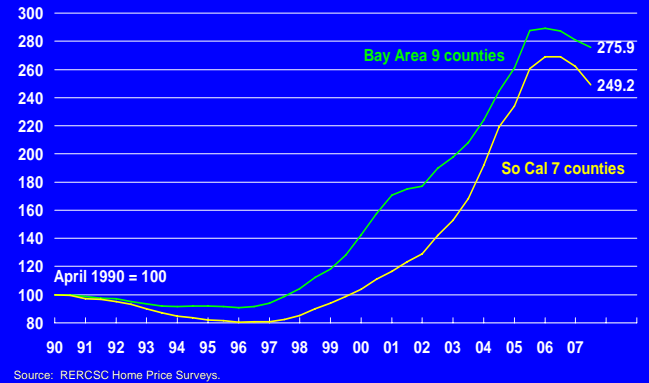


3rd Quarter Summary

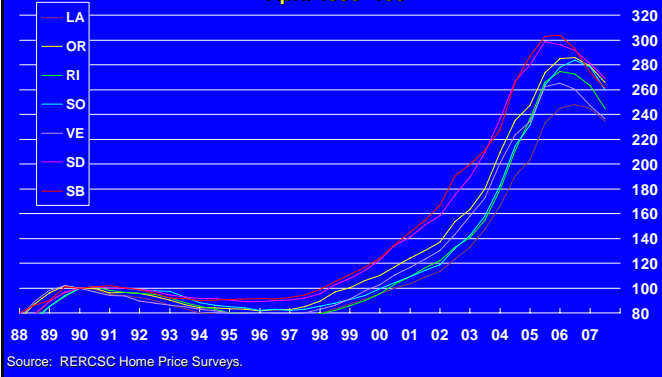
- > Deterioration continues
- > Home prices down, large decrease
- > Home sales down, another large decrease
- > New and existing home inventories up
- > Residential and construction lending down
- > Residential permits down, non-res unchanged
- > Defaults & foreclosures up
- > Residential vacancy rates unchanged, rents up
- > Employment up - slowing
- > Short rates unchanged, mortgage rates up
- > Inflation rates down

Indexes of Home Prices - SC versus NC



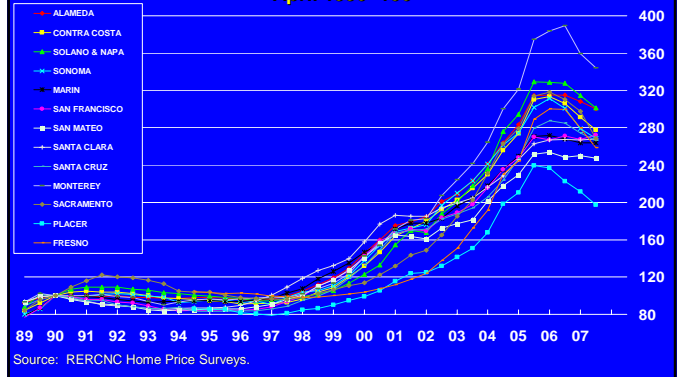
Indexes of Home Prices - Southern California

April 1990=100



Indexes of Home Prices - Northern California

April 1990=100



Southern California Home Price Survey

October 2007

- 6 month change - 4.7 %
- 1 year change - 7.1 %
- Change from Apr 96 210 %
- Change from Apr 90 149 %

