

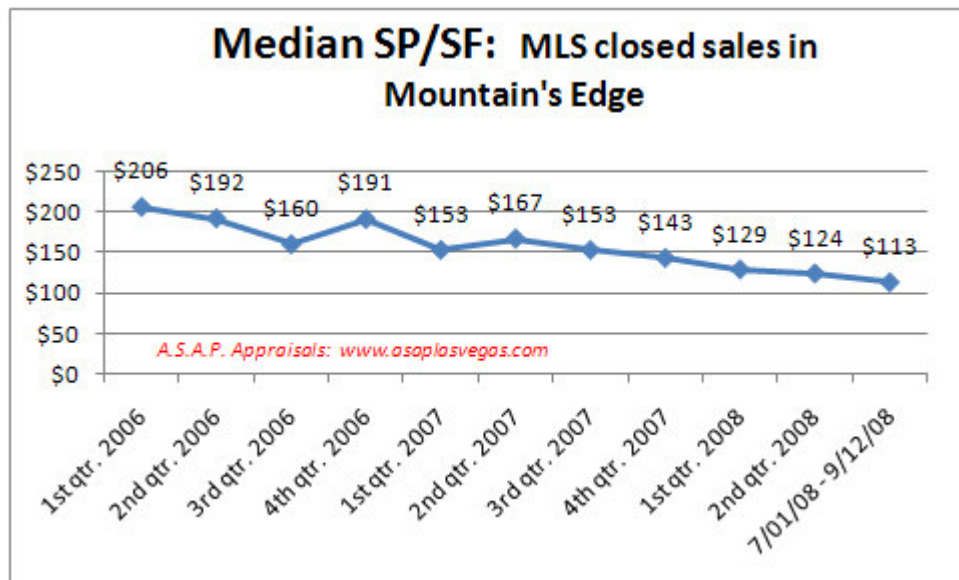
Sales in Mountain's Edge since January 2006:

MLS data for single-family residences in Mountain's Edge show the following figures from 1/01/06 – 9/12/08:

Time Period	Median SP	Median SF	Median SP/SF	Median DOM	# Total Sales	# REO Sales	# Short sales	# New constr.	# Nondisp. Sales
1st qtr. 2006	\$590,000	3,514	\$206	23	3	not calc.	not calc.	not calc.	not calc.
2nd qtr. 2006	\$473,938	2,697	\$192	37	42	not calc.	not calc.	not calc.	not calc.
3rd qtr. 2006	\$345,165	2,253	\$160	22	105	not calc.	not calc.	not calc.	not calc.
4th qtr. 2006	\$490,000	2,844	\$191	56	33	not calc.	not calc.	not calc.	not calc.
1st qtr. 2007	\$262,577	1,835	\$153	31	42	not calc.	not calc.	not calc.	not calc.
2nd qtr. 2007	\$434,995	2,603	\$167	64	28	not calc.	not calc.	not calc.	not calc.
3rd qtr. 2007	\$262,577	1,835	\$153	31	42	5	1	30	6
4th qtr. 2007	\$251,231	1,795	\$143	27	64	10	1	49	4
1st qtr. 2008	\$265,000	1,880	\$129	42	65	22	5	36	2
2nd qtr. 2008	\$286,700	2,335	\$124	53	110	65	12	30	3
7/01/08 - 9/12/08	\$273,000	2,412	\$113	26	115	80	13	19	3

* median figures are used to eliminate the skewing of "averages" that can arise from extraordinarily high or low values

The median sale price per square foot is depicted below:



MLS data clearly indicates a decline in market conditions in Mountain's Edge in the 1st half of 2008, with the median sale price/square foot in this submarket decreasing to \$129 in the 1st quarter and to \$124 in the 2nd quarter from \$143 in the 4th quarter 2007. This decline can be largely attributed to the rise in percentage of sales that were bank-owned or short sale properties.

The presence of a significant number of REO and short sale properties has had the effect throughout most of the Las Vegas metropolitan market of lowering values of both types of offerings, "dispositional" (i.e. REO and short sales) and "nondispositional" (which, for purposes of this report, includes employee relocation properties, though it is acknowledged that these are typically priced more competitively than other offerings by private party sellers not in financial distress).

MLS data was used to examine the degree of bank-owned (REO) and short sale properties in Mountain's Edge, both recent sales as well as current offerings. Beginning in the 2nd half of 2007, REO properties and short sales began representing a greater share of the total sales in most submarkets, Mountain's Edge included. In Mountain's Edge, there were 16 MLS-reported sales of REO properties in the second half of 2007, out of the total 106 reported sales (approximately 15%). During this time period, there were only 2 reported short sales (approximately 2%), 79 sales of new construction (approximately 75%), and 9 "nondispositional" re-sales.

