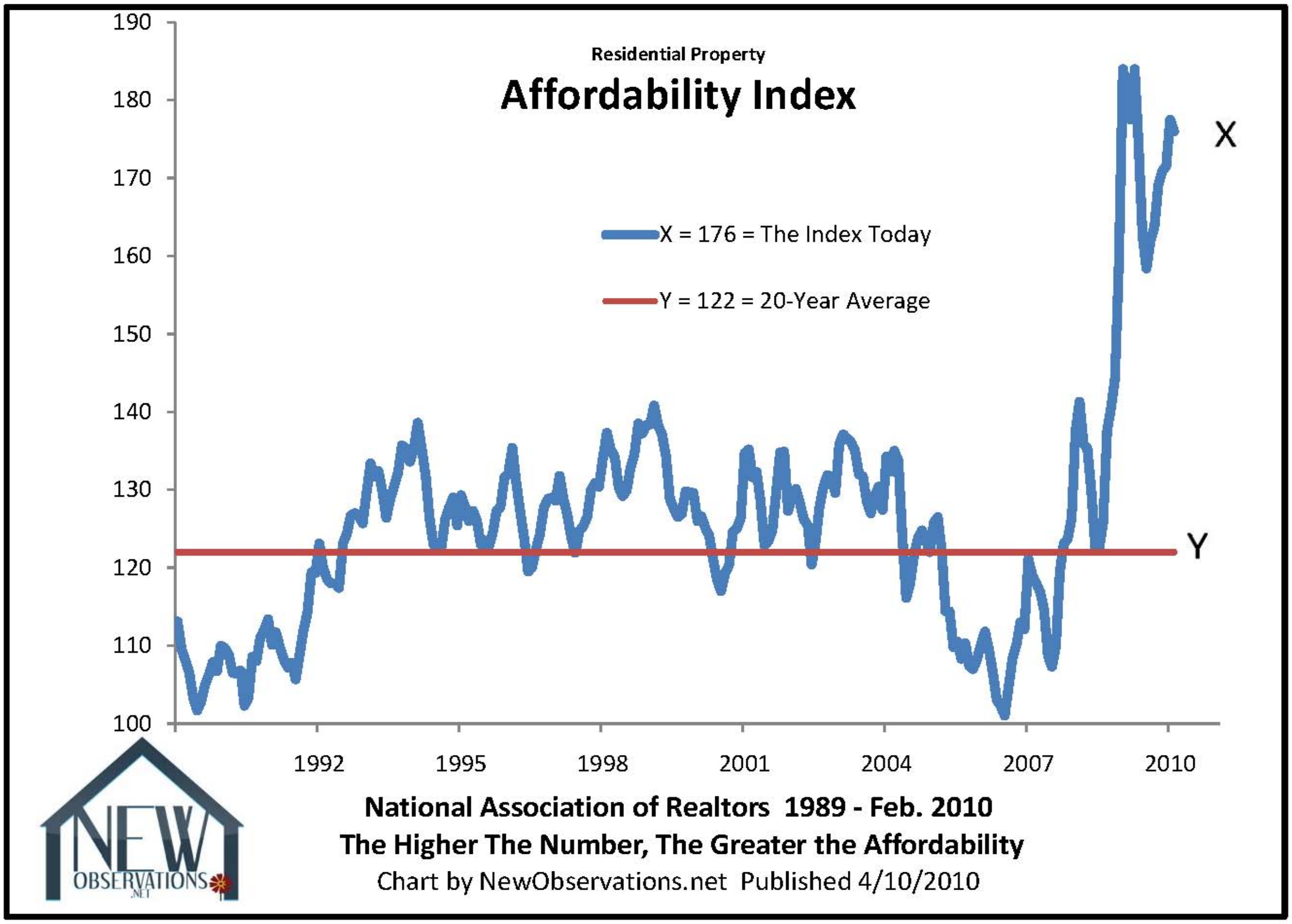
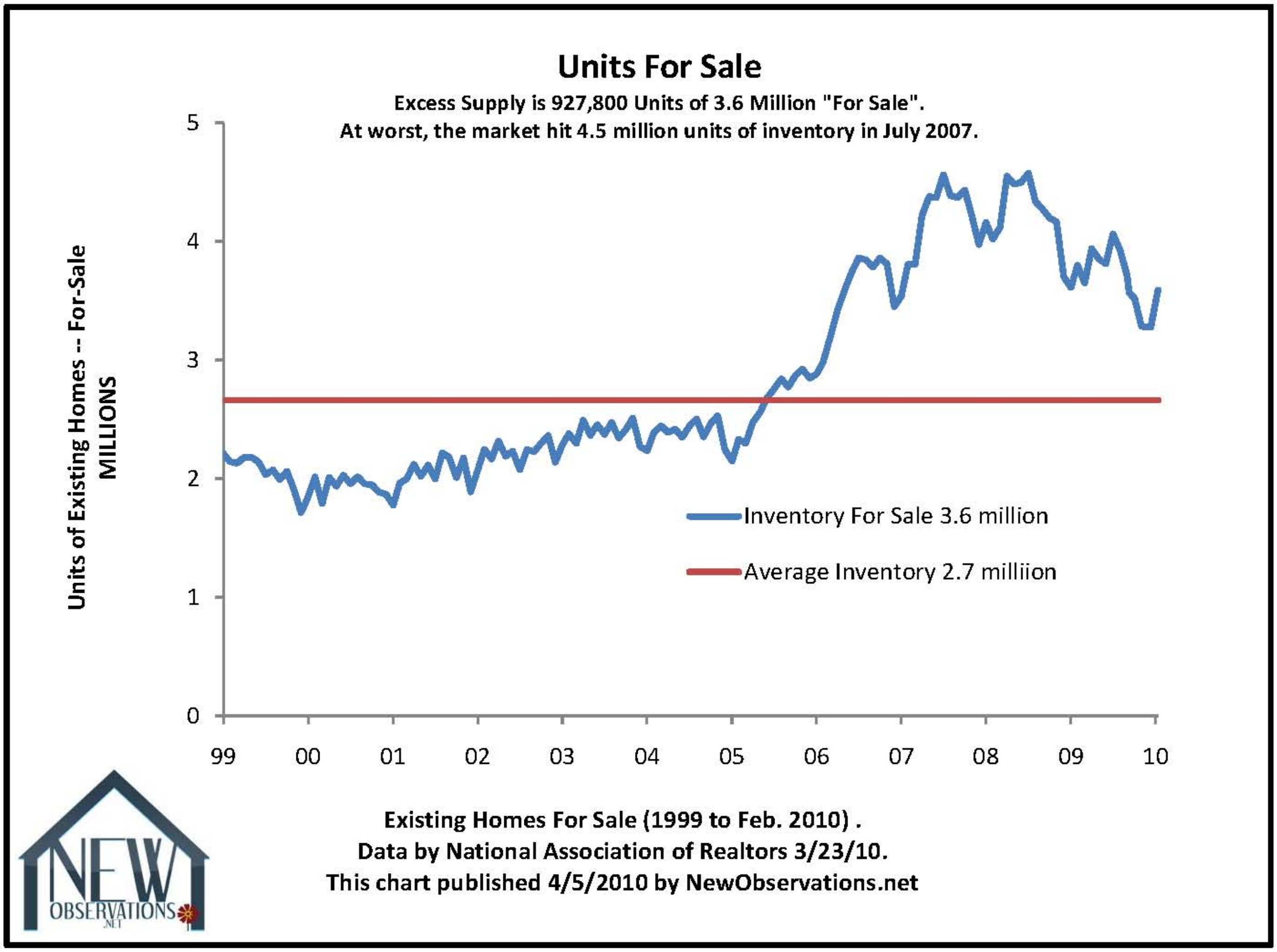
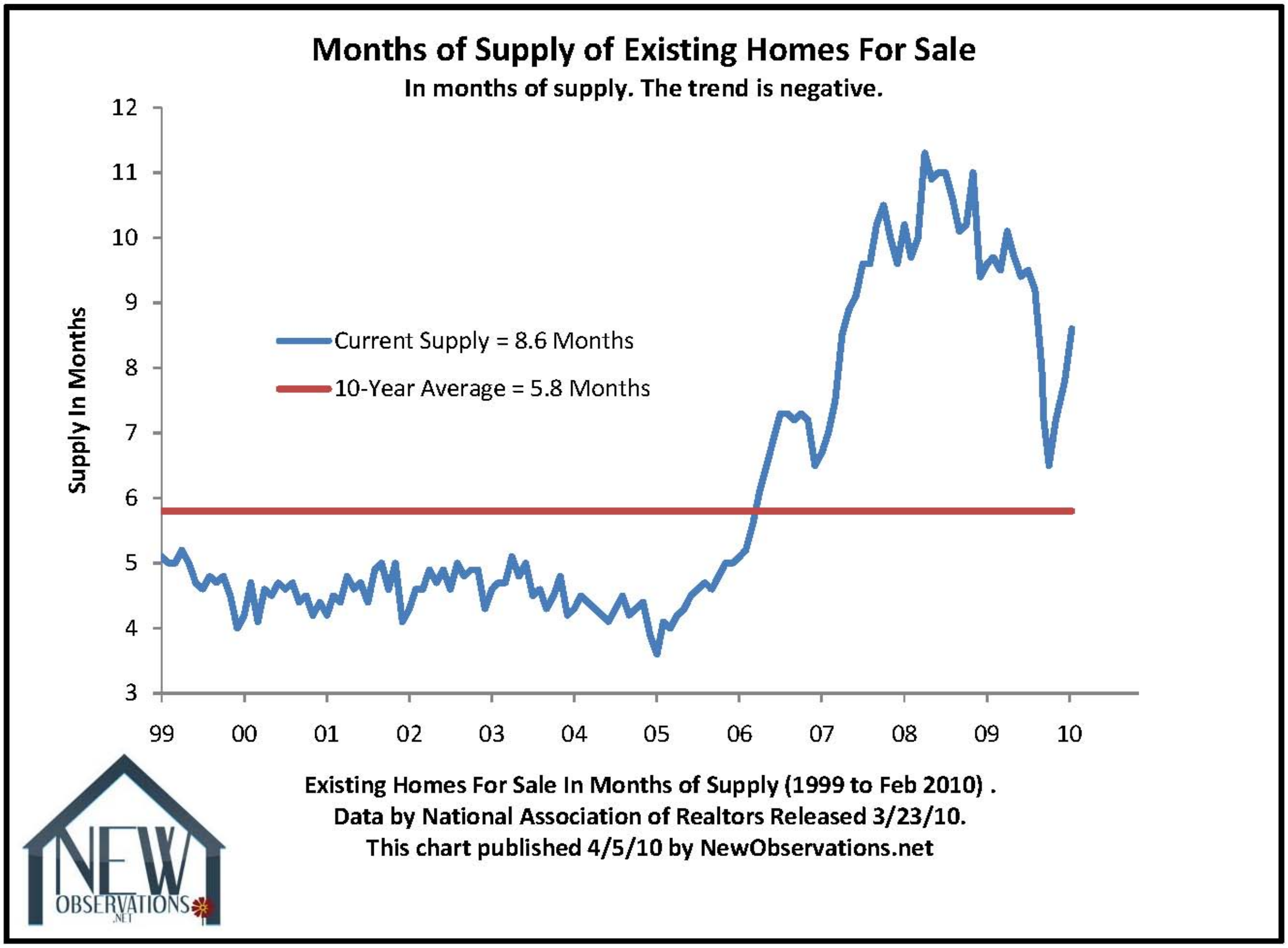


