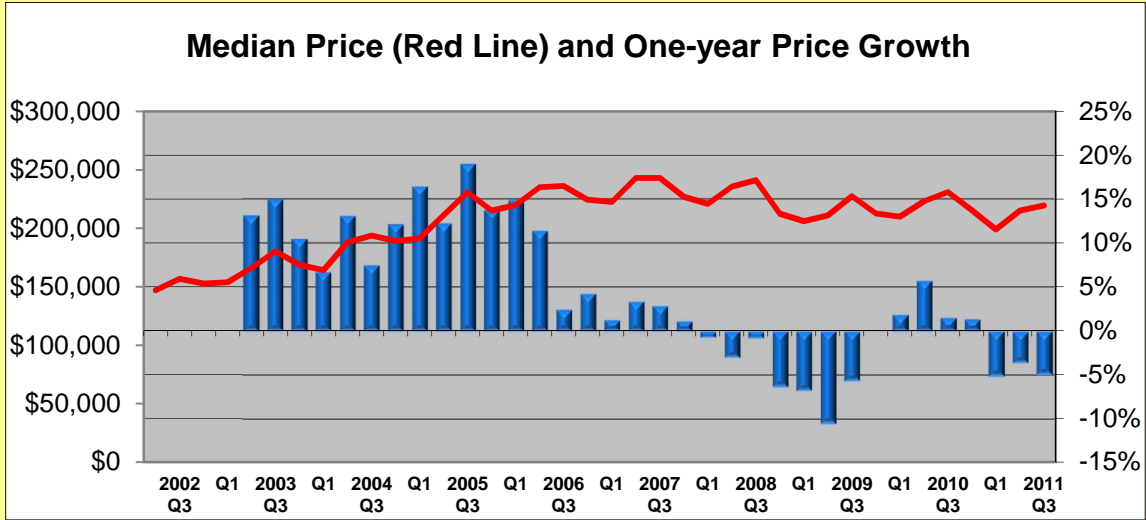


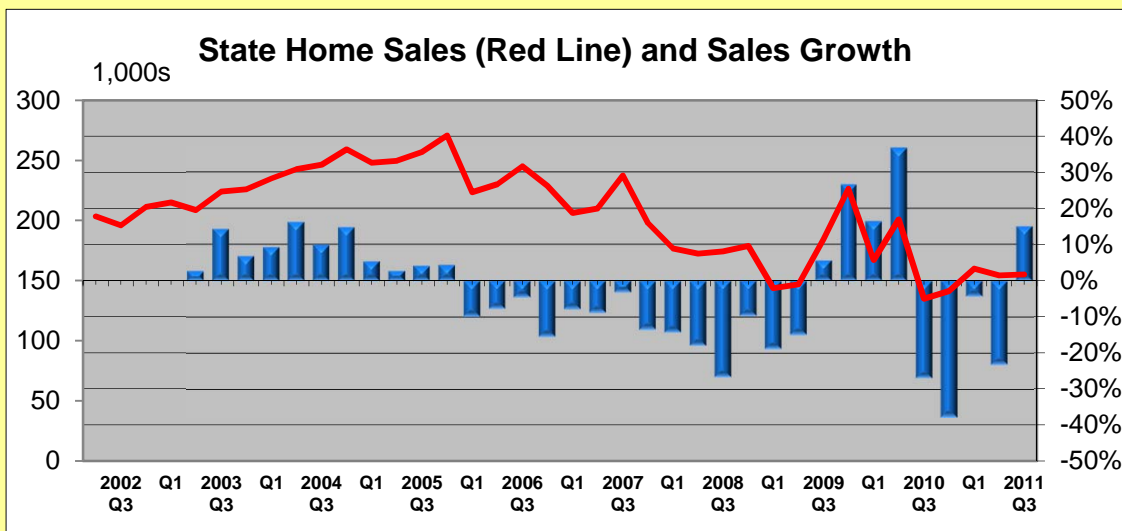
Philadelphia-Camden-Wilmington Area Local Market Report, Third Quarter 2011



Today's Market...