Recent Sales by sale type:

MLS-reported SFR Sales in Mountain's Edge in 2008 to date:

PROPERTY	TIME PERIOD	MEDIAN SALE PRICE	# OF SALES	MEDIAN SQ. FT.	MEDIAN SP/SF
REO	1st quarter	\$ 338,450	22	3,044	\$ 120
Short Sale	1st quarter	\$ 415,000	5	3,790	\$ 139
New construction	1st quarter	\$ 253,995	36	1,601	\$ 135
"Nondispositional" re-sale	1st quarter	\$ 302,450	2	2,194	\$ 137
REO	2nd quarter	\$ 311,000	65	2,404	\$ 118
Short Sale	2nd quarter	\$ 306,000	12	2,486	\$ 131
New construction	2nd quarter	\$ 216,105	30	1,571	\$ 129
"Nondispositional" re-sale	2nd quarter	\$ 302,000	3	2,446	\$ 135
REO	7/01/08 - 9/12/08	\$ 289,000	80	2,505	\$ 110
Short Sale	7/01/08 - 9/12/08	\$ 309,000	13	2,870	\$ 108
New construction	7/01/08 - 9/12/08	\$ 217,176	19	1,596	\$ 129
"Nondispositional" re-sale	7/01/08 - 9/12/08	\$ 415,000	3	3,132	\$ 133

The percentages* of each type of sale, per quarter, is shown in the table below:

PROPERTY	1ST QUARTER	2ND QUARTER	7/01/08 - 9/12/08
REO	34%	59%	70%
Short Sale	8%	11%	11%
New construction	55%	27%	17%
Nondispositional re-sale	3%	3%	3%

* not all columns' figures add to 100%, due to rounding to nearest percentages

Closed REO and short sales in Mountain's Edge in the 1st quarter 2008 comprised **42%** of total sales; in the 2nd quarter, they represented a combined **70%** of all MLS-reported sales. In the 3rd quarter to date, REO and short sale properties have comprised **81%** of all sales. It is clear that the level of sales of REOs and short sale properties in Mountain's Edge has been steadily increasing so far this year. Nondispositional re-sales have remained fairly steady, at approximately 3% of all MLS-reported sales throughout 2008 to date. Sales of new construction properties offered for sale on the MLS have drastically decreased as a percentage of overall MLS-reported sales in 2008 to date: in the 1st quarter, new construction represented 55% of these sales, and in the current 3rd quarter, are representing approximately 17% of all sales. However, it is noted that not all of the active builders presently in Mountain's Edge are offering properties on the MLS. Therefore, the levels of new construction sales and offerings, as reported in MLS records, actually are less than actual levels.

The vast increase in the numbers, and percentages, of REOs and short sales in Mountain's Edge so far in 2008 is the key reason for the decline in median sale price during each quarter this year (\$129 in the 1st quarter, \$124 in the 2nd quarter, and \$113 to date in the 3rd quarter).

It appears that the level of REO and short sales (197, or approximately 68% of the total 290 MLS-reported sales) that have closed in the subject's submarket to date in 2008 is about average when compared to the overall Las Vegas metropolitan area.

Increasing Rate of Sales:

One **highly positive** factor in the Mountain's Edge market is the increasing rate of sales that has occurred this year, especially as compared with 2007:

TIME PERIOD	# OF SALES
1st half 2007	61
2nd half 2007	106
1st half 2008	175
7/01/08 - 9/12/08	115

The rate of sales in Mountain's Edge began to increase in the 2nd half of 2007 (rate of 17.7 closed sales per month), and has continued to increase to date in 2008. During the 1st half of 2008, there was an average of 29 closed sales per month, and, in the 3rd quarter to date (2.4 months), the amount of closed sales has averaged almost 48 per month. Sales in the 1st half of 2008 alone exceeded the total number of sales in the entire year of 2007, and it appears that the rate of sales is still increasing. In addition, there are currently another 143 properties in Mountain's Edge that are presently under contract (as further detailed in following section), which, when added to the 290 sales that have already closed this year, appears to indicate that **this year's sales will exceed 400** in number. The only downside to this increasing rate of sales is that it appears a very high proportion of 2008 sales will likely be REO and short sale properties (as this level has been steadily increasing each quarter this year); however, it is necessary to reduce the levels of these particular properties in order for this market to return to more stable conditions. Also, with the overall 2008 rate of closed sales per month (290 sales/8.4 months = 35 closed sales per month, rounded), there is approximately a 11.1 month supply of housing being offered for sale (given the 389 active MLS listings found in this market - more information about this follows). At the rate of the 3rd quarter 2008 closed sales to date (almost 48/month), **the 389 active listings represent only a little more than 8 months' supply**. Again, though, this is in addition to the housing inventory that is being offered for sale directly by some builders in the community.