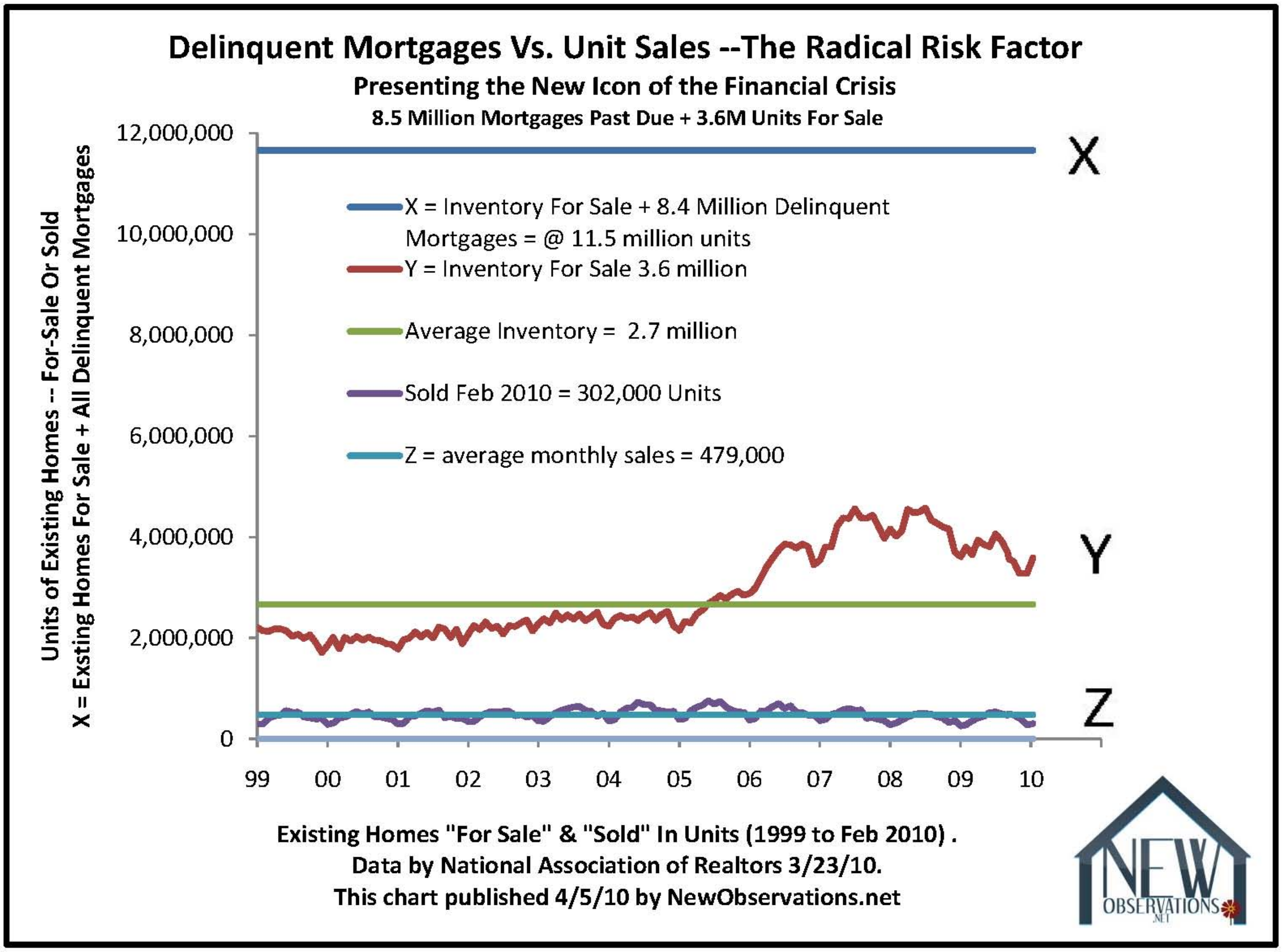
AFFORDABILITY – The trend in affordability is great, but if prices are still falling and you buy now, are you prepared to buy a loss of 10% or 20% or 30% of the price you pay?



