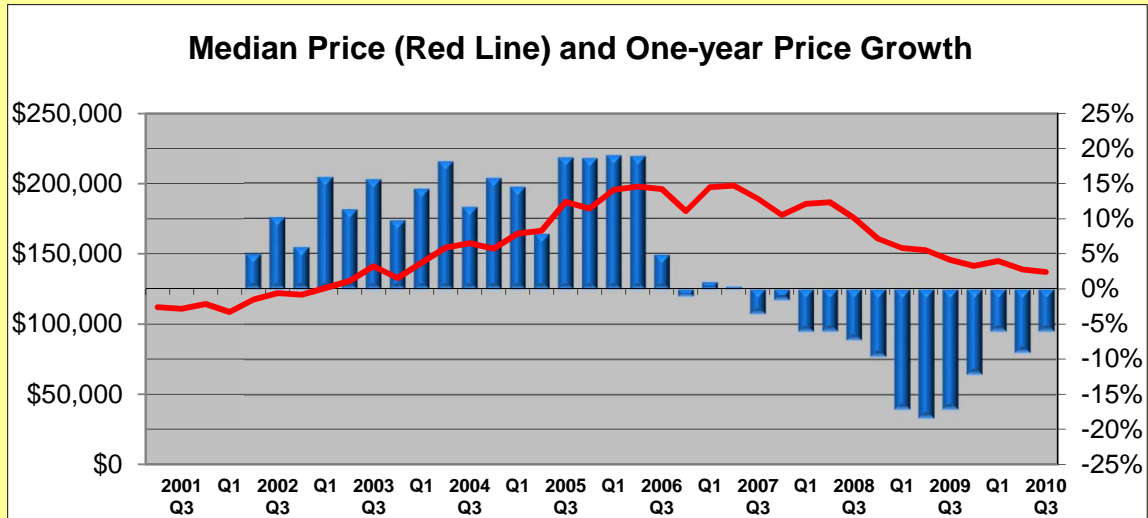


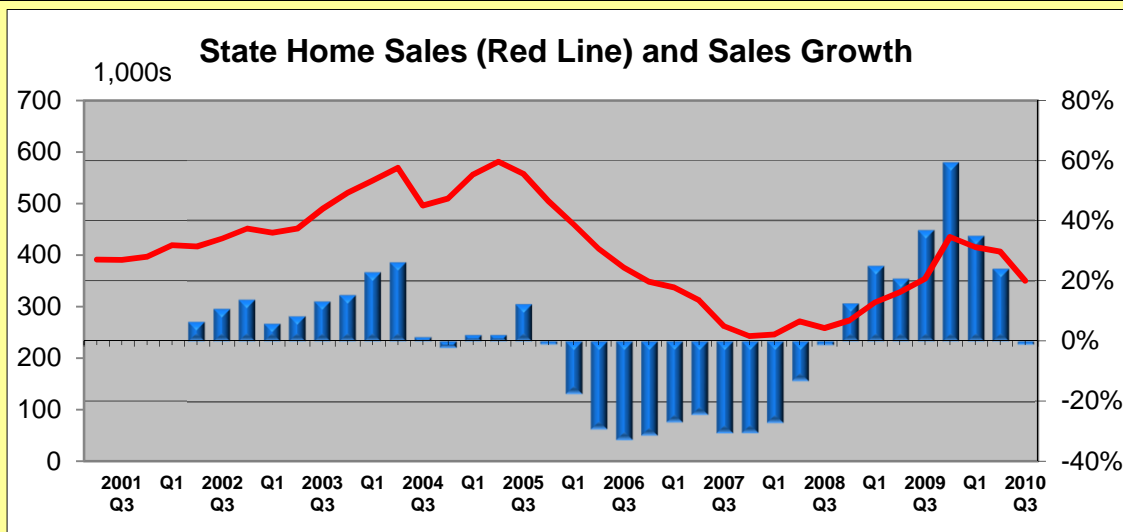
Jacksonville Area Local Market Report, Third Quarter 2010



Today's Market...



