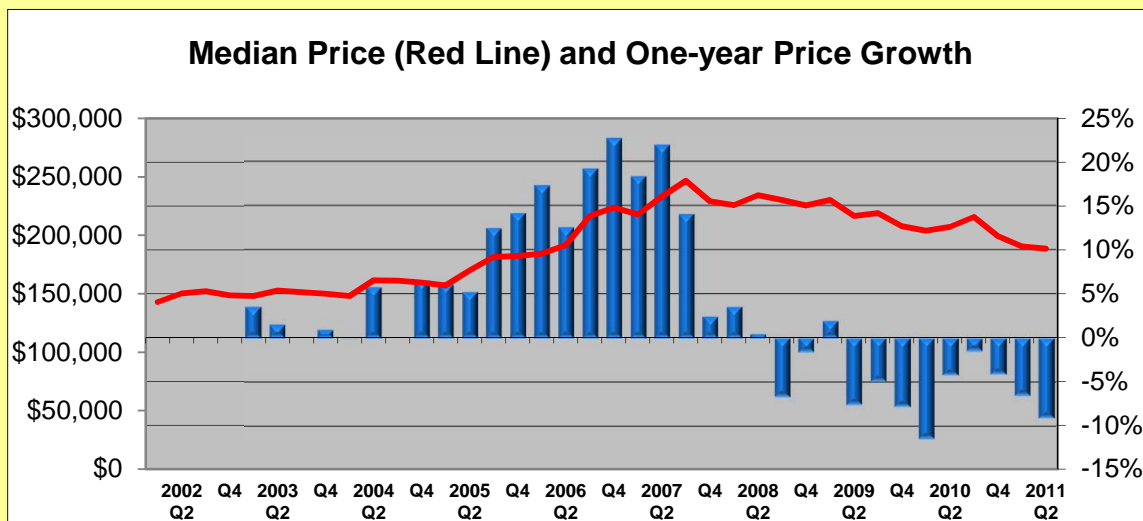


Salt Lake City Area

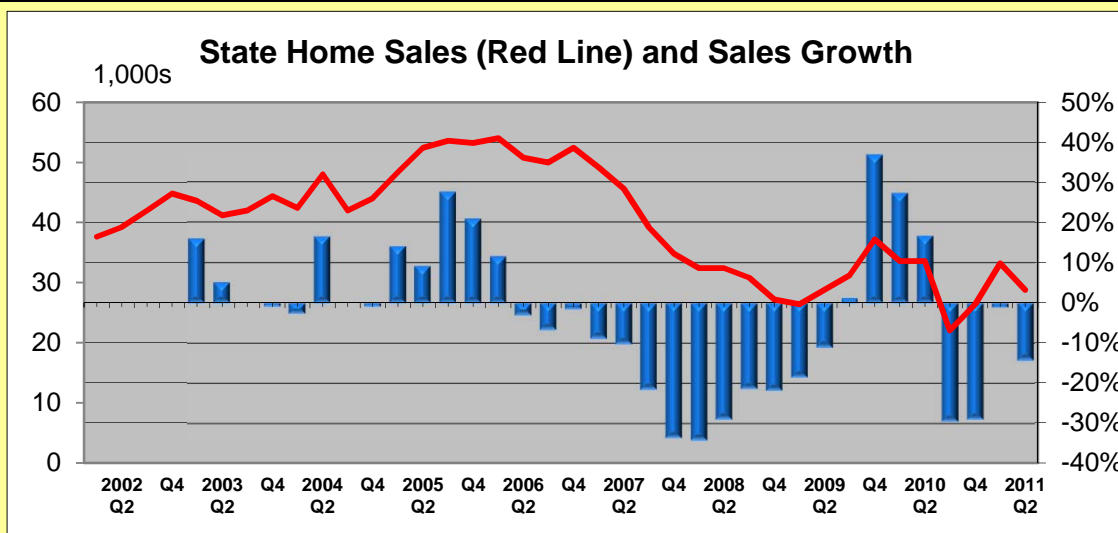
Local Market Report, Second Quarter 2011



Today's Market...



