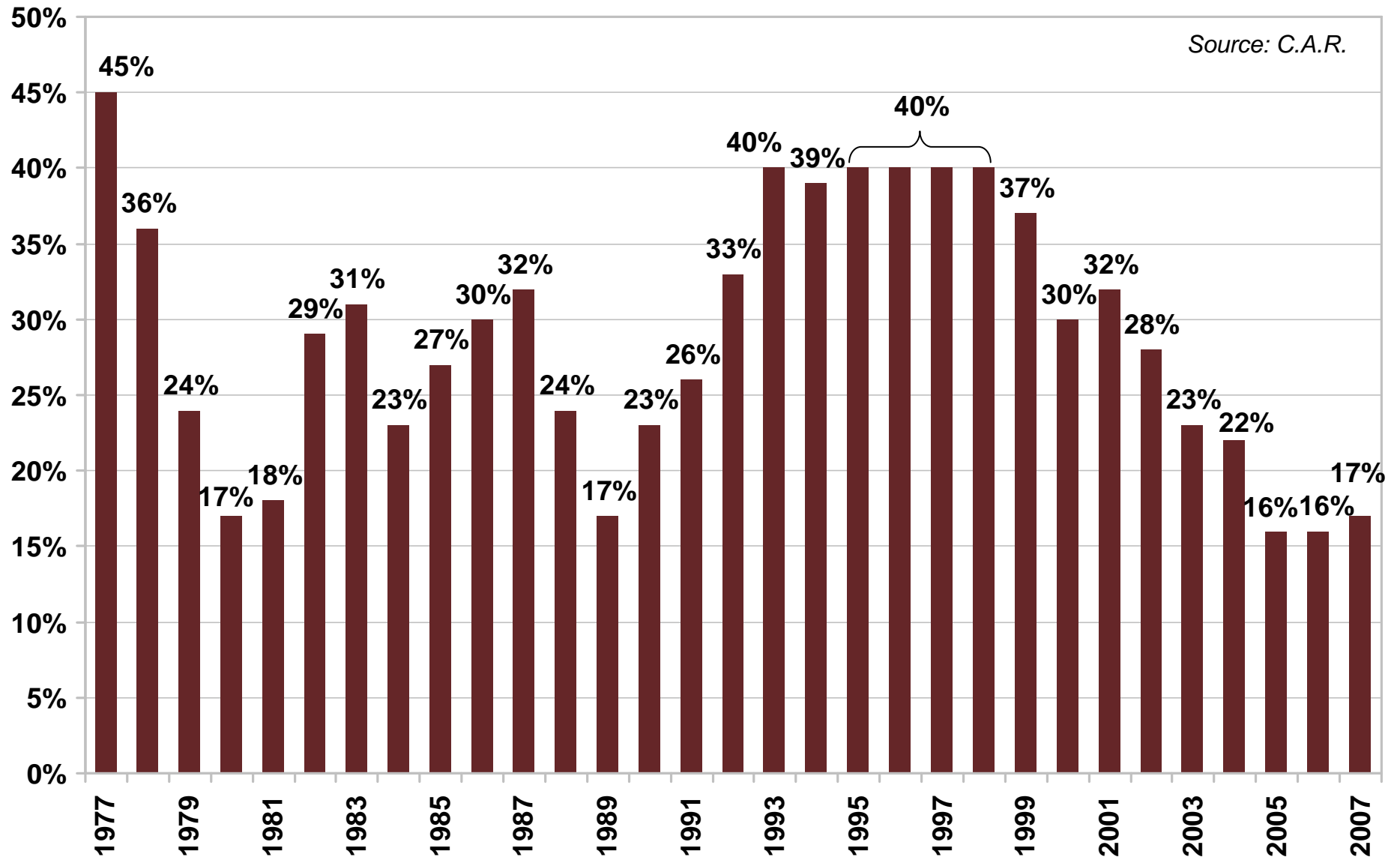




Equipping California Investors for Tomorrow's Challenges

Annual Housing Affordability



California Market Stats

Four Year Housing Boom



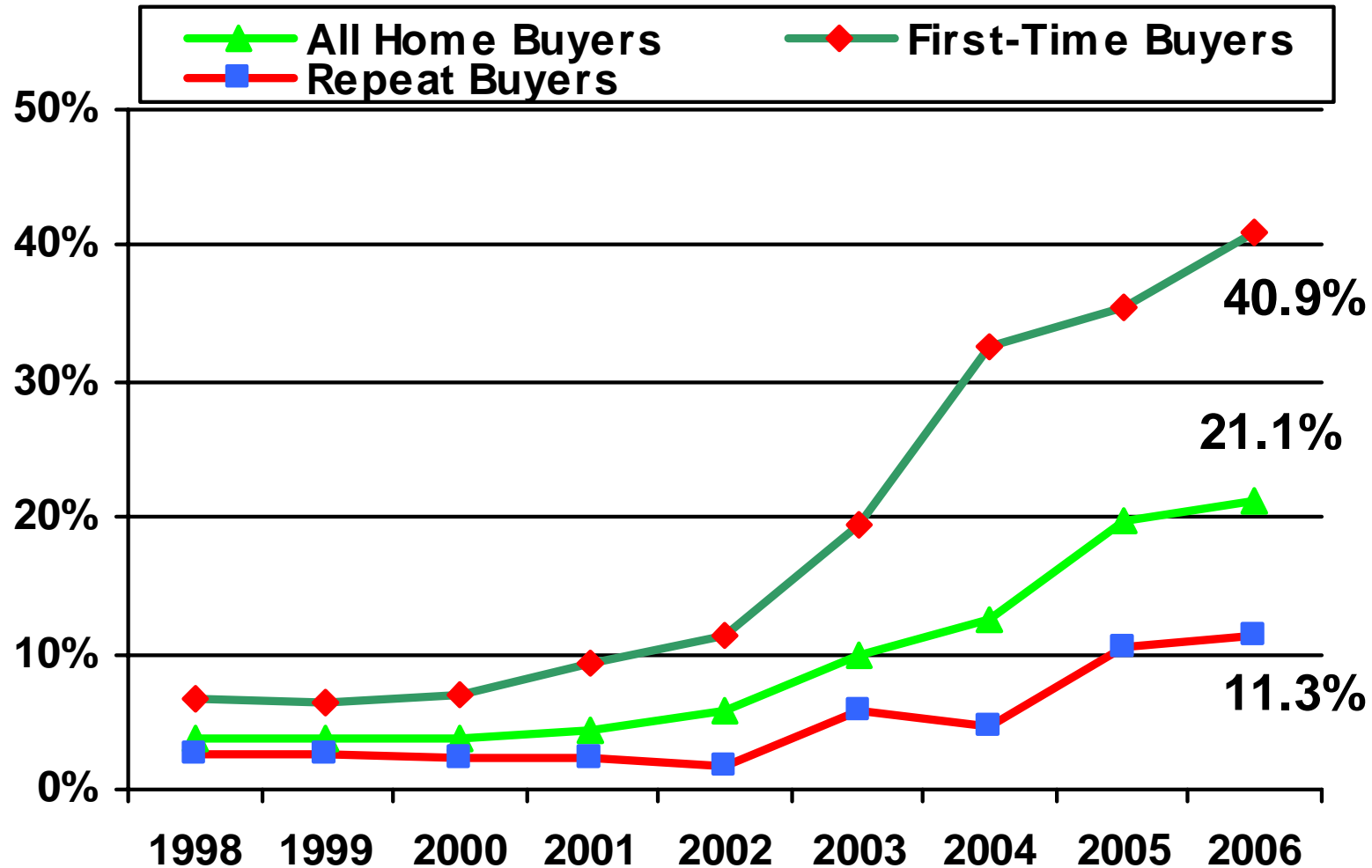
	2000	2001	2002	2003	2004	2005
SFH Resales (thousands)	535.5	504.0	572.6	601.8	624.7	625.0
% Change	-0.4%	-5.9%	13.6%	5.1%	3.8%	0.04%
Median Price (\$ thousands)	\$241.4	\$262.4	\$316.1	\$372.7	\$450.8	\$524.0
% Change	11.0%	8.7%	20.5%	17.9%	20.9%	16.2%
30 YR FRM	8.1%	7.0%	6.5%	5.8%	5.8%	5.9%
Rate of return	2.9%	1.7%	14.0%	12.1%	15.1%	10.3%

Source: C.A.R., 2008 Real Estate Market Forecast.



