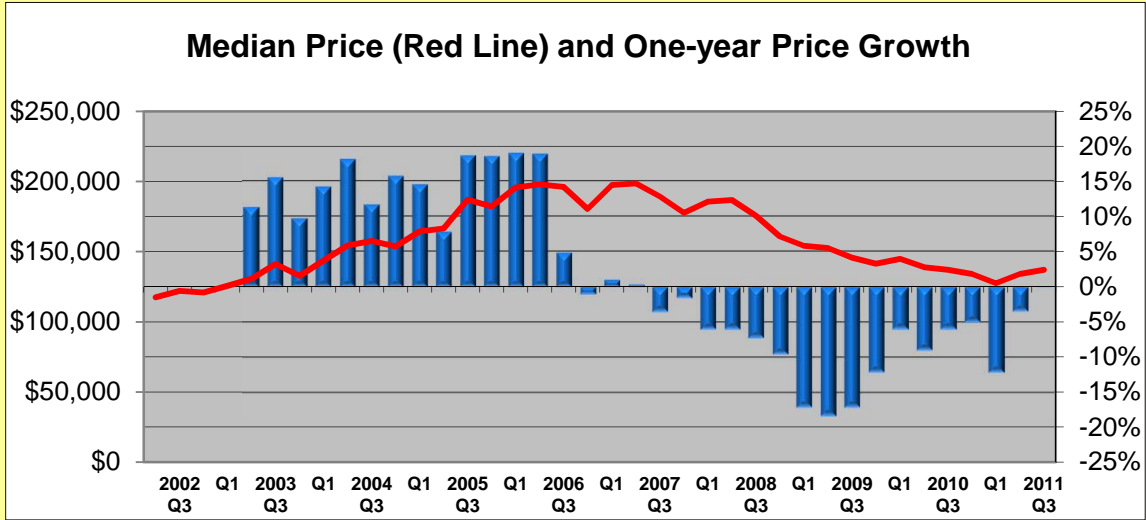


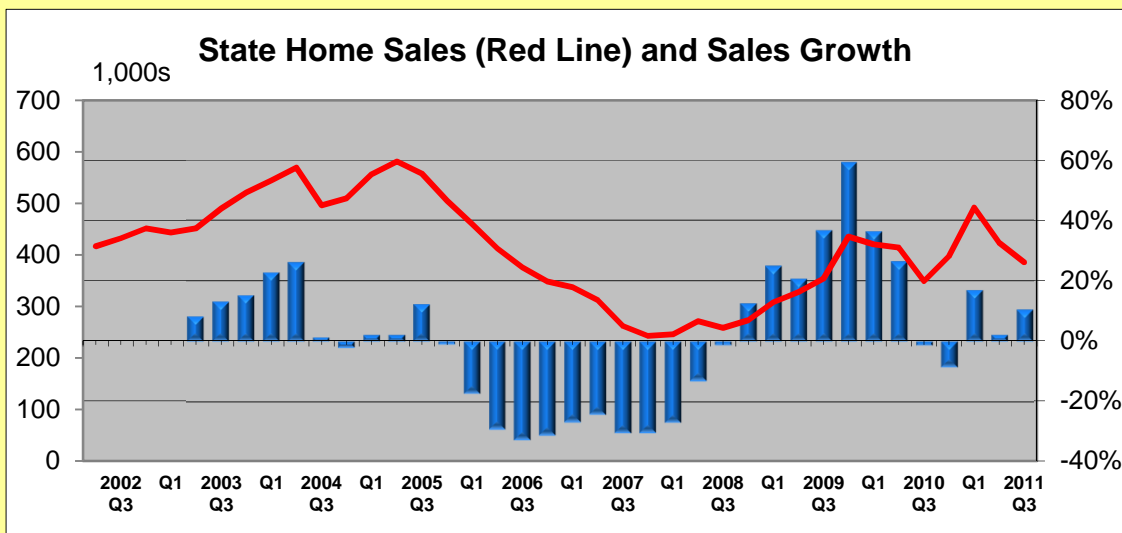
Jacksonville Area Local Market Report, Third Quarter 2011



Today's Market...