	Salt Lake City	U.S.	Local Trend
Price Activity			
Current Median Home Price (2011 Q2)	\$188,500	\$171,567	Prices are down compared to a year earlier and continue to weaken
1-year (4-quarter) Appreciation (2011 Q2)	-9.1%	-2.9%	
3-year (12-quarter) Appreciation (2011 Q2)	-19.5%	-17.5%	
3-year (12-quarter) Housing Equity Gain*	-\$45,700	-\$36,500	Real estate remains a long-term investment: those who have owned for more than 3 years have seen the equity in their home grow
7-year (28 quarters) Housing Equity Gain*	\$27,000	-\$22,400	
9-year (36 quarters) Housing Equity Gain*	\$38,100	\$7,733	
*Note: Equity gain reflects price appreciation only			
Conforming Loan Limit**	\$729,750	\$729,250	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$729,750	\$417,000	
Local Median to Conforming Limit Ratio	26%	not comparable	
**Note: the 2009 loan limits for FHA and the GSEs were extended through 2010.			

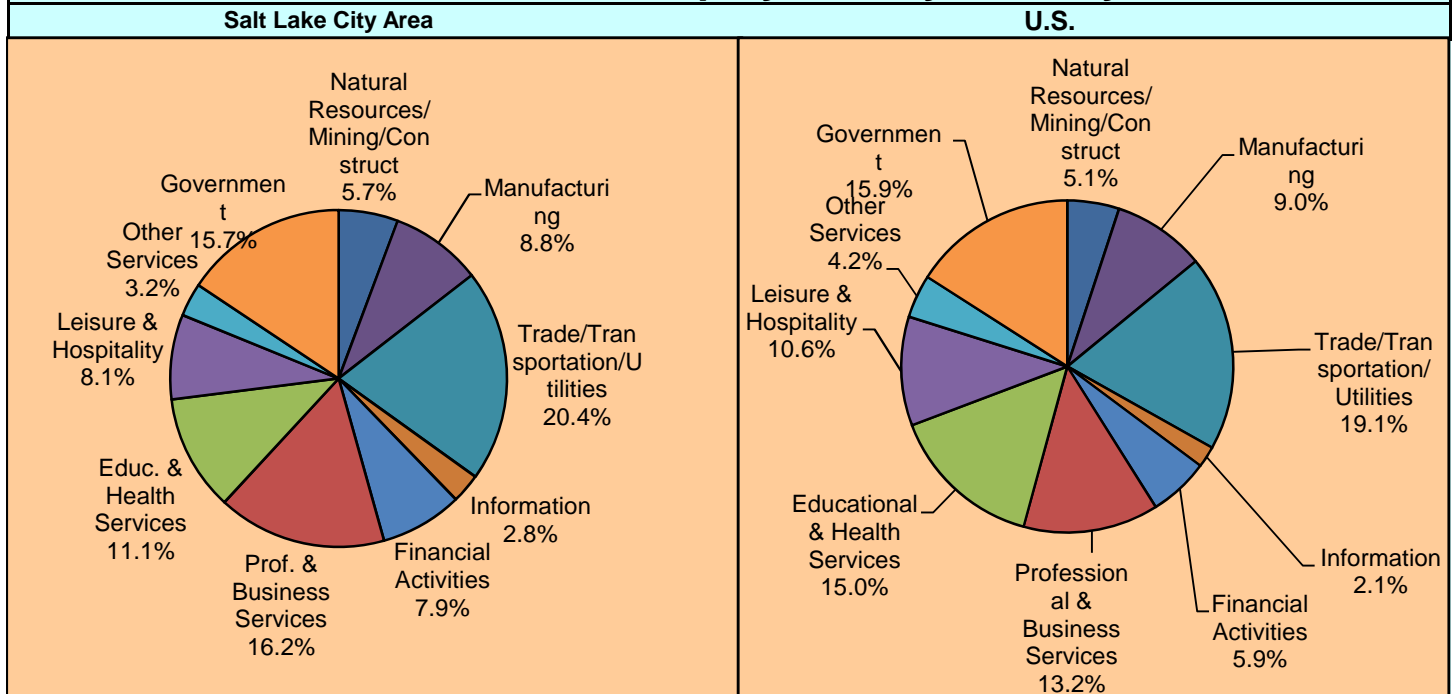


Home Sales	Utah	U.S.	
State Existing Home Sales (2011 Q2 vs 2010 Q2)	-14.3%	-12.7%	Local sales growth continues to be weak

Drivers of Local Supply and Demand...

Local Economic Outlook	Salt Lake City	U.S.	
