

Monthly Survey of Real Estate Agents

CHANNEL CHECK

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Buyers Flock to Foreclosures; New Homes Struggle to Compete

- **Buyers respond to low mortgage rates and prices, looking for foreclosures.** Our Monthly Survey of Real Estate Agents pointed to an increase in buyer traffic in April, especially in beaten-down markets where buyers went searching for foreclosures and other bargains. Not surprisingly, the best markets in terms of traffic were those with high levels of foreclosures (Ft Myers, Las Vegas, Los Angeles, Orlando, Phoenix, and the Inland Empire). However, these are also some of the weakest markets for new home sales, as buyers find significant savings via a foreclosure as opposed to a new home. Dallas and Atlanta were the two markets with the worst traffic during the month.
- **Stronger activity in April, with highest traffic levels in areas that have seen the most significant price declines.** Our traffic index increased to 48.4 in April from 39.5 in March with widespread improvement across markets, even in Charlotte, where we had seen significant recent weakness. The widespread improvement was a function of lower mortgage rates and the first-time buyer tax credit, which generated significant activity at the low end. The areas with the highest levels of traffic also benefited from significant price declines (primarily Arizona, California, Florida, Nevada and Washington, D.C.). Atlanta, Dallas, Houston, Richmond, San Antonio, and Wilmington (NC) are the markets with the lowest traffic levels.
- **Home prices remain under pressure with some beaten-down markets showing movement toward stability.** Our price index increased 4.3 points in April to 24.8, up from 20.5 in March, with any reading below 50 indicating sequentially lower prices. Washington, D.C., and the Inland Empire (CA) posted the highest price indices at 41 and 39, respectively, nearing stabilization. However, this bottoming process is occurring in the existing home market (mostly foreclosure sales) with continued pressure on new home prices as a result of the wide disparity (generally 30%) between foreclosure prices and new home prices.
- **Difficult appraisals and competition from foreclosures are the obstacles to new home sales.** Builders continue to mention their concern about converting contracts into closings due to appraisals that often come in below the purchase price as appraisers use extreme conservatism and use foreclosures as comps. In addition, foreclosures and short sales remain the toughest competition, with prices well below those of new homes.

DISCLOSURE APPENDIX CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, INFORMATION ON TRADE ALERTS, ANALYST MODEL PORTFOLIOS AND THE STATUS OF NON-U.S ANALYSTS. FOR OTHER IMPORTANT DISCLOSURES, visit www.credit-suisse.com/researchdisclosures or call +1 (877) 291-2683. U.S. Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Customers of Credit Suisse in the United States can receive independent, third party research on the company or companies covered in this report, at no cost to them, where such research is available. Customers can access this independent research at www.credit-suisse.com/ir or call 1 877 291 2683 or email equity.research@credit-suisse.com to request a copy of this research.

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**Markets are characterized based on permit activity and listed in Alphabetical order*

Foreclosures Continue to Steal the Show

For those who may be unfamiliar with our survey, we center our indices around 50 so that readings above 50 indicate positive or improving trends and readings below 50 indicate negative or worsening trends. Please see page 5 for a full description of our survey methodology.

Buyers respond to low mortgage rates and prices, looking for foreclosures. Our Monthly Survey of Real Estate Agents pointed to an increase in buyer traffic in April, especially in beaten-down markets where buyers went searching for foreclosures and other bargains. Not surprisingly, the best markets in terms of traffic were those with high levels of foreclosures (Ft Myers, Las Vegas, Los Angeles, Orlando, Phoenix, and the Inland Empire). However, these are also some of the weakest markets for new home sales, as buyers find significant savings via a foreclosure as opposed to a new home. Dallas and Atlanta were the two markets with the worst traffic during the month.

Exhibit 1: Traffic Up Sharply in April as First-time Buyers Respond to Incentives and Visit Foreclosures

Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Apr-2008	33.1	20.6	28.3	27.2	24.2
May-2008	31.5	21.4	30.8	32.1	24.9
Jun-2008	29.0	22.1	28.8	33.6	26.6
Jul-2008	27.4	21.0	30.5	34.7	24.9
Aug-2008	25.9	20.1	29.7	37.5	25.7
Sep-2008	24.0	17.5	30.6	39.5	22.5
Oct-2008	19.6	15.3	29.6	41.0	19.9
Nov-2008	19.8	15.3	30.3	45.3	22.0
Dec-2008	25.3	13.3	30.3	48.0	23.2
Jan-2009	36.5	15.9	32.1	43.5	26.6
Feb-2009	36.0	17.1	31.1	40.5	28.2
Mar-2009	39.5	20.5	32.5	41.7	33.4
Apr-2009	48.4	24.8	35.3	45.3	42.6
Point change	8.9	4.3	2.8	3.6	9.2

