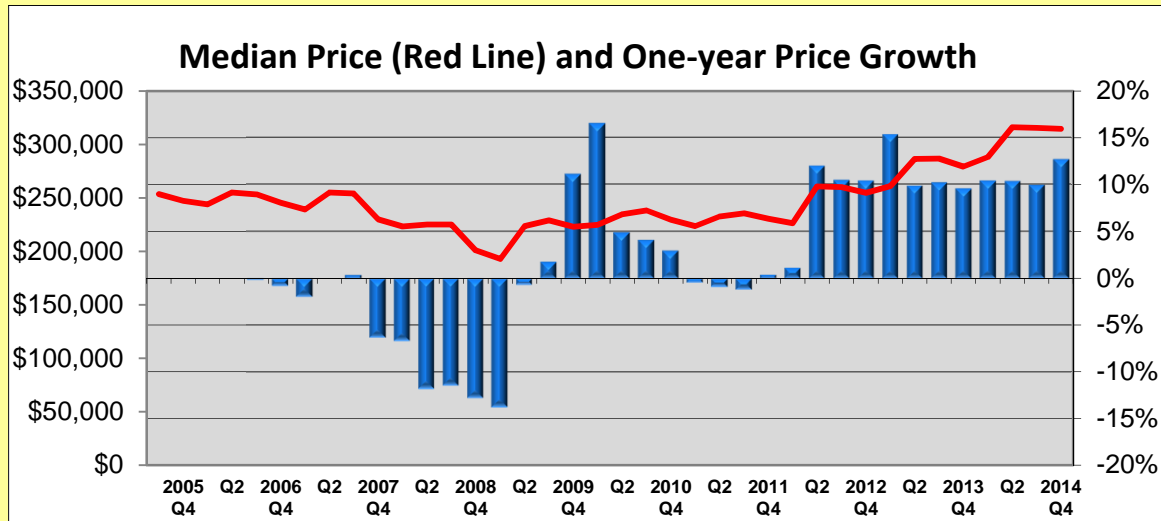


Denver-Aurora Area Local Market Report, Fourth Quarter 2014

Today's Market...



Local Price Trends			
Price Activity	Denver	U.S.	Local Trend
Current Median Home Price (2014 Q4)	\$314,800	\$208,067	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2014 Q4)	12.7%	5.7%	
3-year (12-quarter) Appreciation (2014 Q4)	36.5%	28.2%	
3-year (12-quarter) Housing Equity Gain*	\$84,100	\$45,733	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$84,700	\$600	
9-year (36 quarters) Housing Equity Gain*	\$67,300	-\$17,233	