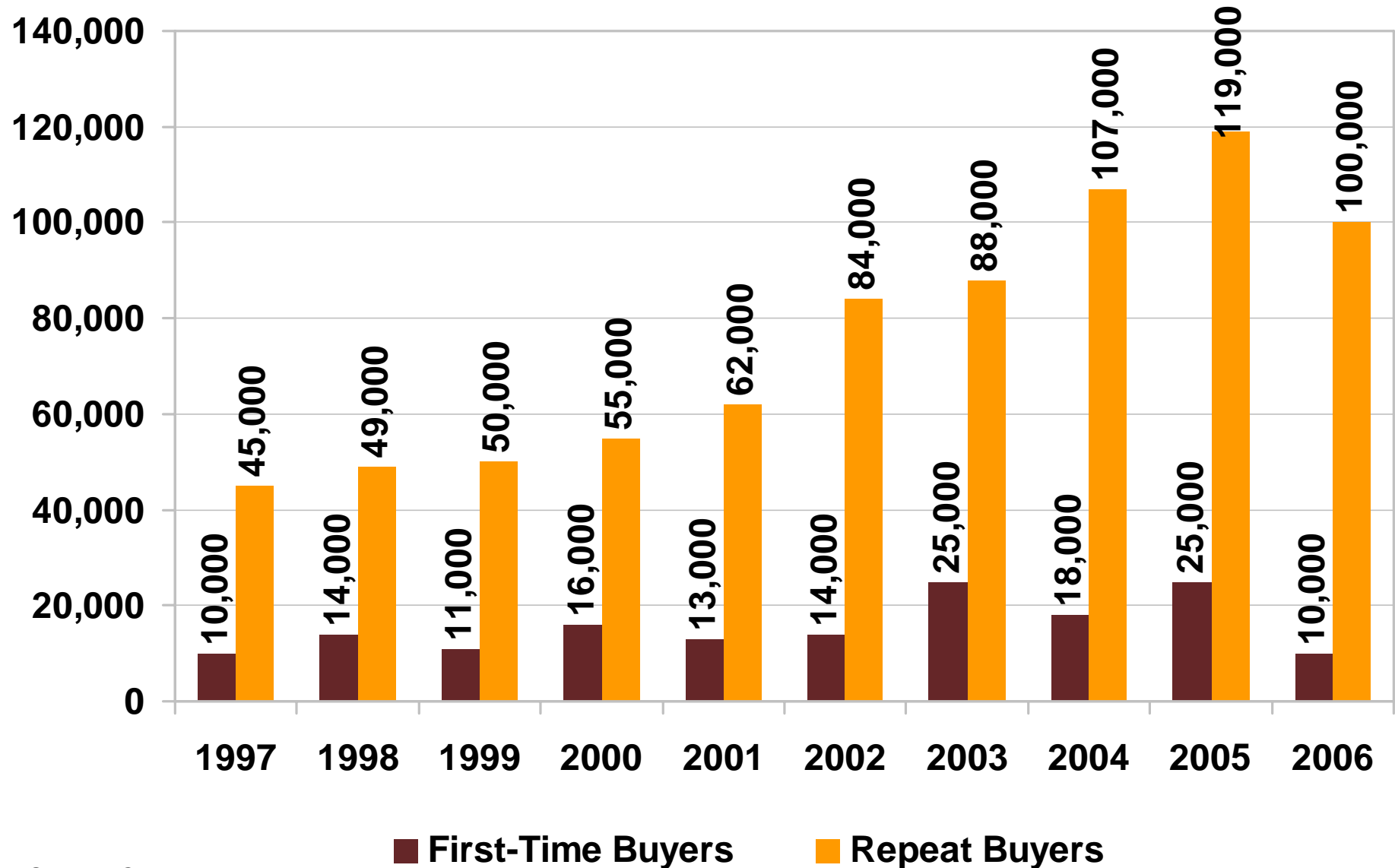
Percent of Buyers with Zero Down

First-Time Buyers vs. Repeat Buyers 1998-2006



Source: C.A.R., 2008 Real Estate Market Forecast.