12-month Job Change (Jun)	6,100	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (May)	7,000	Not Comparable	
36-month Job Change (Jun)	-30,000	Not Comparable	Unemployment has risen since the same period last year, but Salt Lake City's labor market has been more resilient than the national average
Current Unemployment Rate (Jun)	7.6%	9.2%	
Year-ago Unemployment Rate	7.5%	9.5%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	1.0%	0.5%	

Share of Total Employment by Industry



12-month Employment Change by Industry in the Salt Lake City Area (Jun - 2011)

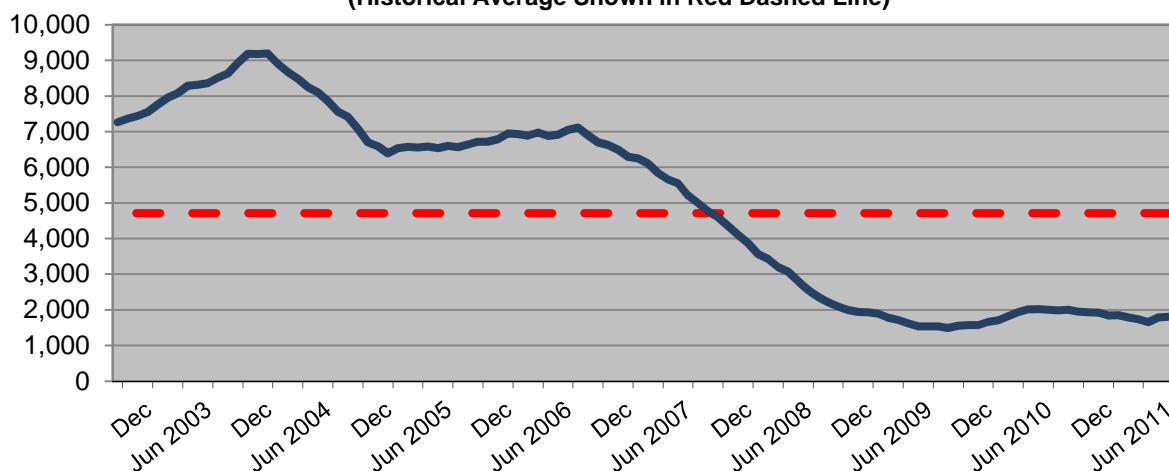
Goods Producing	NA	Information	500
Natural Resources/Mining/Construction	200	Financial Activities	1,800
Natural Resources and Mining	NA	Prof. & Business Services	2,900
Construction	NA	Educ. & Health Services	1,200
Manufacturing	1,300	Leisure & Hospitality	-4,100
Service Providing Excluding Government	NA	Other Services	900
Trade/Transportation/Utilities	3,000	Government	-1,600

State Economic Activity Index	Utah	U.S.	
12-month change (2011 - Jun)	1.1%	2.2%	Utah's economy is growing, but decelerated from last month's 1.25% change and lags the rest of the nation
36-month change (2011 - Jun)	-3.8%	-4.3%	