*Note: Equity gain reflects price appreciation only

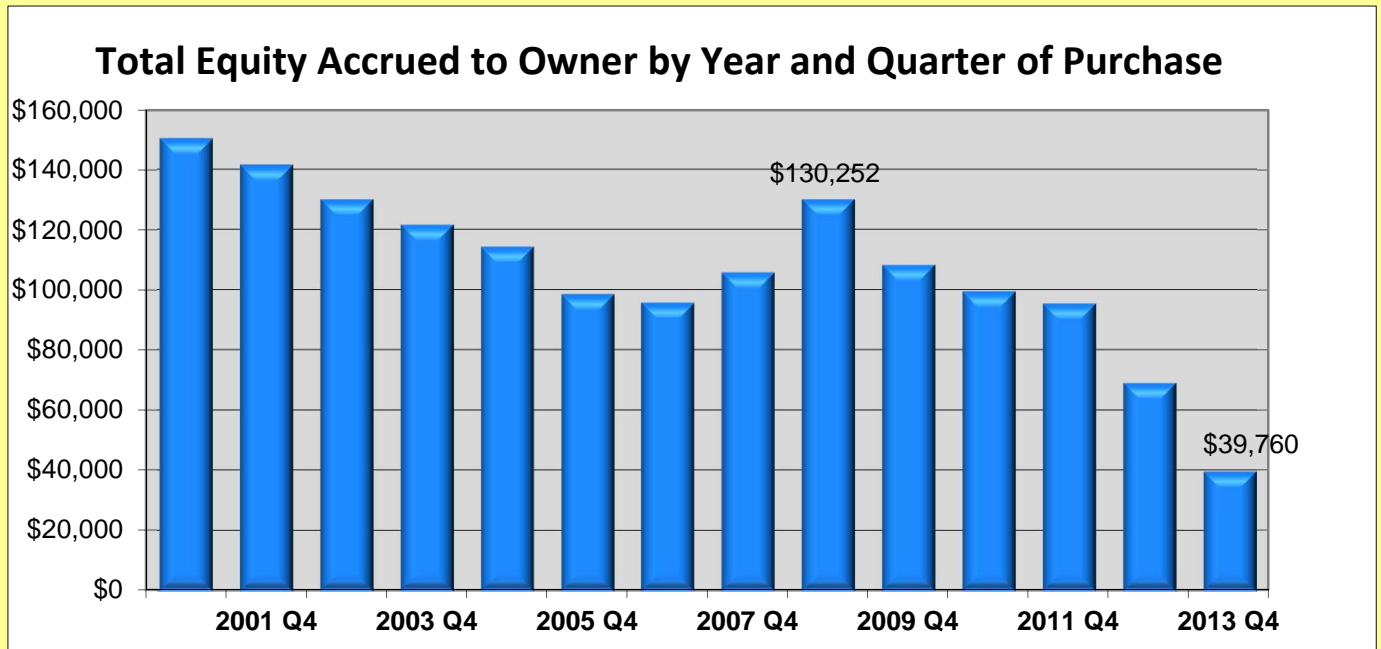
	Denver	U.S.	
Conforming Loan Limit**	\$424,350	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$424,350	\$625,500	
Local Median to Conforming Limit Ratio	74%	not comparable	

Note: limits are current and include the changes made in November of 2012 and extended in November of 2013

Local NAR Leadership

The Denver-Aurora market is part of region 11 in the NAR governance system, which includes all of Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada. The 2015 NAR Regional Vice President representing region 11 is Linda Rheinberger.