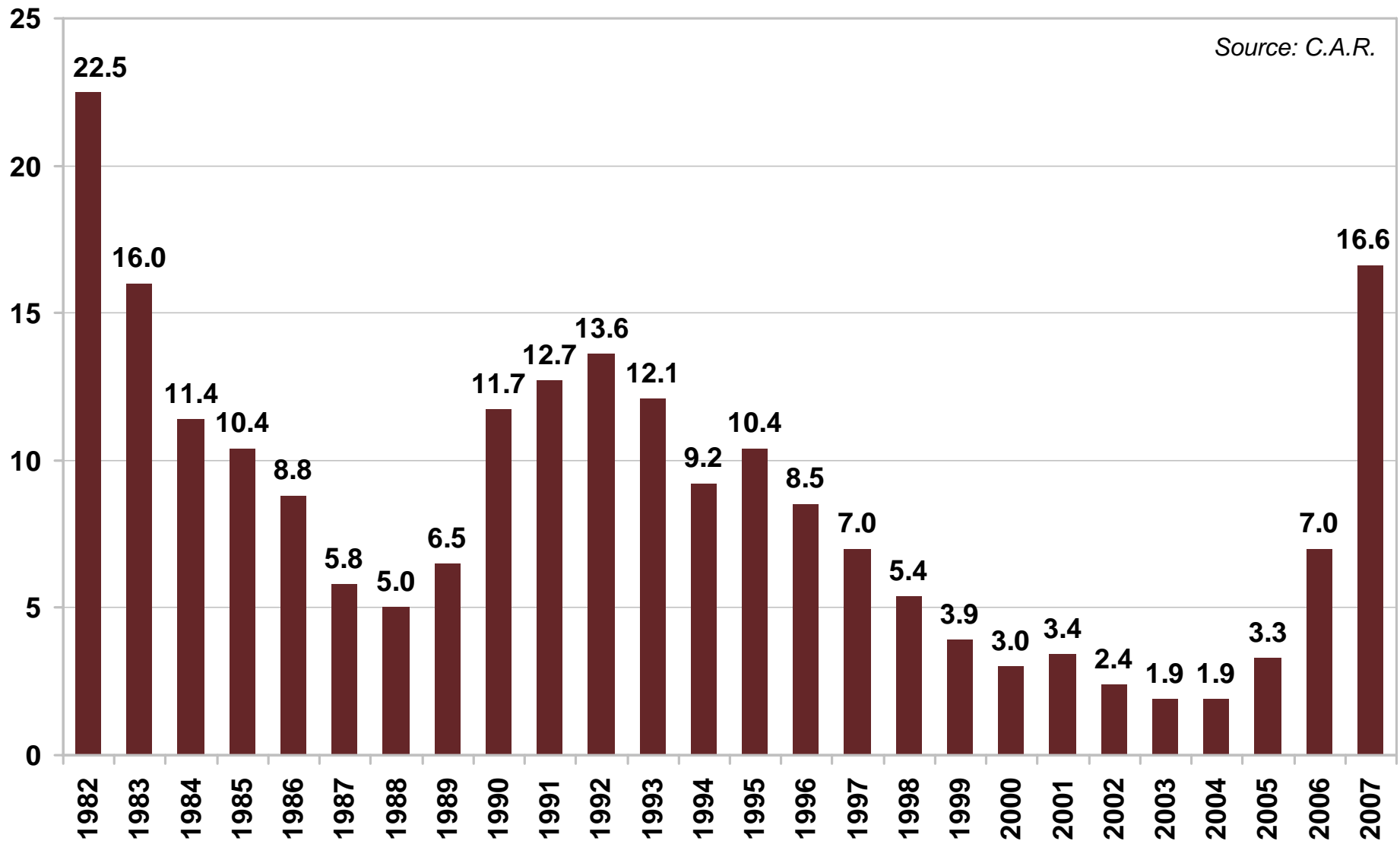
Median Down Payment



Source: C.A.R.