	Jacksonville	U.S.	Local Trend
Price Activity			
Current Median Home Price (2010 Q3)	\$137,000	\$177,100	Prices are still down from a year ago, but the trend is improving
1-year (4-quarter) Appreciation (2010 Q3)	-6.0%	-0.6%	
3-year (12-quarter) Appreciation (2010 Q3)	-27.6%	-19.9%	
3-year (12-quarter) Housing Equity Gain*	-\$52,200	-\$44,000	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*	-\$4,100	-\$6,000	
9-year (36 quarters) Housing Equity Gain*	\$26,200	\$21,500	
*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.			

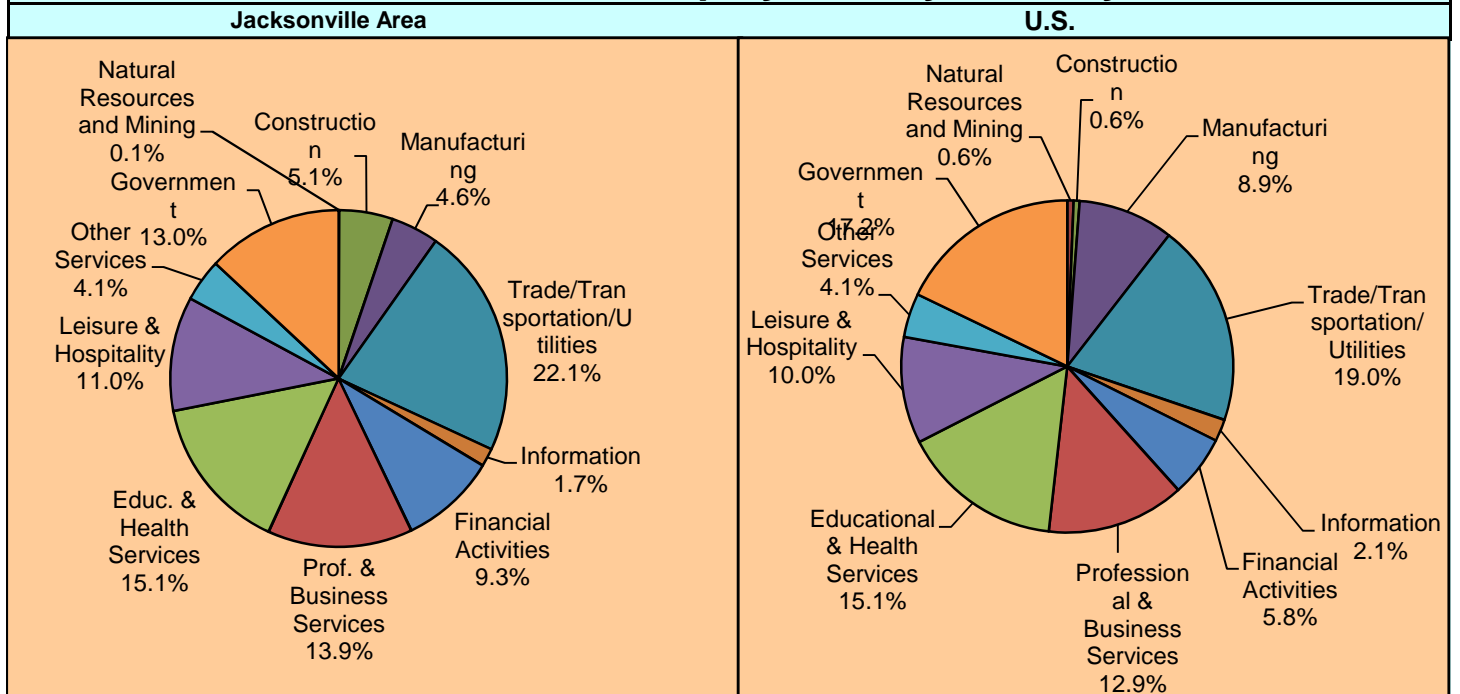


Home Sales	Florida	U.S.	
State Existing Home Sales (2010 Q3 vs 2009 Q3)	-1.0%	-21.2%	Sales growth slipped during the third quarter

Drivers of Local Supply and Demand...