	Philadelphia	U.S.	Local Trend
Price Activity			
Current Median Home Price (2011 Q3)	\$219,600	\$169,267	Prices are down compared to a year earlier and continue to weaken
1-year (4-quarter) Appreciation (2011 Q3)	-4.9%	-4.3%	
3-year (12-quarter) Appreciation (2011 Q3)	-8.9%	-16.0%	
3-year (12-quarter) Housing Equity Gain*	-\$21,500	-\$32,233	Real estate remains a long-term investment: those who have owned for more than 3 years have seen the equity in their home grow
7-year (28 quarters) Housing Equity Gain*	\$25,800	-\$29,733	
9-year (36 quarters) Housing Equity Gain*	\$62,800	\$2,267	
*Note: Equity gain reflects price appreciation only			
Conforming Loan Limit**	\$420,000	\$729,250	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$420,000	\$417,000	
Local Median to Conforming Limit Ratio	52%	not comparable	
**Note: the 2009 loan limits for FHA and the GSEs were extended through 2010.			

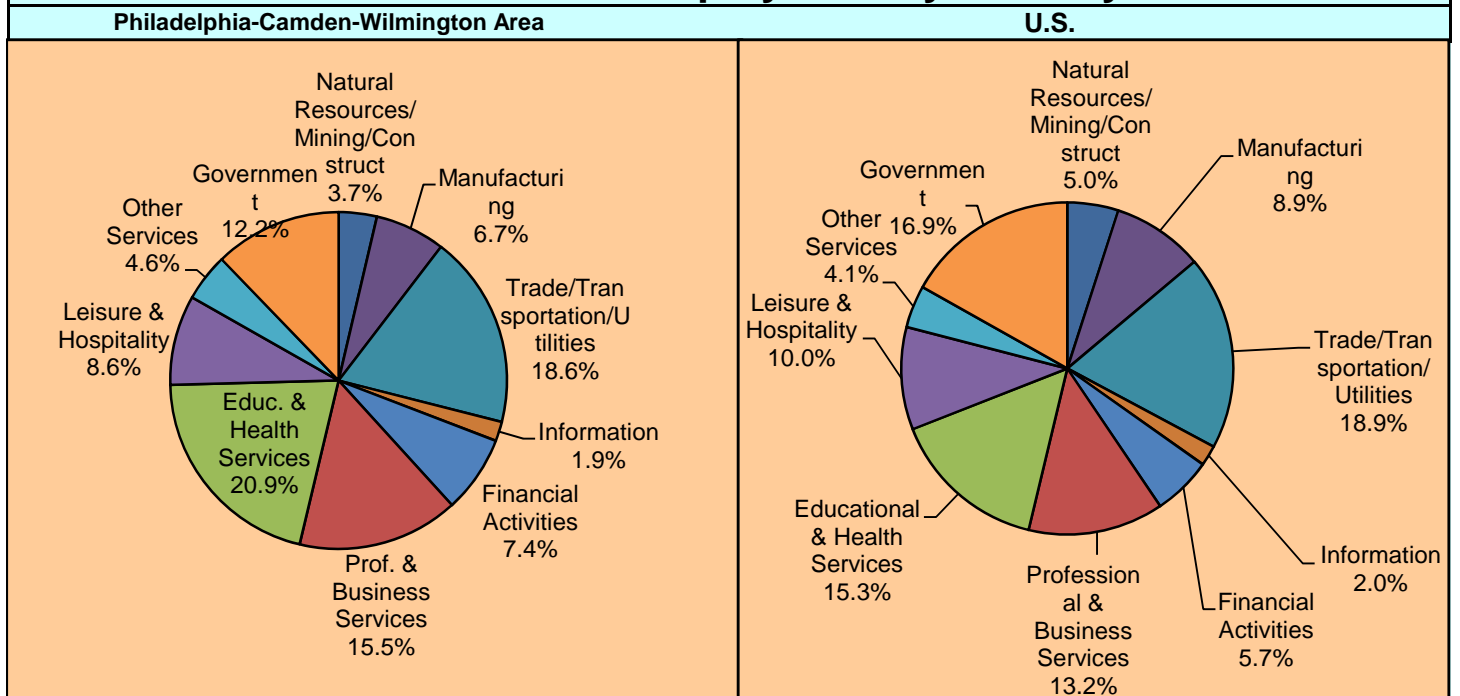


Home Sales	Pennsylvania	U.S.	
State Existing Home Sales (2011 Q3 vs 2010 Q3)	15.1%	17.0%	The sales level is much higher than a year ago and growing.

