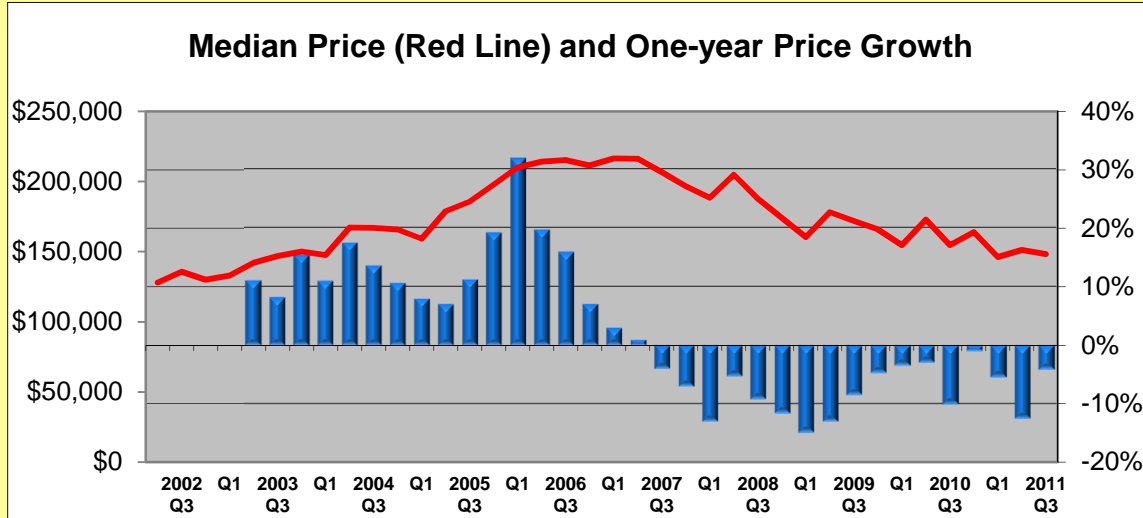


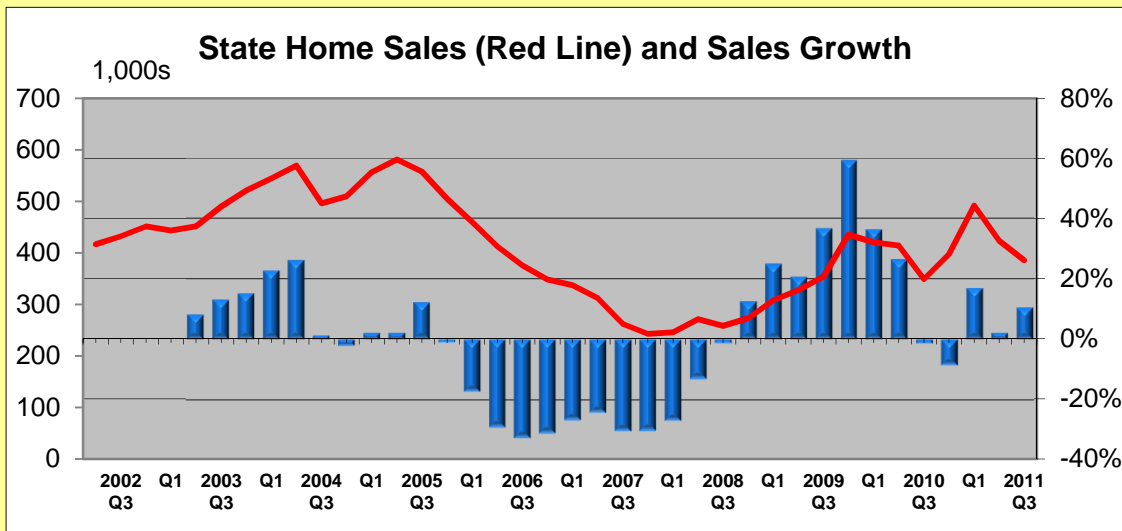
Gainesville Area Local Market Report, Third Quarter 2011



Today's Market...