	Jacksonville	U.S.	Local Trend
Price Activity			
Current Median Home Price (2011 Q3)	\$137,100	\$169,267	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2011 Q3)	0.1%	-4.3%	
3-year (12-quarter) Appreciation (2011 Q3)	-21.9%	-16.0%	
3-year (12-quarter) Housing Equity Gain*	-\$38,500	-\$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*	-\$20,500	-\$29,733	
9-year (36 quarters) Housing Equity Gain*	\$15,000	\$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	\$387,500	\$417,000	
Local Median to Conforming Limit Ratio	33%	not comparable	
**Note: the 2009 loan limits for FHA and the GSEs were extended through 2010.			

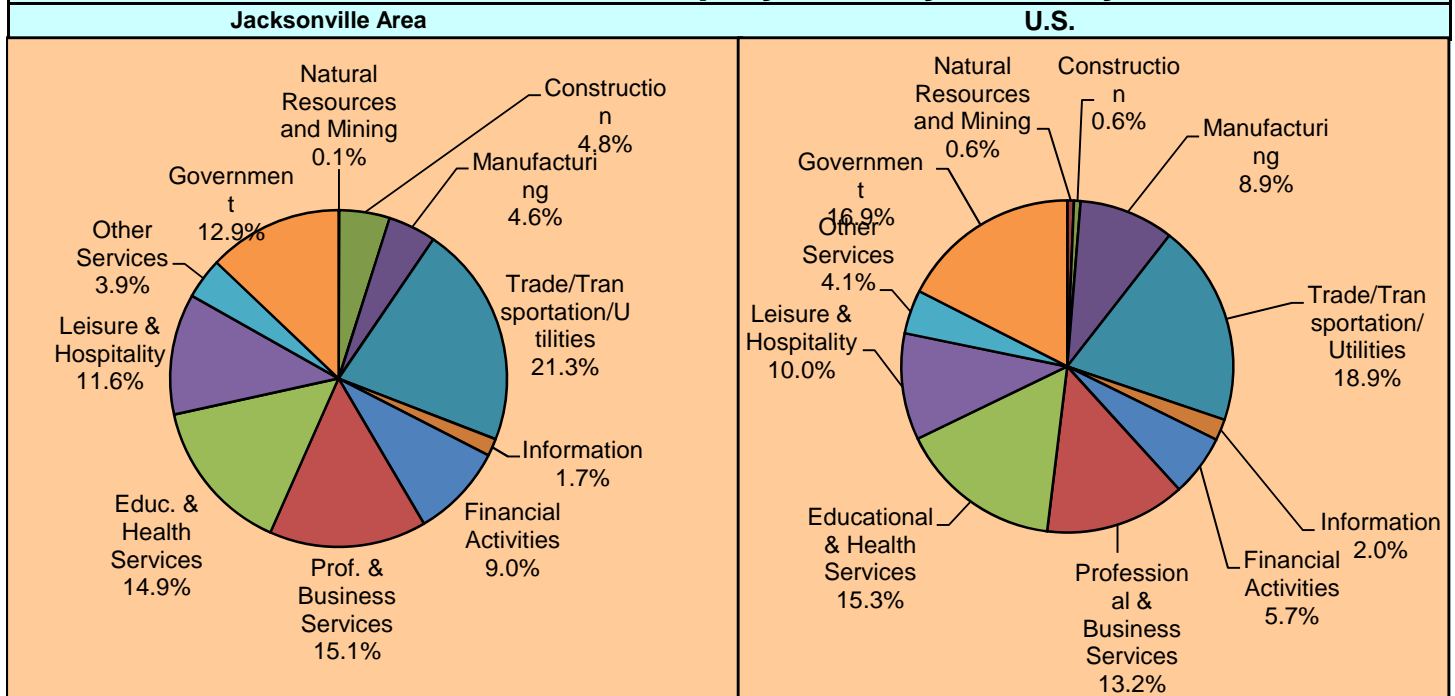


Home Sales	Florida	U.S.	
State Existing Home Sales (2011 Q3 vs 2010 Q3)	10.6%	17.0%	The sales level is much higher than a year ago and growing.