Local Economic Outlook	Jacksonville	U.S.	
12-month Job Change (Sep)	-700	Not Comparable	Job losses are a problem and will weigh on demand, but layoffs are declining, a trend that could help buyer confidence
12-month Job Change (Aug)	-1,800	Not Comparable	
36-month Job Change (Sep)	-55,200	Not Comparable	Jacksonville's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Sep)	11.5%	9.6%	
Year-ago Unemployment Rate	10.8%	9.8%	Local employment growth is respectable compared to other markets
1-year (12 month) Job Growth Rate	-0.1%	-1.7%	

Share of Total Employment by Industry



12-month Employment Change by Industry in the Jacksonville Area

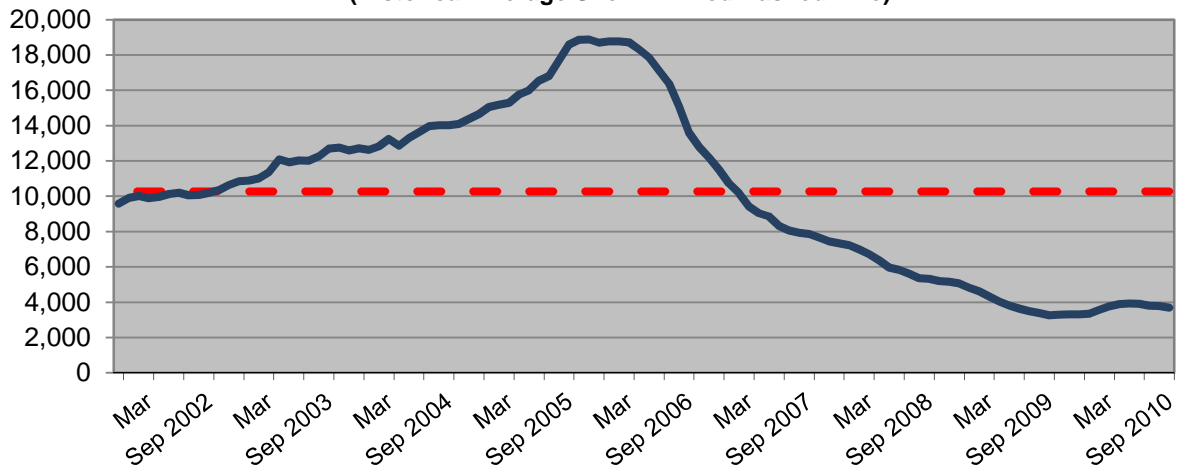
Goods Producing	NA	Information	-200
Natural Resources/Mining/Construction	NA	Financial Activities	-1,100
Natural Resources and Mining	0	Prof. & Business Services	-700
Construction	-1,400	Educ. & Health Services	3,200
Manufacturing	-1,500	Leisure & Hospitality	0
Service Providing Excluding Government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

State Economic Activity Index	Florida	U.S.	
12-month change (2010 - Sep)	0.7%	1.6%	The economy of Florida is growing more slowly than the rest of the nation, but improved modestly from last month's 0.4% change
36-month change (2010 - Sep)	-11.2%	-4.6%	

New Housing Construction

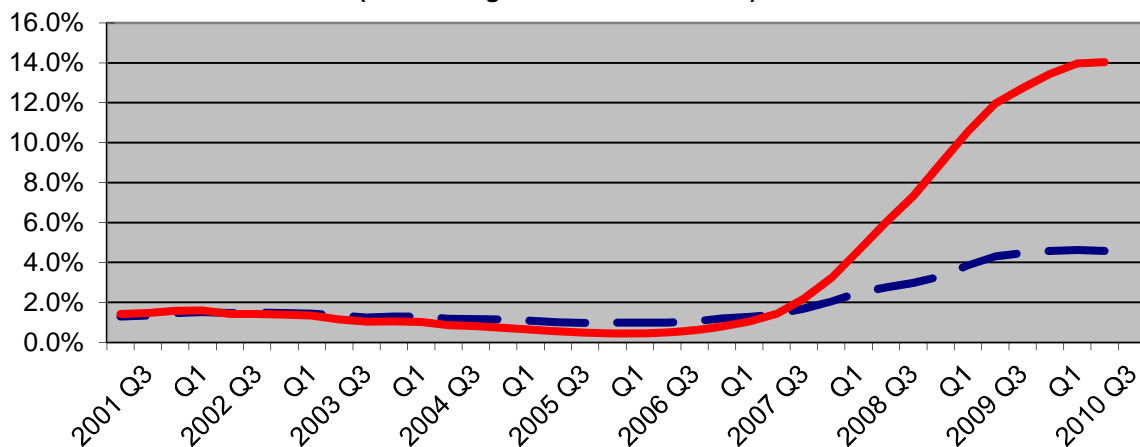
Local Fundamentals	Jacksonville	U.S.	
12-month Sum of 1-unit Building Permits through Sep 2010	3,687	not comparable	The current level of construction is 64.1% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	10,280	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with the inventory more quickly
Single-Family Housing Permits (Sep 2010) 12-month sum vs. a year ago	13.1%	8.8%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

