DRAFT – UNDER EMBARGO UNTIL THURSDAY, MAY 5, AT 12:00 AM EDT

Clear Capital® Reports National Double Dip

U.S. home prices double dip as West, South and Northeast regions fall prey to the last grip of winter.

TRUCKEE, Calif. – May 5, 2011 – Clear Capital (www.clearcapital.com) today released its monthly Home Data Index™ (HDI) Market Report, and reports prices have double dipped nationally 0.7 percent below prior lows experienced in March 2009. This month's HDI Market Report provides the most current (through April 2011), and relevant analysis of how local markets performed compared to the national trend in home prices.

Report highlights include:

- National quarterly home prices changed -4.9%; while year-over-year national price changes reached -5.0%.
- National home prices have fallen 11.5% over the previous nine-month period, a rate of decline not experienced since 2008.
- In a sign of the continued volatility and fragility of home prices, all the major Metropolitan Statistical Areas (MSA) tracked in this month's report showed quarter-over-quarter price declines.
- National REO saturation rate reaches 34.5%.

"The latest data through April shows a continued increase in the proportion of distressed sales that are taking hold in markets nationwide," said Dr. Alex Villacorta, director of research and analytics at Clear Capital. "With more than one-third of national home sales being REO, market prices are being weighed down as many markets have not regained enough footing to withstand the strain of the high proportion of REO sales.

In light of the compounding effects of winter's seasonal slowdown and increased distressed sale activity, the market now faces the true test of whether prices can rebound in the historically active spring season," added Villacorta.

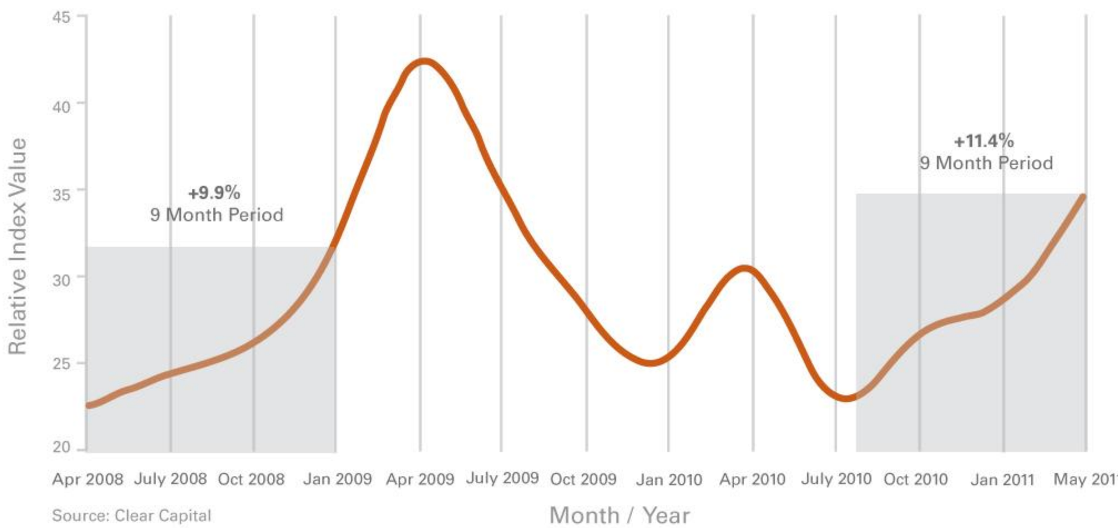
As national home prices reached new lows this past winter, hopes remain for a spring revival. Markets have entered uncharted territory, however, as this current home buying season will be the first since 2008 without any tax credit incentive. A note of caution to those looking for a strong end to 2011: The last time no incentives were in place and distressed inventories were this high, home prices fell sharply.

Home Price and REO Saturation Parallels to 2008

Past market reports have shown periods of stabilization. Movements of home prices certainly have been less dramatic than during the start of the downturn in 2006, and two years of mixed seasonal gains and losses have given the appearance that prices are stabilizing, or at least bouncing along a trough.