Drivers of Local Supply and Demand...

Local Economic Outlook	Jacksonville	U.S.	
12-month Job Change (Sep)	4,400	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Aug)	5,800	Not Comparable	
36-month Job Change (Sep)	-31,400	Not Comparable	Jacksonville's unemployment rate lags the national average, but has improved relative to the same period last year
Current Unemployment Rate (Sep)	10.0%	9.1%	
Year-ago Unemployment Rate	11.2%	9.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.8%	0.8%	

Share of Total Employment by Industry



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

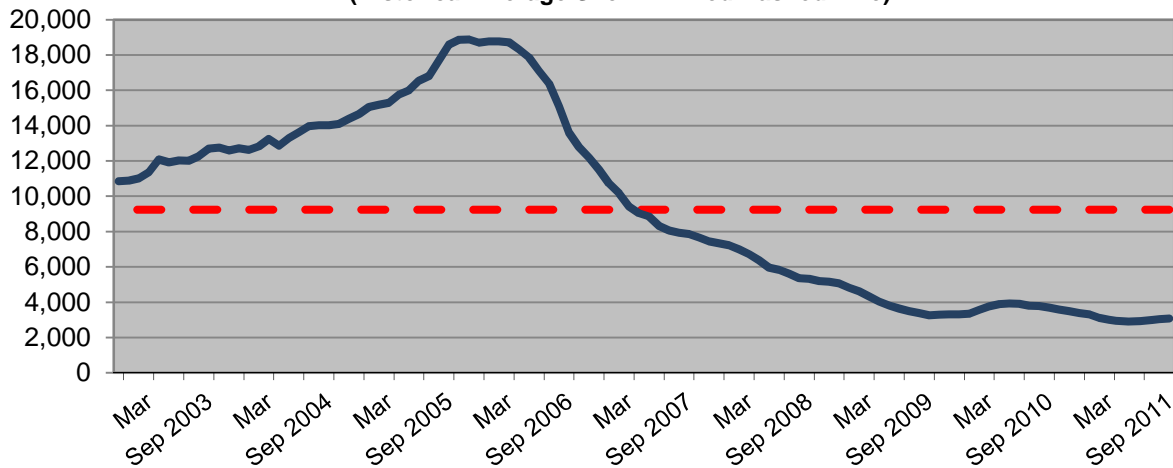
Goods Producing	NA	Information	-400
Natural Resources/Mining/Construction	NA	Financial Activities	-2,300
Natural Resources and Mining	0	Prof. & Business Services	1,500
Construction	200	Educ. & Health Services	2,100
Manufacturing	100	Leisure & Hospitality	3,500
Service Providing Excluding Government	NA	Other Services	-700
Trade/Transportation/Utilities	1,600	Government	-1,200