	Gainesville	U.S.	Local Trend
Price Activity			
Current Median Home Price (2011 Q3)	\$148,200	\$169,267	Prices are still down from a year ago, but the trend is improving
1-year (4-quarter) Appreciation (2011 Q3)	-4.1%	-4.3%	
3-year (12-quarter) Appreciation (2011 Q3)	-21.0%	-16.0%	
3-year (12-quarter) Housing Equity Gain*	-\$39,500	-\$32,233	The relatively recent correction in local home prices wiped out most of the equity gained over the last 7 years
7-year (28 quarters) Housing Equity Gain*	-\$18,700	-\$29,733	
9-year (36 quarters) Housing Equity Gain*	\$12,400	\$2,267	
*Note: Equity gain reflects price appreciation only			
Conforming Loan Limit**	\$417,000	\$729,250	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$271,050	\$417,000	
Local Median to Conforming Limit Ratio	36%	not comparable	
**Note: the 2009 loan limits for FHA and the GSEs were extended through 2010.			

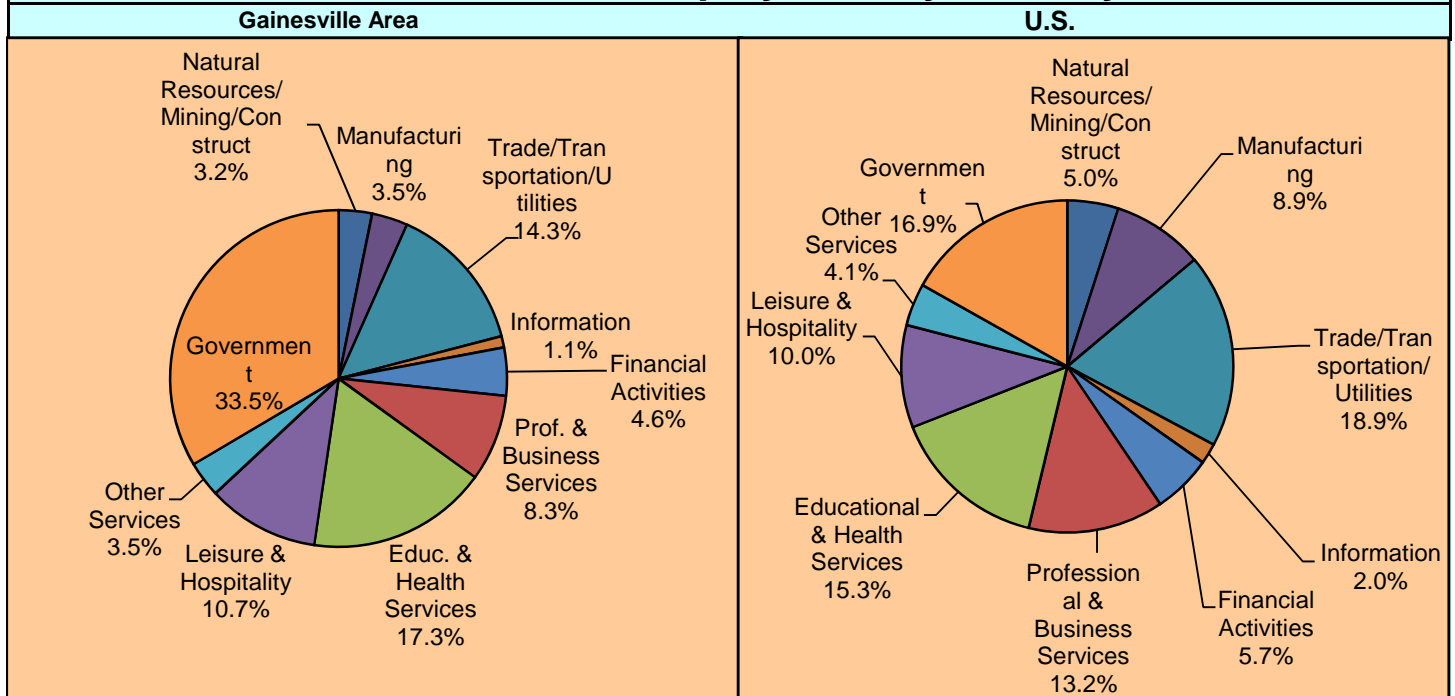


Home Sales	Florida	U.S.	
State Existing Home Sales (2011 Q3 vs 2010 Q3)	10.6%	17.0%	The sales level is much higher than a year ago and growing.

Drivers of Local Supply and Demand...