Source: Credit Suisse estimates

Stronger activity in April, with highest traffic levels in areas that have seen the most significant price declines. Our traffic index increased to 48.4 in April from 39.5 in March with widespread improvement across markets, even in Charlotte, where we had seen significant recent weakness. The widespread improvement was a function of lower mortgage rates, and the areas with the highest levels of traffic also benefited from significant price declines (primarily Arizona, California, Florida, Nevada and Washington,

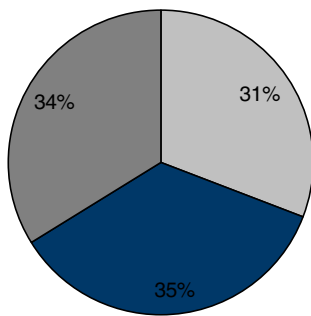
D.C.). Dallas, Richmond, San Antonio, and Wilmington (NC) are the only markets where we saw the lowest traffic levels.

Home prices remain under pressure with some beaten-down markets showing movement toward stability. Our price index increased 4.3 points in April to 24.8, up from 20.5 in March, with any reading below 50 indicating sequentially lower prices. Washington, D.C., and the Inland Empire (CA) posted the highest price indices at 41 and 39, respectively, nearing stabilization. However, this bottoming process is occurring in the existing home market (mostly foreclosure sales) with continued pressure on new home prices as a result of the wide disparity between foreclosure prices and new home prices.

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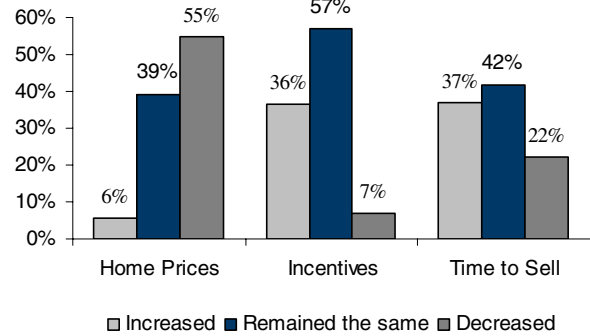
Exhibit 2: Decent traffic levels, but focused on foreclosures

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse estimates

Survey Methodology

We survey real estate agents, as we believe that agents will provide an accurate assessment of housing market trends in both the new and existing home markets. Even though homebuilders sell new homes, we believe that it is crucial to have an understanding of the existing home market as the existing home market is substantially larger than the new home market (approximately 85%/15%) and trends in the existing home market dictate trends in the new home market.

Each month we ask five main questions, which are all listed below. In April, we received responses from 1,650 real estate agents across the country. We then review these responses and calculate an index for each of the questions with high numbers indicating positive or improving trends and low numbers indicating negative or worsening trends. An index of 50 would indicate a neutral trend. Note that for items such as incentives, a low index level would indicate a higher level of incentives, as higher incentives represent a negative trend. Similarly, for the number of listings and the length of time needed to sell a house, an increase in listings (a negative trend) and an increase in the time needed to sell a house (a negative trend) both correspond to low index values.

1) Are traffic levels in-line with, above, or below your expectations for this time of year? (Because of seasonality to traffic trends – generally more traffic in Spring and less in Fall/Winter – we ask about traffic relative to the expectations for this time of year rather than how traffic compared to the prior month.) A traffic index above 50 means that traffic was above the expectations of agents, a traffic index of 50 means that traffic was in-line with expectations, and a traffic index below 50 means that traffic was below expectations.

2) Have prices remained the same, increased, or decreased over the past 30 days? A price index above 50 indicates that prices increased over the past 30 days, a price index of 50 indicates that prices were flat, and a price index below 50 indicates that prices decreased.

3) Have incentives remained the same, increased, or decreased over the past 30 days? An incentive index above 50 indicates that incentives decreased over the past 30 days, an incentive index of 50 indicates that incentives were unchanged, and an incentive index below 50 indicates that incentives increased.

4) Do you see the same, more, or fewer, listings as compared with 30 days ago? An inventory (listings) index above 50 indicates that the inventory of homes for sale decreased over the past 30 days, an inventory index of 50 indicates that inventories were unchanged, and an inventory index below 50 indicates that inventories increased.