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

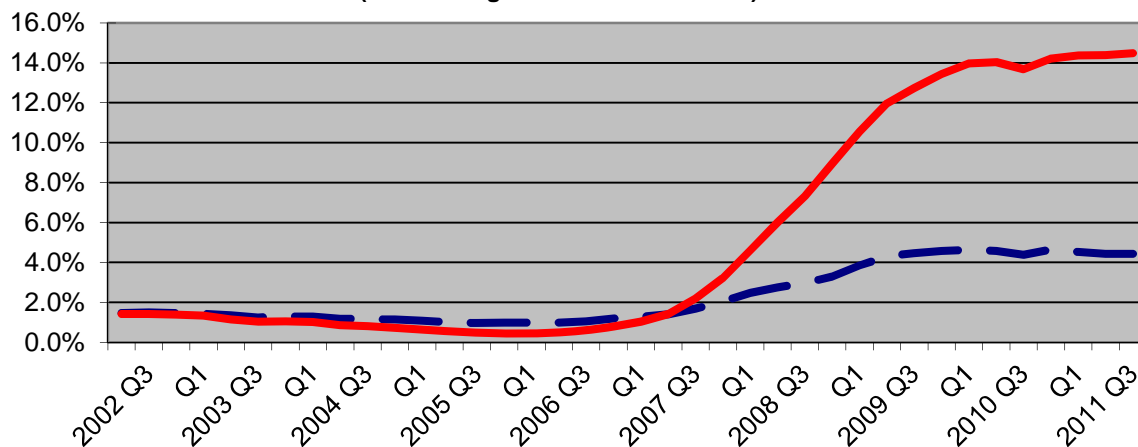
Local Fundamentals	Jacksonville	U.S.	
12-month Sum of 1-unit Building Permits through Sep 2011	3,076	not comparable	The current level of construction is 66.7% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	9,234	not comparable	Reduced construction will limit new 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	-16.6%	-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)



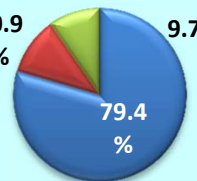
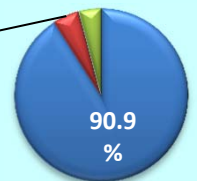
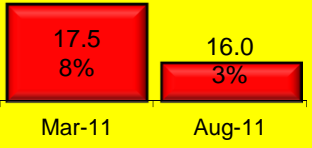
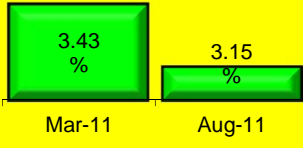
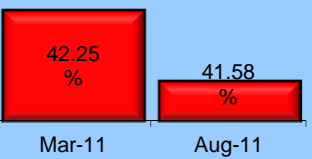
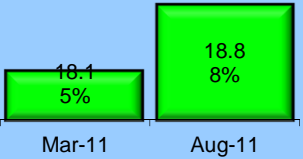
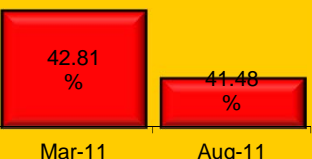
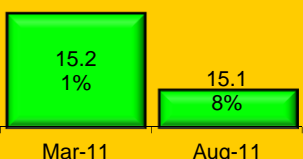
While new construction is the traditional driver of supply in real estate, foreclosures now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or foreclosure, place downward pressure on the median home prices.

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



Source: Mortgage Bankers' Association

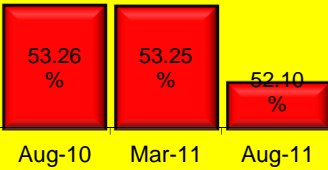
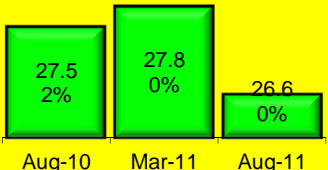
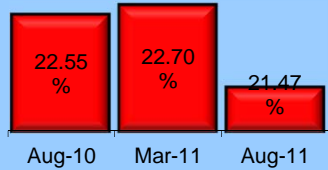
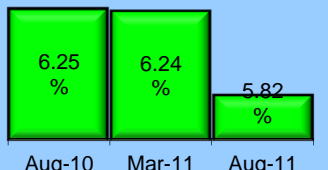
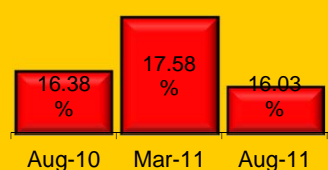
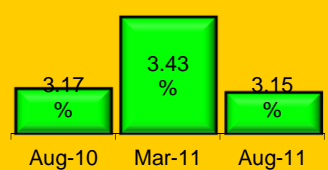
Foreclosures by Type

