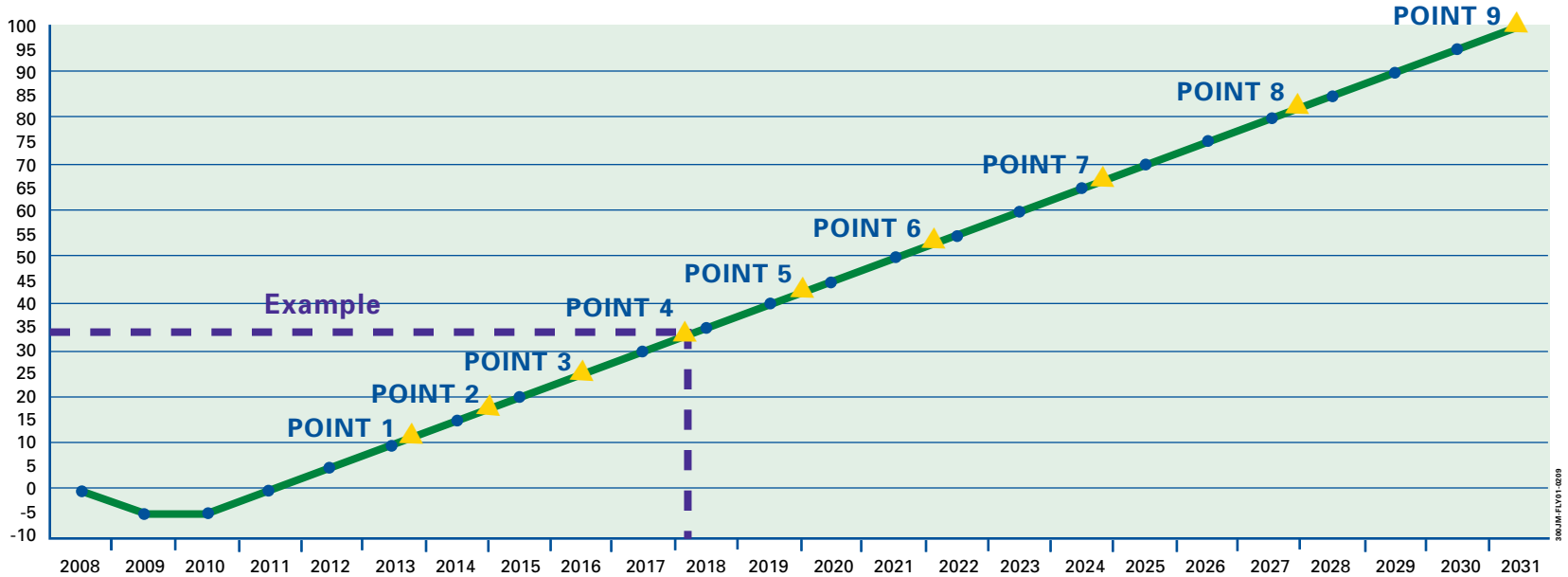


HOUSING PRICE RECOVERY



Notes: Per National Association of Realtors, the historical appreciation rate is 5%. For this graph we have assumed -5% for 2009 (prices fell 15% in 2008), zero growth for 2010 and 5% growth thereafter.

The table below relates the percentage of home value decline to the percent increase needed to regain the previous high value.

POINT	% DECLINE	% INCREASE NEEDED
1	10	11.1
2	15	17.6
3	20	25
4	25	33.3
5	30	42.9
6	35	53.8
7	40	66.7
8	45	81.8
9	50	100

See Example on graph and in table:

A 25% decline requires a 33.3% gain to recoup the loss.

As shown on the graph (point 4) it will take until 2018 to accomplish that.

Other examples:

1) A \$200,000 home declining in value by 20% is now at \$160,000.

To return to \$200,000, it must increase by 25% over its current value:
 $\$160,000 \times 1.25 = \$200,000$.

2) A \$400,000 home declining in value by 40% is now at \$240,000.

To return to \$400,000, it must increase by 66.7%: $\$240,000 \times 1.667 = \$400,000$.

Calculations:

Determine the percent decline: $\text{highest value} - \text{current value} / \text{highest value}$.

Percentage increase needed to recoup loss: $100 / 100 - \text{percent decline}$.