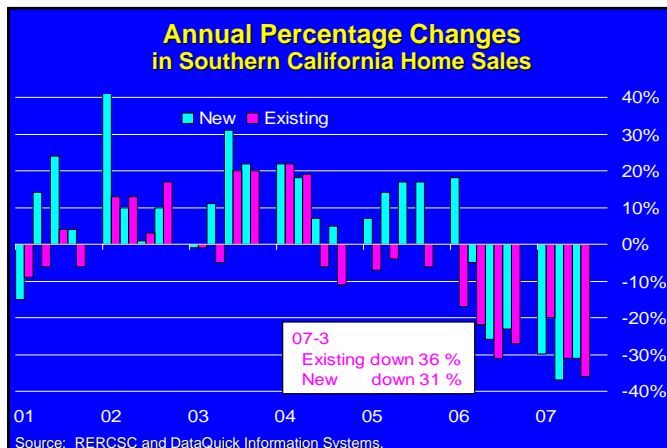
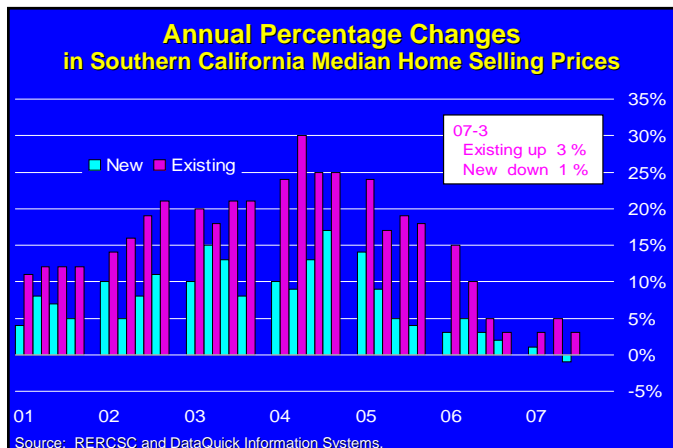
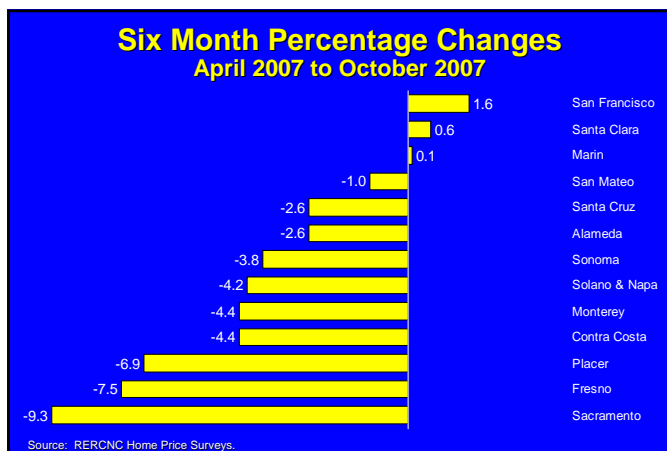
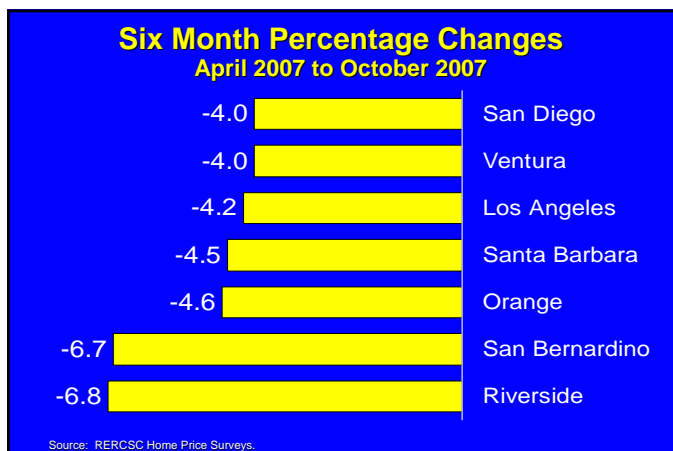
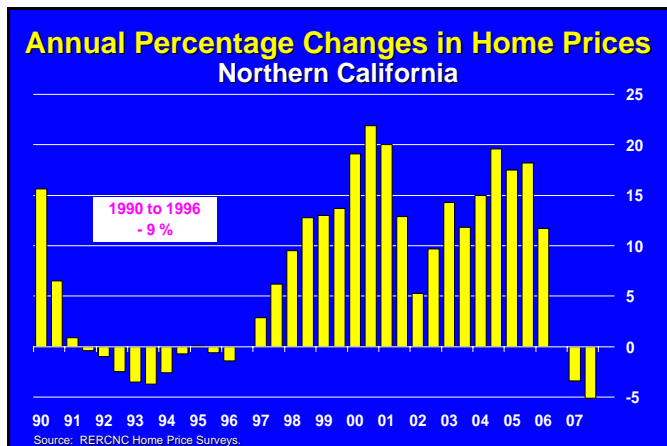
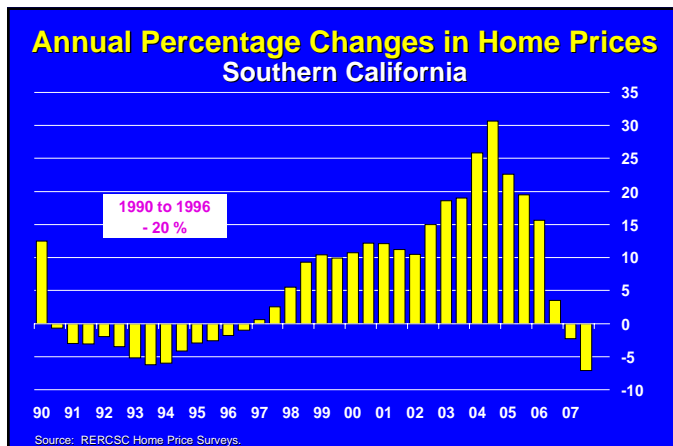
Source: Real Estate Research Council of Southern California
 Semi-Annual Home Price Surveys. Appraised values
 of the same homes every six months.