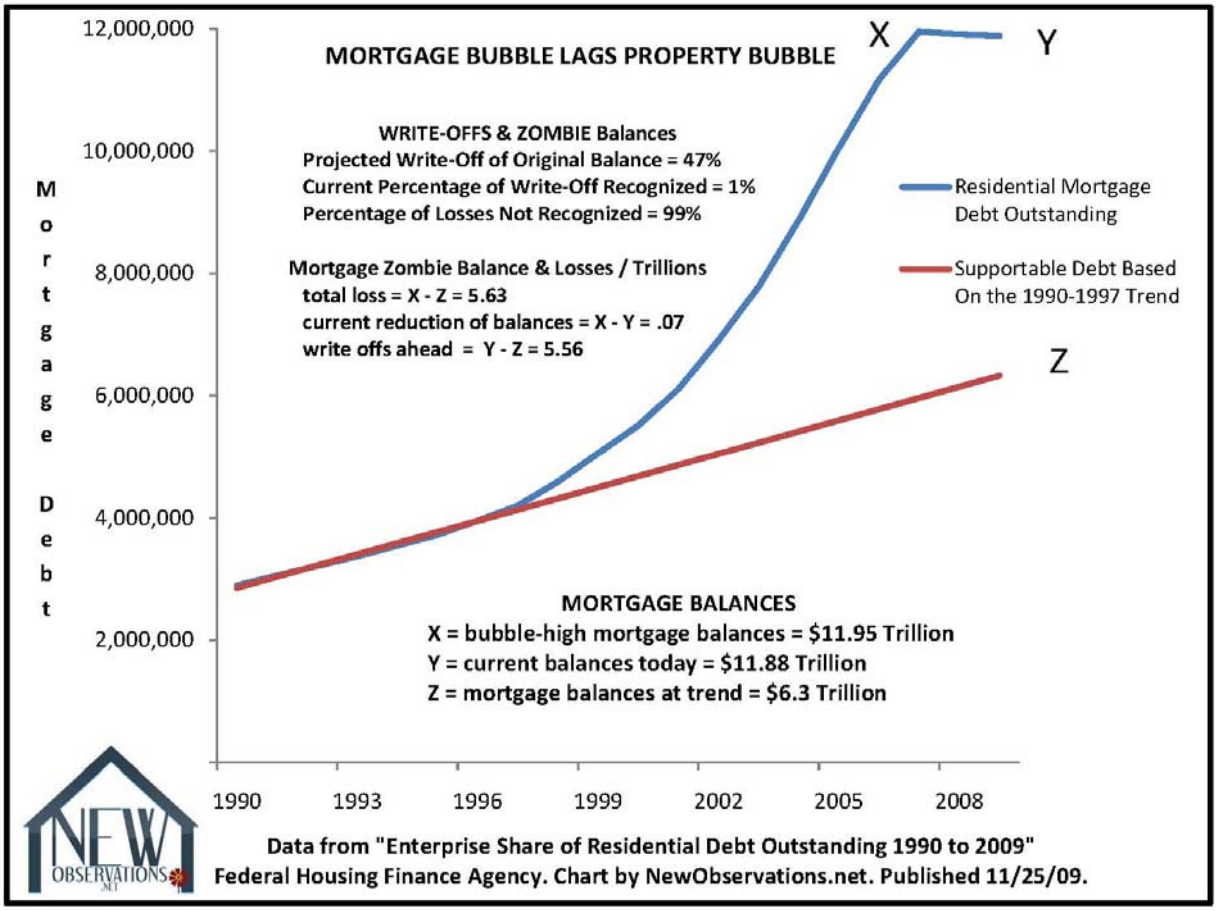
INVENTORY -- The total units for sale is high and may be moving to an excess which will push prices down.



