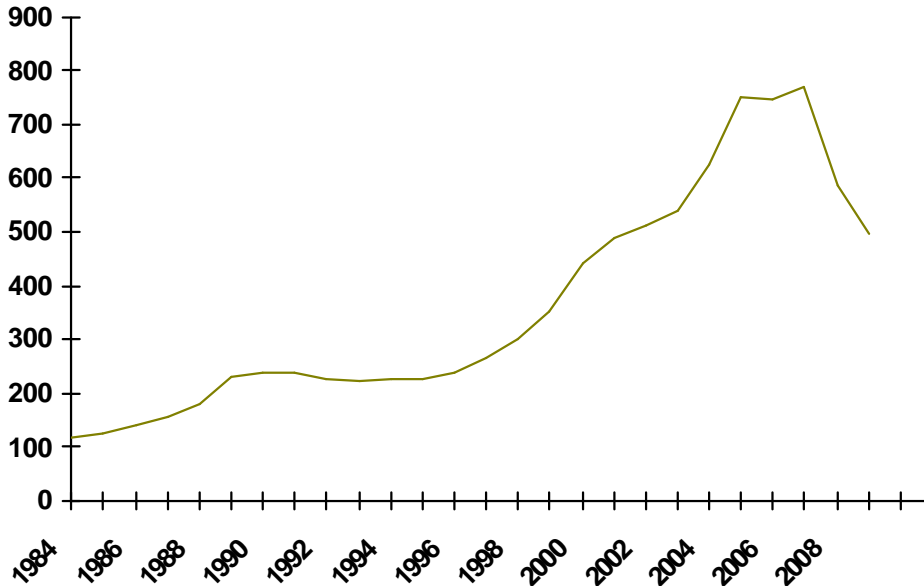


SANTA CRUZ COUNTY HOUSING PRICES

(MEDIAN SALE PRICES FOR S.F.R.'S-SANTA CRUZ COUNTY)

GRAPH (EXPRESSED IN THOUSANDS)



MARKET SUMMARY (MEDIAN SALE PRICES):

Year	Median Price	Year	Median Price	Year	Median Price
1984	\$115,000	1994	\$225,000	2004	\$626,000
1985	\$123,000	1995	\$225,000	2005	\$750,000
1986	\$140,000	1996	\$236,500	2006	\$746,000
1987	\$156,000	1997	\$265,000	2007	\$769,000
1988	\$179,000	1998	\$300,000	2008	\$585,000
1989	\$230,000	1999	\$350,000	2009	\$495,000
1990	\$239,000	2000	\$440,000		
1991	\$240,000	2001	\$487,500		
1992	\$227,500	2002	\$510,000		
1993	\$223,160	2003	\$540,000		

NOTES: This information was supplied by the Santa Cruz Association of Realtors. Dollar amounts on graph are in thousands of dollars. 1996-2001 data is from the RE Infolink. There was a change in the data service provider during 95 and the data in 95 and before does not include sales with parcel sizes of 1 acre+.

COMMENTS: Property values increased between 1984 and 1991. The combination of the Loma Prieta Earthquake of 10/89 and a weakened state economy halted the price increases of the mid to late 1980's and led to a 5-15% price adjustment between 1991 and 1994. During 1997, 1998, 1999, and 2000 prices increased sharply in most of the county fueled by increased demand which resulted in part from the economic success of the Santa Clara Valley. During mid to late 2001 a weakening economy regionally led to increasing unemployment which coupled with the terrorist attacks on the east coast to weaken housing demand. Prices have had a significant price correction between 2007 and 2008. The median sale price dropped significantly. The absorption rate is the highest it has been since the post earthquake years of 1990-1992. The market in 2008 and 2009 was driven by bank foreclosure sales that dominated the marketplace especially in the south county areas. The crazy financing schemes unraveled in 2008 exposing the poor underwriting that took place in earlier years.