Drivers of Local Supply and Demand...

Local Economic Outlook	Philadelphia	U.S.	
12-month Job Change (Sep)	-800	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)	-12,300	Not Comparable	
36-month Job Change (Sep)	-104,800	Not Comparable	Unemployment in Philadelphia is better than the national average and improving
Current Unemployment Rate (Sep)	8.4%	9.1%	
Year-ago Unemployment Rate	8.6%	9.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.0%	0.8%	

Share of Total Employment by Industry



12-month Employment Change by Industry in the Philadelphia-Camden-Wilmington Area (Sep - 2011)

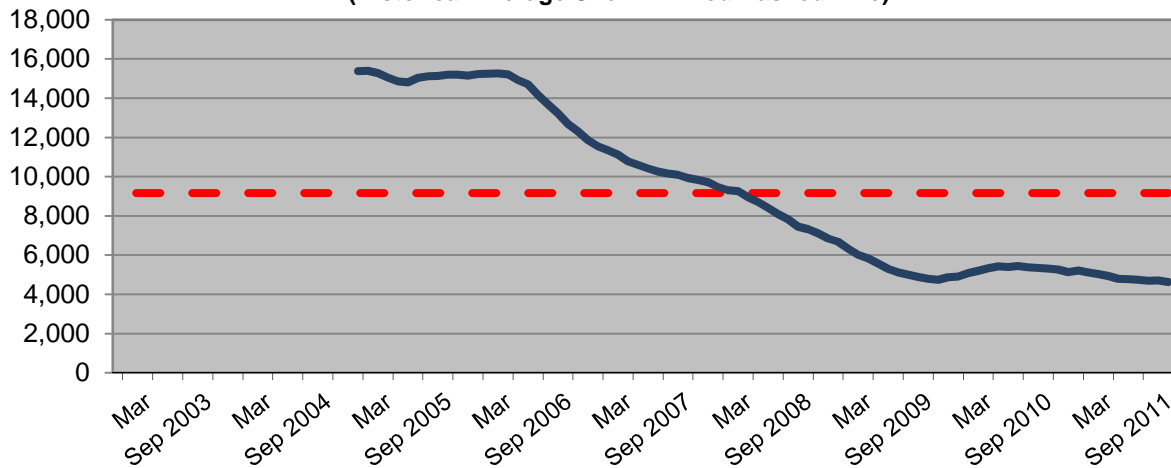
Goods Producing	NA	Information	-1,000
Natural Resources/Mining/Construction	-4,400	Financial Activities	-600
Natural Resources and Mining	NA	Prof. & Business Services	7,600
Construction	NA	Educ. & Health Services	5,900
Manufacturing	-5,300	Leisure & Hospitality	3,000
Service Providing Excluding Government	NA	Other Services	3,400
Trade/Transportation/Utilities	2,400	Government	-11,800

State Economic Activity Index	Pennsylvania	U.S.	
12-month change (2011 - Sep)	2.1%	2.8%	The economy of Pennsylvania is growing more slowly than the rest of the nation, but improved modestly from last month's 1.99% change
36-month change (2011 - Sep)	-3.0%	-2.6%	

