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### Tucson MLS Area Central - Residential Homes

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Sales Price</th>
<th>Median Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$217,407</td>
<td>$189,950</td>
</tr>
<tr>
<td>2006</td>
<td>$215,675</td>
<td>$187,000</td>
</tr>
<tr>
<td>2005</td>
<td>$205,871</td>
<td>$178,750</td>
</tr>
<tr>
<td>2004</td>
<td>$171,099</td>
<td>$145,000</td>
</tr>
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#### Homes Sold/Closed

<table>
<thead>
<tr>
<th>Price Band</th>
<th>Jul 07</th>
<th>Aug 07</th>
<th>Sept 07</th>
<th>Oct 07</th>
<th>Nov 07</th>
<th>Dec 07</th>
<th>Months of Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-100</td>
<td>40</td>
<td>9</td>
<td>13</td>
<td>7</td>
<td>5</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>$100-250</td>
<td>595</td>
<td>147</td>
<td>138</td>
<td>86</td>
<td>81</td>
<td>75</td>
<td>65</td>
</tr>
<tr>
<td>$250-400</td>
<td>212</td>
<td>48</td>
<td>37</td>
<td>18</td>
<td>27</td>
<td>19</td>
<td>24</td>
</tr>
<tr>
<td>$400-550</td>
<td>70</td>
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<td>2</td>
<td>2</td>
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<td>2</td>
</tr>
<tr>
<td>$550-700</td>
<td>33</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>$700-850</td>
<td>17</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>$850-1000</td>
<td>13</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>39</td>
</tr>
<tr>
<td>$1000-1500</td>
<td>6</td>
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<td>0</td>
<td>0</td>
<td>1</td>
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</tr>
<tr>
<td>$1500-2000</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$2000+</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
</tr>
<tr>
<td>Grand Total</td>
<td>987</td>
<td>214</td>
<td>201</td>
<td>113</td>
<td>120</td>
<td>105</td>
<td>100</td>
</tr>
</tbody>
</table>

ASP data pulled 1/25/08 from TARMLS. Price band data pulled 1/24/08 from TARMLS using Rapattoni software.

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Homeownership

In 2007, the realities of the financial world collided with the world of many individuals eagerly seeking the American dream of homeownership. The easy money credit programs and risky financial tools that had propelled the housing market to new levels ended up spiraling out of control last year. The results of this economic crisis will continue to play out in 2008.

The housing market was the first to feel the upward push and then the dramatic downward slide of the financial markets that had fueled the frenzied buying and selling of 2005 and 2006. The overall impact of a flattened housing market, the fallout within the nation's top financial institutions, the end of their leveraging systems that had fueled the stock market, the unraveling of the oil and energy world, and the health of the overall economy will surely produce a roller coaster ride during the first half of 2008, financial experts predict. The key question is whether we will find some stability and see a bounce back in the housing and financial markets in the last half of the year.

Despite today's harsh assessment about the economic present and near-term future, we have seen this cycle in the past in 1980 and again in the mid-nineties. Yet, what always prevails is the Dream! Our enduring American dream of homeownership will be the motivator for a return of the housing market to a new norm.

The chart (above) demonstrates the national rate of homeownership still stood at 68.2%1 in the third quarter of 2007. This total is down again in the mid-nineties. Yet, what always prevails is the Dream! Our enduring American dream of homeownership will be the motivator for a return of the housing market to a new norm.

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<table>
<thead>
<tr>
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<th>3rd Quarter 2007</th>
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<th>3rd Quarter 2006</th>
<th>% Change From Previous Quarter</th>
<th>% Change From Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Households</td>
<td>68.2</td>
<td>68.2</td>
<td>69.0</td>
<td>-1.2</td>
<td>-1.2</td>
</tr>
<tr>
<td>Minority Households</td>
<td>51.0</td>
<td>50.8</td>
<td>51.7</td>
<td>+0.4</td>
<td>-1.4</td>
</tr>
<tr>
<td>Young Married-Couple Households</td>
<td>64.1</td>
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<td>+2.6</td>
<td>+0.6</td>
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The chart (above) demonstrates the national rate of homeownership still stood at 68.2%1 in the third quarter of 2007. This total is down only slightly from the same period in 2006, which was the peak of the last real estate boom. Interestingly, the increase in the young married couple category is the largest increase and speaks to the theory that the young are coming forward in the next wave to own a home and begin building wealth. Additionally, the grouping of minority homeowners enjoyed a slight increase, but still an increase during the challenging market of 2007.

