RPX MONTHLY
HOUSING MARKET REPORT

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Quinn W. Eddins, Director of Research
Matthew R. Zogby, Statistician

Don't Believe the Hype: Housing Won't Collapse in 2010

Despite the fact that housing prices and home sales are outperforming historical trends for this time of year, many economists and housing market observers remain pessimistic, offering dire predictions of a second large decline in home prices in 2010. While we acknowledge that serious troubles remain in the nation's housing markets, we think predictions of a second "collapse" of the housing market are exaggerated.

Our view is that recent trends point to continued stability in the housing market, and if efforts to ease foreclosures can and do succeed, there could be significant recovery in housing values in spring 2010. Housing demand is strong, as indicated by recent increases in sales activity at a time of year when transactions usually fall. With the 25-MSA RPX Composite 30% below its peak, low prices are attracting owner-occupiers and investors alike into the housing market. Stories abound of fierce bidding pushing up prices at foreclosure auctions. On the supply side, we are encouraged by falling inventories of new and existing homes as well as declines in new-home permits and starts.

The principal threat to the housing market is the looming inventory of distressed homes. Delinquencies have reached their highest levels in decades. Foreclosures and bank repossessions are also elevated from historical levels, but they have not kept pace with rising delinquencies. As a result, there is a glut of seriously delinquent mortgages awaiting foreclosure and a glut of foreclosed homes awaiting auction and/or repossession.

Bearish observers of the housing market point to the fact that government loan modification programs have prevented the inventory of distressed properties from entering the housing market and argue that distressed homes will flood into the market when the programs end, driving up the supply of unsold homes and pushing down home prices.

We think it is more likely that distressed properties will enter the housing market at a controlled rate that can be absorbed by the existing housing demand without drastically reducing prices. Thanks to federal bailout money and a general improvement in their financial health, banks have been relieved of the urgent need to liquidate their assets. As a result, lenders and government entities like Fannie Mae and the FDIC have been able to curtail sales to raise prices and avoid recording losses on properties. There is no incentive for banks to foreclose on a home if they will suffer a greater loss from liquidating the property than carrying the delinquent loan. Thus, banks are not likely to foreclose on, repossess and try to liquidate the current pipeline of delinquent mortgages in a rapid manner that would depress the value of the properties they are trying to sell. Moreover, the Federal Government will probably continue to support banks seeking to take a measured approach to liquidating distressed properties, either through the Home Affordable Modification Program (HAMP), the Troubled Asset Relief Program (TARP) or by other means.

In contrast to bearish housing market observers, who argue that high unemployment will weigh heavily on housing demand in 2010, we are heartened by the fact that housing demand is currently so robust despite the fact that unemployment is high. Once the unemployment rate hits its peak and begins to decline, which many expect in occur within the next two or three quarters, housing demand should get stronger.

Bears argue that the government's interventions to boost housing demand are unsustainable and temporary, and its efforts to modify distressed mortgages have only succeeded in shifting the burden of foreclosures into the future. Eventually, the bears say, the government's manipulations of the laws of supply and demand will have to come to an end, and when they do, home prices will crash once again.

As the housing market is central to the health of the economy as a whole, we are confident that the government will continue its efforts to support housing demand and mitigate foreclosures for the foreseeable future. We are encouraged by the Federal Government's commitments to support the housing market well into 2010. The Federal Reserve has indicated that it will help keep mortgage rates low until the economy is capable of sustaining growth on its own, and it will keep providing liquidity to the housing market by purchasing agency mortgage-backed securities through the end of March 2010. Congress has extended the housing tax credit to include home sales that close by June 30, 2010, and the Treasury has indicated that it will extend the TARP to October 2010 and focus much of the new commitments under the program on mitigating foreclosures and supporting the housing market. If the government and Wall Street can find a way to effectively mitigate foreclosures, home values may well go up in 2010.

While we are not out of the woods yet, our view is that housing is showing signs of stability, markets are showing signs of rational behavior and everyone is starting to understand the fundamental problems that brought us here. As such, we think the bears are overdoing it.

Trends in Home Prices and Home Sales

The 25-MSA Composite price declined only 0.7% during the month ending October 15, the smallest decline for that time period since 2005. Prices increased month-over-month in 11 MSAs, mostly in the West Coast and Southeast regions where seasonal factors are less salient than in other regions. Three- and six-month trends in the 25-MSA Composite were also stronger than they have been at that time of year since 2005 (see Exhibit 3).

One-, three- and six-month trends in 25-MSA transaction counts were stronger in October 2009 than they have been in any other October since the beginning of Radar Logic's data in 2000 (see Exhibit 4). The 25-MSA transaction count usually falls in August, September and October. This year, the 25-MSA transaction count has increased or remained constant every month since January.

Transactions increased over the month ending October 15 in 22 of the 25 MSAs tracked by Radar Logic. Transactions increased in all regions, with the exception of the Northeast, where Philadelphia (-21.2%) and Boston (-11.5%) exhibited contraction in sales. New York outperformed its neighbors to the north and south, posting the first increase in sales for the period since the beginning of Radar Logic data in 2000.

As the RPX values covered in this report correspond to transactions in early October, before Congress voted to extend the $8,000 first-time homebuyer tax credit, the uptick in RPX transaction counts may reflect a rush of sales in advance of the tax credit's original November 30 deadline. In early November, Congress extended the program to include all sales under contract by April 30, 2010 and closed by June 30, 2010.

Both motivated and other sales increased, with motivated sales growing by 7.3% and other sales growing by 6.2%.[1] As other sales increased from a higher base volume in mid-September, they increased from 74% of total sales to 75%. This stability in the mix of motivated and other sales helped stabilize the 25-MSA Composite price. This contrasts with the trend in September, when motivated sales increased 27% while other sales decreased 5%, resulting in a shift in the mix of sales toward motivated sales with relatively low prices. This mix shift put downward pressure on the 25-MSA RPX Composite price.

Outlook for Housing Demand

Unemployment

Unemployment continues to be a burden to many homeowners, and is probably the most salient driver of additional foreclosures. The most current Employment Situation report released by the Bureau of Labor Statistics showed that job losses were moderating, with most of the moderation occurring in temporary help services and health care jobs. Traditionally, jobs added in temporary help services have foreshadowed further hiring in the future. If this is the case, then in future reports we should see additional job growth in categories that could chip away at the current level of long-term unemployed workers, which increased by 293,000 to 5.9 million in the month of November.

The high levels of long-term unemployed workers will be important to watch. When the economy produces more full-time jobs, cash inflows to households will become more stable and unemployed workers will spend less time between jobs. This should decrease the likelihood of current homeowners defaulting on their loans while prompting potential homebuyers who were sidelined by uncertainty in the economy to take advantage of current affordability in housing.

Proposed Changes for the FHA

On December 2, Housing and Urban Development Secretary Shaun Donovan testified before the House Financial Services Committee. In his testimony he proposed a number of changes to the Federal Housing Administration (FHA), which he oversees. Under the proposed changes, the FHA will:

- Step up enforcement of its standards;
- Require lenders to indemnify the FHA for their own failures to meet FHA requirements;
- Hold lenders accountable nationally for their origination quality and compliance with FHA policies rather than on a branch-by-branch basis;
- Reduce the maximum seller concession from 6% to 3%;
- Raise the minimum borrower FICO score;
- Increase the up-front cash requirement for borrowers either through increasing the required down payment, the current minimum is 3.5%, or by requiring the borrower to pay more fees;
- Increase FHA insurance premiums.

The proposed changes will be announced by the end of January.

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[1] Radar Logic defines "motivated" sales as sales at foreclosure auctions and REO sales by financial institutions. "Other" sales are all sales not considered to be "motivated".

On December 7, the FHA announced new lending rules that limit the number of buyers in condo buildings that can get loans insured by the agency. The rules also put restrictions on buildings with poor finances, too many delinquent owners and a high number of rentals. Under the new regime, only half of a condo building's units can have FHA-backed loans, with some exceptions. The limit falls to 30% in 2011. Another new rule requires at least 30% of units in new buildings be pre-sold before the agency insures any loans. That number will rise to 50% in 2011. Clearly, the new rules could have a chilling effect on housing demand in the densely-populated urban centers of New York, Los Angeles and Miami, which have high concentrations of condominiums.

Mortgage Rates / Fed Purchases of Mortgage Debt

Recent stability and price appreciation in the housing market has been in large part due to the efforts made by the Federal Reserve. In an address to the Economic Club of Washington, DC, on December 7th, Chairman Bernanke reiterated that "…purchasing unprecedented volumes of mortgage-related securities and Treasury debt…" has provided liquidity and favorable conditions to homebuyers. Much of these purchases have come from Fannie Mae and Freddie Mac, resulting in continued availability of financing to homebuyers during a time where credit can be scarce. The Federal Reserve has also made it clear that the target funds rate will stay at its lowest effective range, 0% to ¼%, until the economy is capable of sustaining growth on its own.

The maintenance of the current target rate will be a positive force on housing prices in 2010. Other drivers of housing demand, which include low prices and the current tax credit, will also persist in 2010 in addition to a strengthening economy and moderate job growth. Low interest rates will also mitigate negative effects from ARM resets that are tied to the one-year Constant Maturity Treasury.

Outlook for Housing Supply

Fewer Homes Listed For Sale in November

According to real estate brokerage ZipRealty, listings of U.S. homes for sale by Multiple Listing Services fell 2.42% in November compared to October. The decline was the 17th consecutive monthly drop. The decline in the number of homes on the market helps ameliorate the continuing problem of oversupply and moves the market closer to equilibrium.[2]

Foreclosures Have Stalled but the Pipeline is Swelling

The foreclosure process has slowed as the rates at which delinquent mortgages enter foreclosure and foreclosed homes are repossessed by banks have fallen significantly over the last two years.[3] Meanwhile, mortgage delinquencies continue to increase. According to estimates recently released by the Mortgage Bankers Association, the delinquency rate increased 40 basis points in the third quarter to 9.64% of total loans.[4] The combined percentage of total loans that are either delinquent or in foreclosure climbed to 14.14%, the highest level recorded in the data set, which dates back to 1972. According to a Bank of America / Merrill Lynch report issued December 9, delinquency growth is expected to

[2] ZipRealty. (2009, December 9). Number of Home Listings Decline More than Two Percent in November, According to ZipRealty Survey. Yahoo! Finance .

[3] Isgro, T., Nissman, M., & Jain, V. (2009). November Update - The Mortgage Credit Round-Up. New York: Bank of America Merrill Lynch.

[4] Mortgage Bankers Association. (2009). National Delinquency Survey Third Quarter 2009. Washington, DC: Mortgage Bankers Association (MBA).

continue and probably accelerate as more homeowners get behind on their mortgages going into year end, and mortgage modifications under HAMP take longer to work out for non-agency loans.[5]

The low roll rates and rising delinquencies have caused the foreclosure pipeline swell. At the same time, REO sales have been increasing since early 2008, causing REO inventories to shrink. As such, the bulk of potential motivated sales are now stuck in delinquency and/or the intermediate stages of the foreclosure process. If and when mortgage modifications programs wind down or become more streamlined, the glut of homes in the seriously-delinquent-to-foreclosure and foreclosure-to-REO stages of the foreclosure process will move into REO inventories. This could put downward pressure on motivated prices and increase motivated sales, both of which would weigh on MSA-level RPX prices. However, as it will take some time for banks to repossess and liquidate the properties currently in the foreclosure pipeline, it is unlikely that a surge in motivated sales will cause significant RPX declines in the near future. And as it is not in banks' self-interest to undercut the value of their assets by flooding the market with distressed properties, liquidations may well occur at a controlled pace that the housing market can absorb without causing significant price declines.