Monthly Market Data - August 2011	Jacksonville	U.S.	
Market Share: <u>Prime (blue), Alt-A (green), and Subprime (red)</u>			The Jacksonville market has been able to contain both subprime and prime lending issues
PRIME: Foreclosure + REO Rate			The local prime rate fell modestly from March of last year The current local prime rate is high compared with the current U.S. average
SUBPRIME: Foreclosure + REO Rate			The local subprime rate eased modestly relative to March of last year The current local rate is high given the U.S. average
ALT-A: Foreclosure + REO Rate			The local alt-A rate eased slightly relative to March of last year The current rate for Jacksonville 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

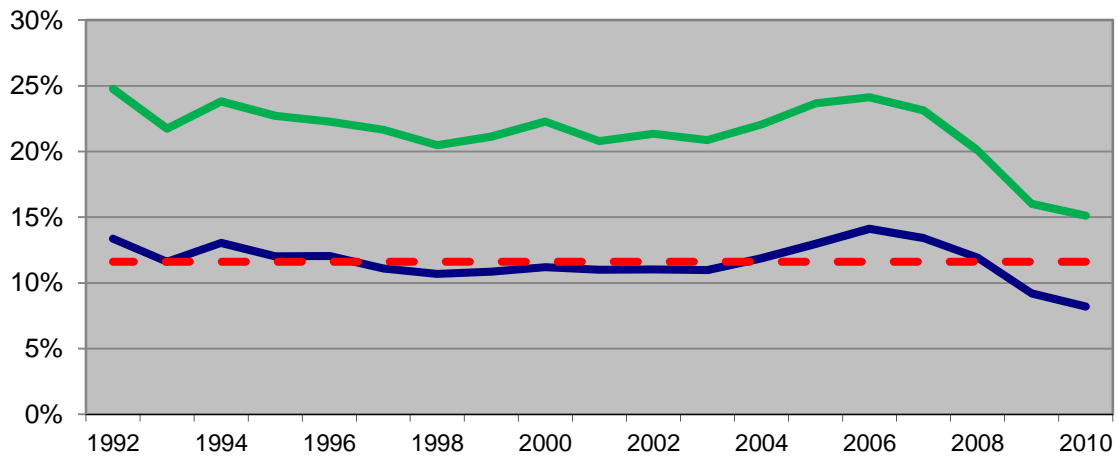
Monthly Market Data - August 2011	Jacksonville	U.S.	
Prime: 60-day Delinquent			The local 60-day delinquency rate fell over the 6-month period ending in August suggesting that 90-day delinquencies will decline in the near future
Prime: 90-day Delinquent			The 90-day delinquency rate in Jacksonville fell over the 6-month period ending in August
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