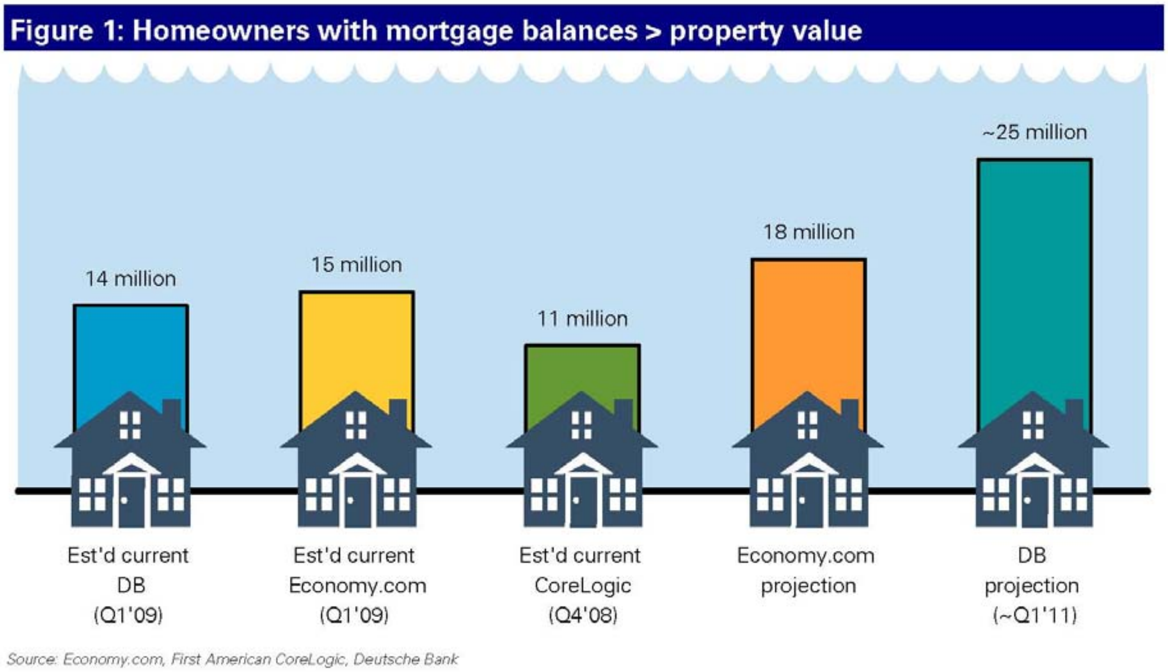
INVENTORY / Months of Supply -- The recent trend suggests inventory is falling up into the zone of distress.