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



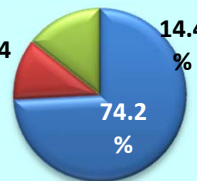
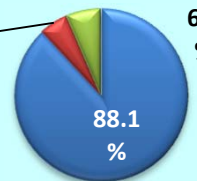
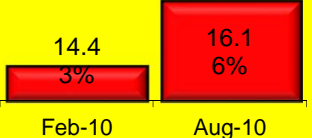
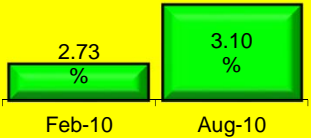
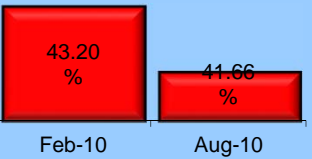
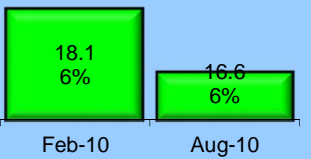
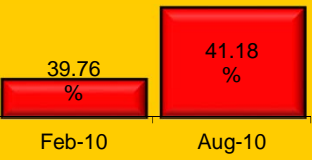
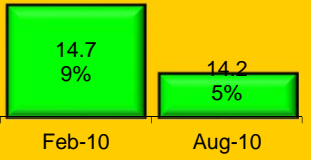
While new construction is the traditional driver of supply in real estate, foreclosures now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or foreclosure, place downward pressure on the median home prices.

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



Source: Mortgage Bankers' Association

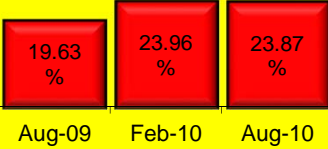
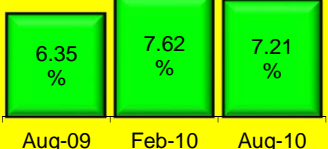
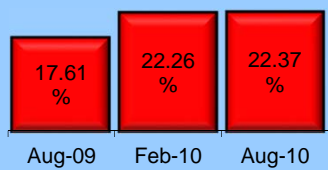
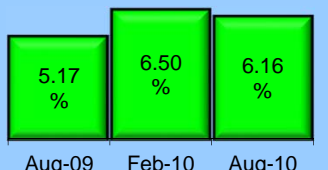
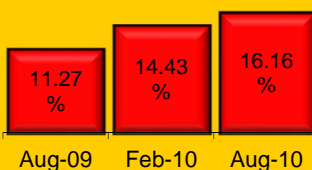
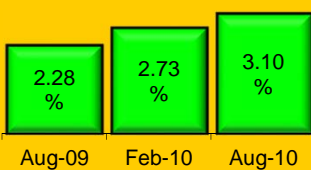
Foreclosures by Type

Monthly Market Data - August 2010	Jacksonville	U.S.	
Market Share: Prime (blue), Alt-A (green), and Subprime (red)			The Jacksonville market has a lower share of subprime loans than the average market, but rising prime foreclosures are becoming a problem
PRIME: Foreclosure + REO Rate			<p>There was a substantial increase versus February of this year</p> <p>The current local prime rate is high compared with the current U.S. average</p>
SUBPRIME: Foreclosure + REO Rate			<p>The local subprime rate eased modestly relative to February of this year</p> <p>The current local rate is high given the U.S. average</p>
ALT-A: Foreclosure + REO Rate			<p>The alt-A foreclosure rate rose slightly over the most recent 6 months</p> <p>The current rate for Jacksonville is high compared with the U.S. 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

