to other markets
3-year (36 month) Job Growth Rate	-2.7%	2.5%	Weaker than most metro areas
1-year Job Gain to New Single-Family Homes	NA	0.0	NA
3-year Job Gain to New Single-Family Homes	NA	13.9	NA
** Single-Family Housing Permits (2008 - Dec)	NA	-41.3%	NA

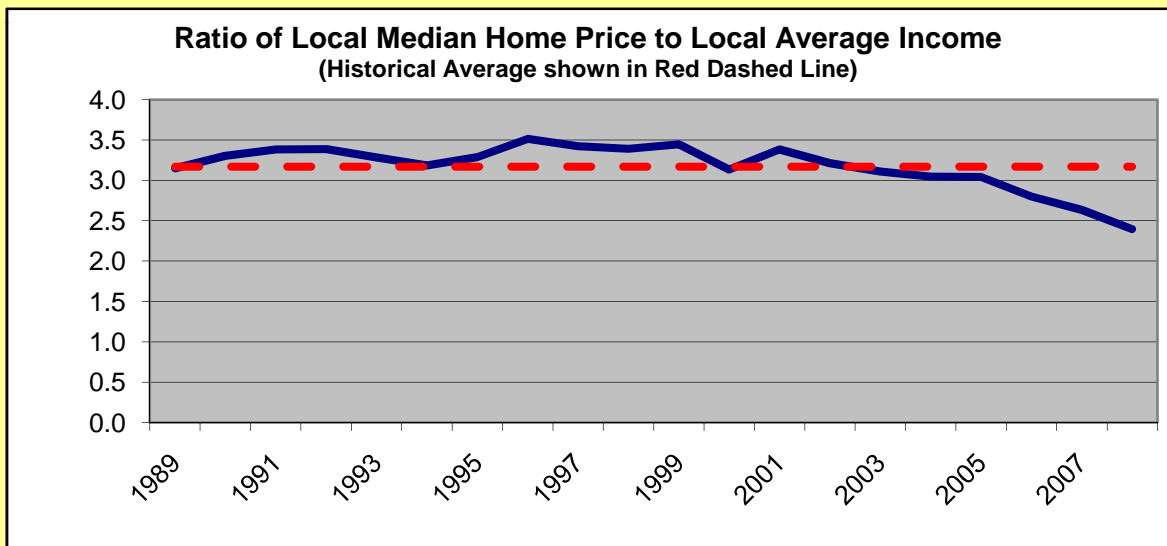
\*\*Rolling 12-month sum vs. a year ago



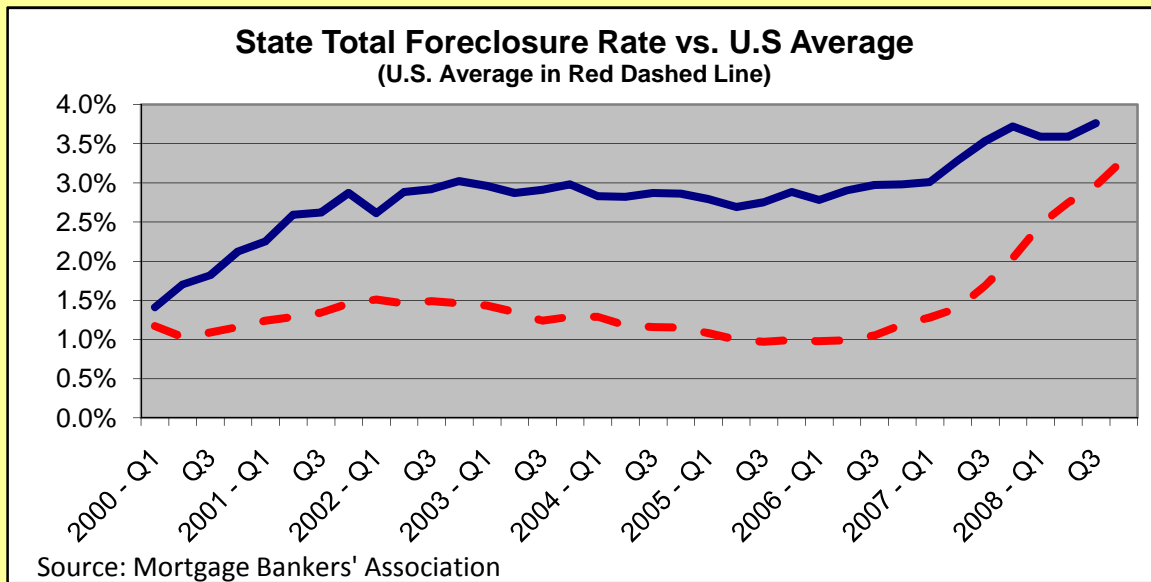
Monthly Mortgage Payment to Income	South Bend	U.S.	
Ratio for all of 2008	7.0%	21.4%	Good local affordability
Ratio for 2008 - Q4	6.2%	20.6%	Improving and historically strong
Historical Local Average	9.9%	23.2%	Good relative to the nation



Median Home Price to Income	South Bend	U.S.	
Ratio for 2008	2.4	7.4	Good Relative to Local History
Historical Local Average	3.2	7.2	Good Compared to Nation Average



# Looking Deeper....



Monthly Market Data - October 2008	South Bend	U.S.	
<b>PRIME</b> Market Share	84.5%	84.2%	Lower subprime exposure than average
<b>SUBPRIME</b> and <b>Alt-A</b> Market Share	15.5%	15.8%	Strong Compared to the Nation
<b>TOTAL</b> Foreclosure + REO Rate	1.8%	1.2%	There has been a large local increase versus a year ago
<b>TOTAL</b> Foreclosure + REO Rate (same period, 1-year earlier)	1.3%	0.5%	The current local rate is high compared with the current U.S. average
<b>SUBPRIME</b> Foreclosure + REO Rate	15.1%	14.0%	There has been little change locally compare to year ago
<b>SUBPRIME</b> Foreclosure + REO Rate (same period, 1-year earlier)	14.9%	7.2%	The current local rate is high given the current U.S. average
<b>ALT-A</b> Foreclosure + REO Rate	14.1%	9.0%	A large local increase occurred compared to a year ago
<b>ALT-A</b> Foreclosure + REO Rate (same period, 1-year earlier)	6.4%	2.5%	The current local rate is high compared with the up-to-date U.S. average

Monthly Foreclosure data provided by First American CoreLogic, LoanPerformance data

# The Mortgage Market