New Housing Construction

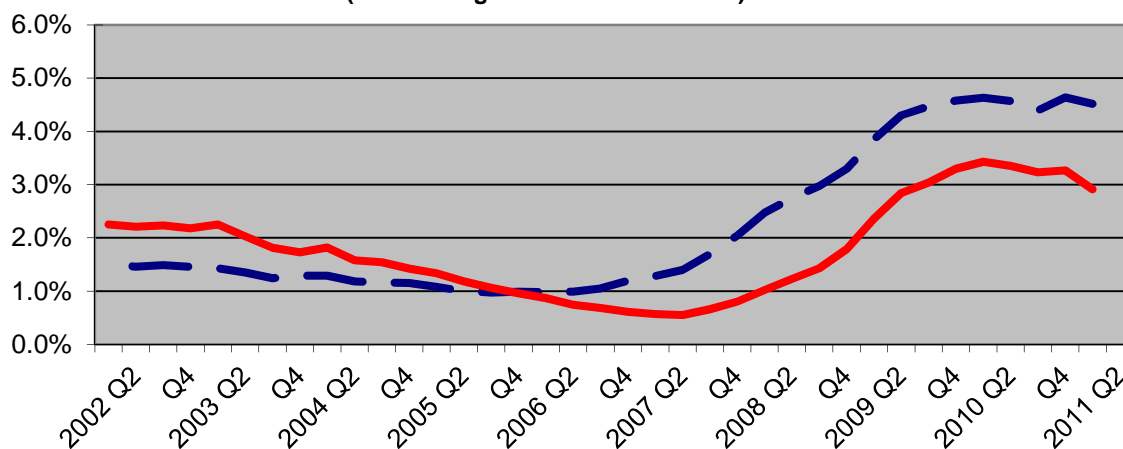
Local Fundamentals	Salt Lake City	U.S.	
12-month Sum of 1-unit Building Permits through Jun 2011	1,806	not comparable	The current level of construction is 61.7% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	4,717	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with the inventory more quickly
Single-Family Housing Permits (Jun 2011) 12-month sum vs. a year ago	-9.9%	-14.5%	Construction is down from last year, but appears to have bottomed.

Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Red Dashed Line)



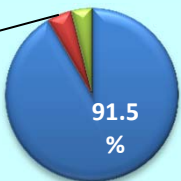
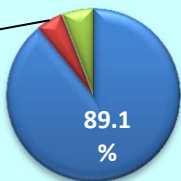
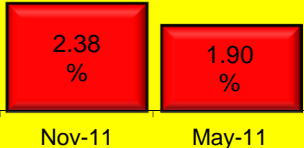
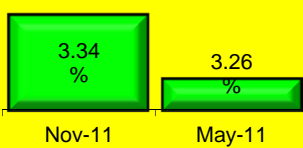
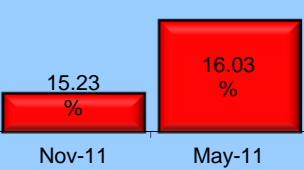
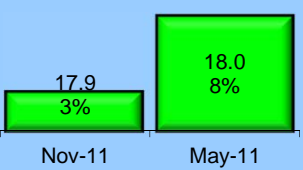
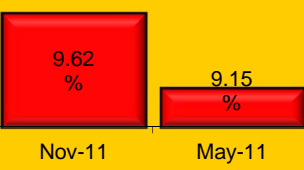
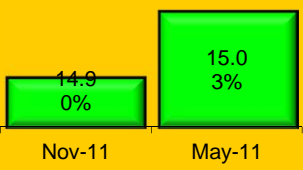
While new construction is the traditional driver of supply in real estate, foreclosures now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or foreclosure, place downward pressure on the median home prices.

