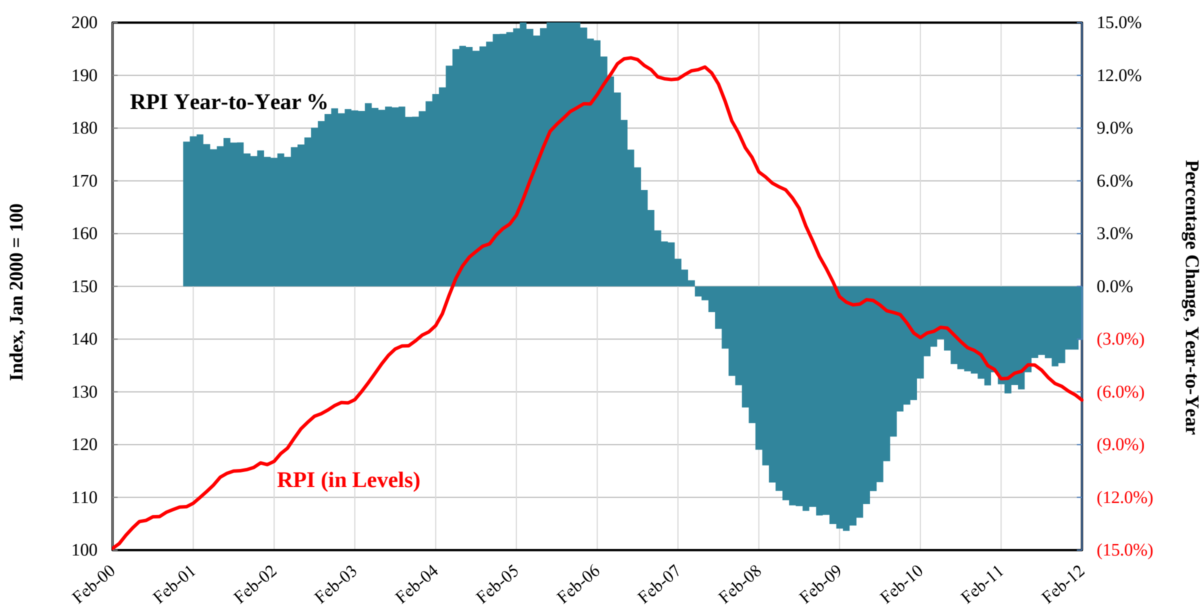
February Residential Property Values Down 0.8%

Oxford, Miss. (Apr. 20, 2012) – FNC's latest Residential Price Index™ (RPI), released Friday, indicates that U.S. residential property values continued to show signs of persistent weakening - ending in February with a seventh consecutive month-to-month decline. Despite sharply rising activities in existing home sales and new housing starts from a year ago, prices on non-distressed home sales (excluding foreclosure auction sales, REO sales, and short sales) continue to slide, down 0.8% from February or 3.0% from a year ago. In this seven month period, the steady price declines on non-distressed properties coincided with a rising share of distressed properties in total home sales, which climbed from 22.8% in July to 27.0% in February, pushing down the prices on non-distressed home sales. Continued acceleration in disposing the inventory of distressed homes could further dampen home prices in the coming months.

FNC National Residential Price Index



Based on the latest data on non-distressed home sales (existing and new homes) through February, FNC's national RPI shows that single-family home prices fell in February to a seasonally unadjusted rate of 0.8%.[1] (See the *Month-to-Month Index Trends* table on the next page.) As a gauge of underlying home value, the RPI excludes sales of foreclosed homes, which

[1] The FNC National Residential Price Index is a volume-weighted aggregate price index consisting of 100 major metropolitan areas across different regions of the U.S. All FNC Residential Price Indices are constructed to capture unsmoothed home price trends.

are frequently sold with large price discounts reflecting poor property conditions. The RPI is the industry's first hedonic price index − built on a comprehensive database blending public records with real-time appraisals of property characteristics and neighborhood attributes.[2]

Month-to-Month Index Trends

FNC RPI Composites	Feb-2012 (vs. Jan 2012)	Jan-2012 (vs. Dec 2011)	Dec-2011 (vs. Nov 2011)
National Composite	(0.8%)	(0.6%)	(0.7%)
30-MSA Composite	(0.8%)	(0.7%)	(0.8%)
10-MSA Composite	(1.0%)	(0.6%)	(1.0%)

Year-to-Year Index Trends

FNC RPI Composites	Feb-2012 (vs. Feb 2011)	Jan-2012 (vs. Jan 2011)	Dec-2011 (vs. Dec 2010)
National Composite	(3.0%)	(3.6%)	(3.6%)
30-MSA Composite	(3.7%)	(4.0%)	(4.3%)
10-MSA Composite	(3.8%)	(3.7%)	(4.2%)

All three RPI composites (the National, 30-MSA, and 10-MSA indices) show similar month-to-month declines in February, down about a percentage point from January. The three-month trends indicate that the pace of month-to-month price declines has remained relatively steady.

The indices' year-to-year trends continue to show signs of improvement. According to the national RPI, home prices nationwide declined at a seasonally adjusted rate of 3.0% in February, the slowest pace in the last 20 months. The year-to-year declines at the nation's top housing markets, as indicated by the 30- and 10-MSA composites, have also decelerated to below 4.0% -- their slowest pace since May 2010.