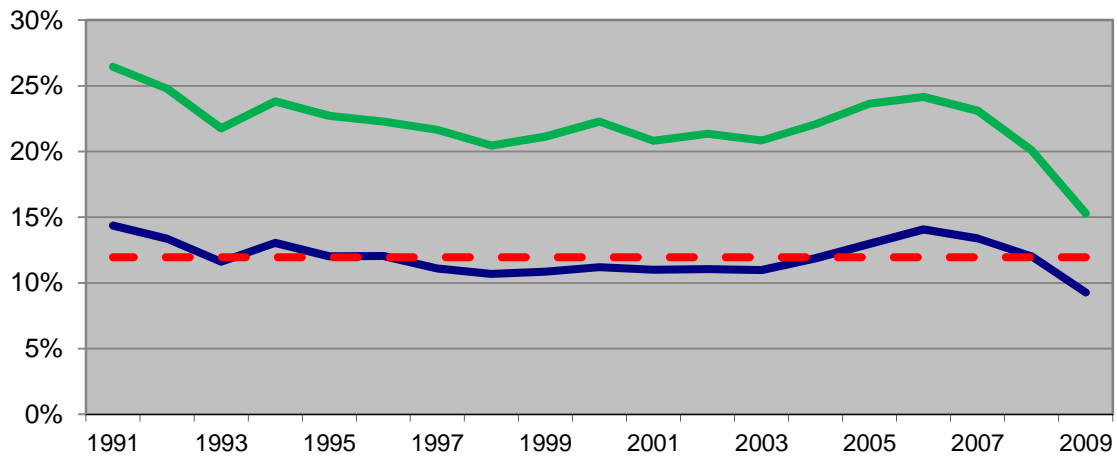
Monthly Market Data - August 2010	Jacksonville	U.S.	
Prime: 60-day Delinquent			The local 60-day delinquency rate fell over the 6-month period ending in August suggesting that 90-day delinquencies will decline in the near future
Prime: 90-day Delinquent			Jacksonville's 90-day delinquency rate climbed 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 the 90-day delinquency rate over the most recent 6-month period suggests a near term increase in the foreclosure rate, which should then shrink as the decline in 60-day delinquencies moves its way through the system