5) Does it take the same, more, or less time to sell a house? A time to sell index above 50 indicates that the time needed to sell a home decreased over the past 30 days, a time to sell index of 50 indicates that the time needed to sell a home was unchanged, and a time to sell index below 50 indicates that the time needed to sell a home increased.

Exposure to Key New Home Markets

The market exposure of homebuilders to the key housing markets is outlined in the table below.

Exhibit 3: Summary of Homebuilders' Exposure to Key New Home Markets

Market	2007													
	1-family permits	CTX	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL	WCI
Atlanta, GA	31,121	2%	3%	*	3%	*	*	*	*	4%	7%	*	*	*
Austin, TX	12,137	2%	4%	*	3%	5%	*	5%	*	2%	3%	*	*	*
Charlotte, NC	15,185	2%	1%	*	1%	*	*	*	9%	1%	3%	*	*	*
Chicago, IL	18,153	2%	3%	4%	*	4%	*	*	*	5%	7%	*	2%	*
Dallas, TX	27,653	7%	6%	5%	4%	5%	*	10%	*	2%	5%	7%	0%	*
Denver, CO	7,912	1%	6%	*	4%	3%	10%	*	*	1%	4%	4%	*	*
Fort Myers, FL	4,357	1%	*	12%	*	4%	*	*	*	3%	*	*	*	19%
Houston, TX	42,070	*	5%	11%	7%	12%	*	6%	*	3%	8%	*	*	*
Jacksonville	7,352	1%	4%	*	2%	1%	7%	*	*	3%	*	*	*	6%
Las Vegas, NV	13,473	3%	5%	*	10%	4%	20%	5%	*	8%	4%	*	4%	*
Los Angeles, CA	9,382	0%	2%	4%	2%	1%	1%	*	*	0%	*	2%	*	*
Miami, FL	7,086	*	*	*	*	3%	*	*	*	*	*	*	*	8%
Minneapolis	7,613	3%	2%	2%	*	2%	*	*	*	2%	5%	*	*	*
NY-NJ	12,318	0%	0%	2%	*	0%	*	*	0%	1%	*	*	8%	4%
Orlando, FL	11,801	*	2%	*	5%	3%	*	*	*	4%	5%	*	*	*
Phoenix, AZ	26,494	5%	11%	*	5%	4%	17%	23%	*	12%	5%	16%	7%	*
Inland Empire, CA	16,104	4%	6%	13%	7%	8%	5%	2%	*	5%	6%	8%	0%	*
Seattle, WA	12,406	1%	1%	*	*	*	*	*	*	*	*	*	*	*
Tampa, FL	8,056	*	*	5%	2%	6%	*	*	*	3%	5%	12%	*	6%
Washington, DC	14,914	3%	0%	10%	*	3%	8%	*	27%	2%	3%	*	23%	4%

Source: Company data, Credit Suisse estimates

Exhibit 4: Profit Concentration in Key Areas

Market	CTX	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL	AVG
Arizona	10%	15%	5%	10%	5%	21%	18%	*	15%	5%	11%	5%	11%
California	20%	18%	27%	35%	30%	18%	16%	*	10%	10%	36%	20%	20%
Florida	12%	10%	17%	15%	24%	6%	6%	*	15%	15%	20%	10%	13%
Nevada	5%	5%	*	8%	7%	14%	4%	*	11%	5%	*	6%	7%
Washington D.C.	5%	2%	16%	*	5%	9%	*	60%	5%	15%	*	25%	16%
Texas	18%	23%	19%	20%	25%	*	52%	*	10%	22%	12%	*	24%
Total	70%	73%	84%	88%	96%	68%	96%	60%	66%	72%	79%	66%	70%

Source: Company data, Credit Suisse estimates

Atlanta, GA – Deteriorating Economy Prevails Over Better Affordability, For Now

(12,307 single-family permits in 2008, 3rd largest homebuilding market in the country)

Traffic remains at weak levels. Our buyer traffic index was unchanged at 26 in April from 26 in March, indicating little change from weak levels last month (any reading below 50 indicates traffic below agents' expectations). Agents with negative comments generally highlighted the ongoing economic downturn as the primary reason. According to one agent, "The economic situation is driving buyers not to buy and sellers not to list homes in this horrific environment!" One agent noted, "shoppers, but not buyers." Others also noted that challenges with lending and appraisals remain barriers as banks have tightened guidelines beyond the minimums required by FHA and appraisals are coming in low due to the impact of foreclosures. Some agents were more optimistic, citing an increase in interest due to the \$8,000 first time homebuyer tax credit and the extremely attractive affordability due to the low prices on foreclosures, both of which are helping entry-level buyers.