Benefits of Ownership: Total Equity Appreciation



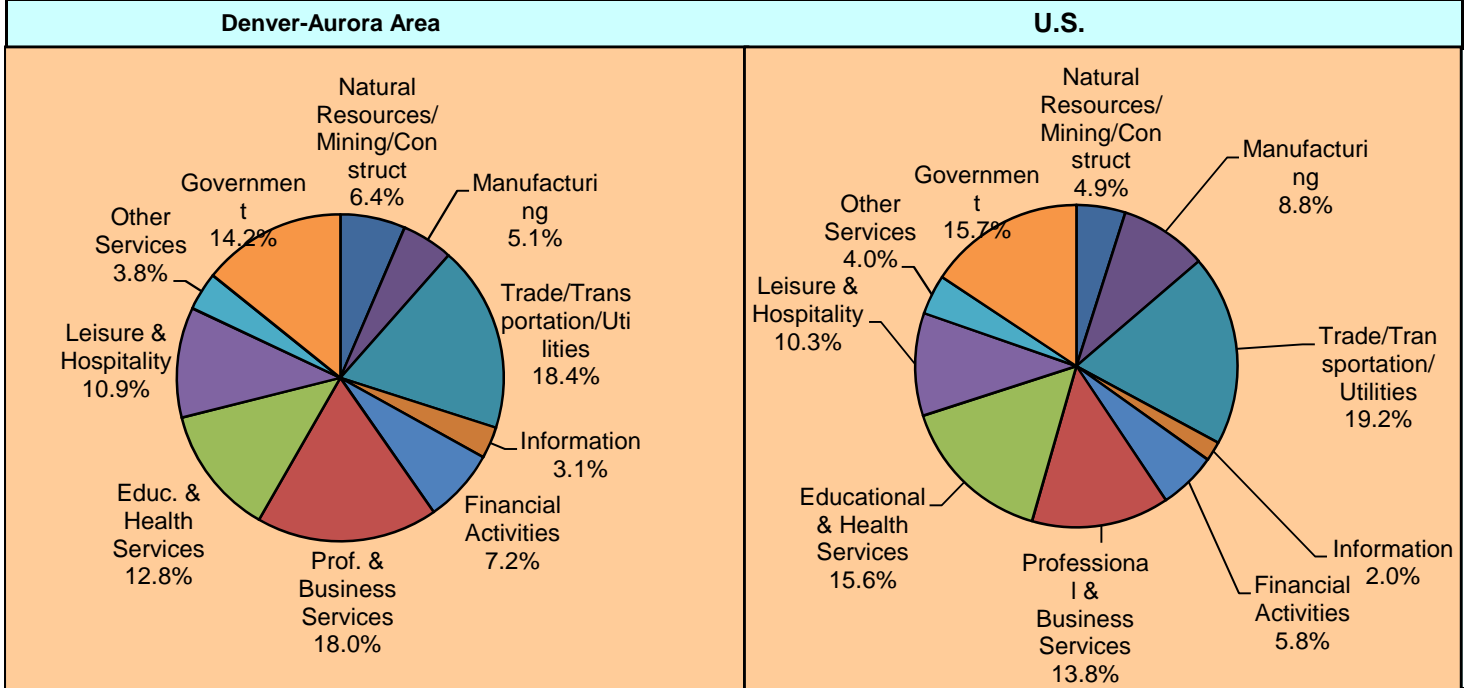
Total Equity Gained** through 2014 Q4 from quarter in which home was of purchased			
Price Activity	Denver	U.S.	Local Trend
1-year (4-quarter)	\$39,760	\$14,170	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$95,644	\$53,857	
5-year (20-quarter)*	\$108,511	\$48,036	
7-year (28 quarters)*	\$105,961	\$13,870	
9-year (36 quarters)*	\$98,715	\$2,822	
If purchase in 2005, the national price peak	\$98,715	\$2,822	

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

Drivers of Local Supply and Demand...

Local Economic Outlook	Denver	U.S.	
12-month Job Change (Dec)	43,600	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Nov)	39,000	Not Comparable	
36-month Job Change (Dec)	124,300	Not Comparable	Unemployment in Denver is better than the national average and improving
Current Unemployment Rate (Dec)	3.9%	5.6%	
Year-ago Unemployment Rate	5.7%	6.7%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	3.3%	1.9%	

Share of Total Employment by Industry



12-month Employment Change by Industry in the Denver-Aurora Area (Dec - 2014)

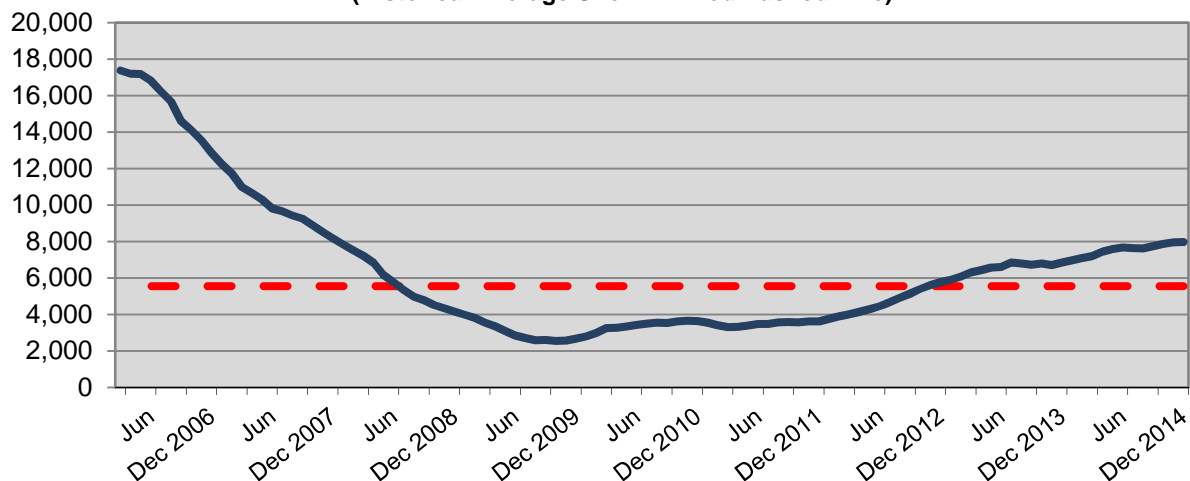
Goods Producing	NA	Information	-800
Natural Resources/Mining/Construction	6,800	Financial Activities	2,400
Natural Resources and Mining	NA	Prof. & Business Services	7,000
Construction	NA	Educ. & Health Services	10,100
Manufacturing	4,700	Leisure & Hospitality	7,300
Service Providing Excluding Government	NA	Other Services	-100
Trade/Transportation/Utilities	1,300	Government	4,900