Few Permanent Loan Modifications Under HAMP

Only 31,382 homeowners have entered into permanent loan modifications under HAMP, according to the latest monthly report on the program issued by the Treasury Department on December 10. According to the report, 1,032,837 offers for trial modifications have been sent to borrowers under the program, 759,058 of which have been accepted by borrowers. There are currently 697,026 active trial modifications. Notwithstanding small percentage of trial modifications converted into permanent modifications, the Treasury Department says it is on track to meets goal of offering 3 to 4 million homeowners lower mortgage payments through modification over three years. Borrowers in modifications save an average of over $550 per month.

At the end of November, the Obama administration started a month-long campaign to help eligible borrowers to move from the trial modifications to permanent modifications. Roughly 375,000 borrowers who have begun trial modifications since the start of HAMP are scheduled to convert to permanent modifications by the end of 2009. The Treasury is providing borrowers with resources and information to assist in the conversion process and pressuring mortgage servicers to modify mortgages.

Lawmakers criticized HAMP when a senior Treasury official testified before the House of Representatives Financial Services Committee on December 8, saying the rate at which people are able to move from trial modifications to permanent modifications is too slow. "There is great frustration at the failure of the government to come to grips with the foreclosure issue," said committee chairman Barney Frank of Massachusetts at the start of the hearing.[6]

TARP Extended and Refocused on Foreclosure Mitigation

Treasury Secretary Geithner announced earlier this month that he intends to extend the TARP through October 3, 2010, and outlined the Administration's strategy for exiting the program. The exit strategy entails terminating and winding down the programs put in place last fall and extending new commitments to foreclosure mitigation, small business lending, and increasing contributions to the Troubled Asset-Backed Securities Loan Facility (TALF).

[5] Isgro, Nissman & Jain, 2009.

[6] Somerville, G. (2009, December 8). U.S. Program to Avert Foreclosures Called a Failure. *Reuters Real Estate*.

Rising Short Sales

According to Bank of America, short sales have increased as a percentage of distressed-loan liquidations as foreclosures have stalled and REO inventories have shrunk.[7] The increase of short sales could be a double-edged sword for aggregate housing prices as measured by the RPX. On one hand, bids on homes sold in short sales tend to be higher than bids on homes sold in REO sales, so an increase in short sales relative to REO sales helps to support aggregate home prices.[8] On the other hand, increasing short sales shortens the liquidation timelines of distressed homes and increases near-term supply. To the extent that housing prices are being supported because the slow rate of foreclosures is holding distressed inventory off the market, continued growth in short sales could hasten price declines.

This month the Treasury provided new guidelines to loan servicers on a program designed to standardize eligibility for short sales. The program, called the Home Affordable Foreclosure Alternatives (HAFA) Program, is available to borrowers who meet HAMP eligibility requirements but do not qualify for a trial modification or do not successfully complete a trial modification. According to the new guidelines, incentives of $1,500 in relocation assistance to the borrower, $1,000 in expense reimbursement to the servicer, and up to $1,000 in investor reimbursement for subordinate lien releases will be provided by the government upon the successful closure of a short sale. The program will be effective April 2010 and servicers already participating in HAMP will be required to follow its guidelines.

New Construction

Given the effects of seasonal forces and the difficulty that builders are facing because of competition from foreclosures, short sales and other bargain-priced residential property, it makes sense that the estimations of permits and starts decreased in October 2009, as reported by the Bureau of the Census. The month-over-month estimated increase in completions, which was 1.9% in October, had a very large confidence interval of plus or minus 12.4%, meaning it is still unclear if the actual change was in fact an increase or decrease. This was also the case with new home sales data, which the Bureau of the Census estimated to have increased 6.2%, but had a confidence interval of plus or minus 17.6%, indicating again that the estimates were not statistically significant, and it is unclear whether or not an increase or decrease occured.

Given the lack of statistical evidence and the sales mix that has been observed in Radar Logic's analytics, which has indicated that new home sales are losing market share to foreclosures and short sales, it would not at all be surprising to see completions and new home sales numbers revised down in the coming months.

October 2009 S&P/Case-Shiller Composite Home Price Indices

In the RPX Housing Market Report for September 2009, which we released November 19, we used our Daily Prices to predict the S&P/Case-Shiller 10-City and 20-City composite home price indices for September. We predicted the 10-City index would be approximately 157, and the 20-City index would be about 144. The actual values, released November 24, were 158.61 and 146.51, respectively.

This month, we expect the S&P/Case-Shiller composites to decrease relative to their September levels. The October 2009 10-City composite will be roughly 157 and the 20-City composite will be roughly 145.

[7] Isgro, Nissman & Jain, 2009.

[8] Jain, V., Nissman, M., & Ravi, O. (2009, May 22). Short Sales to the Rescue? Mortgage Credit Research Alert .

Exhibit 1: 25-MSA RPX Composite Price (28-Day), 2000-2009

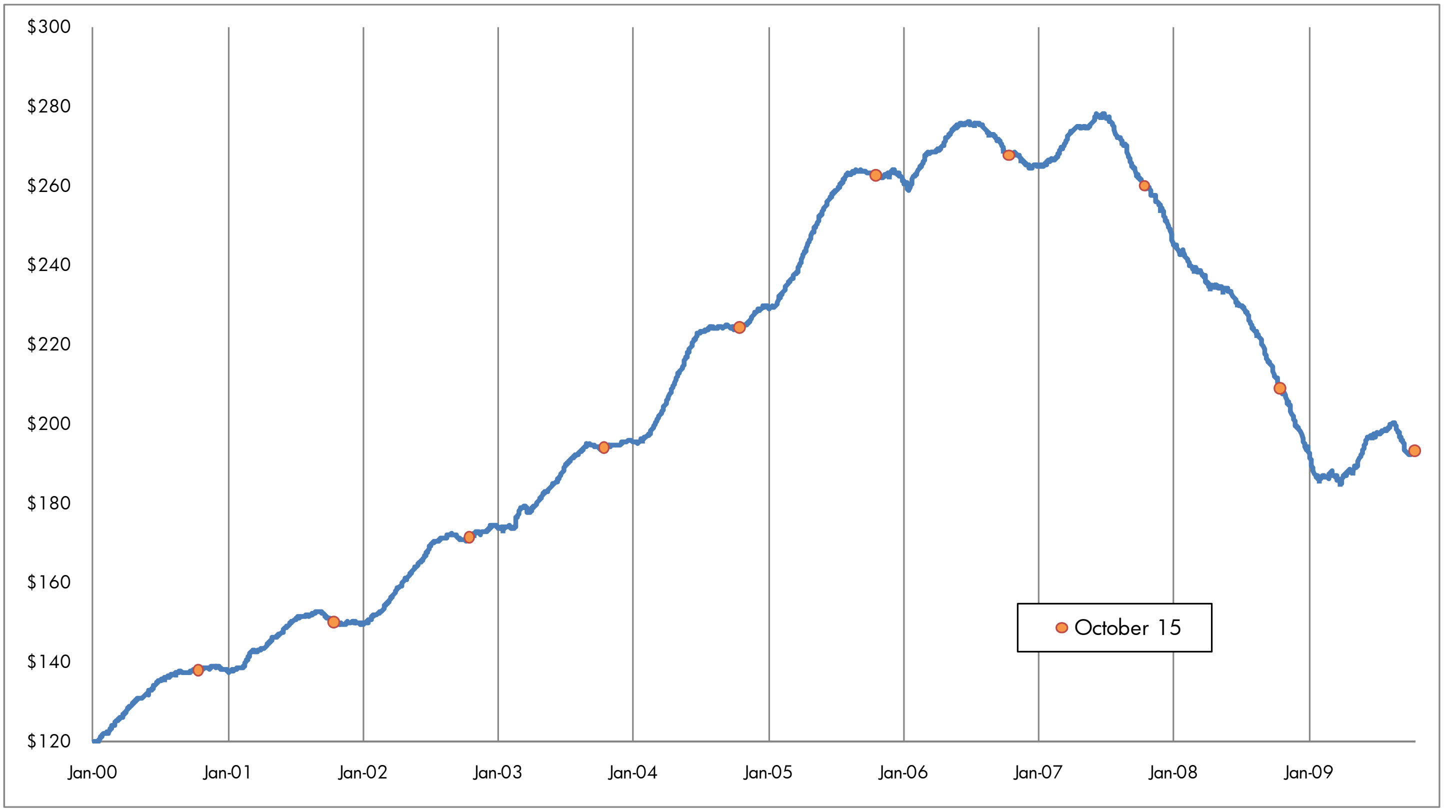
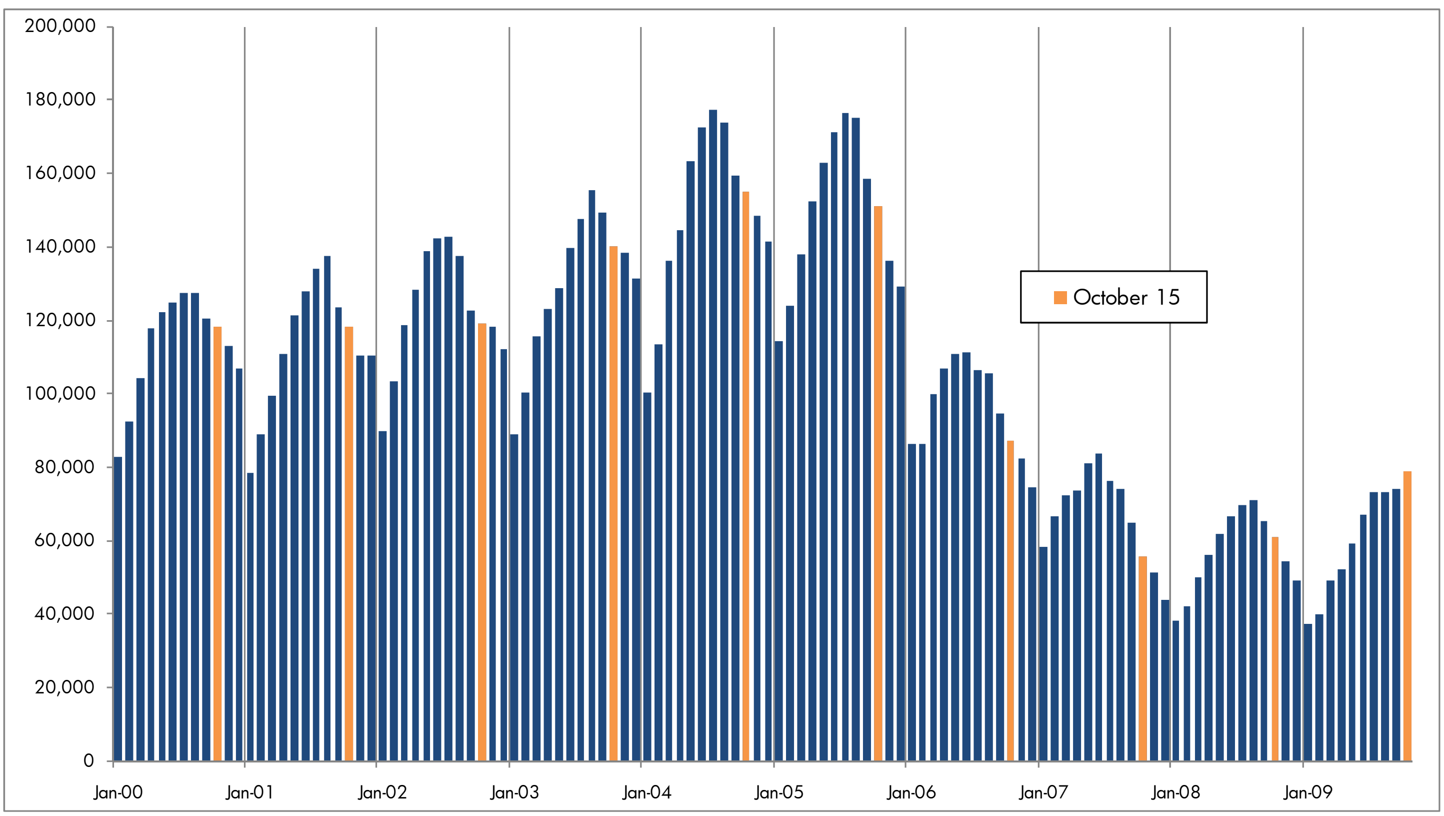
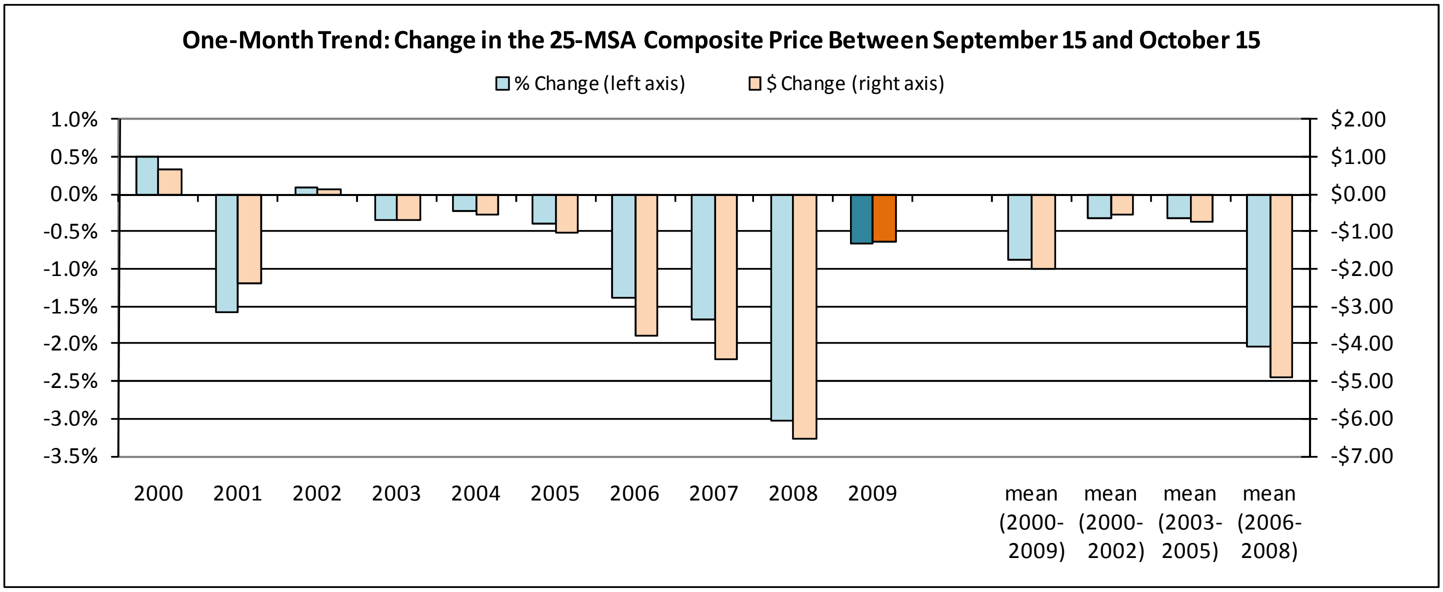