California Unsold Inventory

Single Family in months



U-Haul Price Chart

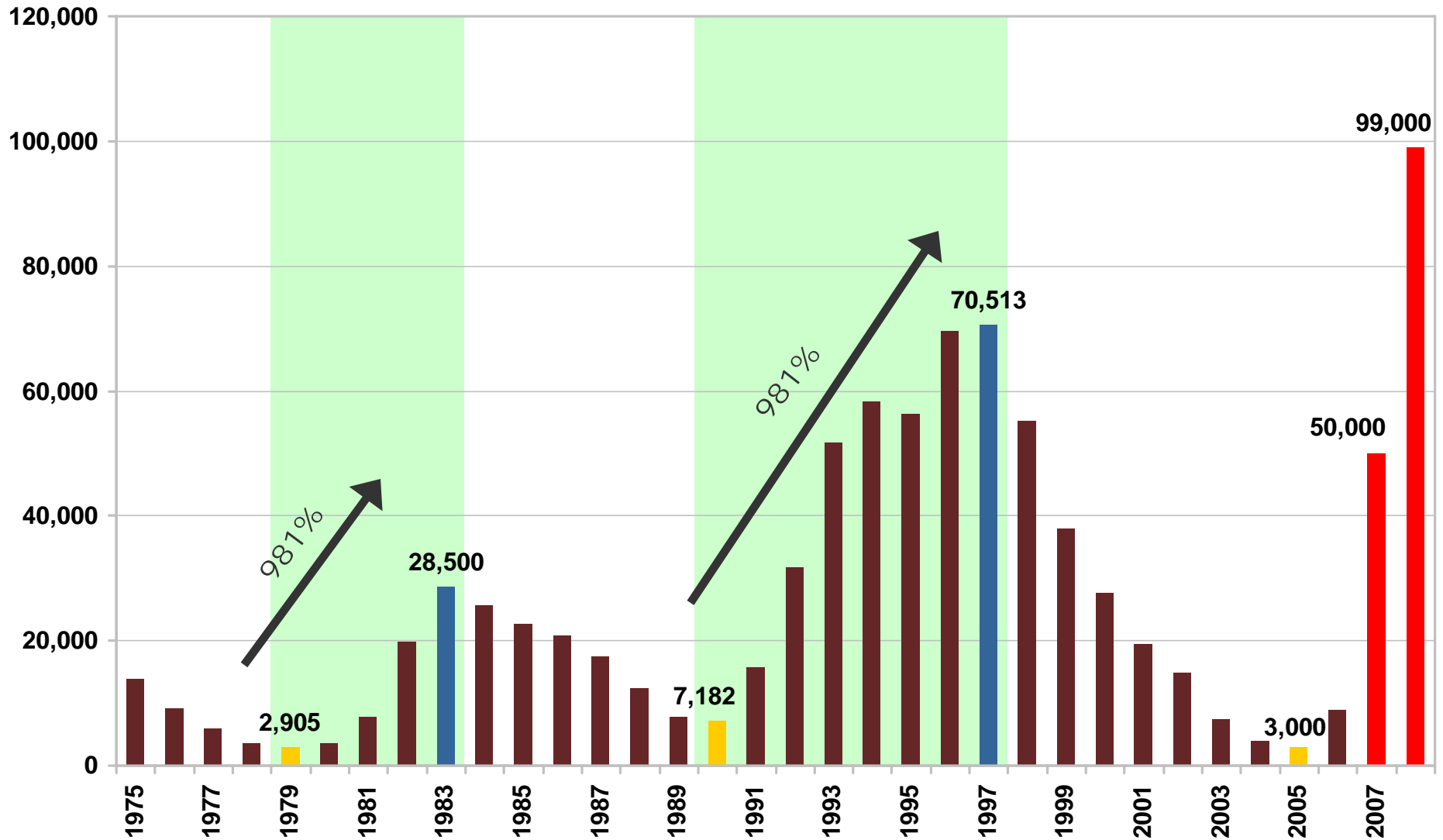
December 10, 2007



	From Pomona	To Pomona
Portland, OR	\$1,519.00	\$683.00
Salt Lake City, UT	\$899.00	\$302.00
Albuquerque, NM	\$534.00	\$757.00
Seattle, WA	\$2,318.00	\$896.00
Dallas, TX	\$1,390.00	\$421.00
Denver, CO	\$1,195.00	\$614.00
Phoenix, AZ	\$629.00	\$224.00