State Economic Activity Index	Colorado	U.S.	
12-month change (2014 - Dec)	4.1%	3.5%	Colorado's economy is stronger than the nation's, but slowed from last month's 4.14% change
36-month change (2014 - Dec)	13.4%	9.6%	

New Housing Construction

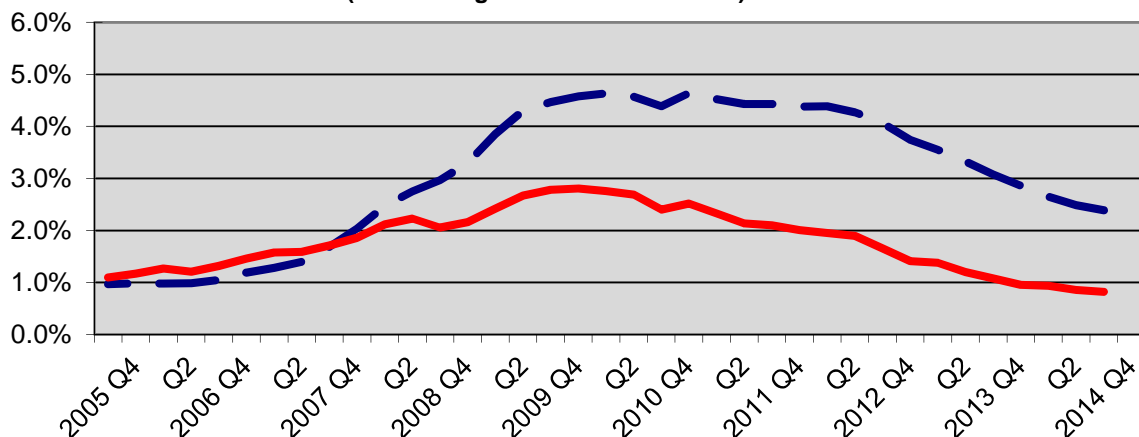
Local Fundamentals	Denver	U.S.	
12-month Sum of 1-unit Building Permits through Dec 2014	7,968	not comparable	The current level of construction is 43.3% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	5,562	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built
Single-Family Housing Permits (Dec 2014) 12-month sum vs. a year ago	16.3%	1.4%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