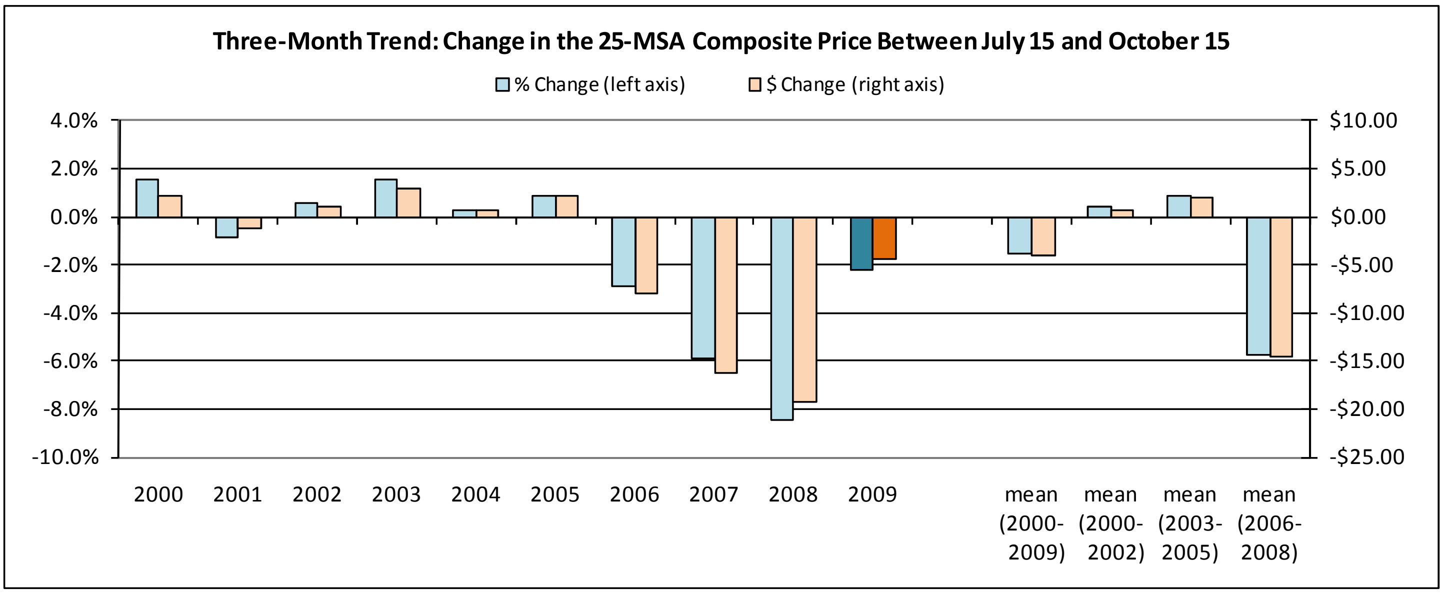
Exhibit 2: 25-MSA RPX Transaction Count (28-Day), 2000-2009[9]



[9] Transaction counts represent the transactions included in the calculation of the Radar Logic Daily Prices and may not reflect transaction volume in the market.