Local Economic Outlook	Gainesville	U.S.	
12-month Job Change (Sep)	100	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Aug)	0	Not Comparable	
36-month Job Change (Sep)	-7,500	Not Comparable	Unemployment in Gainesville is better than the national average and improving
Current Unemployment Rate (Sep)	8.1%	9.1%	
Year-ago Unemployment Rate	8.3%	9.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.1%	0.8%	

Share of Total Employment by Industry



12-month Employment Change by Industry in the Gainesville Area (Sep - 2011)

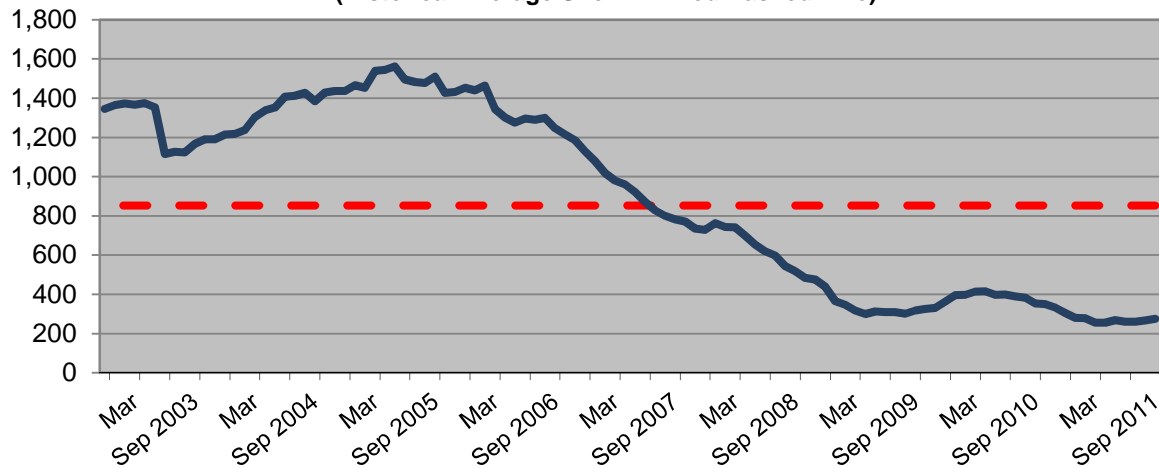
Goods Producing	NA	Information	-100
Natural Resources/Mining/Construction	-100	Financial Activities	-200
Natural Resources and Mining	NA	Prof. & Business Services	0
Construction	NA	Educ. & Health Services	0
Manufacturing	0	Leisure & Hospitality	700
Service Providing Excluding Government	NA	Other Services	0
Trade/Transportation/Utilities	200	Government	-400

State Economic Activity Index	Florida	U.S.	
12-month change (2011 - Sep)	1.3%	2.8%	The economy of Florida is growing more slowly than the rest of the nation, but improved modestly from last month's 1.07% change
36-month change (2011 - Sep)	-6.8%	-2.6%	

New Housing Construction

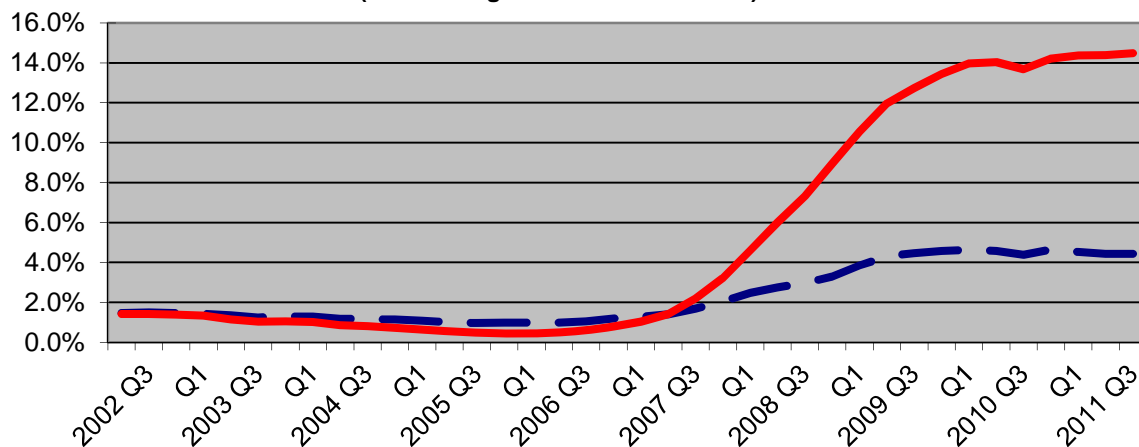
Local Fundamentals	Gainesville	U.S.	
12-month Sum of 1-unit Building Permits through Sep 2011	275	not comparable	The current level of construction is 67.8% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	853	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with the inventory more quickly
Single-Family Housing Permits (Sep 2011) 12-month sum vs. a year ago	-22.1%	-10.3%	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)