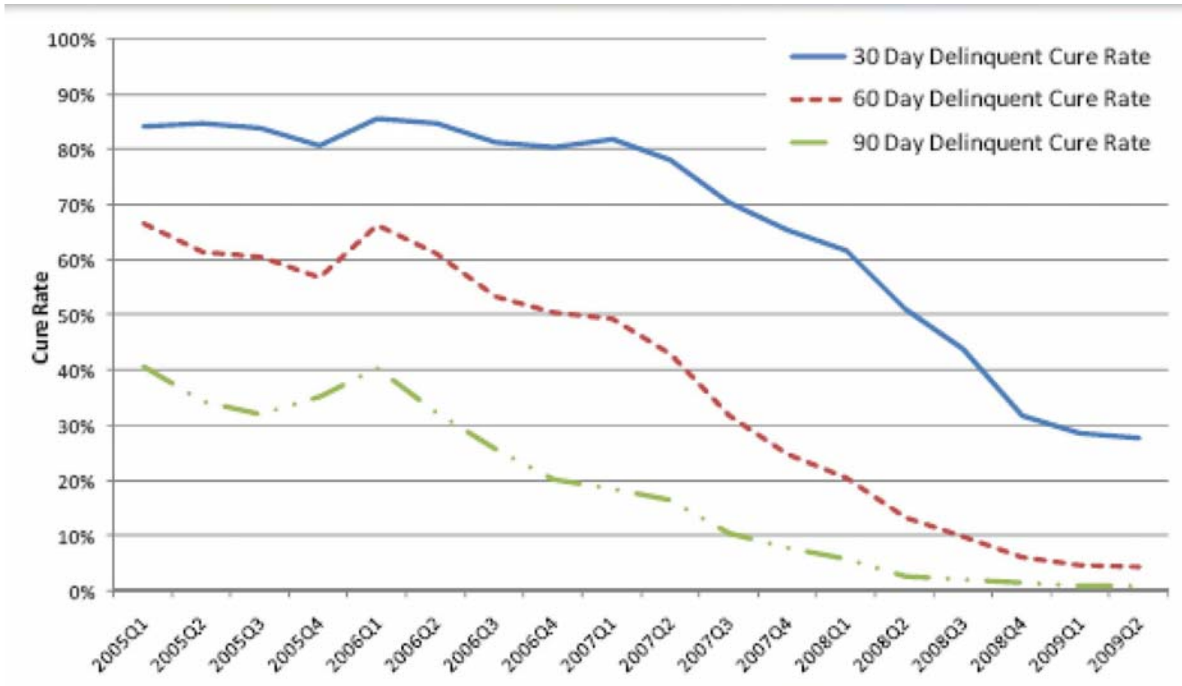
INVENTORY / Units For Sale vs. Delinquent Mortgages -- Arguably the central gauge of our economy, it shows high-distress among the owners of real estate, and the possibility of a severe correction in real estate prices.



Mortgage Bubble – You know about a housing bubble, but not a mortgage bubble. Why? Seeing the mortgage bubble requires both competence and independence. These are not available at your Joe-or-Jane magazine or newspaper. A crash in mortgages represents a true-and-possible Armageddon scenario.



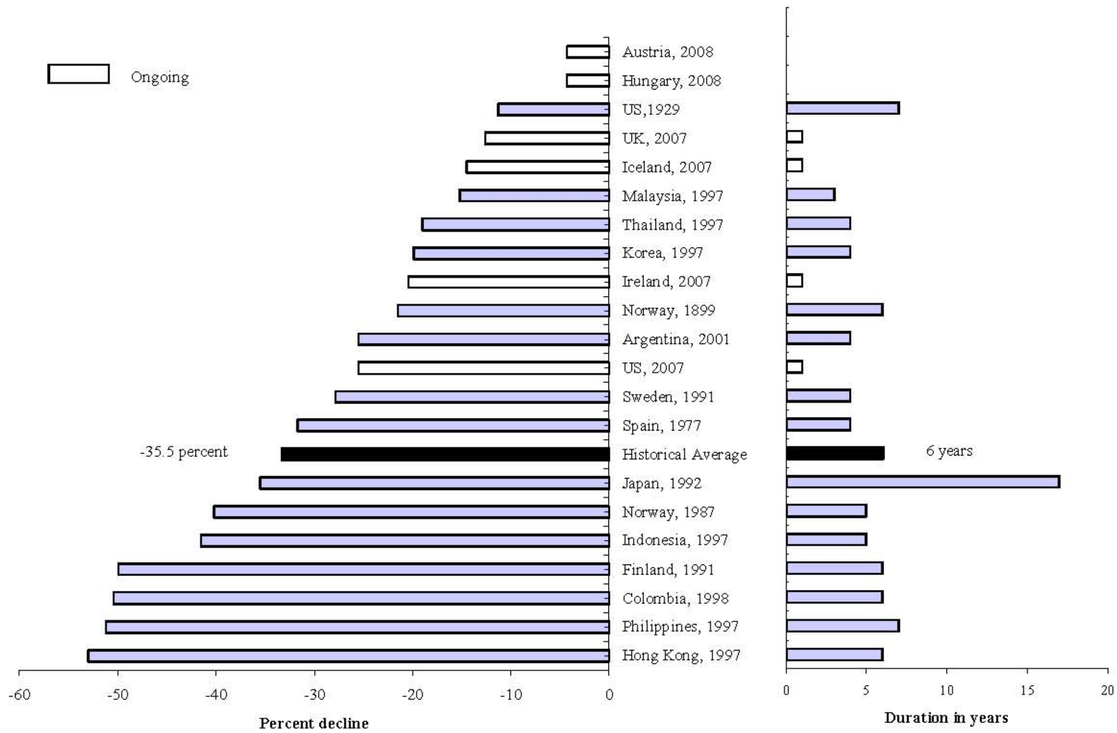
Mortgage Performance / Negative Equity -- The Ten-Ton Gorilla -- How many homeowners would make money by walking away from their mortgage and their home? Whether the number is 11 million or 25 million, the low and the high estimates in this graph, the risk factor is wildly high for prospective purchasers.