State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



Source: Mortgage Bankers' Association

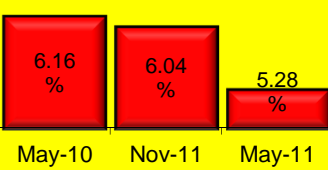
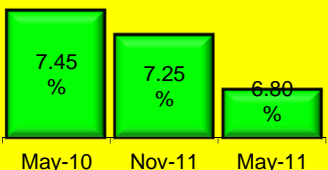
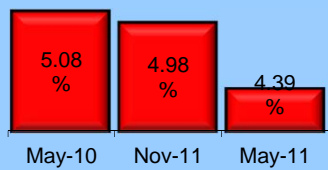
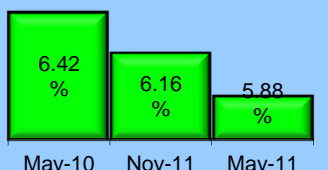
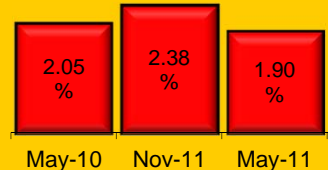
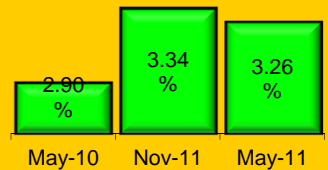
Foreclosures by Type

Monthly Market Data - May 2011	Salt Lake City	U.S.	
Market Share: <u>Prime (blue), Alt-A (green), and Subprime (red)</u>			Supreme mortgages make up a larger than average share of the Salt Lake City market, while prime foreclosures are in decline
PRIME: Foreclosure + REO Rate			<p>There was a substantial decline compared to November of last year</p> <p>Compared to the national average, today's local prime rate is low</p>
SUBPRIME: Foreclosure + REO Rate			<p>There was modest increase locally compared to 6 months earlier</p> <p>Locally, today's foreclosure rate is low relative to the national average</p>
ALT-A: Foreclosure + REO Rate			<p>The local alt-A rate eased slightly relative to November of last year</p> <p>The May rate for Salt Lake City 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

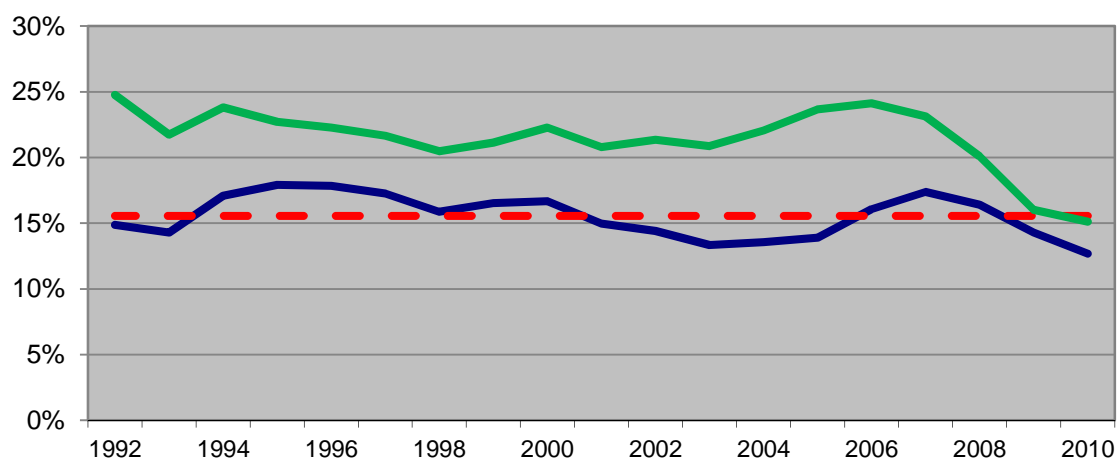
Monthly Market Data - May 2011	Salt Lake City	U.S.	
Prime: 60-day Delinquent			The local 60-day delinquency rate fell over the 6-month period ending in May suggesting that 90-day delinquencies will decline in the near future
Prime: 90-day Delinquent			The 90-day delinquency rate in Salt Lake City fell over the 6-month period ending in May
Prime: Foreclosure + REO Rate			The decline of both the 60 and 90-day delinquency rates over the most recent 6-month period suggests a decline in the local foreclosure rate in the near future.