Prices continue to fall as demand remains elusive. Home prices declined further in April, as our price index was unchanged at 15 (from 15 in March), with readings below 50 indicating lower home prices over the past 30 days. The lack of demand and ongoing foreclosures will likely continue to pressure prices for the foreseeable future. Inventory remained elevated in April, although levels appeared to be flat relative to March, as our home listings index improved to 49 from 44 last month (in-line with a neutral reading of 50). Our time to sell index indicated a longer time needed to sell a home in April compared with March, coming in essentially unchanged at 26 from 24, well below a neutral reading of 50.

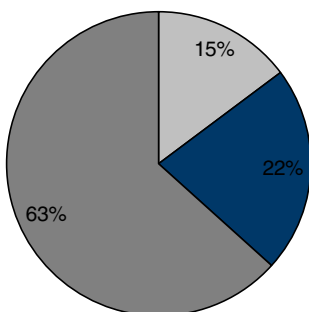
Comments from real estate agents:

- "The only buyers I am seeing are folks looking for deep discounts."
- "The number of foreclosures is really impacting us now."

Ryland and Pulte Homes have the most exposure. Ryland has the greatest exposure to Atlanta with approximately 6% of net sales, followed by Pulte Homes with 4%.

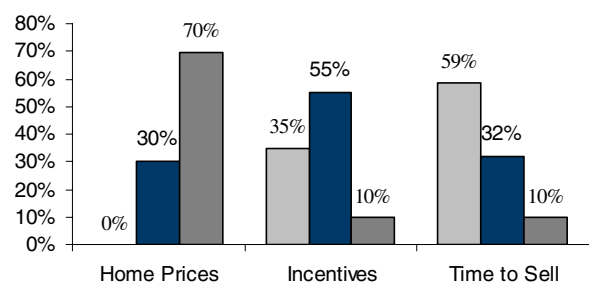
Exhibit 5: Rising Foreclosures Continue to Weigh on Prices, Buyer Confidence

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

"Banks must streamline qualification guidelines to enhance the buyer's ability to be able to qualify."

Austin, TX – Traffic Increases as Confidence Shows Signs of Improvement

(8,025 single-family permits in 2008, 7th largest market in the country)

Buyers gain confidence due to stimulus, improving affordability. Buyer traffic improved sequentially and came in modestly below agents expectations in April, as our traffic index increased to 40 from 36 in March (a reading of 50 would indicate traffic in-line with agents' expectations). Agents said buyer confidence showed signs of improvement this month, as lower prices, lower mortgage rates and the first-time homebuyer tax credit encouraged more people to get out and look for bargains. However, buyers remain price sensitive, focusing largely on the low end. "Homes over \$200,000 are very slow right now. Buyers are still nervous but do seem to be gaining their confidence again slowly." Agents commented that the main things holding back a rebound in activity continue to be the economy and the difficult financing environment.

Inventory continues to increase, suggesting lower prices ahead. Home prices continued to fall in April, as our home price index came in at 30 (up from 27 in March), with any reading below 50 indicating sequentially lower home prices. These price declines are unlikely to slow in the near future, as inventory continued to build in April, with our home listings index falling to 24 from 29 in March – the lowest reading since August, as readings below 50 indicate an increase in listings over the past month. Higher inventory levels led to a longer time needed to sell a home in April relative to March, despite the improvement in traffic levels, as our time to sell index fell to 21 from 26 (readings below 50 indicate a longer time needed to sell a home).

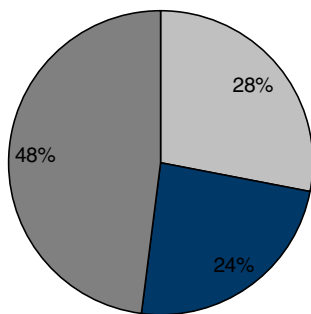
Comments from real estate agents:

- "The \$8,000 stimulus is helping but still buyers want a steal."
- "Underwriters are being unreasonably, but understandably, picky."

Meritage and D.R. Horton have the most exposure. Meritage has the greatest exposure to Austin with approximately 7% of net sales, followed by D.R. Horton with 5%.