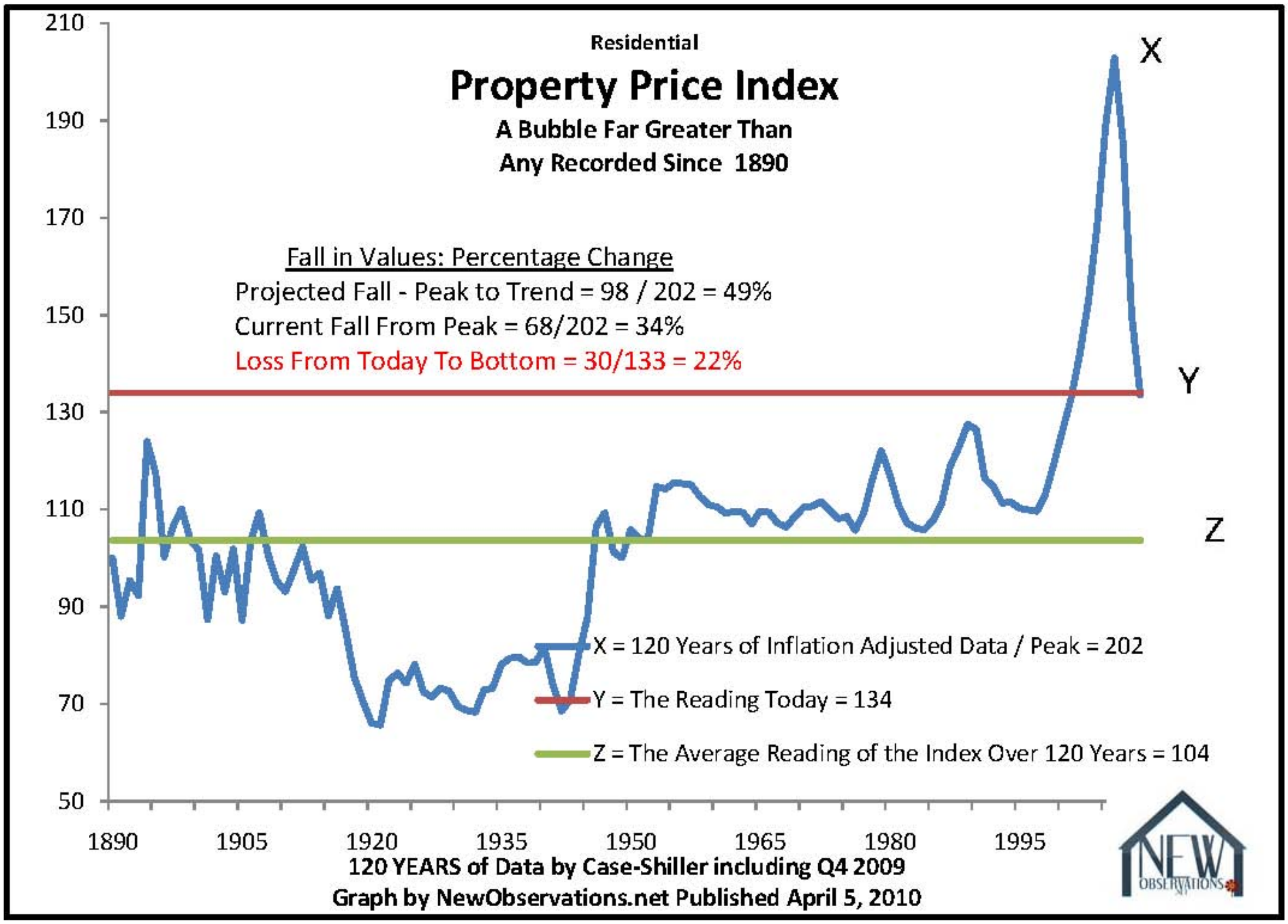
Mortgage Performance / Cure Rate – Fifteen percent of borrowers are 30-days late or worse. The cure rate at 60-days late is almost zero.

Past and Ongoing Real House Price Cycles and Banking Crises:

Peak-to-trough Price Declines (left panel) and Years Duration of Downturn (right panel)



Price Trends / HISTORY'S Numbers -- The best research into credit bubbles says that property's value will fall through the summer of 2012 -- until two years from now.