Among the individual markets tracked by the FNC 30-MSA composite index, 12 markets show a positive month-to-month change in February that averaged about 1.4%. Among them, the Cleveland market records the largest one-month price increase of 2.9%, followed by San Antonio 2.1% and Riverside-CA at 2.0%. Most notably, Miami home prices in recent months are showing signs of extended recovery, rising month to month for three consecutive months since December – averaging nearly 1.0% per month. Consistent with the data are declining shares of distressed properties in monthly home sales in Miami. In February, distressed sales accounted for about 23% of home sales, down from 38% a year ago. Of the remaining 20

[2] The procedures used to create the index are described in "Hedonic versus repeat-sales housing price indexes for measuring the recent boom-bust cycle," by Dorsey, R.E., Hu, H., Mayer, W.J., and Wang, H.C., *Journal of Housing Economics* 19 (2), 75–93.

markets where home prices fell in February, Baltimore, Tampa, and Detroit are among those that show the largest one-month price declines. Distressed sales in Detroit, in particular, continue to make a significant portion of total home sales – one in every two homes sold in February is a foreclosed, REO, or short sale property.

On a seasonally adjusted year-to-year basis, San Antonio and Minneapolis are seeing the biggest price increase in the last 12 months, each up 2.5%. Despite the persistently large presence of distressed sales, Detroit continues to see home prices rise above a year ago. Meanwhile, Atlanta, Las Vegas, Seattle, Baltimore, and Tampa continue to rank among the worst cities for existing homeowners whose property values are down 10.7%, 10.0%, 8.0%, 7.5%, and 7.3% respectively, from a year ago.

Peak to date, 16 of the component markets in the FNC 30-MSA composite index continue to record more than 30% declines in property values; in eight of them, homeowners have lost almost 50% or more of the peak market value. Leading the declines are Las Vegas (62.8%), Phoenix (59.0%), Riverside (58.6%), Orlando (58.0%), Sacramento (57.1%), and Miami (54.5%). San Antonio, where home prices have risen 4.9% above the market peak, is one bright spot in the post housing crash. Houston, where home prices have recovered to near pre-crash levels, comes in a distant second.

Metros	Month-to-Month Change
Baltimore	(2.4%)
Tampa	(2.4%)
Detroit	(2.1%)
New York	(1.8%)
Orlando	(1.8%)
Atlanta	(1.7%)
Houston	(1.7%)
Washington, D.C.	(1.7%)
Chicago	(1.7%)
Seattle	(1.6%)
St Louis	(1.6%)
Charlotte	(1.5%)
Cincinnati	(1.2%)
Boston	(1.0%)
Los Angeles	(0.8%)
Portland	(0.7%)
Denver	(0.5%)
Las Vegas	(0.1%)
Nashville	0.2%
San Diego	0.4%
Miami	0.8%
Minneapolis	0.8%
Dallas	1.0%
San Francisco	1.5%
Sacramento	1.6%
Phoenix	1.6%
Columbus	1.6%
Riverside	2.0%
San Antonio	2.1%
Cleveland	2.9%
30-MSA Composite	**(0.8%)**

Metros	Year-to-Year Change
Atlanta	(10.7%)
Las Vegas	(10.0%)
Seattle	(8.0%)
Baltimore	(7.5%)
Tampa	(7.3%)
Washington, D.C.	(7.3%)
Orlando	(6.9%)
Sacramento	(6.1%)
St Louis	(5.9%)
New York	(5.2%)
San Diego	(5.2%)
Cincinnati	(4.4%)
Los Angeles	(3.9%)
Phoenix	(3.4%)
Houston	(2.9%)
Portland	(2.9%)
Chicago	(2.5%)
Miami	(2.1%)
Charlotte	(1.9%)
Cleveland	(1.2%)
Riverside	(0.9%)
Dallas	(0.7%)
Nashville	(0.7%)
Columbus	(0.4%)
Denver	0.5%
Boston	0.9%
San Francisco	1.0%
Detroit	1.8%
Minneapolis	2.5%
San Antonio	2.5%
30-MSA Composite	**(3.7%)**

Metros	Peak-to-Date Change*
Las Vegas	(62.8%)
Phoenix	(59.0%)
Riverside	(58.6%)
Orlando	(58.0%)
Sacramento	(57.1%)
Miami	(54.5%)
San Francisco	(49.9%)
Tampa	(49.4%)
Los Angeles	(45.1%)
San Diego	(43.0%)
Detroit	(40.9%)
Atlanta	(37.9%)
Washington, D.C.	(36.5%)
Minneapolis	(35.0%)
Chicago	(32.4%)
New York	(31.6%)
Seattle	(27.6%)
Cleveland	(25.5%)
Portland	(24.4%)
Boston	(22.8%)
Baltimore	(20.0%)
St Louis	(17.1%)
Cincinnati	(16.3%)
Charlotte	(14.4%)
Dallas	(9.6%)
Denver	(8.1%)
Columbus	(7.2%)
Nashville	(6.3%)
Houston	(0.1%)
San Antonio	4.9%
30-MSA Composite	**(33.6%)**