Exhibit 3: Recent Trends in the RPX Composite Price (28-Day) vs. Past Years





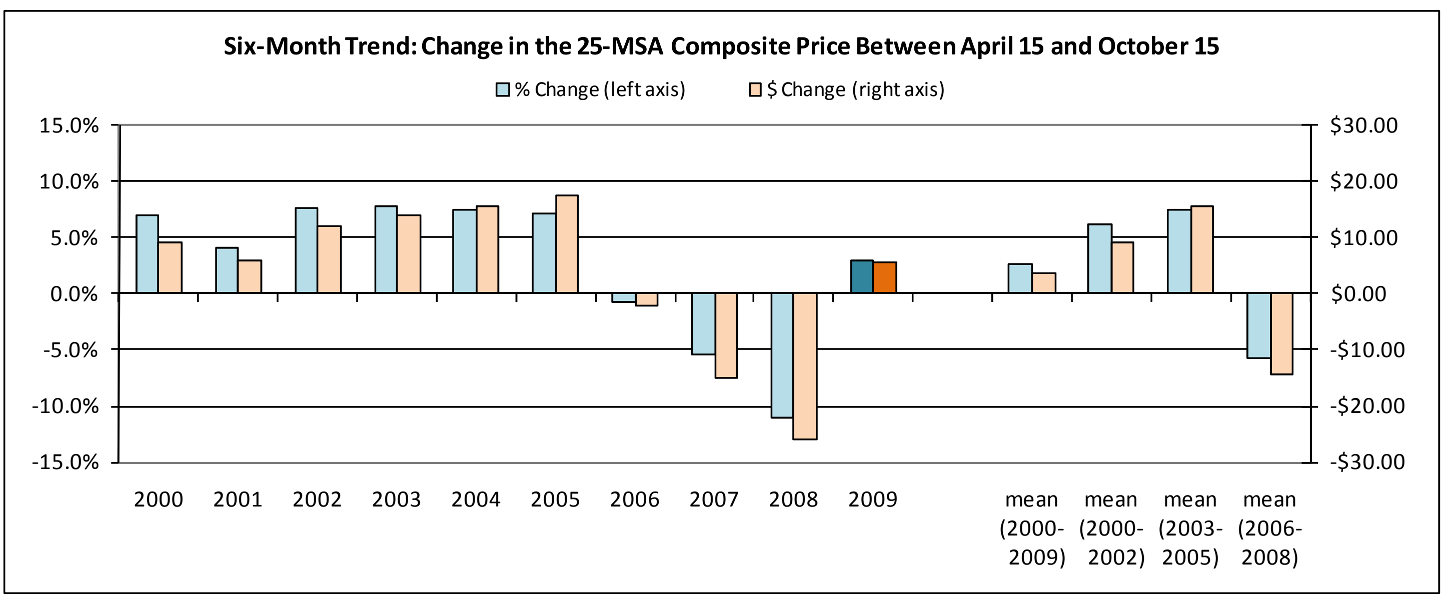
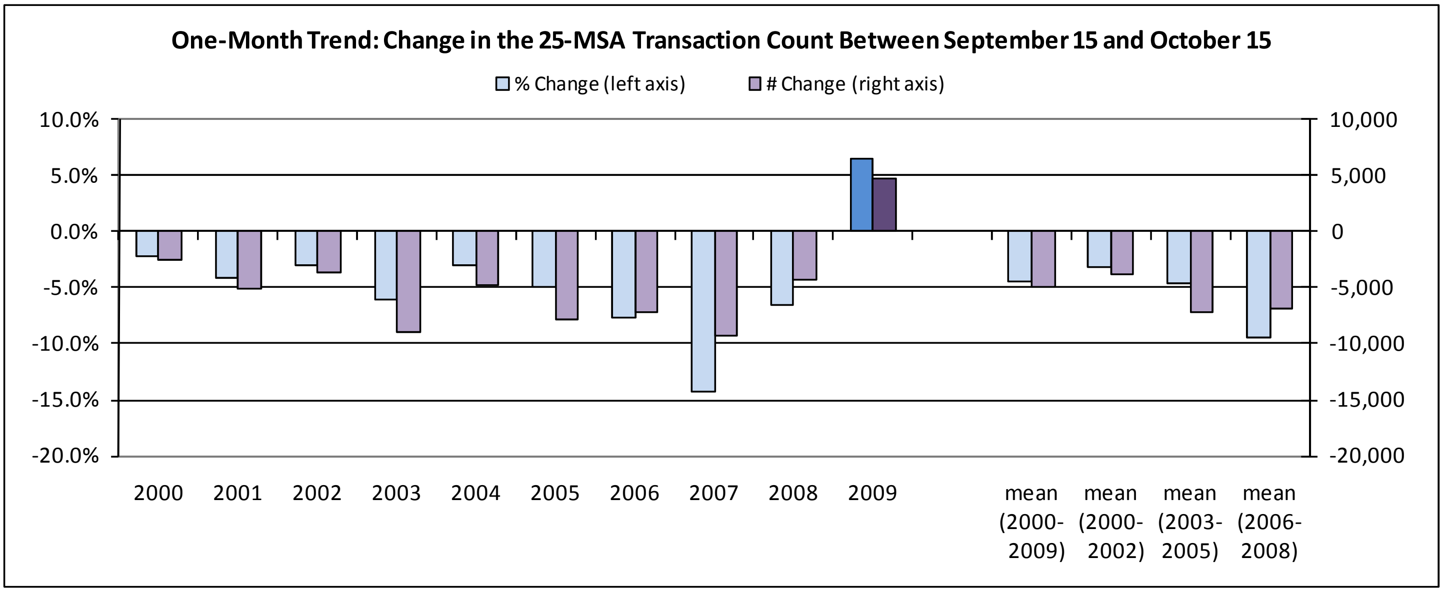
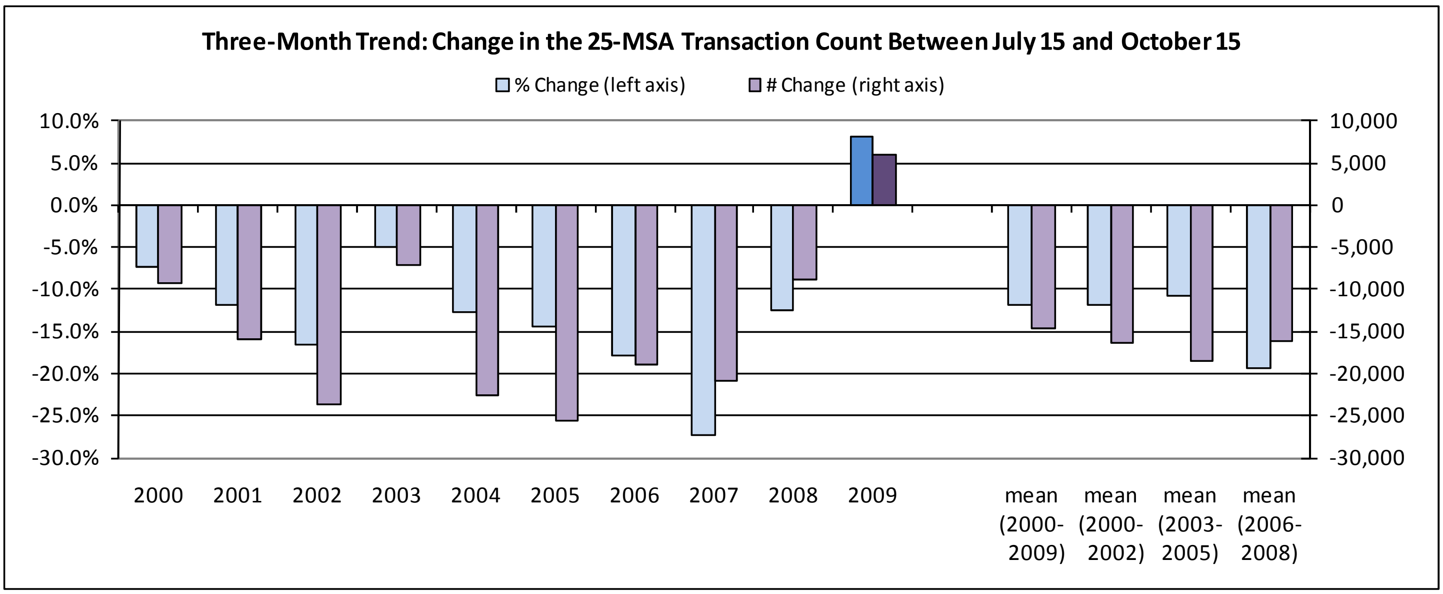


Exhibit 4: Recent Trends in the 25-MSA RPX Transaction Count (28-Day) vs. Past Years





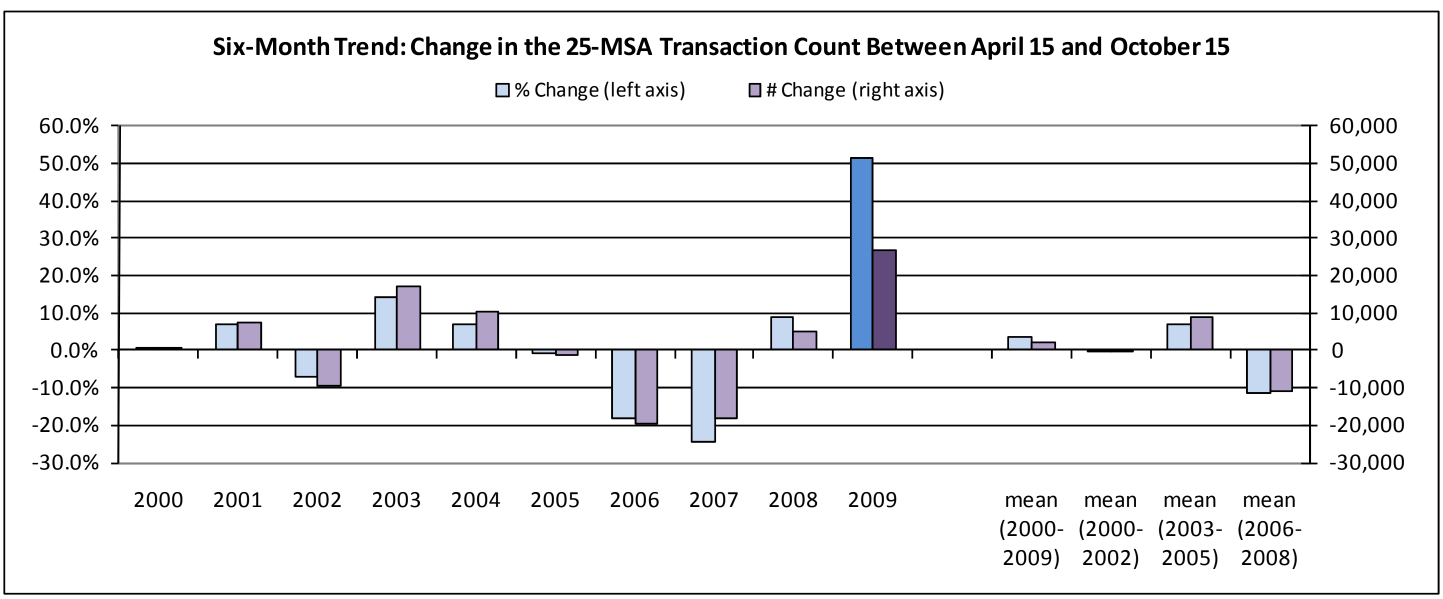


Exhibit 5: Radar Logic Daily Prices in 25 Metropolitan Statistical Areas (Ranked by 1-Year % Change)

October 2009 Rank	September 2009 Rank	MSA	PPSF	October 2009 vs. October 2008	October 2008 vs. October2007	October 2009 vs. September 2009	October 2008 vs. September 2008
1	1	Denver, CO	$129.54	5.2%	-12.9%	-0.3%	-2.2%
2	10	Milwaukee, WI	$113.28	-1.4%	1.0%	0.7%	-3.5%
3	2	Columbus, OH	$91.53	-1.4%	-2.4%	-1.5%	-1.4%
4	4	Boston, MA	$193.33	-1.7%	-12.7%	-6.4%	-8.2%
5	3	St. Louis, MO[10]	$104.17	-1.8%	-3.9%	-0.9%	-0.5%
6	9	Los Angeles, CA	$254.39	-2.4%	-28.9%	0.4%	-2.6%
7	6	Charlotte, NC	$91.86	-2.5%	-4.2%	1.2%	-1.0%
8	8	San Diego, CA	$205.93	-2.7%	-28.6%	-0.7%	-3.2%
9	7	Philadelphia, PA	$139.74	-3.6%	-7.0%	-2.3%	-3.4%
10	12	San Francisco, CA	$277.62	-3.9%	-31.5%	2.7%	-2.5%
11	11	San Jose, CA	$329.49	-5.9%	-23.6%	0.1%	-2.3%
12	16	Minneapolis, MN	$120.65	-6.6%	-16.5%	0.6%	-5.8%
13	5	Washington, DC	$169.63	-6.6%	-18.5%	-4.3%	-1.3%
14	15	Cleveland, OH	$75.81	-8.1%	-8.9%	-0.8%	-5.6%
15	14	Sacramento, CA	$122.24	-8.6%	-32.1%	-0.8%	-2.8%
16	13	New York, NY	$243.31	-9.1%	-8.7%	-1.1%	-2.3%
17	18	Seattle, WA	$180.30	-10.0%	-10.1%	2.8%	-4.8%
18	19	Atlanta, GA	$76.25	-12.4%	-9.4%	1.4%	-4.1%
19	17	Tampa, FL	$86.93	-14.5%	-21.2%	0.0%	-2.4%
20	21	Jacksonville, FL	$86.32	-17.0%	-12.7%	1.8%	-4.1%
21	22	Phoenix, AZ	$81.44	-19.9%	-30.0%	1.6%	-3.6%
22	20	Chicago, IL	$128.01	-20.2%	-8.4%	-4.6%	-5.1%
23	23	Miami, FL	$109.06	-21.9%	-24.4%	0.7%	-3.5%
24	24	Detroit, MI	$62.31	-27.1%	-21.1%	-2.2%	-4.5%
25	25	Las Vegas, NV	$75.87	-29.6%	-33.4%	-2.0%	-3.9%
		25-MSA Composite	$193.43	-7.5%	-19.6%	-0.7%	-3.0%
		Manhattan Condo[11]	$993.89	-13.4%	0.5%	1.2%	2.3%