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



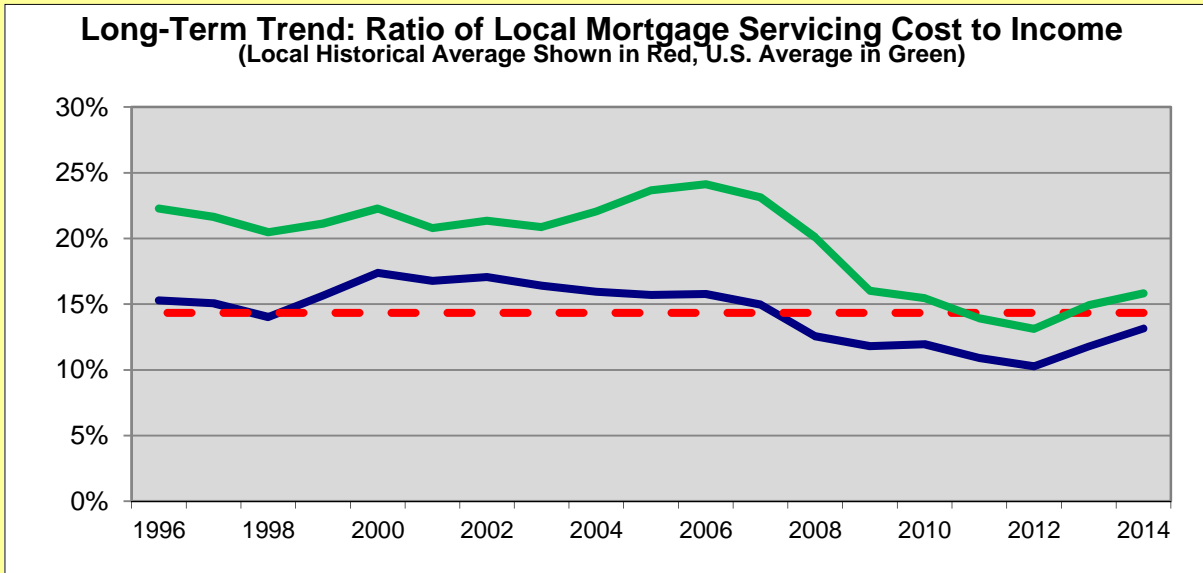
While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