New Housing Construction

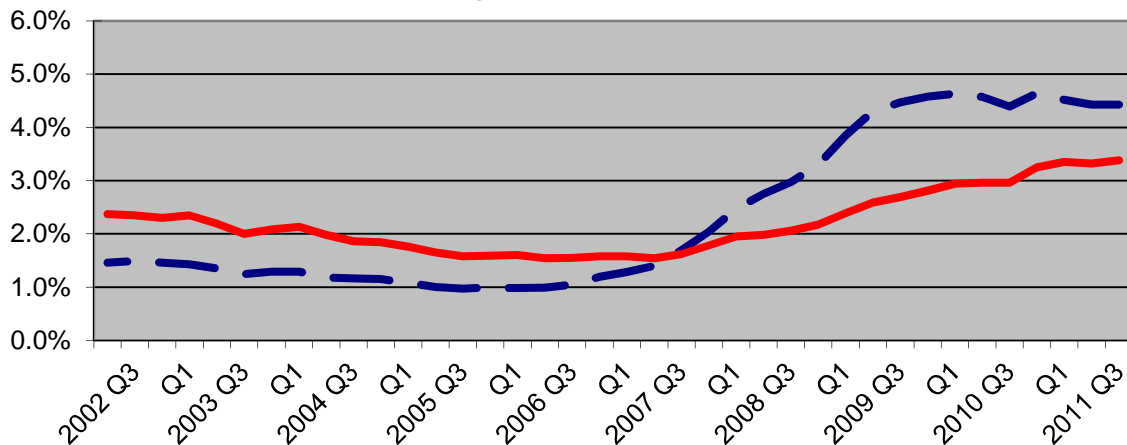
Local Fundamentals	Philadelphia	U.S.	
12-month Sum of 1-unit Building Permits through Sep 2011	4,625	not comparable	The current level of construction is 49.5% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	9,165	not comparable	Reduced construction will limit new 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	-13.0%	-10.3%	Construction continues to decline from last year

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



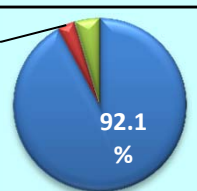
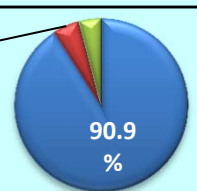
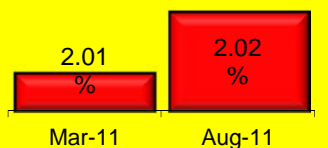
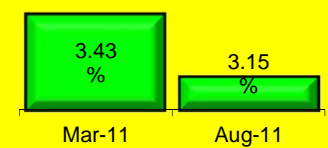
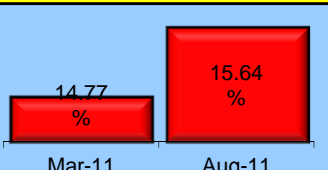
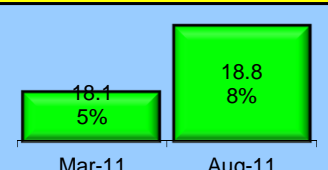
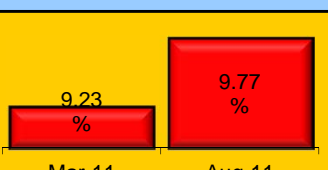
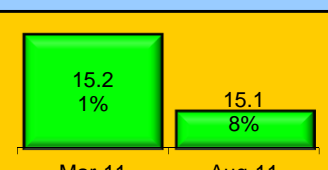
While new construction is the traditional driver of supply in real estate, foreclosures now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or foreclosure, place downward pressure on the median home prices.

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



Source: Mortgage Bankers' Association

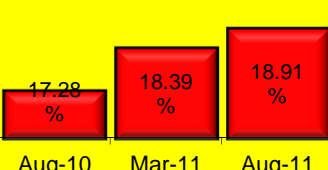
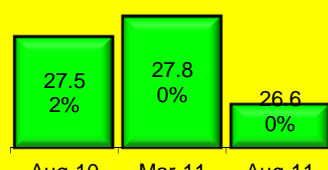
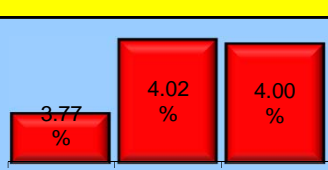
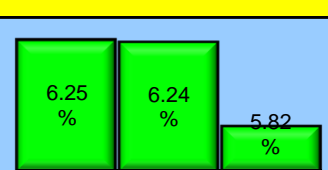
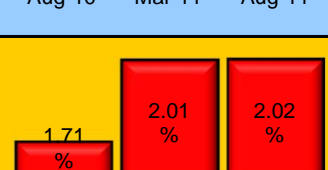
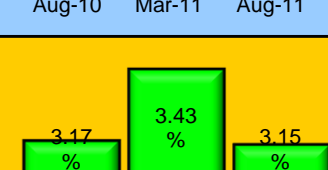
Foreclosures by Type