Source: 28-Day RPX value for each MSA as of 10/15/2009

= positive = neutral = negative

Exhibit 6: Metro Areas Ranked by 2-Year and 5-Year Annualized Change

Leading 5 Metro Areas (2-Year Annualized % Change)

Rank	MSA	% Change
1	Milwaukee, WI	-0.2%
2	Columbus, OH	-1.9%
3	St. Louis, MO	-2.9%
4	Charlotte, NC	-3.3%
5	Denver, CO	-4.3%

Trailing 5 Metro Areas (2-Year Annualized % Change)

Rank	MSA	% Change
1	Las Vegas, NV	-31.5%
2	Phoenix, AZ	-25.1%
3	Detroit, MI	-24.2%
4	Miami, FL	-23.1%
5	Sacramento, CA	-21.2%

Leading 5 Metro Areas (5-Year Annualized % Change)

Rank	MSA	% Change
1	Seattle, WA	3.0%
2	Milwaukee, WI	2.0%
3	Philadelphia, PA	1.7%
4	Charlotte, NC	0.9%
5	New York, NY	0.9%

Trailing 5 Metro Areas (5-Year Annualized % Change)

Rank	MSA	% Change
1	Las Vegas, NV	-14.1%
2	Detroit, MI	-12.1%
3	Sacramento, CA	-10.7%
4	San Diego, CA	-8.8%
5	Miami, FL	-5.8%

Source: 28-Day RPX™ analytics as of 10/15/2009

[10] Historical prices used to calculate changes in St. Louis include late-arriving data not included in published series.
[11] Manhattan Condo is a subset of the New York MSA.

Exhibit 7: Transaction Counts[12]

MSA	October 2009 vs. October 2008	October 2008 vs. October 2007	October 2009 vs. September 2009	October 2008 vs. September 2008
Philadelphia, PA	136.1%	-51.4%	-21.2%	-42.1%
Las Vegas, NV	93.1%	7.8%	10.7%	-15.5%
Miami, FL	65.0%	-4.6%	14.3%	1.0%
Cleveland, OH	58.5%	-22.2%	18.6%	-11.9%
Detroit, MI	58.1%	43.5%	16.2%	-6.0%
Tampa, FL	48.0%	-10.0%	15.7%	-11.2%
Chicago, IL	45.6%	-8.4%	10.3%	-1.2%
Phoenix, AZ	40.4%	20.8%	9.4%	-8.8%
Seattle, WA	38.3%	-22.4%	15.9%	-7.5%
Jacksonville, FL	36.8%	-19.0%	8.2%	0.0%
San Jose, CA	35.1%	45.1%	16.7%	-3.4%
Columbus, OH	33.6%	-15.7%	5.8%	-17.3%
St. Louis, MO	31.8%	-39.1%	8.9%	6.3%
Minneapolis, MN	24.3%	4.2%	18.6%	-9.5%
New York, NY	23.9%	-17.4%	0.8%	-7.1%
Milwaukee, WI	17.5%	-14.7%	-5.0%	-0.6%
Los Angeles, CA	17.0%	69.4%	3.0%	-1.4%
San Diego, CA	16.3%	77.2%	8.3%	-6.5%
Atlanta, GA	12.8%	-7.5%	13.8%	1.5%
San Francisco, CA	12.1%	43.6%	3.8%	-7.4%
Denver, CO	11.4%	3.3%	8.9%	1.0%
Washington, DC	8.8%	55.9%	0.4%	-0.3%
Boston, MA	7.5%	7.3%	-11.5%	-16.6%
Charlotte, NC	0.1%	-29.1%	6.7%	-13.1%
Sacramento, CA	-2.5%	88.2%	4.3%	-6.5%
25-MSA Composite	29.3%	10.0%	6.5%	-6.5%
Manhattan Condominium	-2.7%	-16.3%	13.0%	9.0%

Source: 28-Day RPX™ analytics as of 10/15/2009

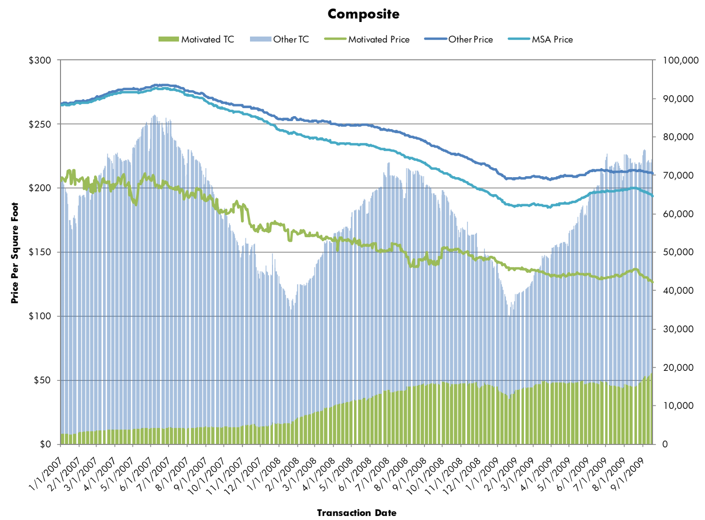
Exhibit 8: Transaction Counts: Motivated[13] vs. Other Sales

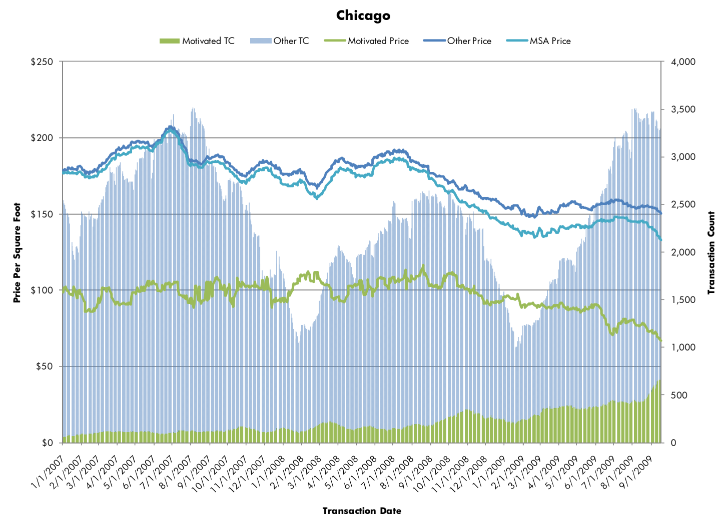
	October 09 % Motivated Sales	October 08 % Motivated Sales	October 09 vs. October 08 T.C. Change (Motivated)	October 09 vs. October 08 T.C. Change (Other)	October 09 vs. September 09 T.C. Change (Motivated)	October 09 vs. September 09 T.C. Change (Other)
Composite	25.4%	25.8%	27.3%	30.0%	7.3%	6.2%
Los Angeles	28.3%	37.9%	-12.9%	35.2%	-1.6%	4.9%
Miami	25.5%	17.9%	134.3%	49.9%	9.6%	16.0%
New York	7.5%	4.2%	122.0%	19.6%	11.6%	0.0%
Phoenix	36.4%	36.0%	42.3%	39.3%	1.1%	14.8%

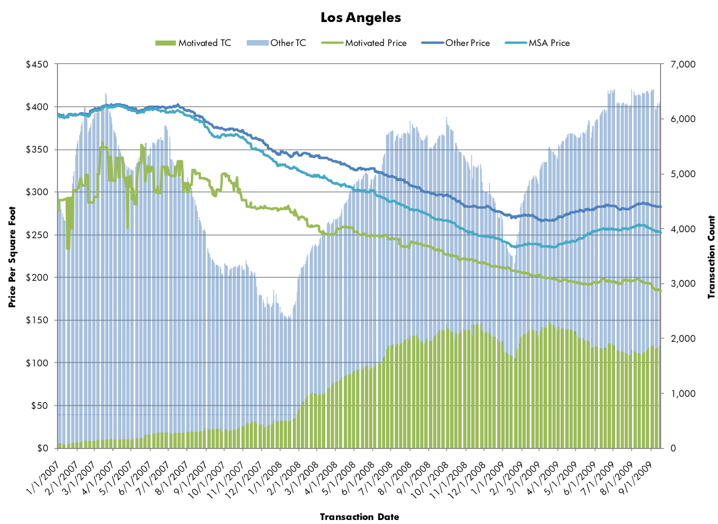
Source: 28-Day RPX™ analytics as of 10/15/2009

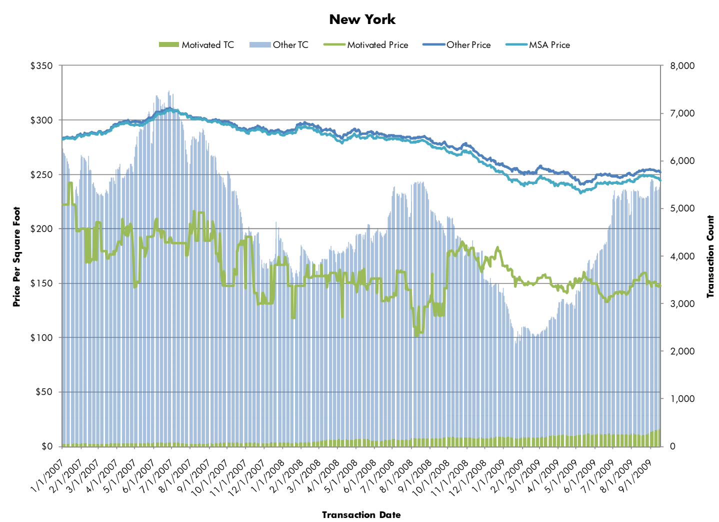
[12] Transaction counts represent the transactions included in the calculation of the Radar Logic Daily Prices and may not reflect transaction volume in the market.
[13] Radar Logic defines motivated sales as foreclosure auction sales and liquidity-driven sales by financial institutions and foreclosure service firms.