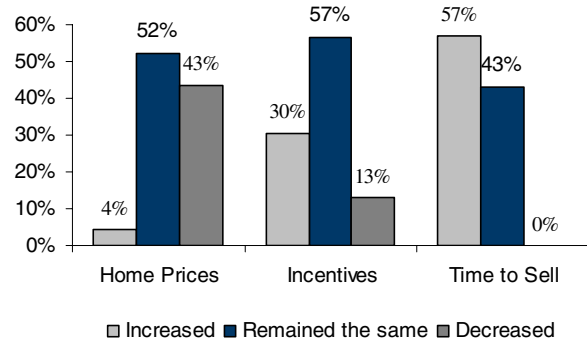
Exhibit 6: First-Time Buyers Drive Improvement in Traffic, but Higher Inventories to Pressure Prices Further

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse estimates

April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

"Lower rates and incentives for first-time buyers are helping."

Charlotte, NC – Agents See Increase in Traffic, but View it as Seasonal

(7,303 single-family permits in 2008, 9th largest market in the country)

Increase in traffic appears related to seasonality, though first-time buyers are becoming more active. Buyer traffic increased sequentially in April, as is typical for this time of year, but remained below agents' expectations, as our buyer traffic index jumped to 39 from 21 in March (any reading below 50 indicates traffic levels below agents' expectations). Agents attributed most of the increase to being in the heart of the spring selling season. One agent noted, "Traffic has picked up a bit from March but is still way below typical levels for April. It seems the lower end of the market is all that's moving right now. I think the tax break is helping that part of market." However, another sounded hopeful that this was more than just seasonality, saying, "We are suddenly seeing more showing traffic, inquiries and contracts; though a rise is typical for this time of year, this seeming surge is out of character with the last few months. Some is first-time buyers, but not all."

Prices fall, but inventory remains stubbornly high. Home prices continued to fall in April, as our price index measured 26 (up from 21 in March), with any reading below 50 indicating lower home prices over the past 30 days. However, inventory increased despite the better traffic and lower prices, as agents said buyers remained cautious and convinced that better deals are still to come. Our home listings index fell to 26 in April from 30 in March, with any reading below 50 indicating a sequential increase in listings and pointing to continued pressures on home prices.

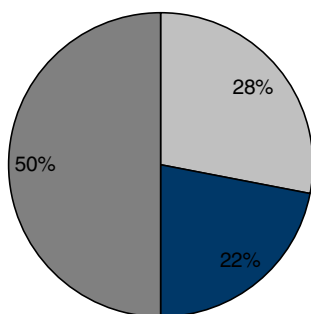
Comments from real estate agents:

- "Traffic is up somewhat but is lower than previous April's. Buyers are previewing huge numbers of homes before committing."
- "Lots of showings but few contracts. In the \$700,000-\$950,000 price range we have 727 showings and two pending sales in our zip code."

NVR, Ryland, and Hovnanian have the most exposure. NVR has the greatest exposure to Charlotte with approximately 10% of sales, followed by Ryland and Hovnanian with approximately 3% each.

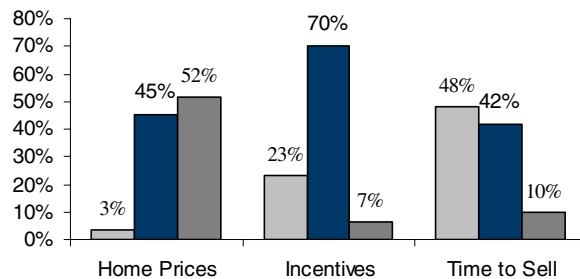
Exhibit 7: Traffic Increases, but Buyers Remain Hesitant to Commit

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	☹️
Home Prices	☹️
Incentives	☹️

"Buyers are out looking, but they won't write a contract because they think a better deal is right around the corner."

Chicago, IL – Low Rates Help but Buyers Continue to Fear Falling Prices, Weak Economy and Tight Credit

(7,778 single-family permits in 2008, 8th largest market in the country)

Lower rates encourage buyers, but traffic remains below typical spring levels. Buyer traffic improved over the past 30 days, as our buyer traffic index increased to 31 in April from 24 in March, but absolute levels of buyer traffic remained below agents' expectations for this time of year (any reading below 50 indicates traffic below expectations). Agents said buyers became more interested and confident as mortgage rates declined to record lows, especially given the low prices on short sales and REOs and the additional \$8,000 tax credit for first-time buyers. One agent said, "Buyers are telling me that low interest rates are bringing them out. Also, many seem to feel that prices have hit a bottom in our area, and they will be higher next spring." Still, other agents remained cautious, with one noting, "Traffic seems to be picking up but not what it should be for this time of year. The \$8,000 tax credit seems to be piquing buyer interest. I'm still seeing buyers with low credit scores." Despite the improvement in affordability, many buyers still may not be able to take advantage given the changing (tighter) credit environment.