Source: First American CoreLogic, LoanPerformance data

Affordability

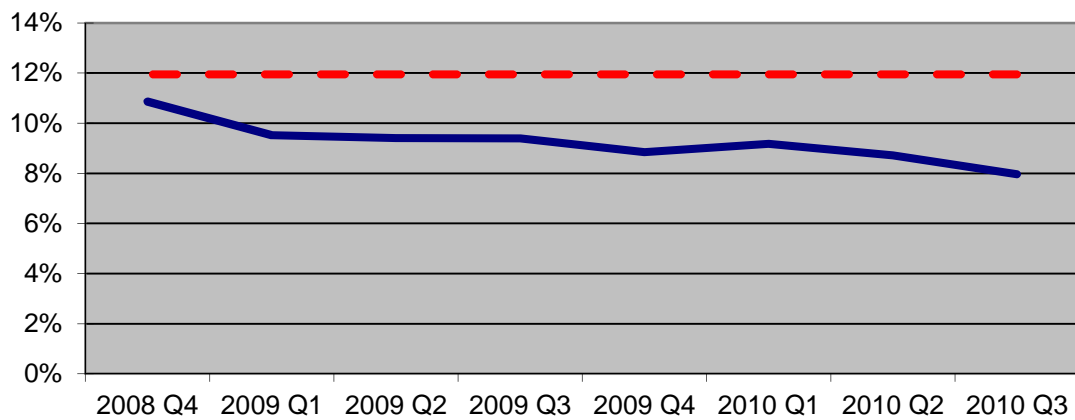


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

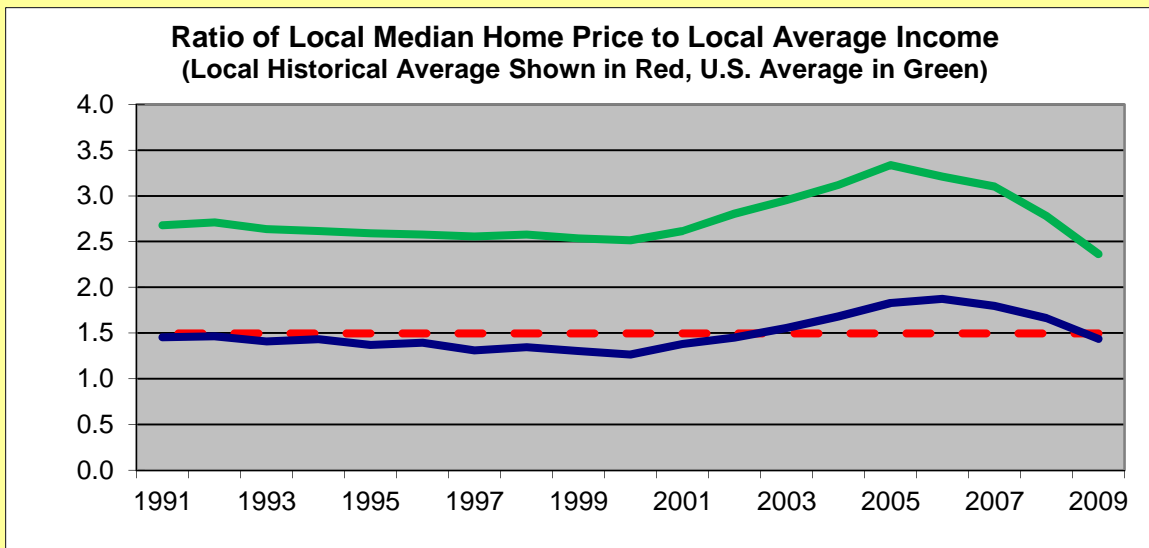


Monthly Mortgage Payment to Income	Jacksonville	U.S.	
Ratio for 2008	9.3%	15.3%	Historically strong and an improvement over the second quarter of 2010
Ratio for 2010 Q3	8.0%	14.3%	
Historical Average	11.9%	22.6%	More affordable than most markets

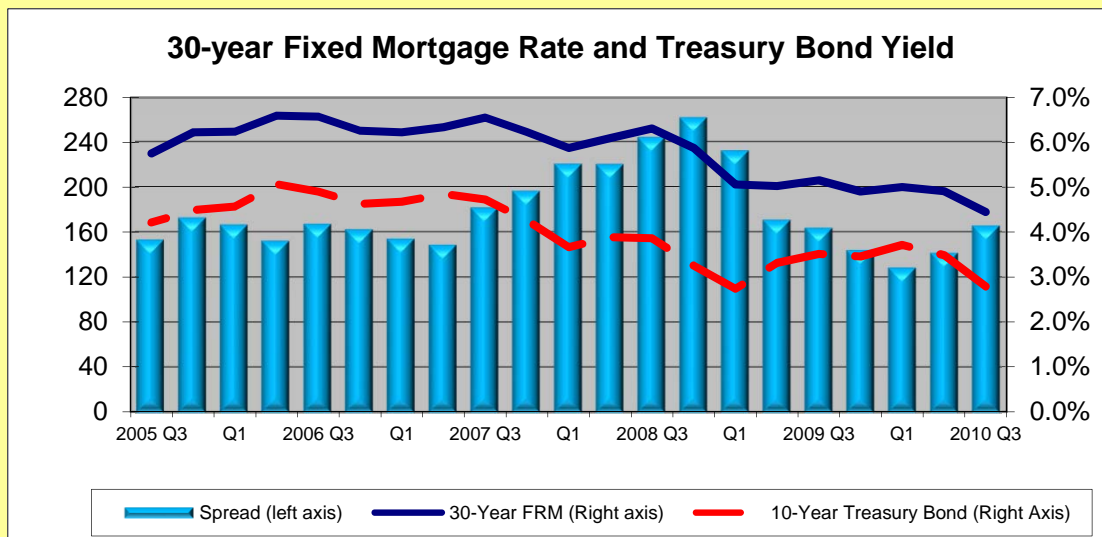
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Jacksonville	U.S.	
Ratio for 2009	1.4	2.4	The price-to-income ratio has fallen and is below the historical average
Ratio for 2010 Q3	1.3	2.4	
Historical Average	1.5	2.7	Affordable compared to most markets