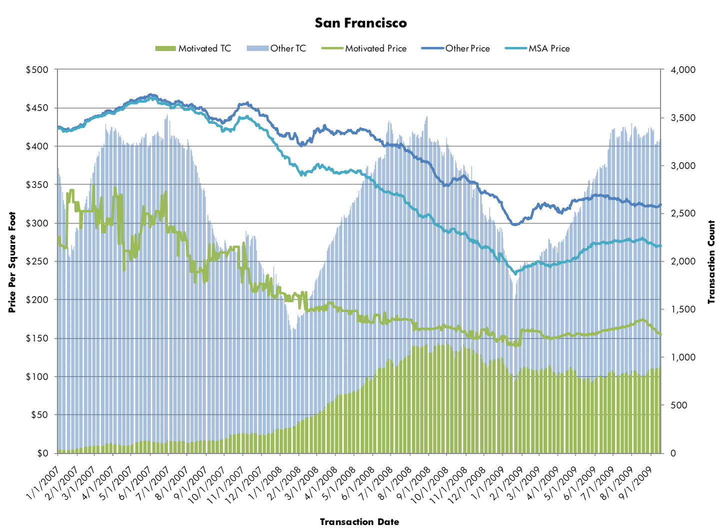
Exhibit 9: Motivated and Other Sales, RPX Composite and the Five Largest RPX MSAs

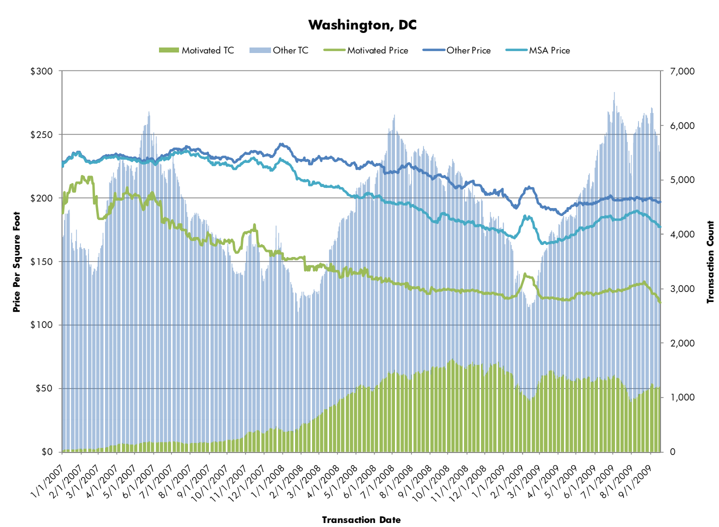










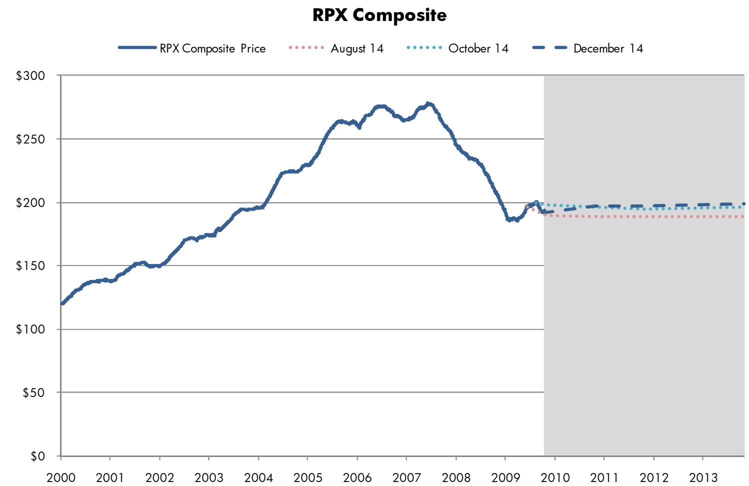


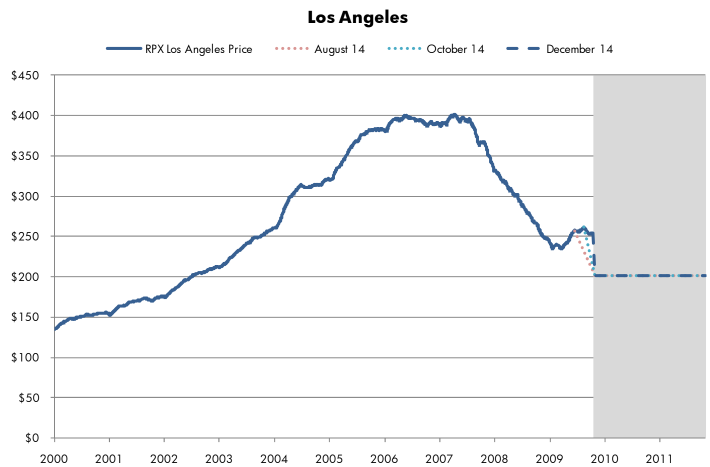
Source: 28-Day RPX™ analytics as of 10/15/2009

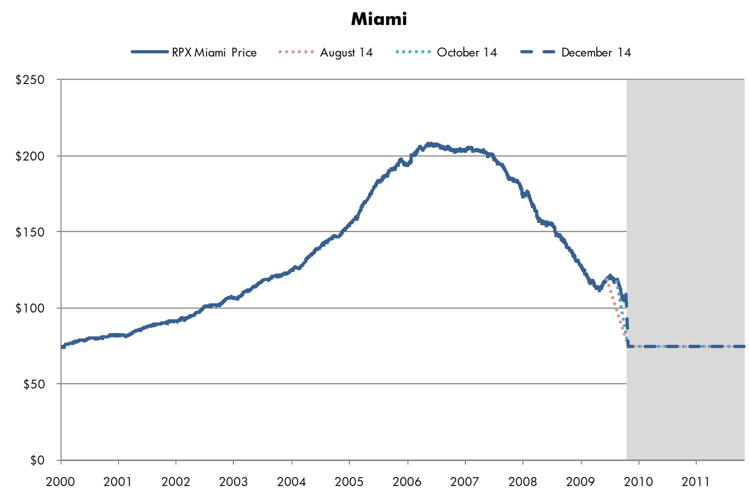
Exhibit 10: RPX Forwards: Historical Fixings

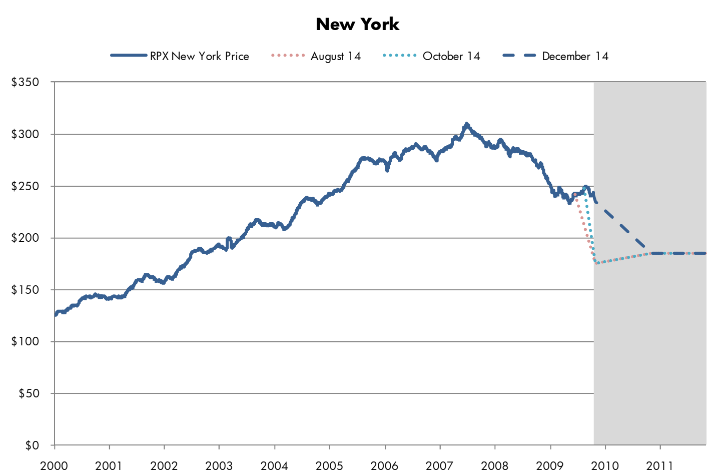
Price fixings are established each trading day by a dealer poll and represent the midmarket expectation for the reference value to be published on the contract expiration date. Reference values represent the simple average of the 28-day RPX Daily Prices from the last five publication dates of each quarter (which correspond to transaction dates 63 days earlier).

For the following charts, the RPX prices are plotted on a publication date basis. The names of the series indicate the dates in 2009 those price fixings were published.









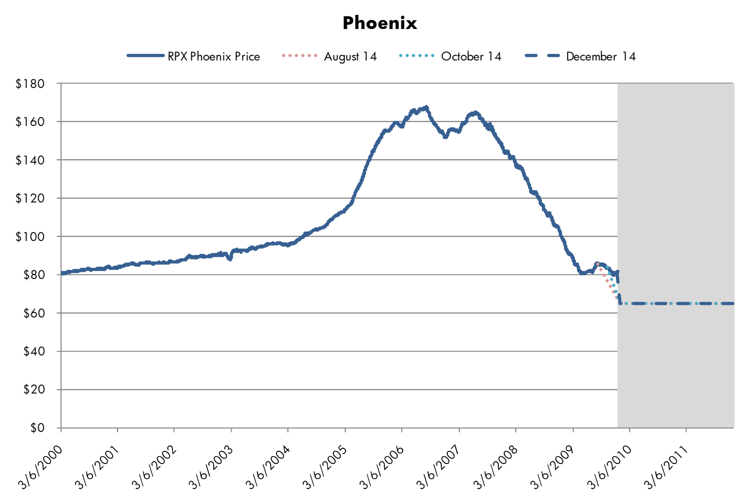
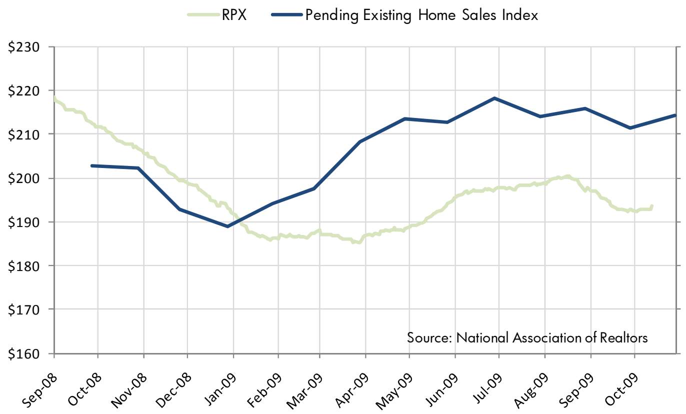


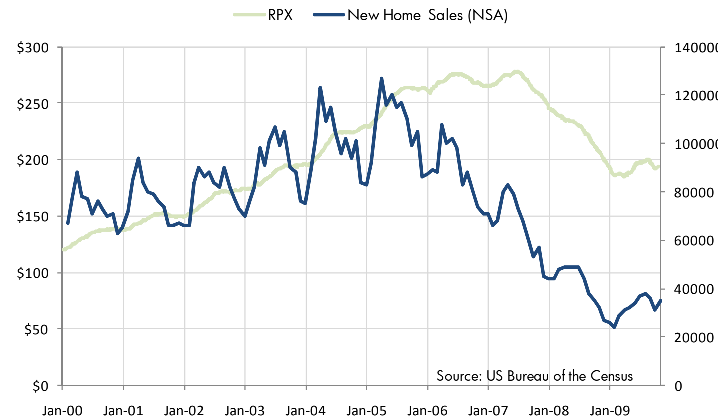
Exhibit 11: Forward Contract Implied HPA (Cumulative) as of 12/14/2009

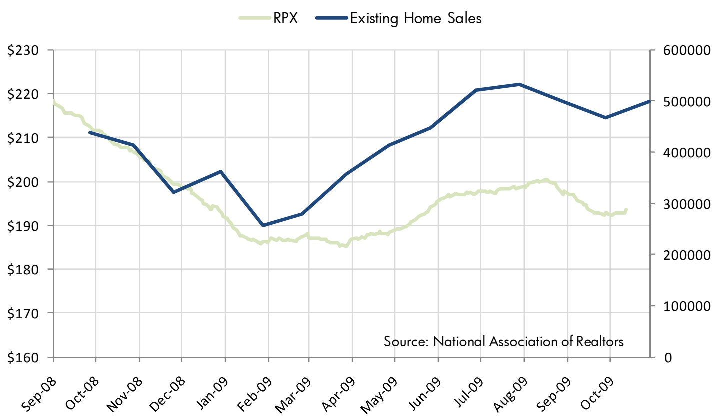
	28-day RPX on 10/15/2009	Dec 09	Dec 10	Dec 11	Dec 12	Dec 13
25 MSA Composite	$193.43	-0.5%	1.8%	2.1%	2.4%	2.6%
Los Angeles, CA	$254.39	-21.0%	-21.0%	-21.0%	N/A	N/A
Miami, FL	$109.06	-31.2%	-31.2%	-31.2%	N/A	N/A
New York, NY	$243.31	-3.4%	-24.0%	-24.0%	N/A	N/A
Phoenix, AZ	$81.44	-20.2%	-20.2%	-20.2%	N/A	N/A