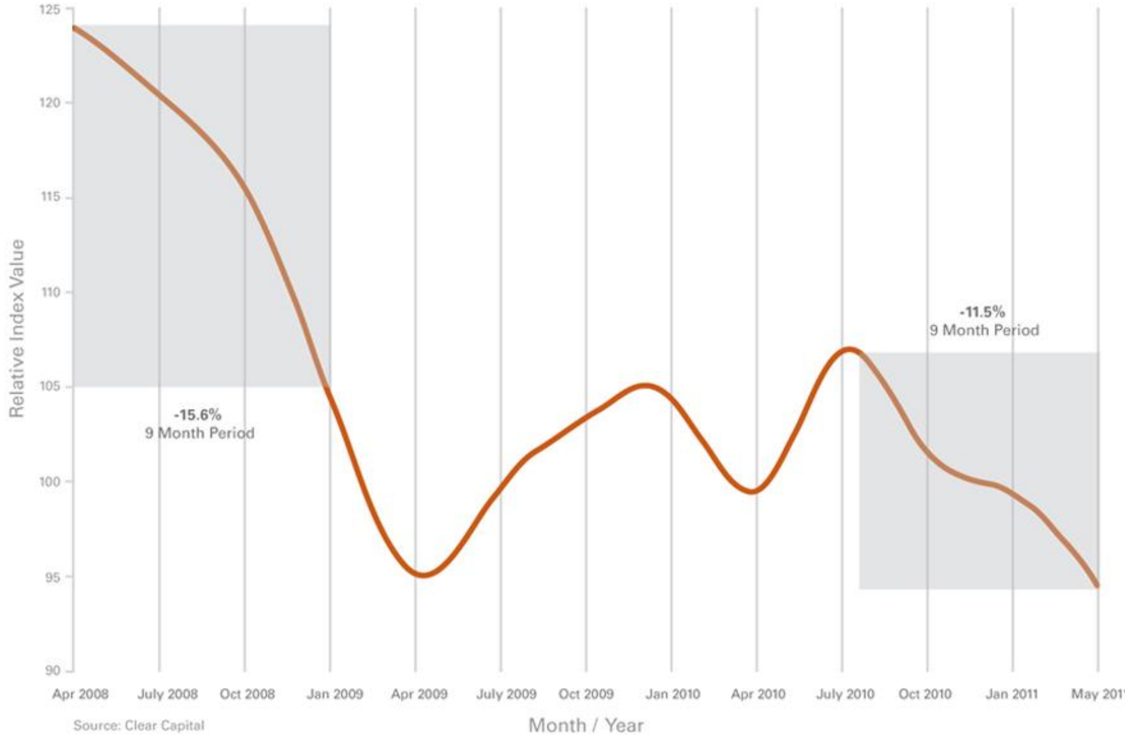
This assumption of stabilization also considers the last two years have marked a period of external stimulus in the form of tax credits. As an alternative and cautionary reference, below is a comparison between the housing market from spring 2008, through the end of the year; compared to the post tax credit period of late 2010 through April 2011.

National REO Saturation (2008 to 2011)



Last month's HDI Market Report (released April 7, 2011) noted the subtle but rather ominous trend that distressed sales activity in the West, as a percentage of total sales, had climbed after a prolonged 18-month period of general improvements. Nationally, a similar trend has formed with REO saturation climbing to a current level of 34.5 percent after it declined to near 20 percent in mid-2010. Strikingly similar, 2008 saw REO saturation grow from the near 20 percent early in the year to 32 percent by the end of 2008.