Monthly Market Data - August 2011	Philadelphia	U.S.	
Market Share: <u>Prime (blue), Alt-A (green), and Subprime (red)</u>			The Philadelphia market has a lower share of subprime loans than the average market, but rising prime foreclosures are becoming a problem
	PRIME: Foreclosure + REO Rate		
SUBPRIME: Foreclosure + REO Rate			There was modest increase locally compared to 6 months earlier Locally, today's foreclosure rate is low relative to the national average
ALT-A: Foreclosure + REO Rate			The alt-A foreclosure rate rose slightly over the most recent 6 months The August rate for Philadelphia is low compared to the national 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

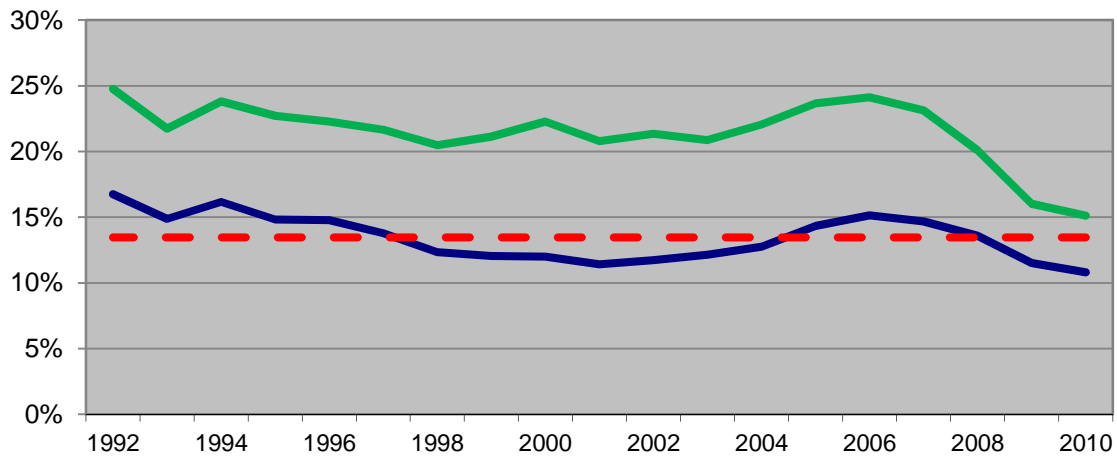
Monthly Market Data - August 2011	Philadelphia	U.S.	
Prime: 60-day Delinquent			The 60-day delinquency rose over the 6 months ending in August suggesting that the 90-day delinquency rate is likely to rise in the near future
Prime: 90-day Delinquent			The 90-day delinquency rate in Philadelphia fell over the 6-month period ending in August
Prime: Foreclosure + REO Rate			The concurrent increase in the 60-day delinquency rate and decline in the 90-day rate over the most recent 6-month period suggests that the foreclosure rate will drop in the near term, but may rise thereafter.