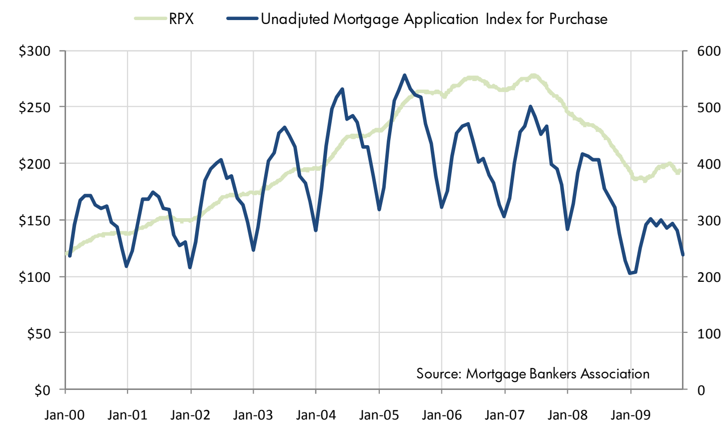
Source: Official 28-Day RPX fixings as of 12/14/2009

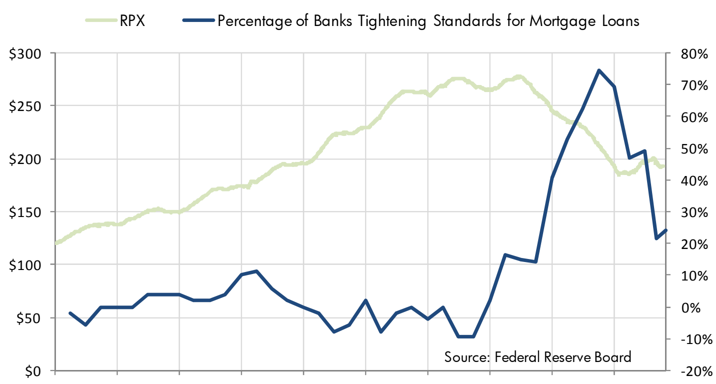
Exhibit 12: 25-MSA RPX Composite (28-day) with Indicators and Influences of Housing Demand



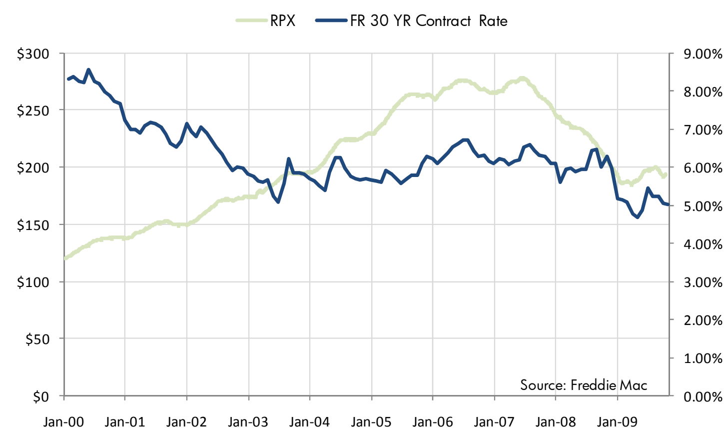


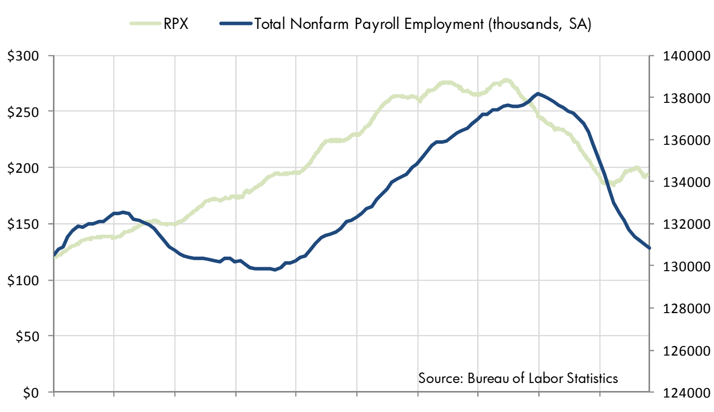






This chart shows the percentage of banks tightening standards for all loans from Q1 2000 to Q1 2007 and the percentage tightening standards for prime loans from Q2 2007 to Q4 2009.





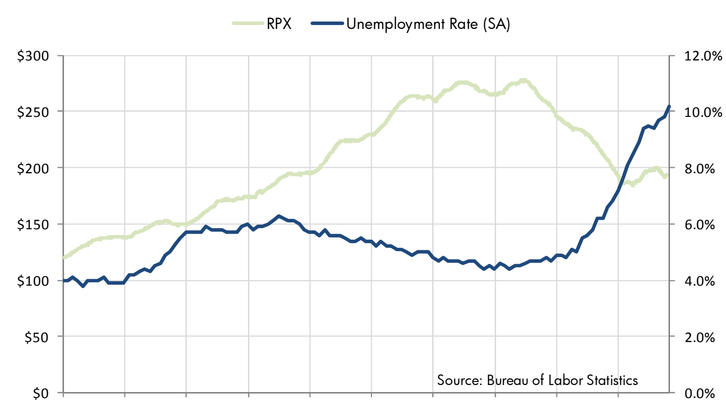
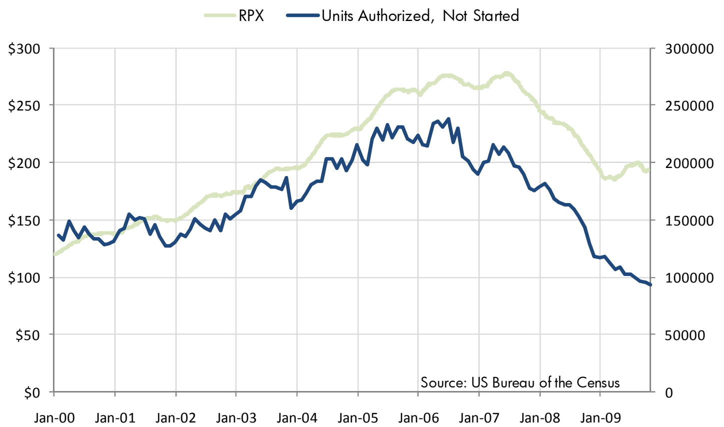
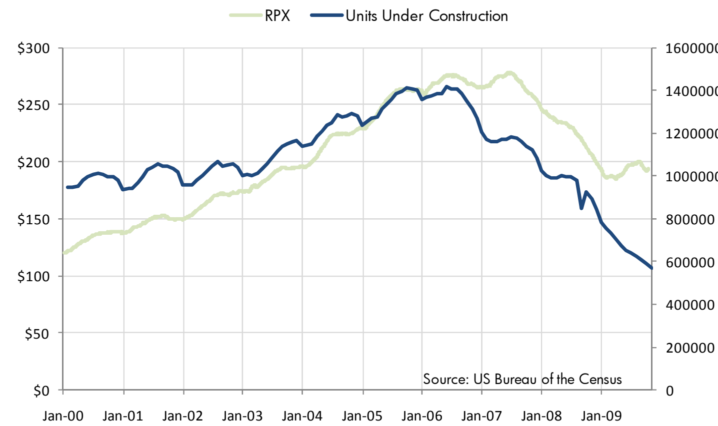
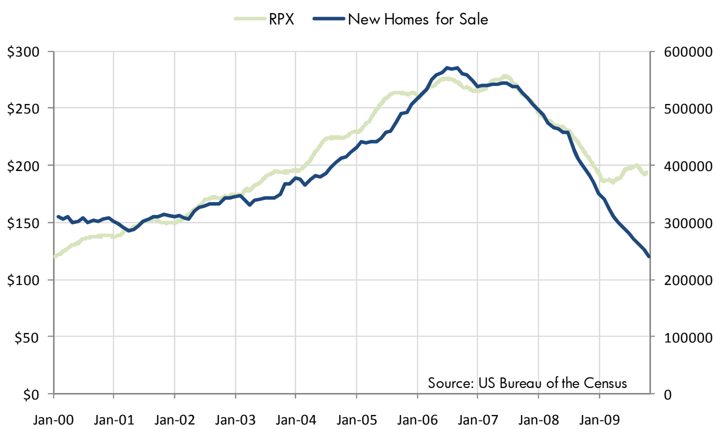
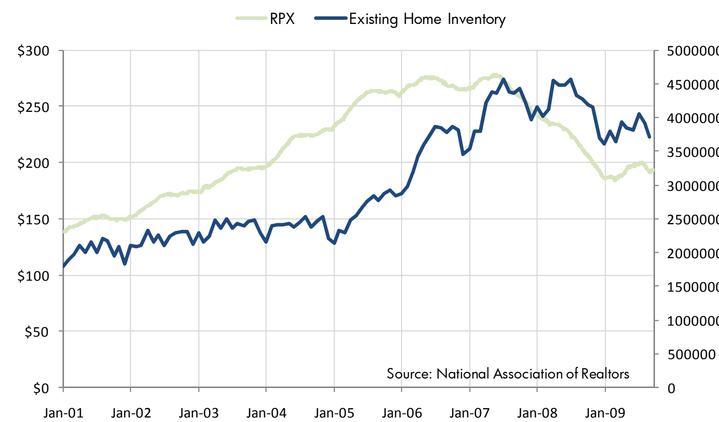


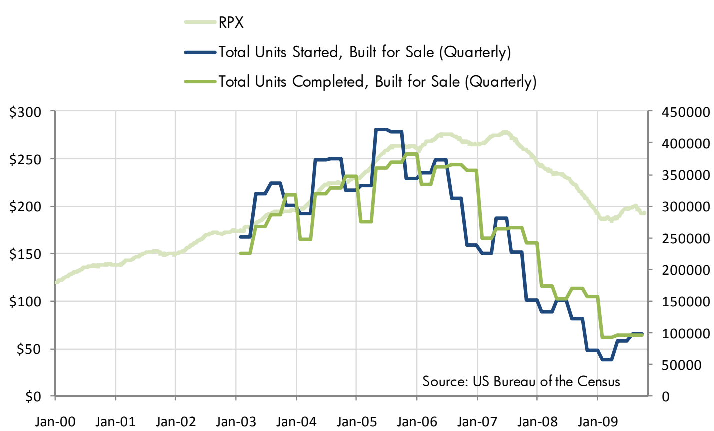
Exhibit 13: 25-MSA RPX Composite (28-day) with Indicators of Housing Supply