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

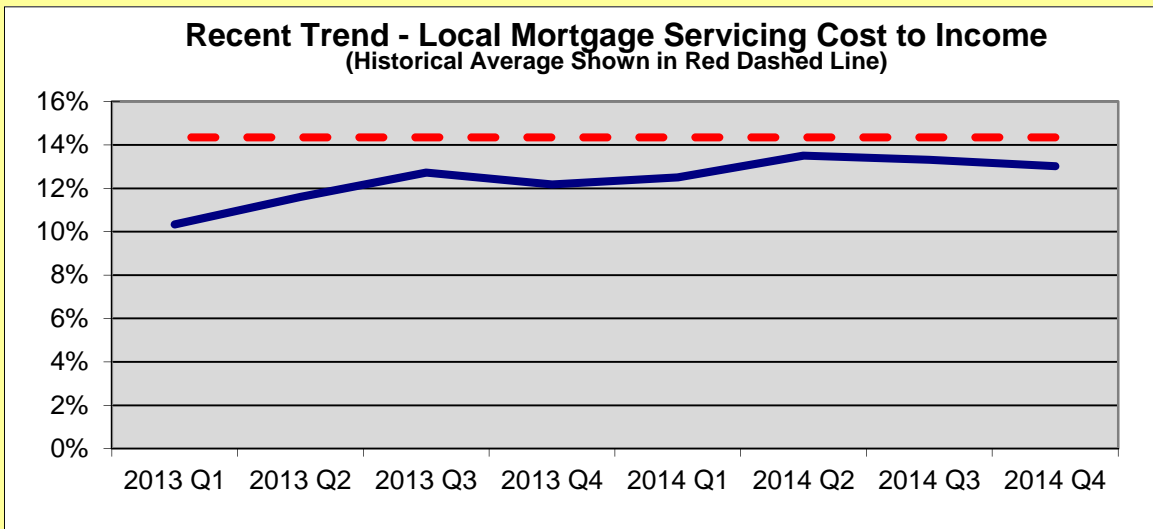


Source: Mortgage Bankers' Association

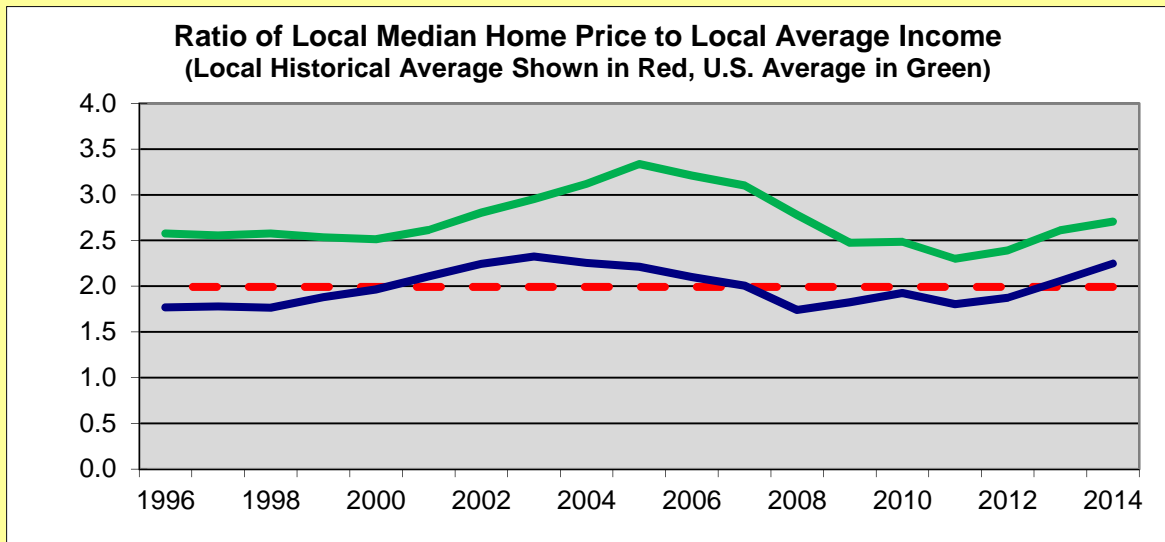
Affordability



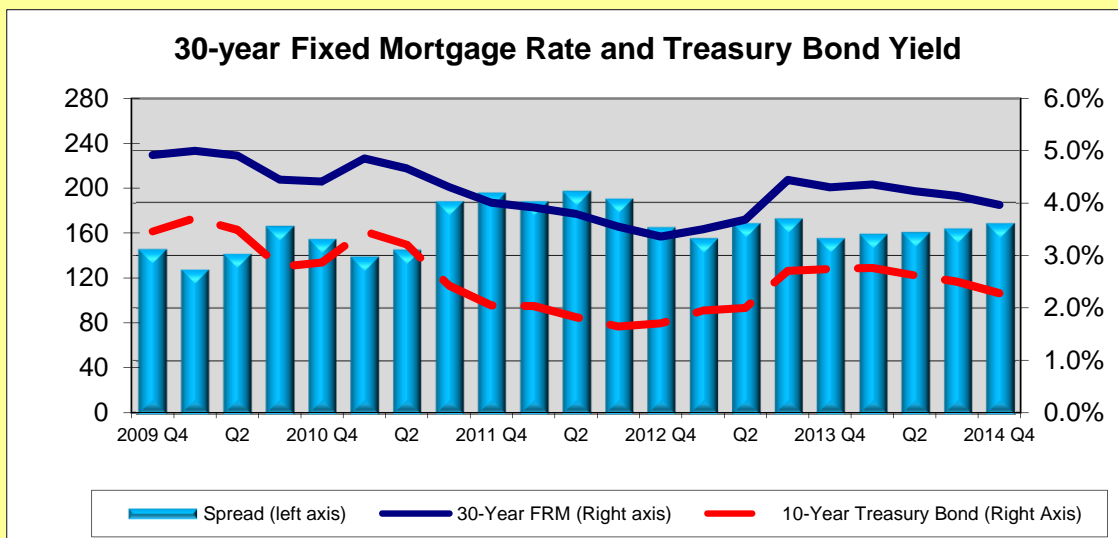
Monthly Mortgage Payment to Income	Denver	U.S.	
Ratio for 2014	13.2%	15.8%	Historically strong and an improvement over the third quarter of 2014
Ratio for 2014 Q4	13.0%	15.1%	
Historical Average	14.3%	20.0%	More affordable than most markets