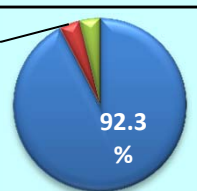
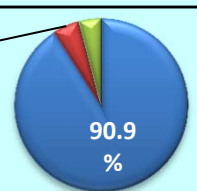
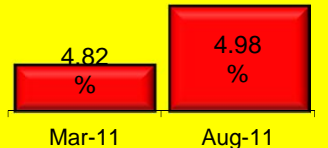
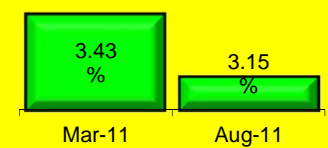
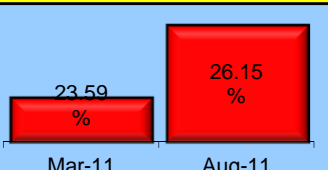
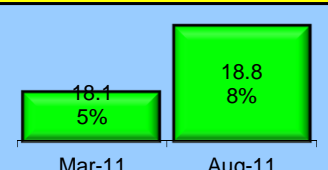
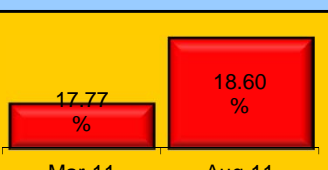
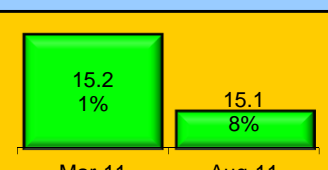
While new construction is the traditional driver of supply in real estate, foreclosures now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or foreclosure, place downward pressure on the median home prices.

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



Source: Mortgage Bankers' Association

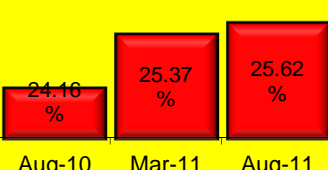
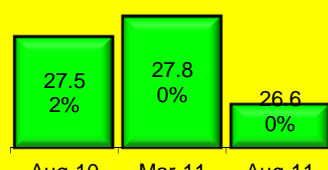
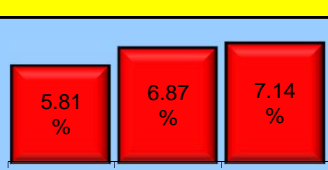
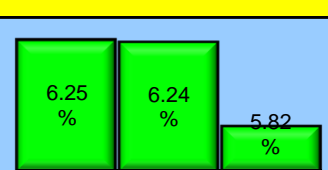
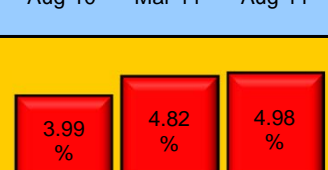
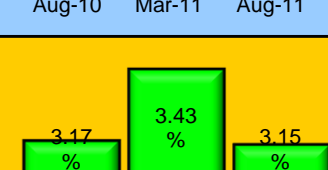
Foreclosures by Type

Monthly Market Data - August 2011	Gainesville	U.S.	
Market Share: Prime (blue), Alt-A (green), and Subprime (red)			Supreme mortgages make up a larger than average share of the Gainesville market, but rising prime foreclosures are also becoming a problem
PRIME: Foreclosure + REO Rate			There was small local increase relative to March of last year The current local prime rate is high compared with the current U.S. average
SUBPRIME: Foreclosure + REO Rate			The subprime foreclosure rate jumped compared to March of last year The current local rate is high given the U.S. average
ALT-A: Foreclosure + REO Rate			The alt-A foreclosure rate rose slightly over the most recent 6 months The current rate for Gainesville is high compared with the U.S. average