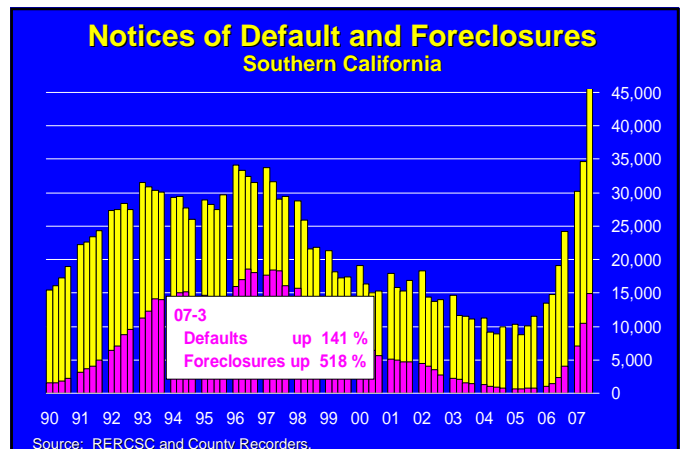
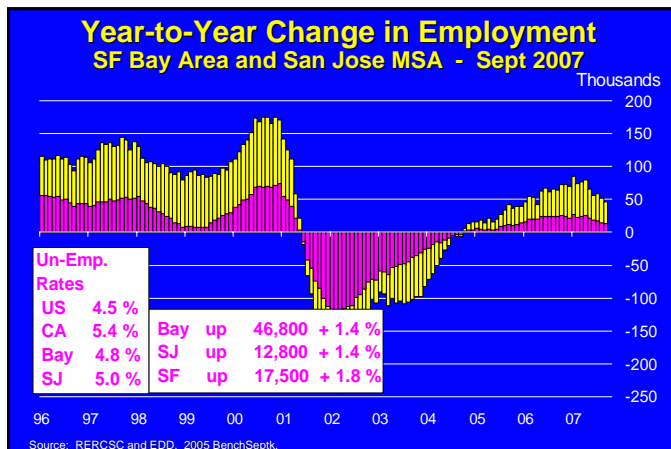
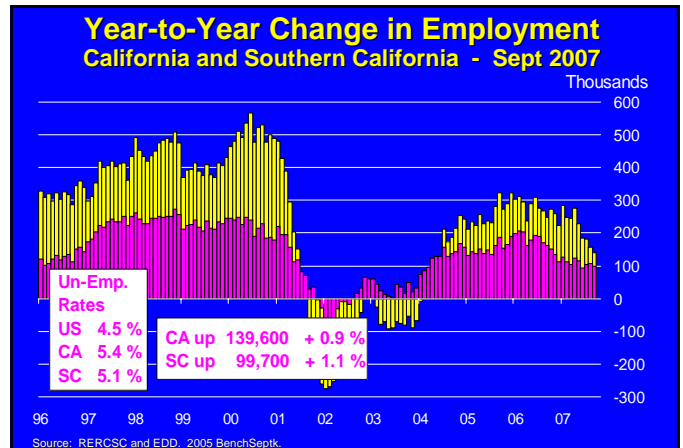
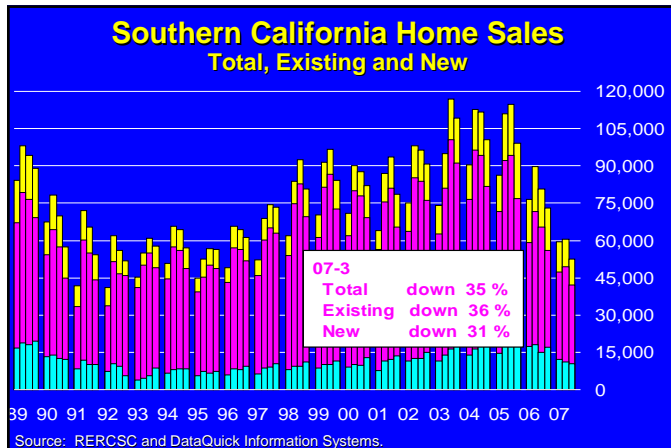
Northern California Home Price Survey