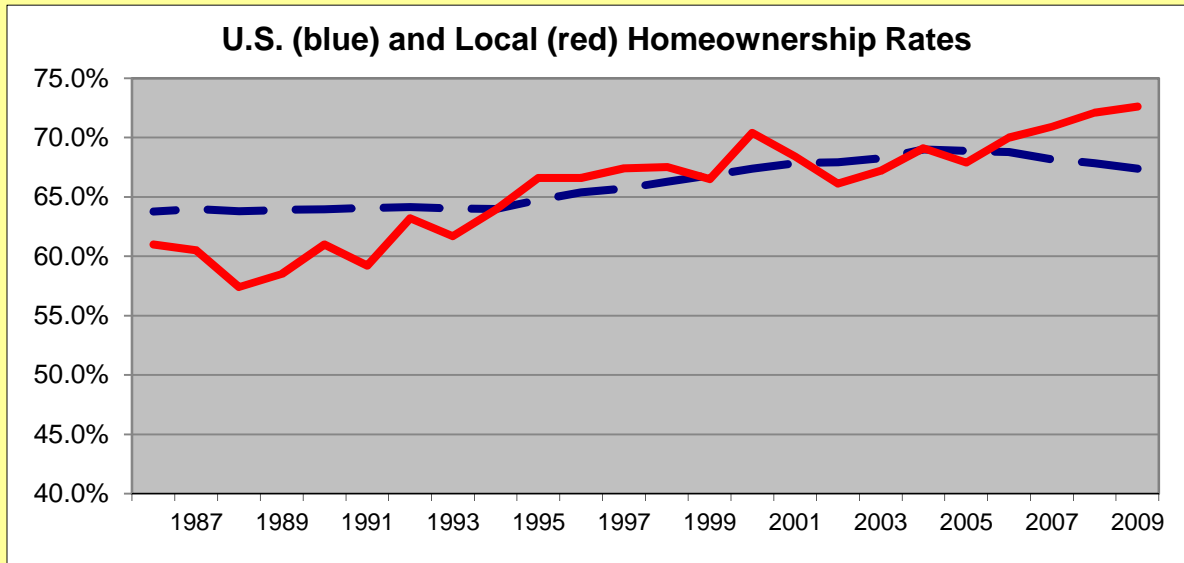


The Mortgage Market



After rising in the first half of the second quarter, the average 30-year fixed rate mortgage followed the 10-year Treasury bond downward in the third quarter. The sharp drop in home sales in July following the expiration of the Federal tax credit sent stock markets into a quandary. Soft economic indicators in July and August maintained this pattern, but by August, rates were falling for a different reason. Speculation that the Federal reserve would engage in a second round of mortgage and Treasury purchases to stimulate the economy by lowering the cost of borrowing, dubbed QE2 for the second round of such quantitative easing, sent the yield on the 10-year Treasury to record lows and the 30-year fixed rate mortgage followed suit. The average 30-year fixed rate mortgage, as measured by Freddie Mac, registered 4.32% in the first week of September, a record, and stayed under 4.4% the entire month. However, the spread between the 10-year Treasury and 30-year FRM rose 24 basis points in the third quarter to 166. The bulk of the Federal Reserve's quantitative easing was expected to be implemented through purchases of 2-year and 10-year Treasury notes. Consequently, demand for these instruments surged relative to long-term mortgage debt, which caused the spread to widen.

A Closer Look...At Homeownership



Homeownership Rate	Jacksonville	U.S.	
Ratio for 2009	72.6%	67.4%	The homeownership rate in Jacksonville rose in 2009
Ratio for 2010 Q3	70.3%	66.9%	
Historical Average	65.7%	66.5%	

Nationally, nearly 6.5 million homes went into foreclosure from 2005 through 2009. As a result, the homeownership rate fell from a high of 69.0% in 2004 to 67.4% in 2009. The share of homes owned by investors and banks has grown and this trend will weigh on the homeownership rate for years to come. Locally, there were 884,282 foreclosures in Florida over this same 5-year period. The result was a decline in the statewide homeownership rate from its recent peak of 72.4% in 2006 to 70.9% in 2009.

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/