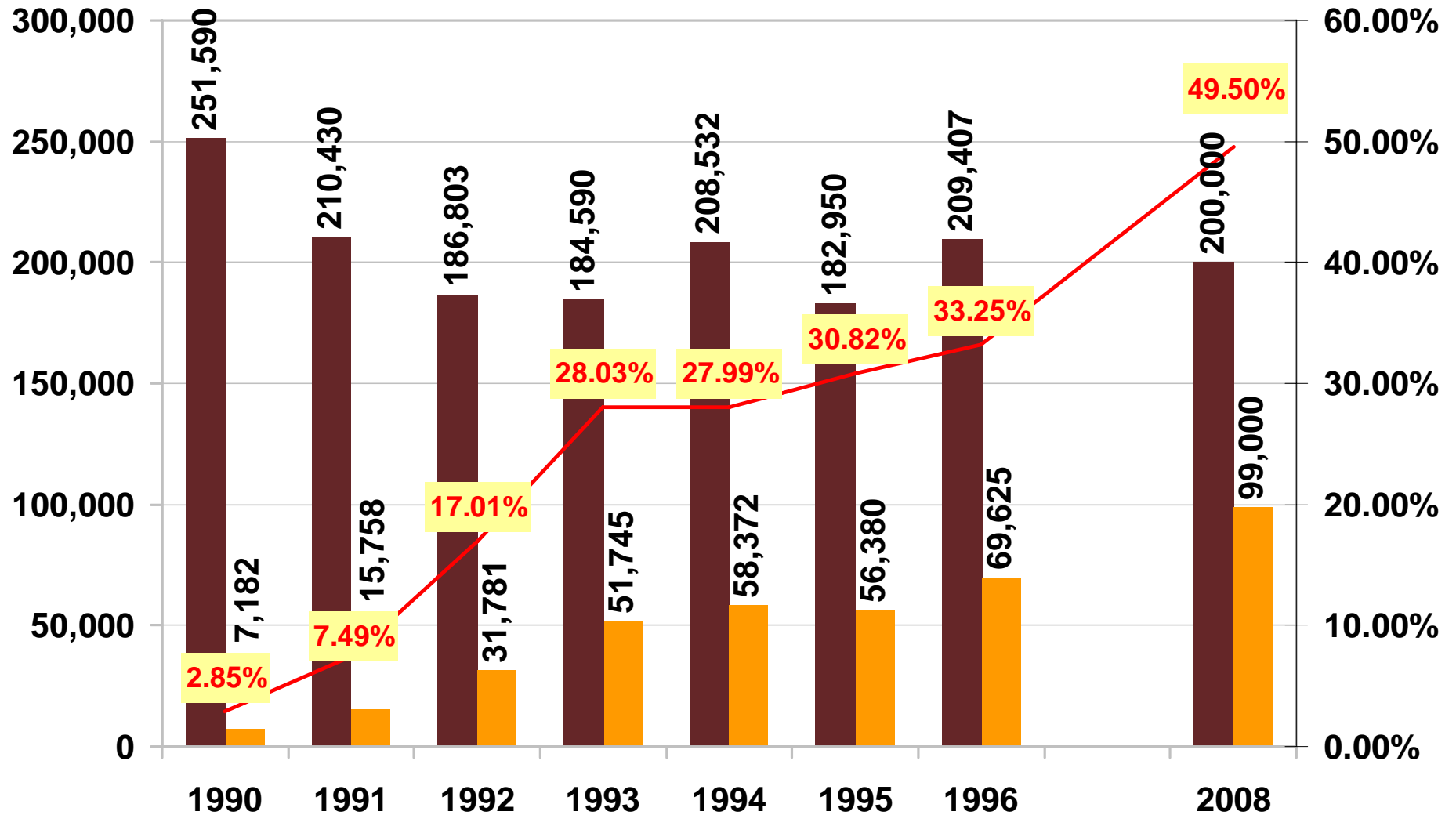
Trustees Deeds Recorded

Southern California



Source: Real Estate Research Council, Cal Poly Pomona.

Sales vs. Trustee Sales S. CA



Source: Real Estate Research Council, Cal Poly Pomona and C.A.R.

California Housing Market Forecast



	2003	2004	2005	2006	2007p	2008f
SFH Resales (thousands)	601.8	624.7	625.0	477.5	367.5	334.5
% Change	5.1%	3.8%	0.04%	-23.6%	-23.0%	-9.0%
Median Price (\$ thousands)	\$372.7	\$450.8	\$524.0	\$556.6	\$576.0	\$553.0
% Change	17.9%	20.9%	16.2%	6.2%	3.5%	-4.0%
30-Yr FRM	5.8%	5.8%	5.9%	6.4%	6.5%	6.5%
1-Yr ARM	3.8%	3.9%	4.5%	5.5%	5.5%	5.2%

Source: C.A.R., 2008 Real Estate Market Forecast.