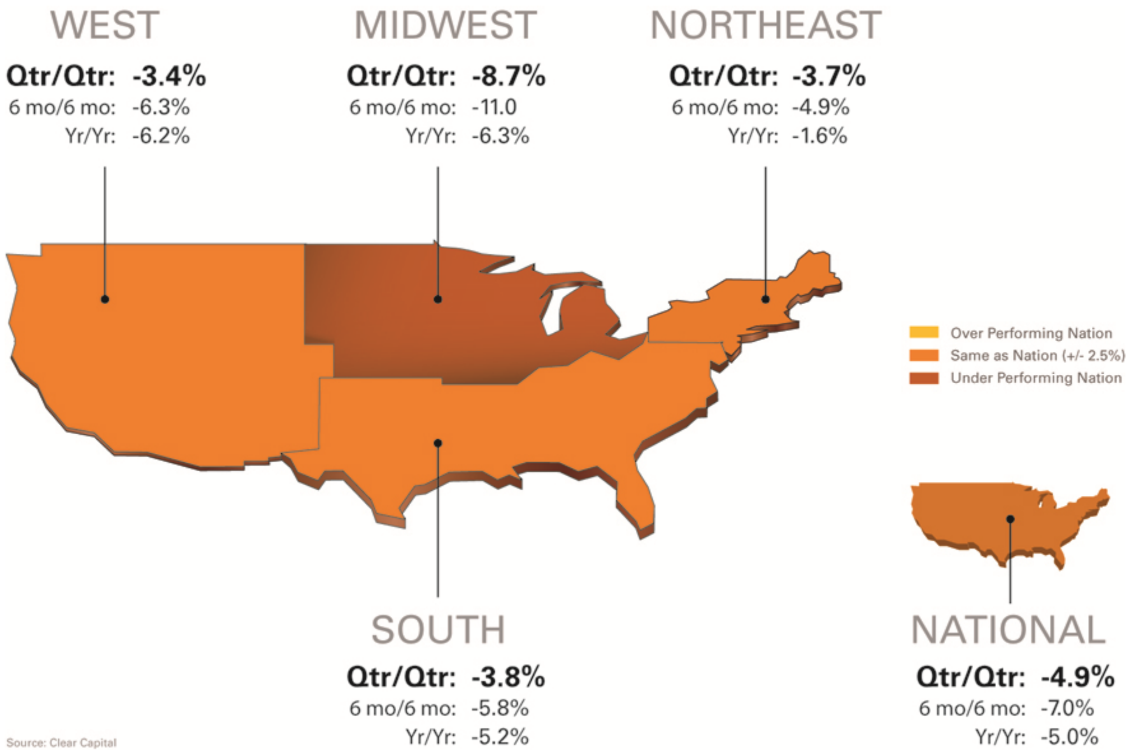
National Home Price Change (2008 to 2011 Comparison)



Looking at home price trends during these same two periods ties together similarities, with a 15.6 percent price decline for the 2008 timeframe compared to the 11.5 percent decline for the mid-2010 through April 2011 period.

This comparison leads to concern over home price declines through the rest of 2011. The trends of 2008 were quickly reversed with the introduction of stimulus measures. However, home prices today are already down nearly 25 percent since the 2008 period, creating increasing home affordability, in addition to gradually improving employment measures. Unlike the 2008 period where the downward trend ended in the winter, we're now heading into the home buying seasons of spring and summer. Regardless, the housing market still faces many challenges that will only be solved through increased buying activity or a reduction in the distressed segment—neither of which is assured in 2011.

National/Four Region Market Overview (April 2010 - May 2011)



Home prices down across the nation

- Quarter-over-quarter, the Midwest region underperformed as compared to the nation as a whole. Ironically, the Midwest is the only region yet to double dip—largely a reflection of magnified gains it experienced during the last two years of tax credit activity.
- The West, which first experienced a double dip in prices last month, is no longer the worst performing region (quarter-over-quarter) as the rest of the nation has followed its lead into price declines.

The data through April confirms that REO saturation is pulling market prices down again, climbing to rates reminiscent of 2008. This is best illustrated in the Midwest, where quarterly prices have changed -8.7 percent, and year-over-year prices have changed -6.3 percent. These price drops were primarily driven by a 4.3 percent jump in the quarterly REO saturation rate over last month's report, putting current distressed levels at approximately near 40 percent—only 6.8 percentage points below the peak REO saturation rate experienced in Q1 2009.

The Northeast and South regions are also feeling the effects of increased distressed sale activity, as both regions have now also crossed into double dip territory to record their lowest prices since the downturn began.