Median Home Price to Income	Denver	U.S.	
Ratio for 2014	2.2	2.7	The price-to-income ratio eased, but could be better
Ratio for 2014 Q4	2.3	2.6	
Historical Average	2.0	2.7	Affordable compared to most markets

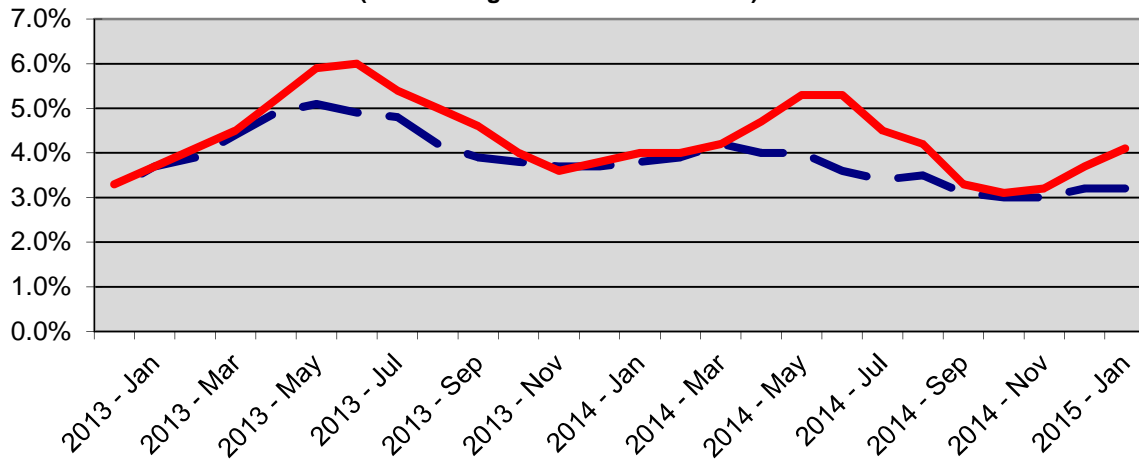


The Mortgage Market



Concern over a spike in rates following the end of the Fed's support for mortgage rates proved wrong as mortgage rates eased in the 4th quarter. The Fed's support had dwindled to low levels that were overwhelmed by counter veiling factors. Economic weakness in Europe, renewed Russian aggression in the Ukraine, and falling gas prices pushed the average rate on a 30-year fixed rate mortgage to its lowest level since before the market's "taper tantrum" in the spring of 2013. The average rate for a 30-year fixed rate mortgage in the 4th quarter was 3.97% according to Freddie Mac's Primary Mortgage Market Survey. Treasury rates outpaced mortgage rates downward and the spread widened for the second consecutive quarter to normal investor reluctance in the face of increased refinancing. Though there was no immediate spike in rates following the end of the Fed's long-term bond purchase program (QE3), rates are likely to rise as the economy improves. Concern lingers over who will take up the slack in demand for MBS with the Fed's exit, but economic weakness is likely to reign in the near term. Over the long-term, without the Fed's purchases, rates are likely to rise more steadily and the increases are likely to be more volatile once economic growth resumes. NAR is forecasting an average 30-year fixed rate of 4.2% for 2015, but to rise to 4.7% in the 4th quarter of 2015 and to average 5.3% for 2016.

REALTOR® Price Expectations for the Next 12 Months (U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Colorado	U.S.	
2015 - Jan	4.1%	3.2%	REALTORS® expect higher price growth in Colorado than in the U.S. in the next 12 months but their price expectations for the local market remained at the same level as a year ago.
Prior 12 months	4.1%	3.6%	



Geographic Coverage for this Report

The Denver area referred to in this report covers the geographic area of the Denver-Aurora 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:

Adams County, Arapahoe County, Broomfield County, Clear Creek County, Denver County, Douglas County, Elbert County, Gilpin County, Jefferson County, and Park County

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