Source: First American CoreLogic, LoanPerformance data

Affordability

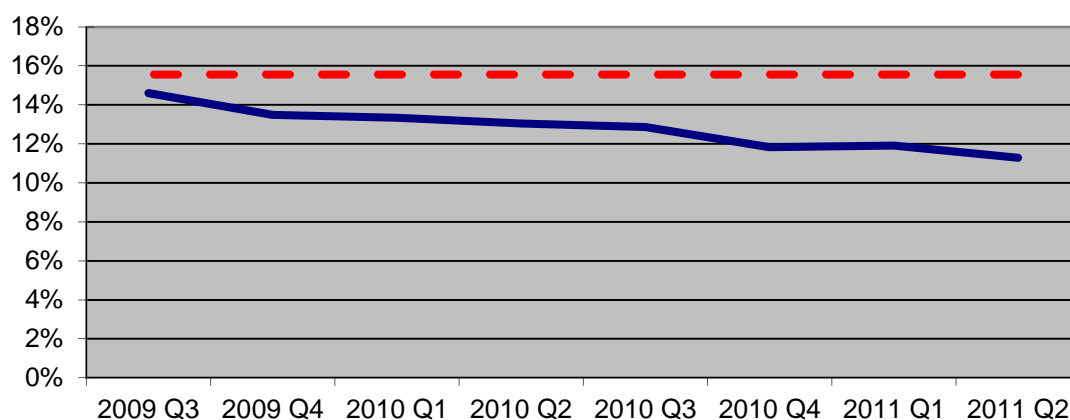


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

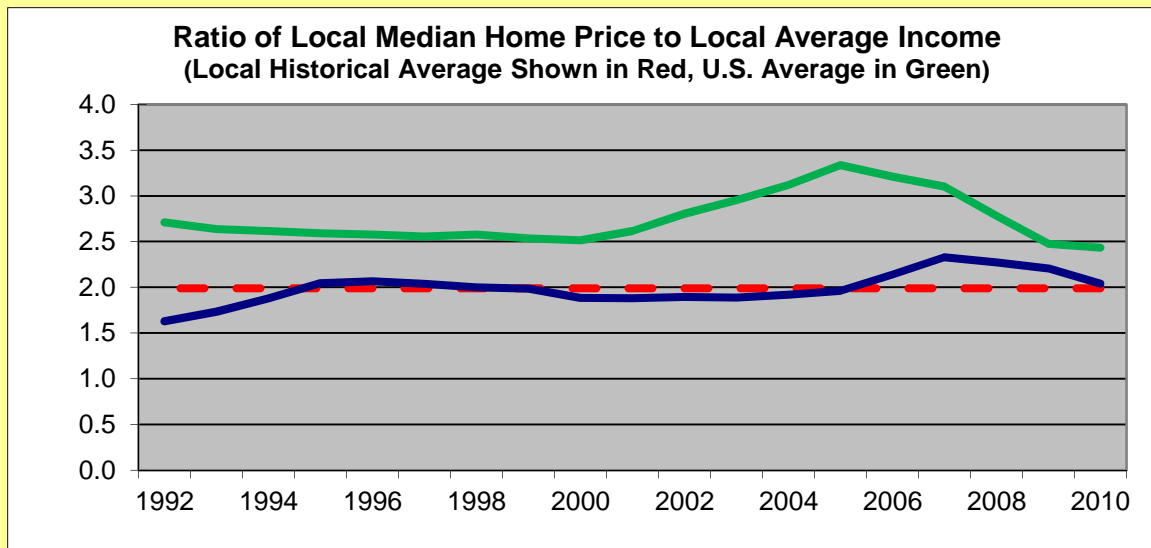


Monthly Mortgage Payment to Income	Salt Lake City	U.S.	
Ratio for 2009	12.7%	15.1%	Historically strong and an improvement over the first quarter of 2011
Ratio for 2011 Q2	11.3%	14.7%	
Historical Average	15.6%	22.0%	More affordable than most markets