October 2007

- 6 month change - 2.6 %
- 1 year change - 5.1 %
- Change from Apr 96 203 %
- Change from Apr 90 178 %

Source: Real Estate Research Council of Northern California
 Semi-Annual Home Price Surveys. Appraised values
 of the same homes every six months.

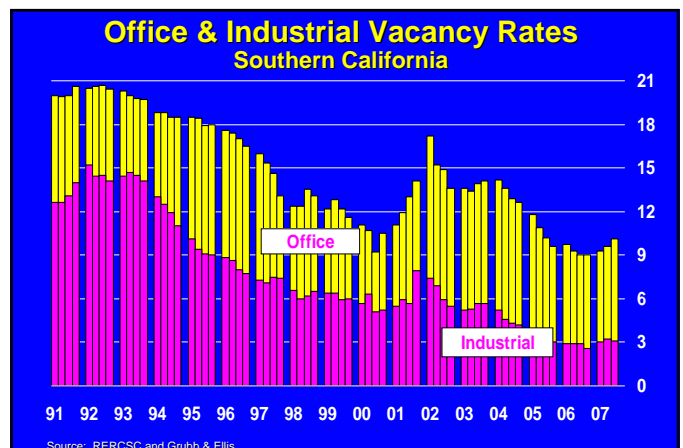


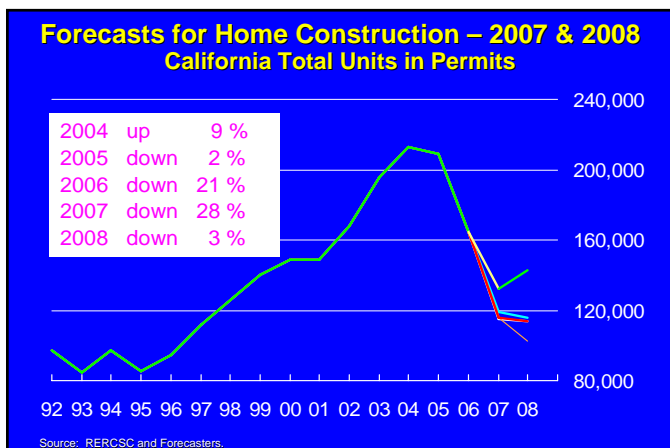
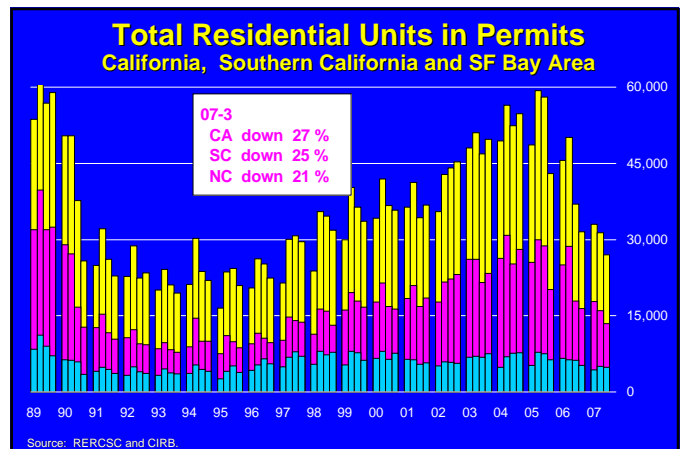
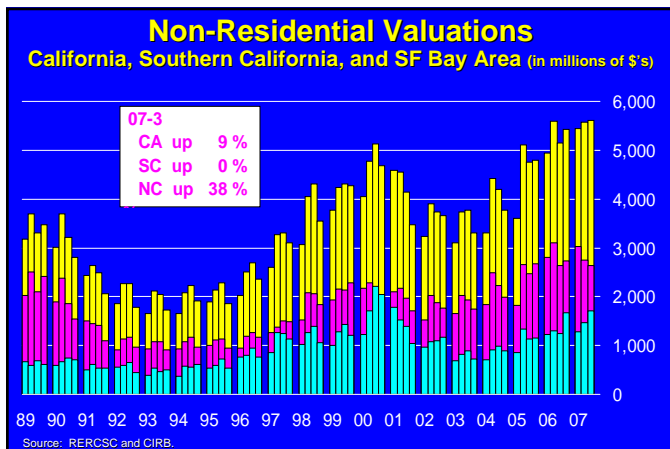
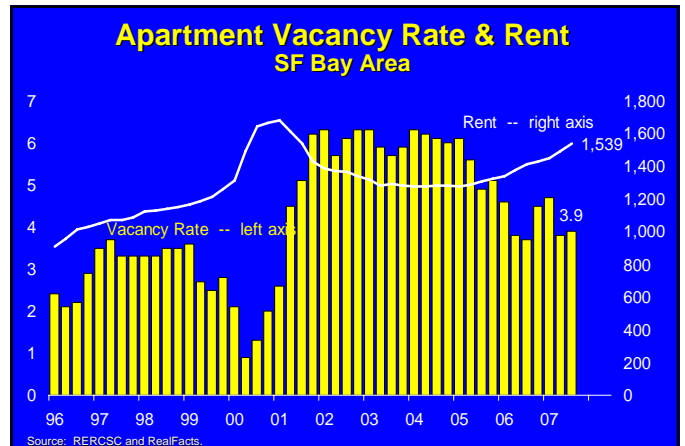
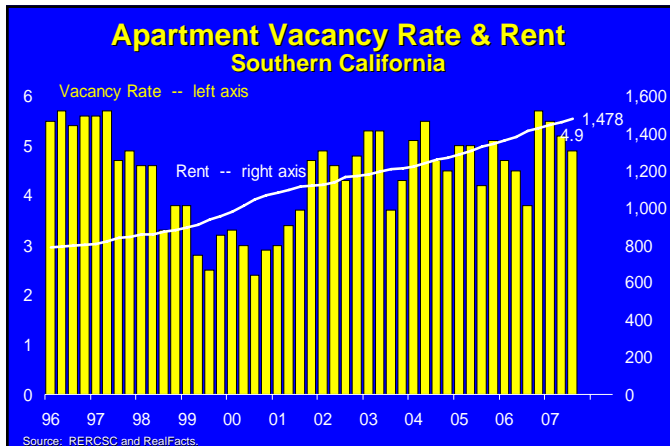


Inflation Rates Los Angeles, San Francisco & U.S., Sept 2007

	LA	SF	US
■ CPI	2.3	2.6	2.8
■ Housing Costs	4.3	3.6	2.9
■ Homeowners	5.4	3.2	2.9
■ Residential Rent	5.9	4.3	3.9

Source: RERCSC and BLS.





- ### 2007 & 2008 Outlook – Further Declines
- Home ownership markets weak
 - Home prices down
 - Home sales and residential permits down
 - Tighter lending
 - Apartment rental markets strong
 - Residential rents and vacancies unchanged
 - Non-residential slowing, permits down, vacancies up
 - Economy and employment growth slowing
 - Inflation, not recession, and long-term interest rates up
 - To watch: Home prices, employment, mortgage rates
 - The Unanticipated Shock