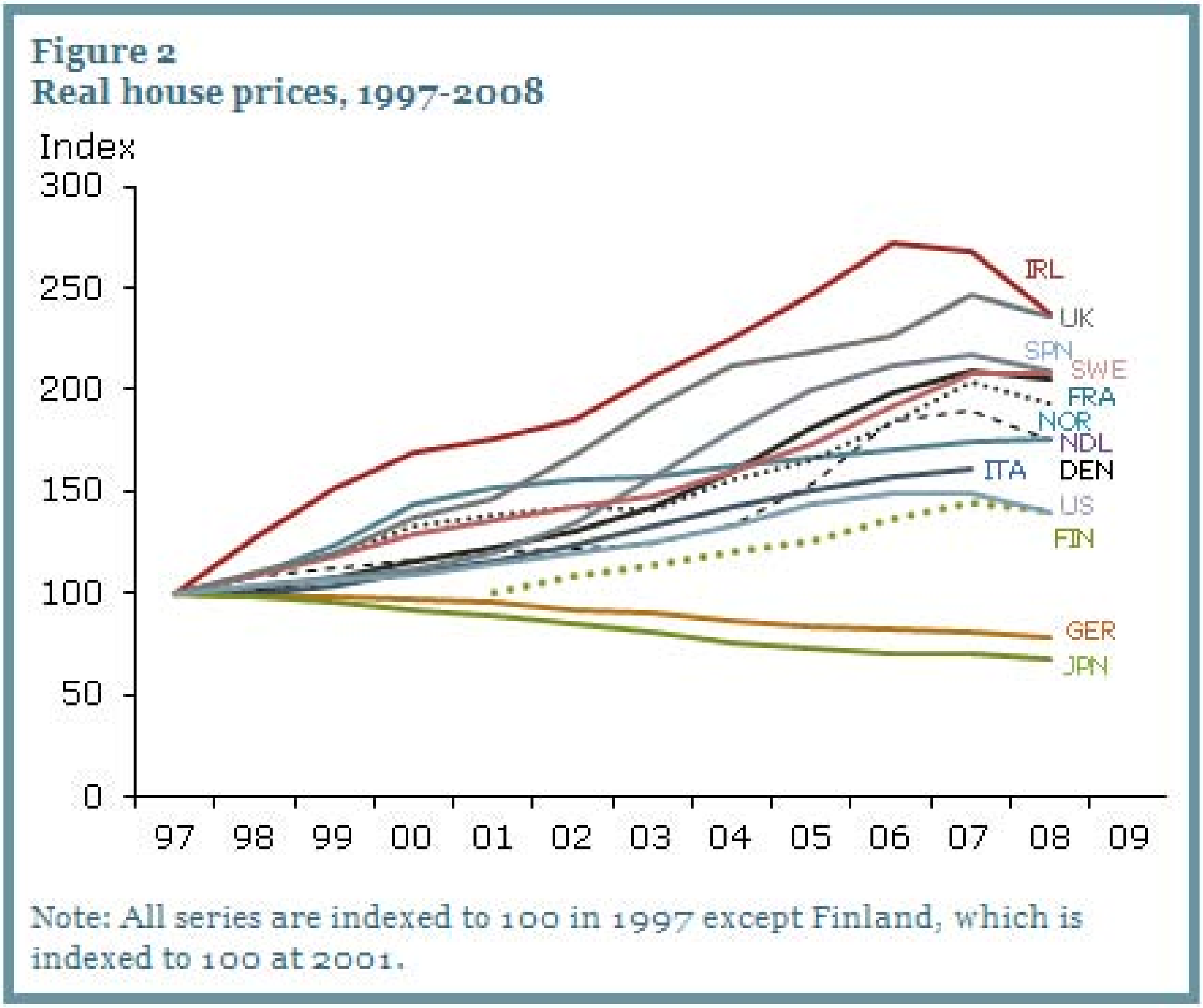
Price Trends / 120 Years -- We estimate values will fall 22 percent nationwide using this data. The primary assumption is that values will return to a trend predating 1990 when property values were flat plus inflation for 100 years.

A summary of results from major residential-property indexes.

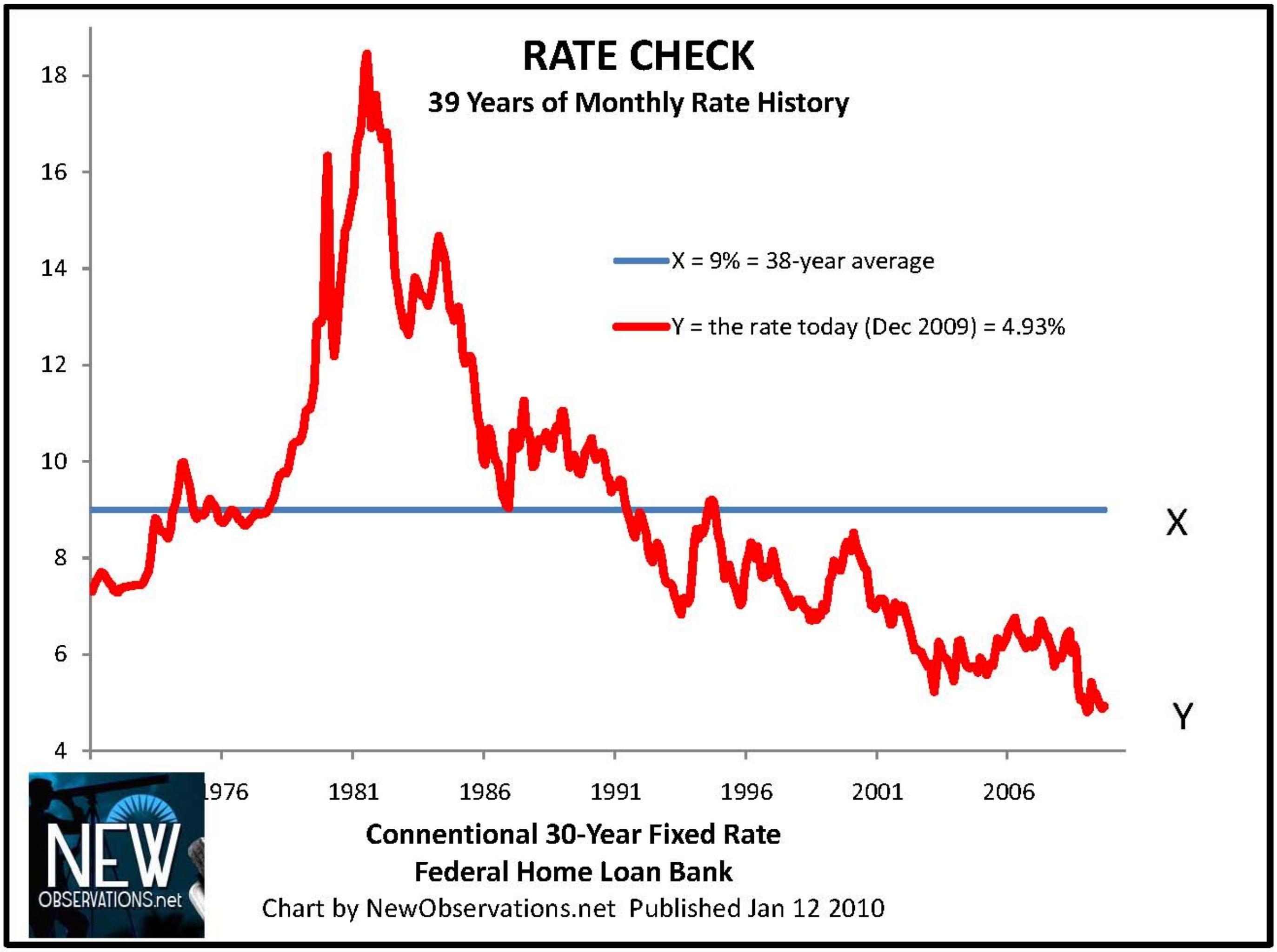
	Average	Case-Shiller	FHFA	First American	Freddie
		23 years	35	34 yrs	40 years
A. Total Fall -- Peak to Trend	**33%**	50%	21%	37%	25%
B. Current Fall from Peak	**20%**	30%	9%	30%	10%
C. Loss -- Today to Bottom	**17%**	29%	13%	10%	17%
D. ESTIMATED LOSS IN 2010	**13%**	24%	3%	20%	4%
percentage of total fall already lost	**56%**	60%	43%	81%	40%