Source: First American CoreLogic, LoanPerformance data

Affordability

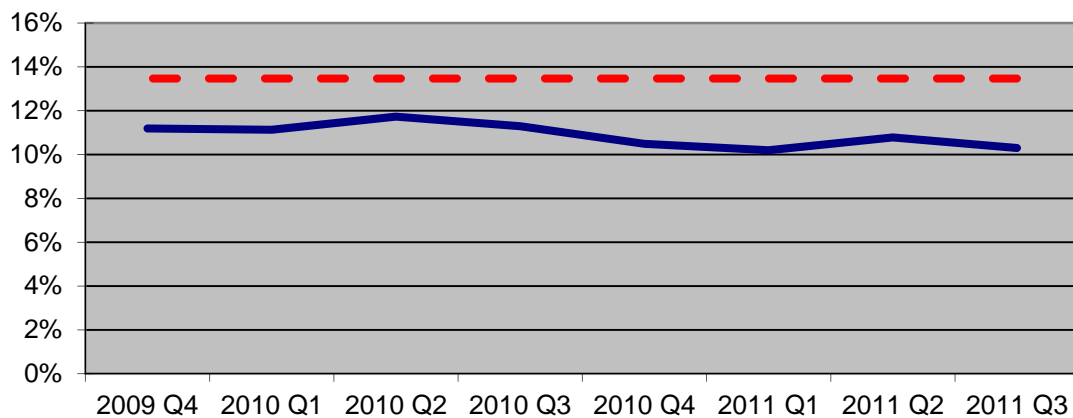


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

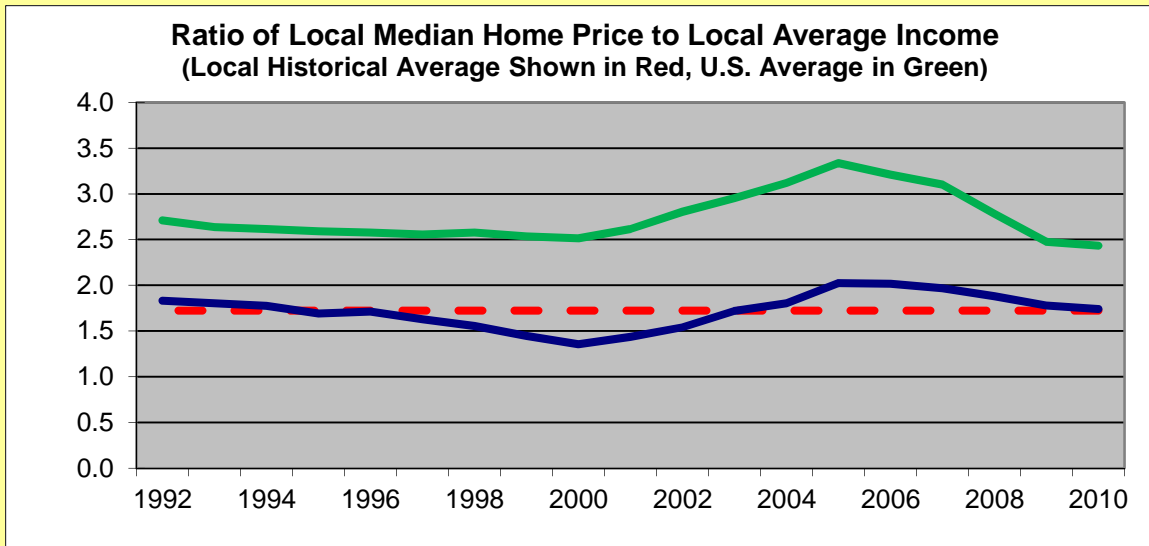


Monthly Mortgage Payment to Income	Philadelphia	U.S.	
Ratio for 2010	10.8%	15.1%	Historically strong and an improvement over the second quarter of 2011
Ratio for 2011 Q3	10.3%	13.9%	
Historical Average	13.5%	22.0%	More affordable than most markets