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

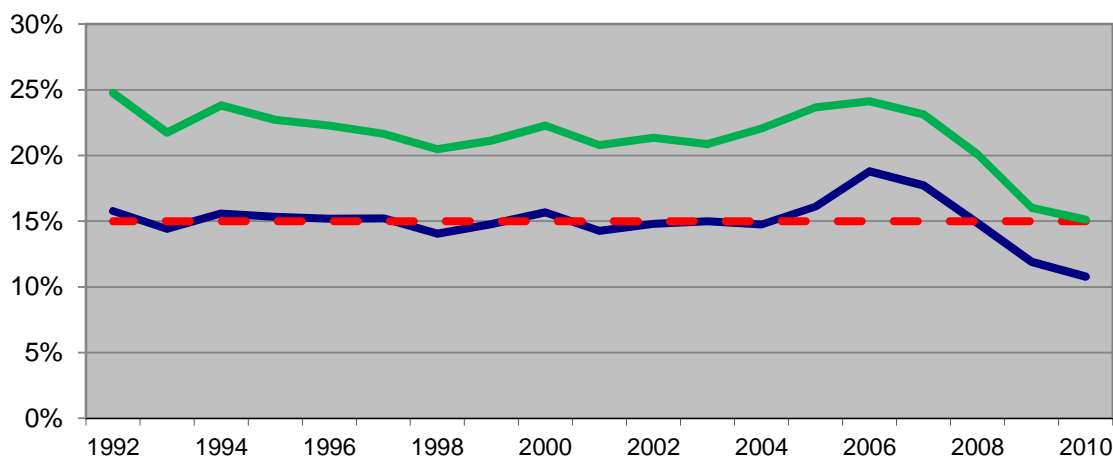
Monthly Market Data - August 2011	Gainesville	U.S.	
Prime: 60-day Delinquent			The 60-day delinquency rose over the 6 months ending in August suggesting that the 90-day delinquency rate is likely to rise in the near future
Prime: 90-day Delinquent			Gainesville's 90-day delinquency rate climbed faster than the national average over the most recent 6-month period suggesting a bulge of foreclosures in the future
Prime: Foreclosure + REO Rate			The increase in both the 60 and 90-day delinquency rates over the most recent 6-month period will press up on local prime foreclosure rate in the near future.