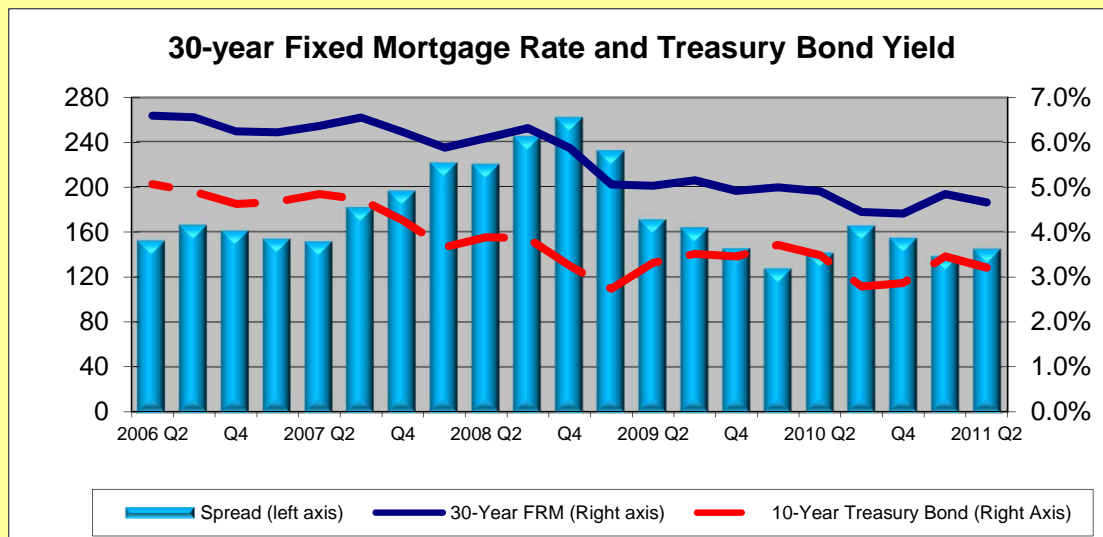
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Salt Lake City	U.S.	
Ratio for 2010	2.0	2.4	The price-to-income ratio has fallen and is below the historical average
Ratio for 2011 Q2	1.8	2.4	
Historical Average	2.0	2.7	Affordable compared to most markets