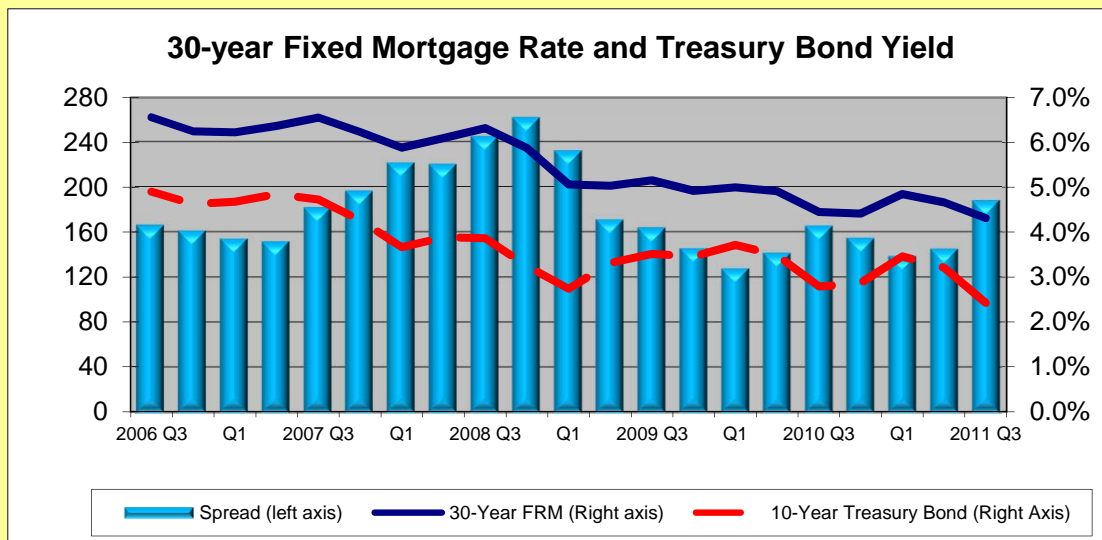
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Philadelphia	U.S.	
Ratio for 2010	1.7	2.4	The price-to-income ratio eased, but could be better
Ratio for 2011 Q3	1.7	2.3	
Historical Average	1.7	2.7	Affordable compared to most markets

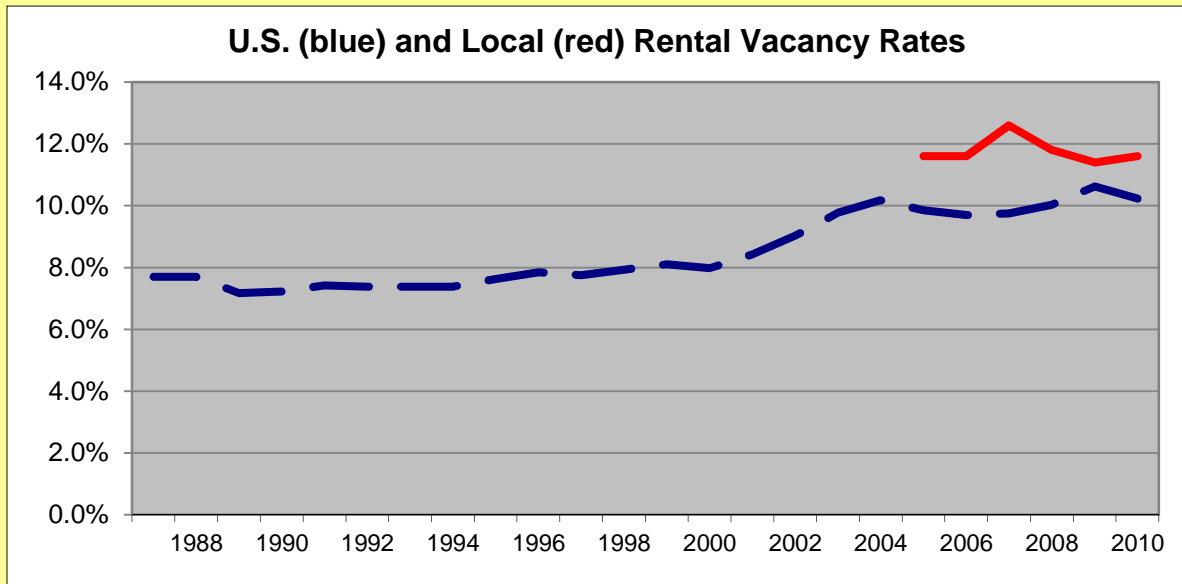


The Mortgage Market



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	Pennsylvania	U.S.	
Ratio for 2010	11.6%	10.2%	Data for Pennsylvania Not Available
Ratio for 2011 Q3	13.7%	9.8%	
Historical Average	11.8%	8.6%	

#N/A

Geographic Coverage for this Report

The Philadelphia area referred to in this report covers the geographic area of the Philadelphia-Camden-Wilmington 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:

Bucks County, Burlington County, Camden County, Cecil County, Chester County, Delaware County, Gloucester County, Montgomery County, New Castle County, Philadelphia County, and Salem County

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