C.A.R. Projections

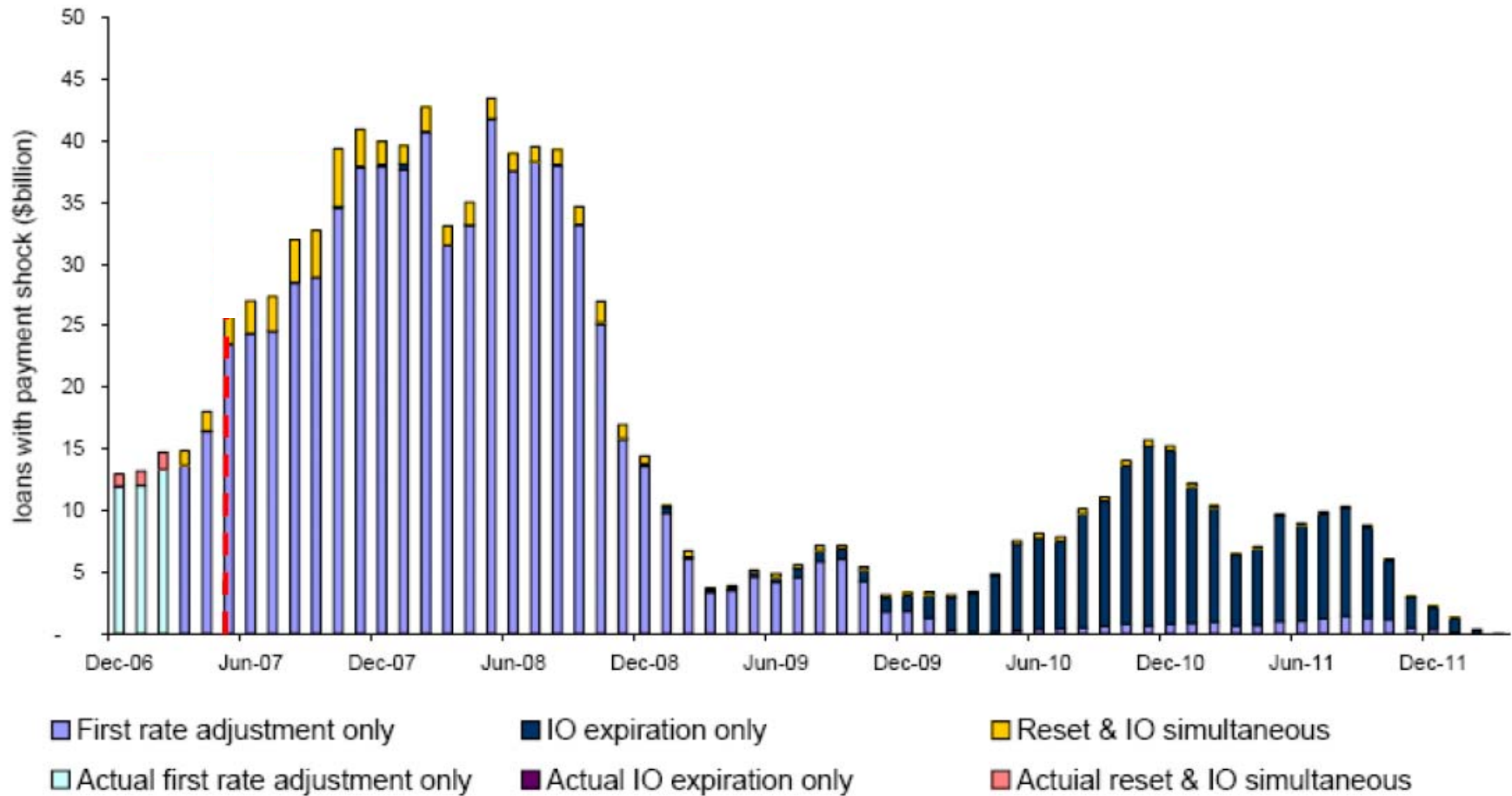


- **Sales for 2008** **334,500**
- **Trustee Sales** **159,656**
- **NODs** **290,284**
- **% of all California Sales vs. Trustee Sales** **47.73%**