Metro Markets (April 2010 – May 2011)

Highest Performing Major Markets

Qtr/Qtr Rank	Metropolitan Statistical Area	Qtr/Qtr +/-%	Yr/Yr	REO Saturation
1	Charlotte, NC · Gastonia, NC · Concord, NC	-1.4%	-5.1%	27.0%
2	Washington, DC · Arlington, VA · Alexandria, VA	-1.6%	3.5%	21.3%
3	Tucson, AZ	-1.7%	-11.9%	43.1%
4	Dallas, TX · Fort Worth, TX · Arlington, TX	-1.7%	-2.4%	32.7%
5	Philadelphia, PA · Camden, NJ · Wilmington, DE	-2.2%	-4.3%	14.0%
6	New York, NY · Long Island, NY · No. New Jersey, NJ	-2.3%	0.3%	9.7%
7	Los Angeles, CA · Long Beach, CA · Santa Ana, CA	-2.4%	-1.3%	34.0%
8	San Jose, CA · Sunnyvale, CA · Santa Clara, CA	-2.7%	-4.7%	28.5%
9	Denver, CO · Aurora, CO	-2.8%	-4.5%	33.8%
10	Miami, FL · Ft. Lauderdale, FL · Miami Beach, FL	-2.9%	-6.0%	42.2%
11	Phoenix, AZ · Mesa, AZ · Scottsdale, AZ	-3.1%	-11.3%	47.0%
12	Orlando, FL	-3.2%	-5.2%	49.9%
13	Riverside, CA · San Bernardino, CA · Ontario, CA	-3.4%	-2.2%	49.6%
14	Las Vegas, NV · Paradise, NV	-3.5%	-7.9%	53.7%
15	Houston, TX · Baytown, TX · Sugar Land, TX	-3.9%	-2.5%	37.8%

Source: Clear Capital

High rates of distressed properties weighs on home prices

- All quarterly price changes in the top 15 major markets slid into negative territory as REO saturation climbed among 11 of the 15 of the highest performing markets (led by the 53.7% rate in Las Vegas).
- Riverside, Los Angeles, and Dallas slightly improved their REO saturation rates from last month's report; and the distressed rate in Phoenix remained flat.
- Las Vegas, Riverside, Phoenix, Los Angeles and San Jose improved their quarter-over-quarter price changes, albeit by only an average of 1.0%.

Even the highest performing markets are now showing signs that the winter of 2010/2011 has proven challenging for the already weakened housing market. Price declines among markets in the West have been significant over the past several months, but are now softening with seven of the top 15 highest performing markets now from the West region.

Yearly measures did slip this month as 13 of the 15 markets experienced negative year-over-year price changes. Year-over-year numbers are expected to continue downward leading up to summer as prices will be compared to last summer's tax credit-fueled price peak.

Lowest Performing Major Markets

Qtr/Qtr Rank	Metropolitan Statistical Area	Qtr/Qtr (-15% 0%) +/-%	Yr/Yr	REO Saturation
1	Detroit, MI · Warren, MI · Livonia, MI	-13.4%	-6.2%	55.6%
2	Hartford, CT · West Hartford, CT · East Hartford, CT	-12.8%	-14.3%	11.3%
3	Milwaukee, WI · Waukesha, WI · West Allis, WI	-12.6%	-11.4%	33.9%
4	Cleveland, OH · Elyria, OH · Mentor, OH	-11.2%	0.4%	43.9%
5	Chicago, IL · Naperville, IL · Joliet, IL	-9.7%	-6.0%	40.2%
6	New Orleans, LA · Metairie, LA · Kenner, LA	-9.3%	-2.2%	20.7%
7	Columbus, OH	-9.3%	-10.5%	44.2%
8	Richmond, VA	-8.9%	-13.4%	26.5%
9	Minneapolis, MN · St. Paul, MN · Bloomington, MN	-8.6%	-6.8%	51.2%
10	Memphis, TN	-7.5%	5.6%	41.6%
11	Tampa, FL · St. Petersburg, FL · Clearwater, FL	-7.4%	-13.0%	44.5%
12	Fresno, CA	-7.3%	-10.2%	54.5%
13	Pittsburgh, PA	-7.1%	2.0%	12.3%
14	St. Louis, MO	-6.8%	-7.4%	36.8%
15	Boston, MA · Cambridge, MA · Quincy, MA	-6.8%	-2.2%	11.0%

Source: Clear Capital

Volatility in the Midwest

- Seven of the lowest performing major markets are from the Midwest.
- Detroit maintains status as lowest performing major market for fourth consecutive month.
- Detroit, Minneapolis, and Fresno returned REO saturation rates over 50%.