Currently Active MLS listings:

Out of the total 389 active MLS listings in Mountain's Edge, 136 are REO properties and there are 178 properties reported as anticipated short sales; together, these comprise almost 81% of the housing presently offered for sale on the MLS in Mountain's Edge. These active listings (including 48 "pending" sales and 95 "contingent" sales) are shown below.

Active MLS Listings in Mountain's Edge:

PROPERTY	# OF LISTINGS	MEDIAN LIST PRICE	MEDIAN SF	MEDIAN LIST PRICE/SF
REO	136 total 35 pending 47 contingent	\$ 249,900	2,356	\$ 107
Short Sales	178 total 2 pending 45 contingent	\$ 260,000	2,233	\$ 113
New construction	34 total 7 pending 2 contingent	\$ 256,648	1,848	\$ 143
Nondispositional re-sales	39 total 4 pending 1 contingent	\$ 350,000	2,576	\$ 154

Currently Active MLS listings: (continued)

The median sale price/square foot for REO sales in 2008 has declined from \$120 in the 1st quarter to \$118 in the 2nd quarter, and to \$110 in the 3rd quarter to date. The data in the table above shows that the current median list price/square foot for REO properties (\$107) in Mountain's Edge is below the 3rd quarter median sale price/square foot of \$110, indicating that downward price pressure for REO properties is continuing in this market. The MLS data for all other categories (short sales, new construction, and nondispositional re-sales) is less conclusive, due to the smaller amounts of data available in each of these categories as compared on a quarterly basis for this year.

Approximately 60% of the available REO active listings (82 out of 136) are reportedly under contract, approximately 26% of short sale properties (47 of 178) are under contract, 26% of new construction offerings (9 of 34) are under contract, yet only about 13% of the nondispositional re-sale properties are under contract - which indicates that there still remains far more buyer interest in the lower-priced REO and short sale offerings than nondispositional re-sales, as is true throughout this metropolitan area. In addition, new construction offered in Mountain's Edge has a lower median list price/square foot (\$143) than found in the nondispositional re-sale offerings (\$154).

An alarming statistic in this market is the high level of short sale offerings for sale: there are currently 178 properties being offered as anticipated short sales, and there have been only 30 closed sales of short sale properties in this community to date this year. This level of short sale inventory indicates to the appraiser that many of these offerings will very likely not end up selling prior to foreclosure - thereby adding to the future REO inventory in this market. This high level of currently active short sale offerings is also being found in the vast majority of other markets in the Las Vegas metropolitan area, indicating that this problem will be experienced valley-wide.

Conclusion:

It is clear that there are some mixed indicators in the subject's current market: the rate of sales to date in 2008 has vastly increased from 2007 (34.5 closed sales/per month versus 13.9 on an annual basis, respectively), and this rate of sales appears to be increasing during each quarter to date this year (almost 48 closed sales per month to date in the 3rd quarter). The supply of housing for sale, that is listed on the MLS, is at a fairly reasonable level of supply; however, there are additional new construction offerings by builders in this market as well. Likewise, though, all of the sale figures used in this report do not include such direct builder sales, so the level of sales in this community is actually higher than found in MLS records. However, there is presently a very large proportion of short sale properties offered for sale, in addition to REO properties (together comprising almost 81% of the active MLS listings, and 75% of the listings that are not under contract. It is very likely that many, if not the majority, of the current short sale offerings will become foreclosures in the next 3 to 6 months; however, it is possible that some of these future foreclosures may be avoided if lenders begin to refinance mortgages at reduced principal amounts, pursuant to the legislation that goes into effect on October 1st. The impact of this legislation, and legislation that is presently being written, remains to be seen.

DISCLAIMER: This data is based on information from the Greater Las Vegas Association of REALTORS® (GLVAR) Multiple Listing Service (MLS). This information is deemed reliable but is not guaranteed. To properly calculate the amounts of REO and short sale listings and recent sales for this report, each property's listing has been reviewed by the author of this report.