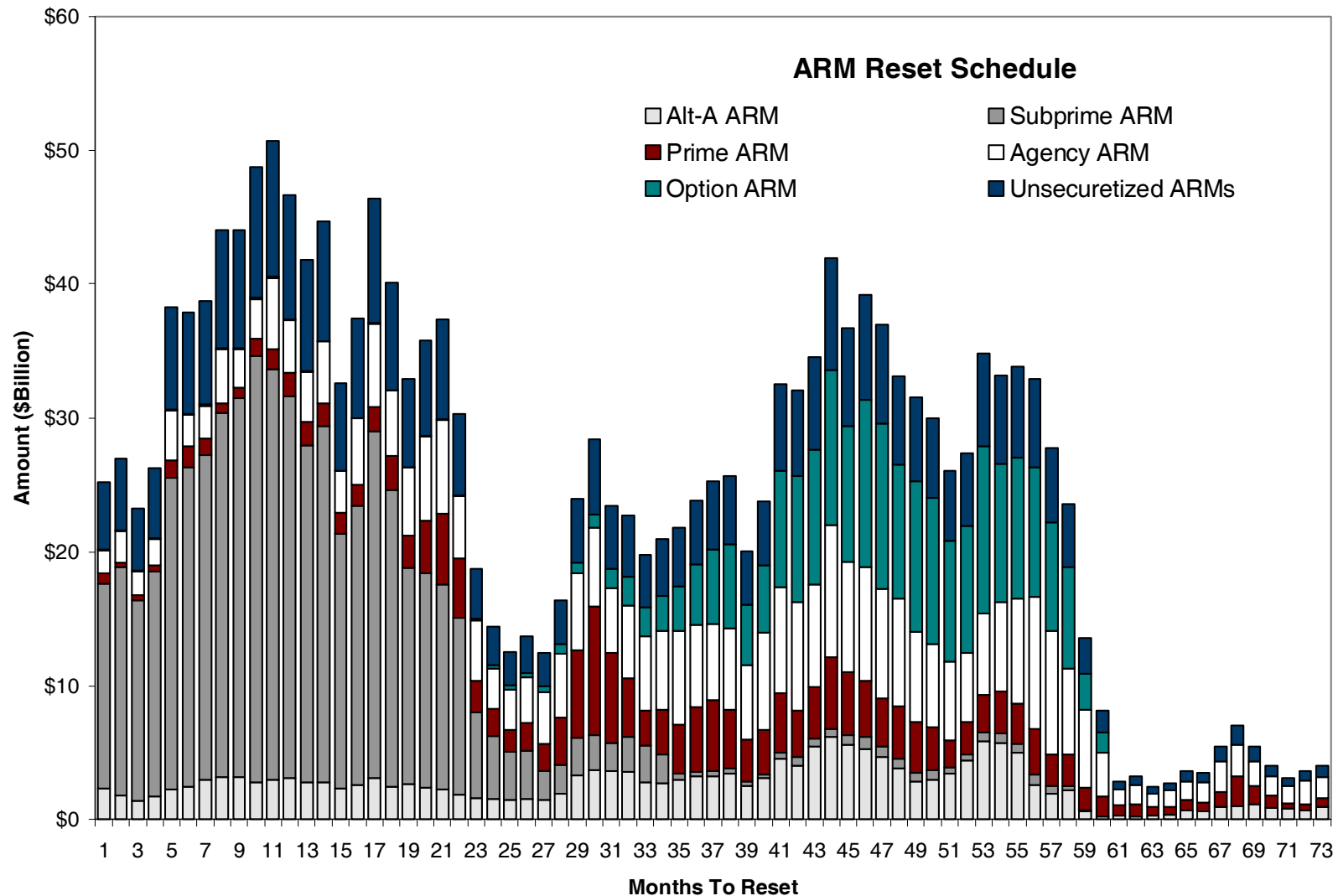
**CALIFORNIA
ASSOCIATION
OF REALTORS®**

~\$800 Billion of Subprime Mortgages to Reset



Source: LoanPerformance, Deutsche Bank.

Adjustable Rate Mortgage Reset Schedule



Source: Credit Suisse Fixed Income U.S. Mortgage Strategy. As of January 2007.

How Much Mortgage Payment Can Californians Afford



Households Earning...	Annual Income	Monthly Income	Affordable PITI @ 30% Debt-Inc. Ratio	Affordable PITI @ 40% Debt-Inc. Ratio	Affordable PITI @ 50% Debt-Inc. Ratio
200% of Median Income	\$108,300	\$9,025	\$2,707	\$3,610	\$4,512
150% of Median Income	\$81,200	\$6,768	\$2,031	\$2,707	\$3,384
125% of Median Income	\$67,700	\$5,640	\$1,692	\$2,256	\$2,820
Median Income	\$54,100	\$4,512	\$1,354	\$1,805	\$2,256
75% of Median Income	\$46,000	\$3,835	\$1,151	\$1,534	\$1,918

Source: C.A.R.

California Buyer "Mood" Chart



Year	Med Price	Loan Bal 20% down	PI	PITI	Annual Exp	Med Inc	Int	Mult	% of Med Inc
1980	\$99,600	\$79,680	893.89	998.30	\$11,979.55	\$21,200	13.2%	4.80x	55.50%
1989	\$197,000	\$157,600	1,383.05	1,544.41	\$18,532.92	\$34,100	10.0%	5.77x	54.35%
2005	\$520,000	\$416,000	2,494.13	2,785.44	\$33,425.33	\$60,379	6.0%	8.61x	55.36%
2007	\$530,830	\$424,664	2,546.08	2,843.21	\$34,118.49	\$64,563	6.0%	8.22x	52.84%

Source: California Crash, Bruce Norris.

California Buyer "Mood" Chart



Year	Med Price	Loan Bal 20% down	PI	PITI	Annual Exp	Med Inc	Int	Mult	% of Med Inc
1980	\$99,600	\$79,680	893.89	998.30	\$11,979.56	\$21,200	13.2%	4.8x	56.50%
1981	\$107,700	\$86,160	1089.44	1216.69	\$14,600.24	\$23,300	15.0%	4.62x	62.66%
1982	\$111,800	\$89,440	1152.40	1287.00	\$15,444.00	\$24,300	15.3%	4.60x	63.55%
1983	\$114,400	\$91,540	998.33	1114.93	\$13,379.72	\$25,200	12.8%	4.54x	53.09%
1984	\$114,300	\$91,440	997.90	1114.45	\$13,373.46	\$26,400	12.5%	4.33x	50.66%
1985	\$119,900	\$95,920	971.90	1085.42	\$13,025.01	\$29,000	11.8%	4.13x	44.91%
1990	\$193,800	\$155,040	1337.38	1493.59	\$17,923.03	\$35,800	9.8%	5.4x	50.00%
1991	\$200,700	\$160,560	1303.47	1455.71	\$17,468.58	\$37,050	9.1%	5.4x	47.15%
1992	\$197,000	\$157,600	1112.77	1242.74	\$14,912.90	\$38,150	7.6%	5.2x	39.00%
1993	\$188,200	\$150,560	961.56	1073.87	\$12,886.44	\$39,318	6.6%	4.8x	32.78%
1994	\$185,000	\$148,000	935.46	1044.72	\$12,536.66	\$40,600	6.5%	4.6x	30.88%
1995	\$178,200	\$142,560	977.35	1091.5	\$13,098.02	\$41,956	7.3%	4.3x	31.21%
1996	\$177,600	\$142,080	1022.79	1142.25	\$13,707.02	\$43,319	7.8%	4.1x	31.64%

Source: California Crash, Bruce Norris.

"It's only when the tide goes out that you learn who's been swimming naked."



Warren Buffet



Equipping California Investors for Tomorrow's Challenges