Source: First American CoreLogic, LoanPerformance data

Affordability

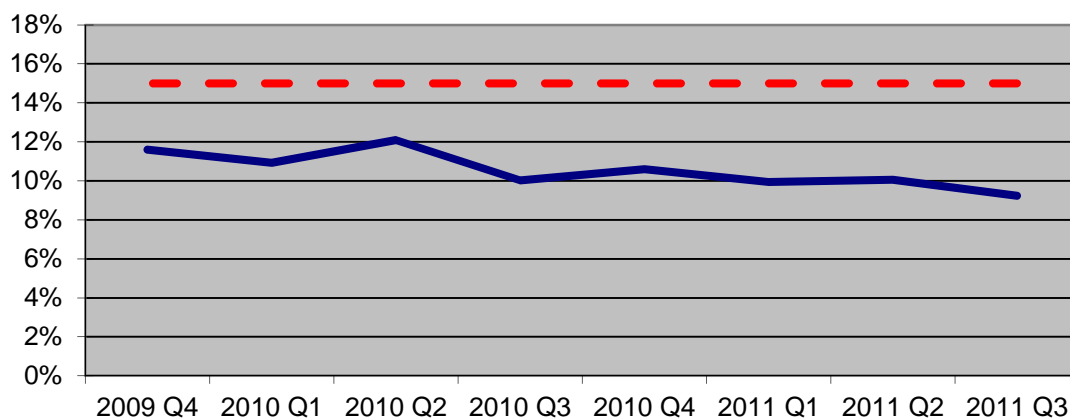


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

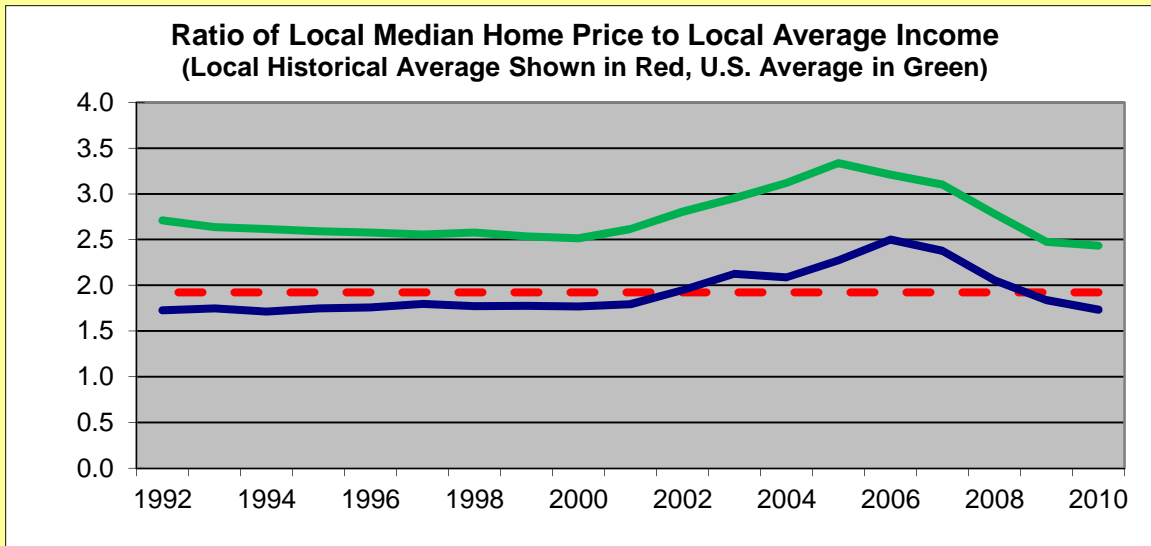


Monthly Mortgage Payment to Income	Gainesville	U.S.	
Ratio for 2010	10.8%	15.1%	Historically strong and an improvement over the second quarter of 2011
Ratio for 2011 Q3	9.2%	13.9%	
Historical Average	15.0%	22.0%	More affordable than most markets

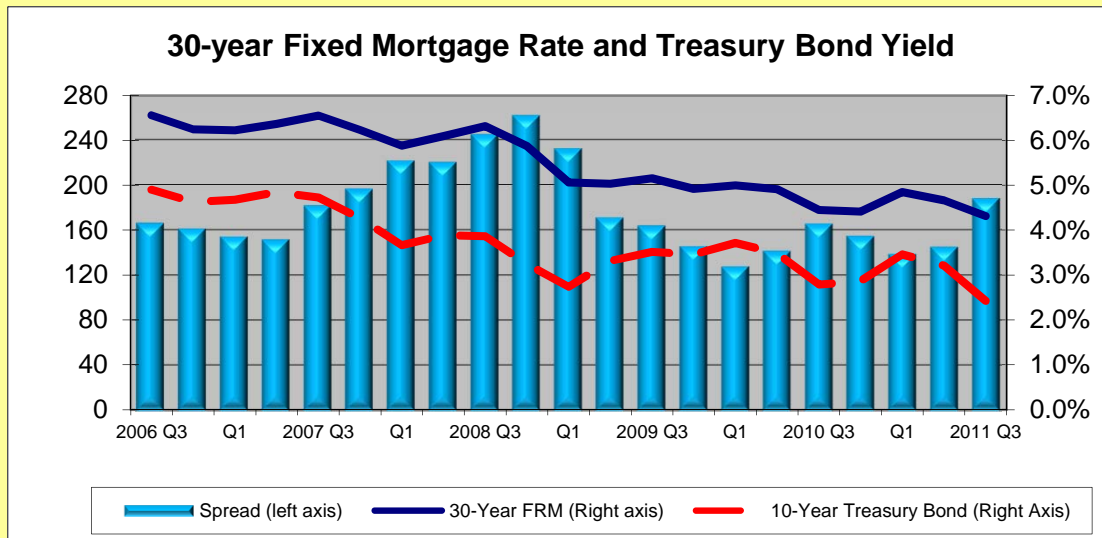
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Gainesville	U.S.	
Ratio for 2010	1.7	2.4	The price-to-income ratio has fallen and is below the historical average
Ratio for 2011 Q3	1.6	2.3	
Historical Average	1.9	2.7	Affordable compared to most markets