The lowest performing markets, especially in the Midwest, share the same trends as the nation as a whole. Low prices and high REO saturation in the Midwest have created volatility for the region. Seven of the lowest performing markets come from the Midwest, led by Detroit's -13.4 percent price change. Markets in the West region have stabilized relative to the other regions, with only Fresno (-7.3% price change) making this month's list of lowest performers.

REO saturation rates remain high in these markets (averaging 35.2%), with eight markets posting rates above 40 percent. As more REO transactions take place, overall prices continue to remain down, a sign that financial institutions may be looking to cut losses on large inventories of property.

About the Clear Capital Home Data Index (HDI) Market Report

The Clear Capital HDI Market Report has displayed consistent market trends as other leading indices (peak, trough, secondary trough and tax credit run-ups). Despite these consistencies, a critical difference is that HDI's methodology enables more timely and granular reporting.

The Clear Capital HDI Market Report:

- Offers the real estate industry (investors, lenders and servicers), government agencies and the public insight into the most recent pricing conditions, not only at the national and metropolitan level, but within local markets as well.
- Data is built on the most recent information available from recorder/assessor offices, and then further enhanced by adding the company's proprietary streaming market data for the most comprehensive geographic coverage and local insights available.
- Reflects nationwide coverage of sales transactions and aggregates this comprehensive dataset at ten different geographic levels, including hundreds of metropolitan statistical areas (MSAs) and sub-ZIP code boundaries.
- Includes equally-weighted distressed bank owned sales (REOs) from around the country to give the most real world look of pricing dynamics across all sales types.
- Patent-pending rolling quarter technology allows for the most current market data by providing more frequent updates. This ensures decisions are based on the most up-to-date information available.

Clear Capital Home Data Index™ Methodology

- Generates the timeliest indices in patent pending rolling quarter intervals that compare the most recent four months to the previous three months. The rolling quarters have no fixed start date and can be used to generate indices as data flows in, significantly reducing the multi-month lag time experienced with other indices.
- Includes both fair market and institutional (real estate owned) transactions, giving equal weight to all market transactions and identifying price tiers at a market specific level. By giving equal weight to all transactions the HDI is truly representative of each unique market.
- An address-level cascade results in an index with the most granular, statistically significant market area available.
- Provides weighted repeat sales, and price-per-square-foot index models that use multiple sale types, including single-family homes, multi-family homes and condominiums.

About Clear Capital

Clear Capital (www.clearcapital.com) is a premium provider of data and solutions for real estate asset valuation and risk assessment for large financial services companies. Our products include appraisals, broker-price opinions, property condition inspections, value reconciliations, and home data indices. Clear Capital's combination of progressive technology, high caliber in-house staff and a well-trained network of more than 40,000 field experts sets a new standard for accurate, up-to-date and well documented valuation data and assessments. The Company's customers include the largest U.S. banks, investment firms and other financial organizations.

Legend

Address Level Cascade – Provides the most granular market data available. From the subject property, progressively steps out from the smallest market to larger markets until data density and statistical confidence are sufficient to return a market trend.

Home Data Index (HDI) – Powerful analytics tool that provides contextual data augmenting other, human-based valuation tools. Clear Capital's multi-model approach combines address-level accuracy with the most current proprietary home pricing data available.

Metropolitan Statistical Area (MSA) – Geographic entities defined by the U.S. Office of Management and Budget (OMB) for use by Federal statistical agencies in collecting, tabulating, and publishing Federal statistics.

Repeat Sales Model – Weighted linear model based on repeat sales of same property over time.

Price Per Square Foot (PPSF) Model – Median price movement of sale prices divided by square footage over a period of time—most commonly a quarter.

Real Estate Owned (REO) Saturation – Calculates the percentage of REOs sold as compared to all properties sold in the last rolling quarter.

Rolling Quarters – Patent pending rolling quarters compare the most recent four months to the previous three months.

Media Contact:
Michelle Sabolich
Atomic PR for Clear Capital
415.593.1400
michelle.sabolich@atomicpr.com