The Mortgage Market

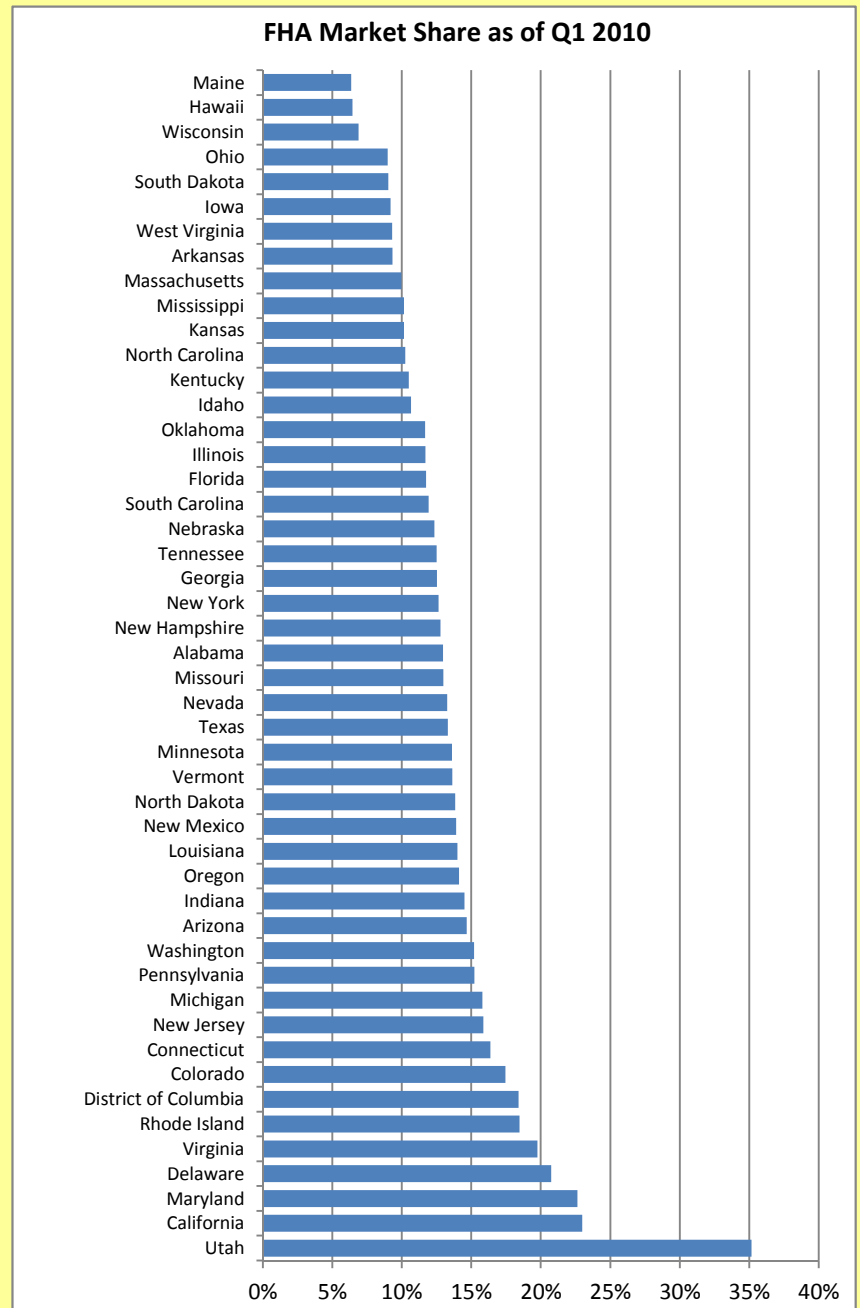


A steady flow of progressively weaker economic news reported in May and June combined to weigh on Treasury bonds in the 2nd quarter, driving the yield on the 10-year Treasury near record lows. The rate on the 30-year fixed rate mortgage followed suit, but the gap between the two opened up as investors sought out better returns than MBS as well as to avoid the risk of refinances. Concerns about the U.S. government's debt along with the sluggish economy are unlikely to be resolved in the near term. Furthermore, the Federal Reserve has made it clear that it will actively support an environment that would foster economic growth through low rates. As result, mortgage rates are expected to remain low through the fall and into 2012. The low rates will help consumers and businesses alike to navigate this economic soft patch, but they will also remove a layer of urgency from the home buying process, which could drag on home sales.

A Closer Look...FHA Role Locally

FHA Market Share	Salt Lake City	U.S.
2010 FHA Originations	15,111	989,842
2010 Market Share	53.0%	20.2%
2011 Q1 Market Share	35.2%	0.1

FHA's market share fell sharply during the housing boom. Home sellers preferred to work with non-FHA lenders in order to avoid the FHA's more stringent and time consuming underwriting. Since the power in the housing market resided with the sellers at that time, usage of FHA loans fell off. As the real estate market shifted, so did the FHA's market share. FHA's market share this year is higher than the historical average, but down from the height of last year's tax-credit induced sales surge. The tax credit brought in many low-income and first time buyers, FHA's target market. Locally, the FHA's share of originations in Salt Lake City fell from 53.0% in 2010 to 35.2% in the first quarter of this year. The FHA's market share is likely to remain historically elevated until the housing market returns to normal in the coming years.



Geographic Coverage for this Report

The Salt Lake City area referred to in this report covers the geographic area of the Salt Lake City 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:

Salt Lake County, Summit County, and Tooele County

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