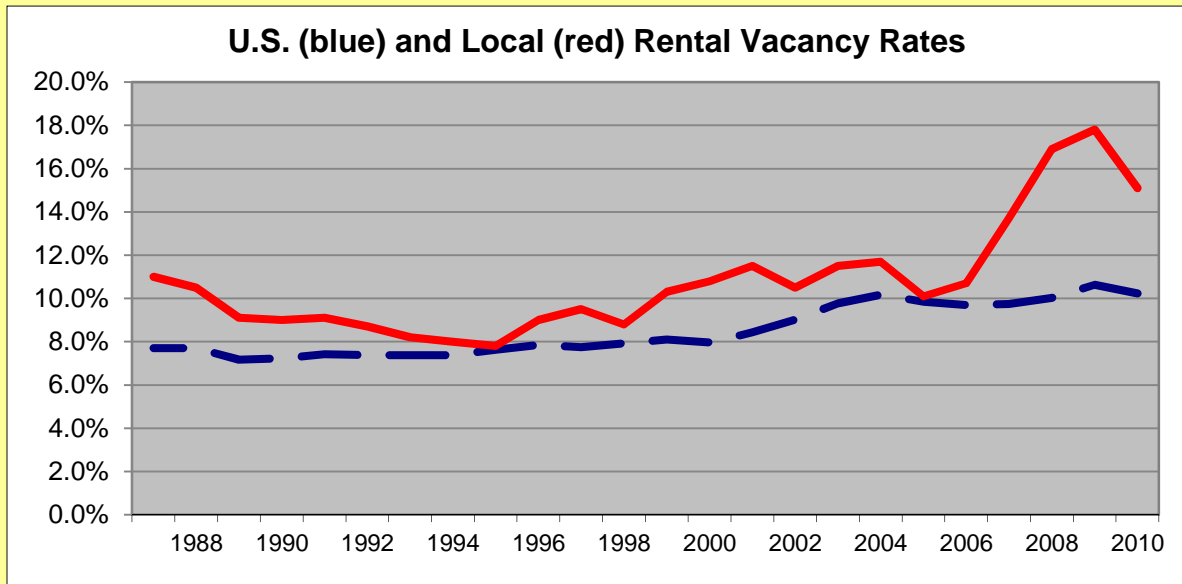


The Mortgage Market



After a soft second quarter, the economy was shocked by three events that came together nearly within the same week; a deadlock in Congress and near miss on the budget extension, renewed concerns about the Greek debt crisis impacting the US, and a sharp, downward revision to 1st and 2nd quarter GDP estimates. The result was a 15% or more correction in the equity indexes, which sent investors into US Treasuries seeking a risk free asset. The yield on the 10-year Treasury reached near record lows and the 30-year FRM followed suit, slipping under 4% multiple times. However, the gap between the 10-year Treasury and the 30-year fixed opened up as the risk to MBS investors of increased refinancing rose, creating resistance for falling mortgage rates. Fuel prices eased in the 3rd quarter and are likely to do so through the fall. At the same time there is little core inflation pressure, which combined with the Federal Reserve's "operation twist" that is intended to flatten the yield curve putting downward pressure on long-term rates, should sustain a near-record low mortgage rate environment through the fall.

A Closer Look...Local Rental Vacancy Rates



Rental Vacancy Rate	Gainesville	U.S.	
Ratio for 2010	15.1%	10.2%	Gainesville's rental vacancy rate fell in recent years, but was above the national average in 2010.
Ratio for 2011 Q3	15.1%	9.8%	
Historical Average	10.8%	8.6%	

Instead of falling after the end of the housing market boom, the national rental vacancy rate peaked at 11.1% in the 3rd quarter of 2010. Job losses, stagnant incomes, and credit issues forced some families to double-up and many young adults to move back in with their parents. The stabilization of the national economy in 2010 and subsequent three quarters of job creation has helped to improve the rental market pushing the rental vacancy rate down to 9.8% in the 3rd quarter of 2011. In addition, many would-be buyers have been forced to rent due to a sharp increase in credit and downpayment requirements in recent years. Rent growth was strong in the first 3 quarter of 2011 and is expected to grow with increases of 3.2% and 3.5% in 2012 and 2013, respectively. Locally, there was a decline in the rental vacancy rate for Gainesville from its recent peak of 17.8% in 2009 to 15.1% in 2010.

Geographic Coverage for this Report

The Gainesville area referred to in this report covers the geographic area of the Gainesville 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:

Alachua County and Gilchrist County

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