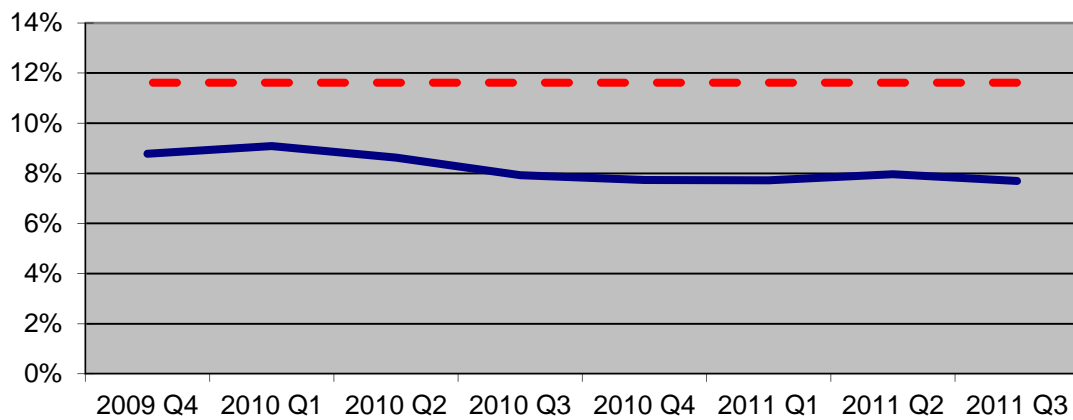


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

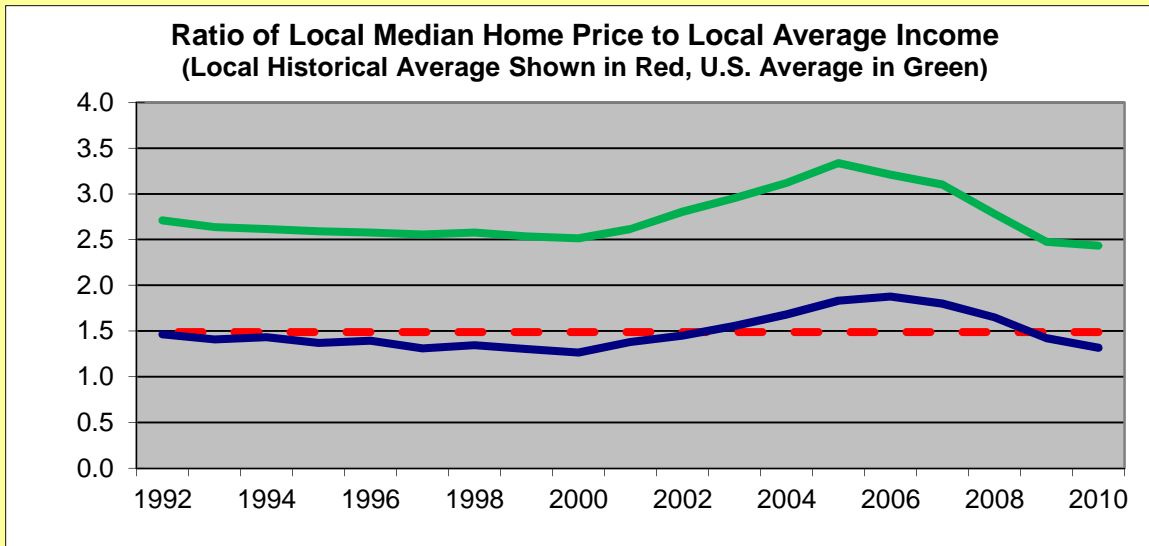


Monthly Mortgage Payment to Income	Jacksonville	U.S.	
Ratio for 2010	8.2%	15.1%	Historically strong and an improvement over the second quarter of 2011
Ratio for 2011 Q3	7.7%	13.9%	
Historical Average	11.6%	22.0%	More affordable than most markets