The data seems to show that the emotional drive to own a home and better one's family and livelihood will rise above most financial obstacles. Changes in peoples personal lives, a change in jobs, newly married or divorced, a new child, older children leaving the nest are the key motivators that will affect the future of the housing market in a positive way.

A key economic stabilizer and significant motivator for homeownership will be the expansion and creation of jobs. Arizona and its major counties outshine many areas of the country. The state's unemployment rate is 4.7%1 and Tucson Metro is 3.9%. Just add this data to Michigan at 7.6%; Los Angeles County area at 4.9%. The long term economic viability of the Southwest is a better indicator of future growth in housing.

The creation of jobs and happily employed individuals will stimulate the emotional desire to own a home. Good jobs will be the impetus for the turn around in the current financial uncertainty, creating demand, consumption of current inventories and return of robust new home construction. This is how we expect the cycle to work once more.

It is the spirit of the American Dream that has survived other economic downturns and it is this spirit that will venture forth in 2008.

Real Estate - Location, Location, Location

The three most important things about a home—Location, Location, Location—may be an old joke, but there is more truth in this old adage today than ever before.

The ongoing roller coaster ride in the housing industry is providing plenty of juicy filler for the news media. Yes, it is news that many of the nation's financial institutions have spiraled out of control. Yes, it is news that there were financial instruments used to leverage home loans in ways that went far beyond tried and true lending principles. The impact of this situation must not be focused just in the context of the U.S., but extended to the financial impact it has now had throughout international markets, in the United Kingdom and Europe especially.

The current situation has certainly contributed to a sense of fear and timidity in consumers, seriously damaging consumer confidence in the housing market. The Consumer Confidence Index (CCI) hit an all-time low in December 2007 at 86.9%. For a perspective, consumer confidence was 144.7% in January 2000, a beginning point of the Real Estate climb. The RBC Cash Index, created by the international polling firm IPSOS, showed U.S. consumer confidence jumped in the early days of January 2008 to 95.3%. A few days do not indicate a trend, but could be a positive sign for 2008. Certainly, the flattened housing market and the financial institution upset are not the only economic indicators that are contributing to this lack of confidence. The shrinking value of the U.S. dollar, the record increase in the price of oil, our presidential election now in process, questions of which country will be the new dominant economic power in the world, plus other grim worries, have hit us like a thunderbolt in the middle of the night.

Today's consumers should realize that they must not allow the global economy to affect their personal decision making in real estate. The world economy does not dictate the reality of the housing prices in the neighborhood where they want to live.

The location of real estate is important. For example, Arizona home values are tremendously different from our neighbors in California. Pima county valuations are different from Maricopa county valuations. Individual zip code valuations differ within a particular locale and subdivision to subdivision comparisons prove to have significant differences in the valuation of home prices. Even new construction home prices differ from existing resale home prices in the same area.

Location impacts the rate of home sales and the number of homes sold in a particular time period. Neighborhoods, surrounding community resources, building characteristics, even the condition of the subject home, are all critical information that must be evaluated by a professional real estate sales associate. Buyers looking for a competitive purchase price or sellers wanting to capitalize on their investment definitely need professional help at this time like never before.

Now is the time for typical buyers and sellers to set aside their emotions, fears and limited understanding of a real estate transaction to look to a professional for help. Understanding the unique economic condition that may apply to the location and financing requirements for a specific property is the key to any successful transaction today.

1 68.2% : U.S. Housing Market Condition 3rd Quarter Nov 07, National Data: HUDUSER; http://www.huduser.org
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YEAR END MARKET REPORT

Tucson MLS Area Northwest - Residential Homes

<table>
<thead>
<tr>
<th>Price Band (Dollars in 1000's)</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-100</td>
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<td>3</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>$100-250</td>
<td>732</td>
<td>144</td>
<td>122</td>
<td>103</td>
</tr>
<tr>
<td>$250-400</td>
<td>906</td>
<td>93</td>
<td>93</td>
<td>68</td>
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<tr>
<td>$400-550</td>
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<tr>
<td>$550-700</td>
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<tr>
<td>$700-850</td>
<td>57</td>
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<td>$850-1000</td>
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<td>$1000-1500</td>
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<tr>
<td>$1500-2000</td>
<td>39</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>$2000+</td>
<td>41</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Grand Total</td>
<td>2,263</td>
<td>296</td>
<td>273</td>
<td>203</td>
</tr>
</tbody>
</table>

Average Sales Price

2004 $221,198
2005 $289,231
2006 $322,942
2007 $312,843

Median Sales Price

2004 $186,000
2005 $255,000
2006 $275,000
2007 $257,475

Homes on the Market

Months of Inventory

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