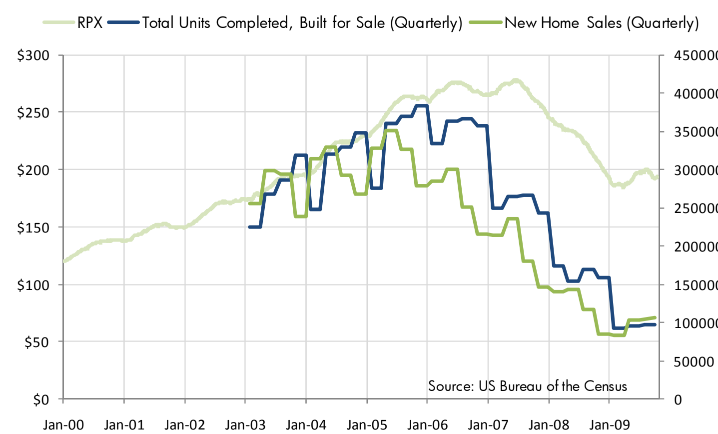


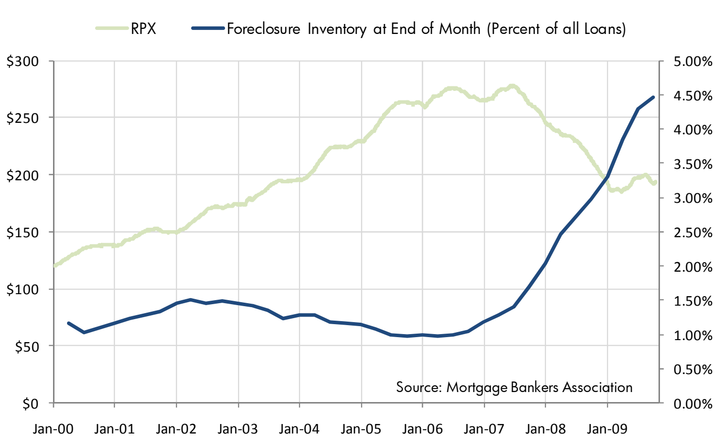












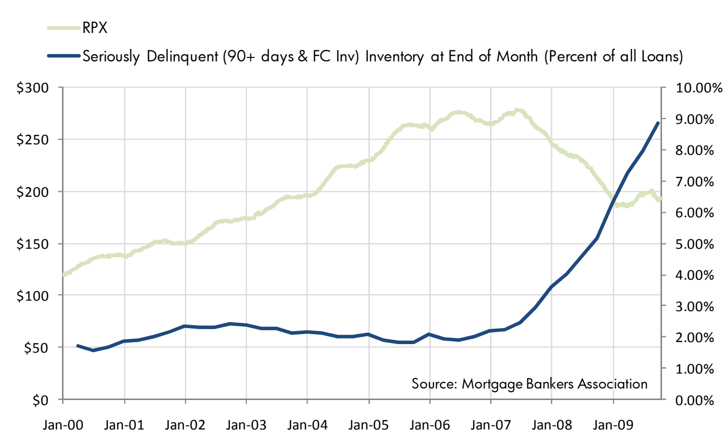
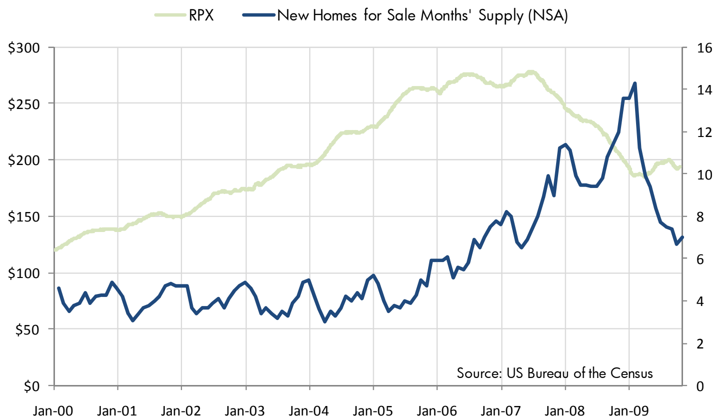
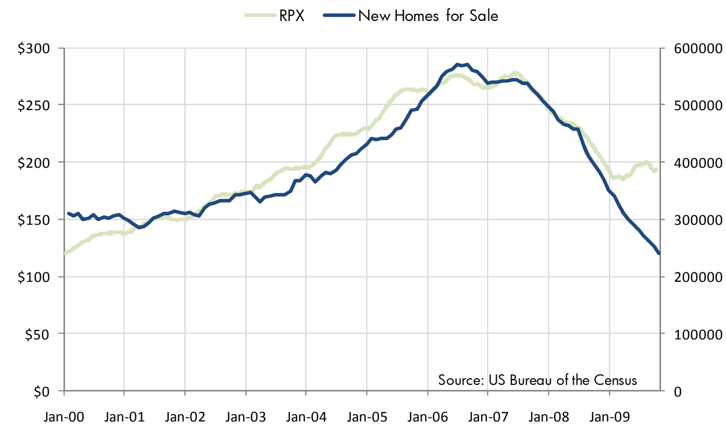
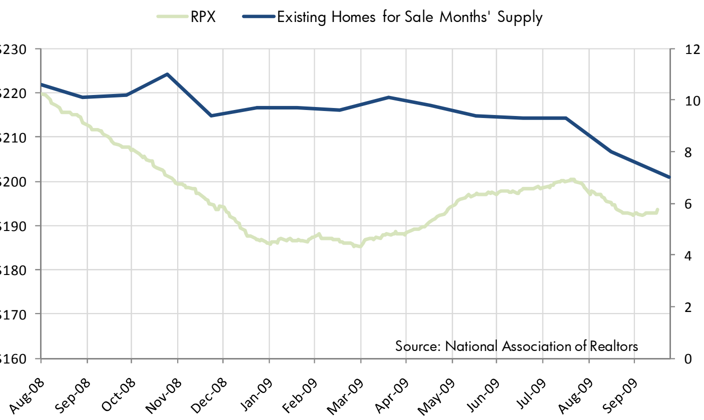
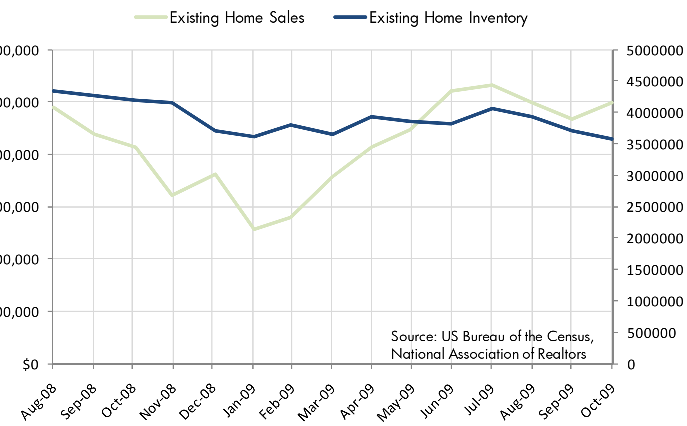


Exhibit 14: 25-MSA Composite (28-day) with Indicators of Housing Supply and Demand









The following table contains economic and housing market data released in November and December 2009.

Current Economic and Housing Market Data

Release	Released On Date	For Period of...	Value Released	Prior Value
National Association of Realtors (NAR): Existing Home Sales	11/23/2009	October	6.10 M	5.57 M
Standard & Poor's: S&P Case-Shiller Composite 10	11/24/2009	September	158.61	157.93
Standard & Poor's: S&P Case-Shiller Composite 20	11/24/2009	September	146.51	146.00
U.S. Dept. of Commerce: 2009 GDP Estimate (Quarterly Annual Rate)	11/24/2009	Q3	2.8%	3.5%
U.S. Census Bureau: New Home Sales	11/25/2009	October	430k	402 K
National Association of Realtors (NAR): Pending Home Sales Index	12/01/2009	October	114.1	110.1
U.S. Dept. of Labor: Unemployment Rate	12/04/2009	November	10.0%	10.2%
U.S. Dept. of Labor: Nonfarm Payrolls (MoM Change)	12/04/2009	November	-11,000	-190,000
U.S Census Bureau: Retail Sales (MoM % Change)	12/11/2009	November	1.3%	1.4%
U.S. Dept. of Labor: Producer Price Index (MoM % Change)	12/15/2009	November	1.8%	.3%
National Association of Home Builders (NAHB): Housing Market Index	12/15/2009	December	16	17
U.S. Dept. of Labor: Consumer Price Index (MoM % Change)	12/16/2009	November	.4%	.3%
U.S Census Bureau: Housing Starts	12/16/2009	November	.575M	.529M

The following calendar contains upcoming economic and housing market data releases in December and January 2009.

Housing Release Calendar	
Release	**Release Date**
National Association of Realtors (NAR): Existing Home Sales	12/22/2009
U.S. Dept. of Commerce: 2009 Gross Domestic Product	12/22/2009
Standard & Poor's: S&P Case-Shiller Composite 10	12/29/2009
Standard & Poor's: S&P Case-Shiller Composite 20	12/29/2009
National Association of Realtors (NAR): Pending Home Sales Index	1/5/2010
U.S. Dept. of Labor: Unemployment Rate	1/8/2010
U.S. Dept. of Labor: Nonfarm Payrolls	1/8/2010
U.S Census Bureau: Retail Sales	1/14/2010
U.S. Dept. of Labor: Consumer Price Index	1/15/2010
National Association of Home Builders (NAHB): Housing Market Index	1/19/2010
U.S. Dept. of Labor: Producer Price Index	1/20/2010
U.S Census Bureau: Housing Starts	1/20/2010
U.S. Census Bureau: New Home Sales	1/27/2010

About Radar Logic

Radar Logic Incorporated, a real estate data and analytics company, calculates and publishes the Radar Logic Daily™ Prices. The prices track housing values for major U.S. metropolitan areas and are the basis of the Residential Property Index™ (RPX™), a market that enables real estate to be traded as a liquid asset, via property derivatives marketed by major financial institutions.

RPX allows real estate and financial professionals to manage opportunity and risk, invest in real estate values without owning physical assets and effectively analyze markets using a consistent metric: price per square foot. Data in the RPX Monthly Housing Market Report reflect the 28-day aggregated value of Radar Logic Daily Prices. The price per square foot metric used significantly reduces the influence of property sizes on overall housing price trends, which can skew results.

The Daily Prices for each MSA are not adjusted for seasonal variations. In some cases, Daily Prices may vary based on reporting characteristics within individual MSAs. The RPX Monthly Housing Market Report provides insight and detailed analysis of Radar Logic's 25 MSAs and the Manhattan Condo market. This study is based on the premise that there is not a national housing market; rather, each MSA, while having some economic influences in common, is influenced primarily by local conditions.

The November 2009 RPX™ Monthly Housing Market Report will be released on January 21, 2010, at 12:01 AM EST.

RPX Analytics & Research

Radar Logic offers specialized analytic services which allow real estate and financial professionals to view current and historical price per square foot and transaction count trends for all markets and sub-markets we track. MSAs can be segmented by location (zip code and county), property type (single family, multi-family and condo), property size, date range, and sale price. The database is derived from our neutral, public source records.

Our data provide a means for all entities associated with or affected by housing prices to maintain market data streams on a constant, neutral and daily updated basis.

For additional insight on this report or for inquiries about research or analytic products, please contact:

Radar Logic Incorporated
180 Varick Street, Suite 502
New York, NY 10014
212.965.0300
info@radarlogic.com