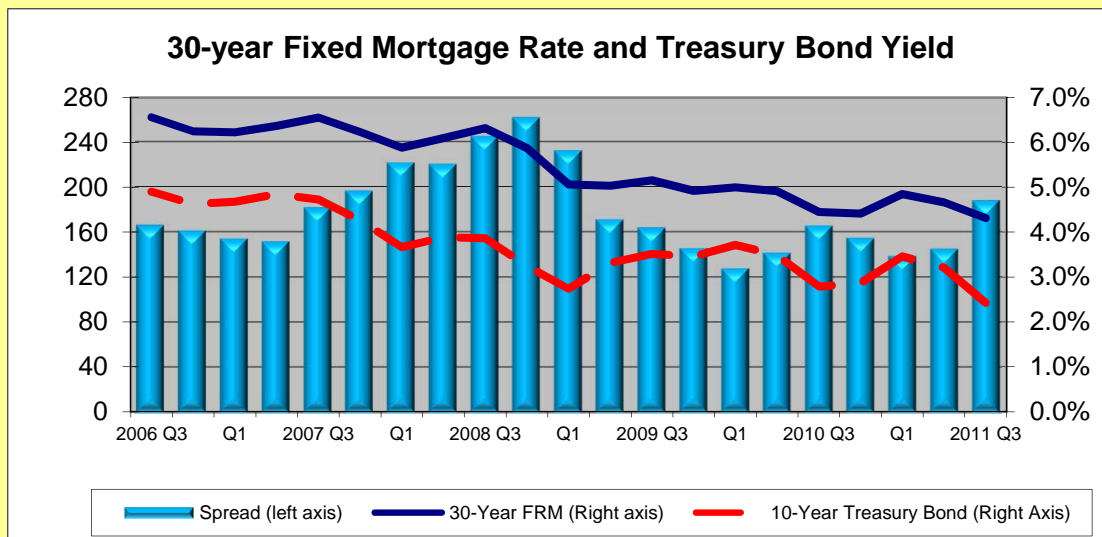
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Jacksonville	U.S.	
Ratio for 2010	1.3	2.4	The price-to-income ratio rose, but is better than the historic average
Ratio for 2011 Q3	1.3	2.3	
Historical Average	1.5	2.7	Affordable compared to most markets

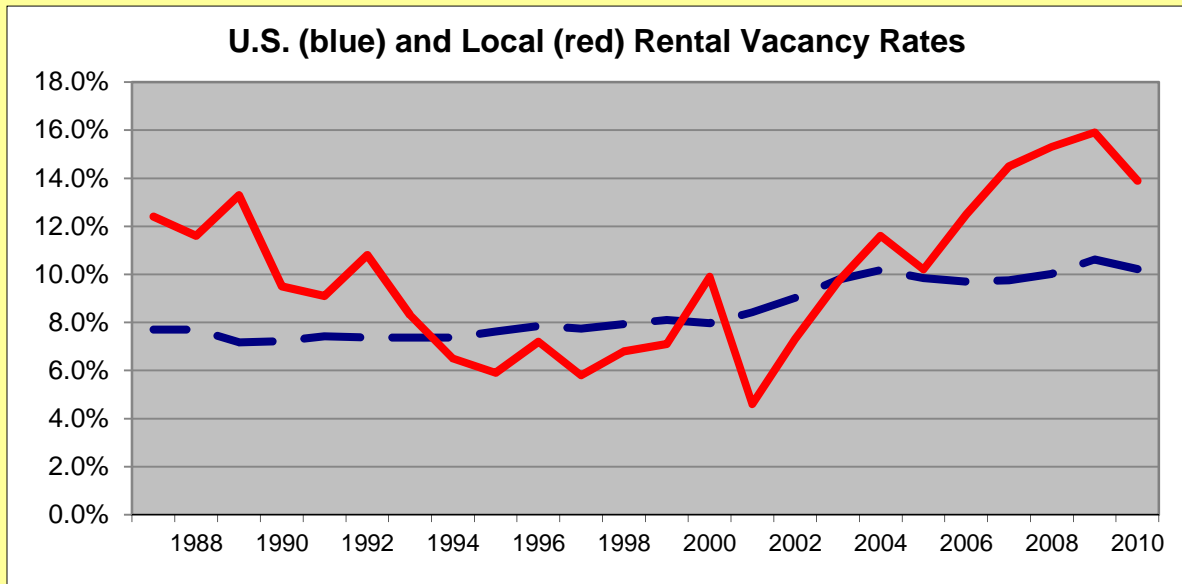


The Mortgage Market



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	Florida	U.S.	
Ratio for 2010	13.9%	10.2%	Florida's rental vacancy rate fell in recent years, but was above the national average in 2010.
Ratio for 2011 Q3	12.1%	9.8%	
Historical Average	10.0%	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 Florida from its recent peak of 15.9% in 2009 to 13.9% in 2010.

Geographic Coverage for this Report

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

Baker County, Clay County, Duval County, Nassau County, and St. Johns County

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