Please see below a graphical chart of each data set. April 8th, 2010 by New Observations.net.

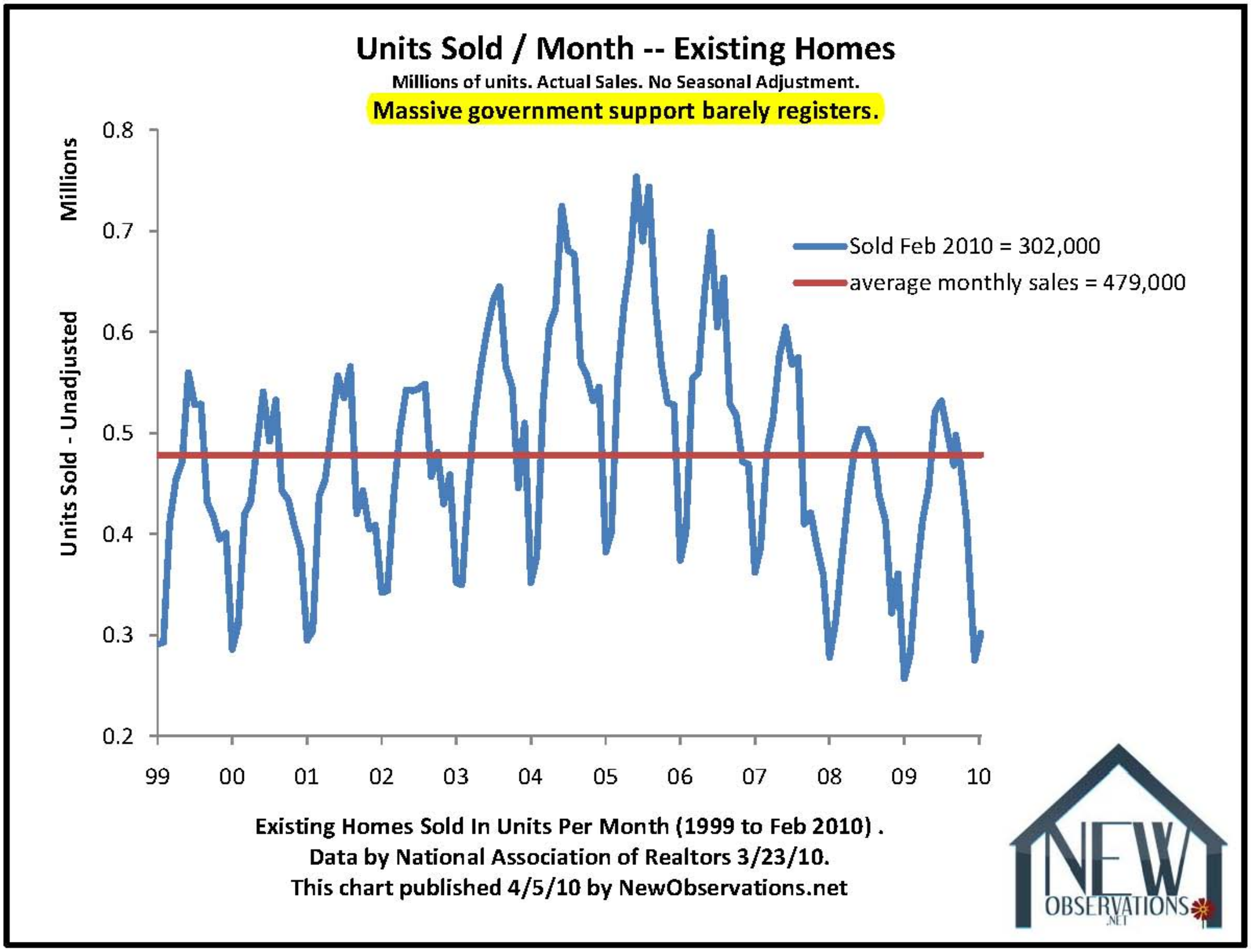
Price Trends / Forecast – The New Observations forecast of four major property price indexes suggests we are approximately half way through the total fall in property prices and that values will fall 17% from current levels.



Price Trends / Global Dementia – The American housing bubble is far greater than any on record for the last 120 years. What if property values in many other advanced economies are far more manic manic manic than ours?



RATES / An obvious risk in the current market foresees declining demand in the case that interest rates rise significantly. Expect a fall in prices with a jump in rates.



SALES / UNITS -- Sales of units are weak and frighteningly weak when considering massive government intervention.