Foreclosures continue to add to inventory levels, further pressuring home prices. Home prices fell further in April; our price index increased slightly to 15 from 12 in March, but any reading below 50 indicates lower home prices over the past 30 days. Agents said foreclosures and short sales continue to flood the market, leading to higher inventory and lower prices. Our home listings index was constant at 25 in April from 26 in March, with any reading below 50 indicating higher inventory. Meanwhile, the length of time needed to sell a home increased, as our time to sell index increased to 28 in April from 19 in March but remained below a neutral reading of 50.

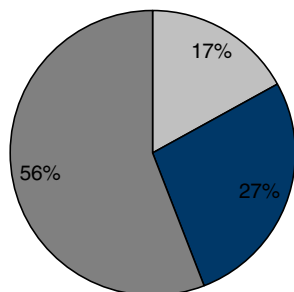
Comments from real estate agents:

- "The only closed sales are distress properties, which are driving down appraised values."
- "First-time homebuyers are coming out due to the tax credit."

Ryland, Lennar, and Hovnanian have the most exposure. Ryland has the greatest exposure to Chicago with approximately 7% of sales in the market, followed by Lennar Corp. and Hovnanian with 4% of sales.

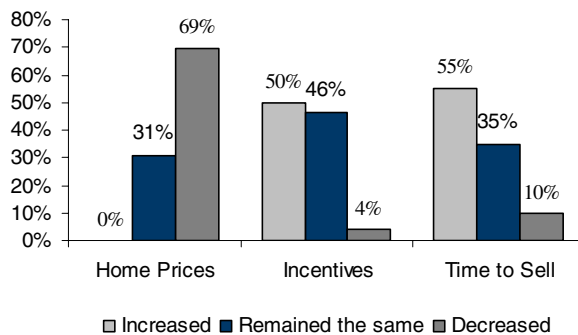
Exhibit 8: Buyers Encouraged by Better Affordability; Rising Inventory Points to Further Price Declines

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse estimates

April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

"Fannie and Freddie are locking out a lot of buyers with their new condo rules."

Dallas, TX – A Lot of Lookers, but Buyers Remain Hesitant and are Holding out for Better Deals

(17,841 single-family permits in 2008, 2nd largest market in the country)

Traffic improves but sales activity still appears weak. Buyer traffic increased relative to March, as our buyer traffic index increased to 41 in April from 27 in March, although this still indicates traffic levels below agents' expectations for this time of year (readings below 50 indicate traffic below expectations). Agents noted higher traffic (as expected for April), helped by the lower prices, rates, and the first time buyer tax credit. In addition, several agents said investors have returned and are playing a larger role in the market. However, comments suggest that though more buyers are looking, conversion into actual sales remains challenging. One agent notes, "The traffic has increased in lookers, but the buyers market is still poor." Others commented that appraisals and lending issues remained a big hurdle. In addition, buyers continue to expect and wait for further price declines. "Buyers expect that sellers will take far less than list, but sellers are resistant to price correctly," according to one agent.

Gap remains between buyer and seller expectations. Home prices continued to trend lower in April, as our price index came in at 37, up from 30 in March but any reading below 50 indicates sequentially lower home prices. According to agents, buyers continue to hold out for better deals despite the recent declines, as they expect further reductions in the coming months, while sellers have been hesitant to meet buyers' demands. Buyers continue to have the upper hand, however, as inventory continues to grow. Our home listings index was unchanged at 35 in April from 34 in March, with readings below 50 indicating higher inventory levels. This led to a longer time needed to sell a home, as our time to sell index measured 37 in April (from 19 in March), with readings below 50 indicating a longer time to sell.

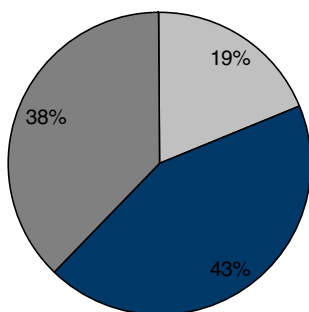
Comments from real estate agents:

- "The phones are ringing this month. The calls are first time buyers and or entry level buyers."
- "Rates are low, but underwriting is more conservative."

Centex, Ryland and D.R. Horton have greatest exposure. Centex has the greatest exposure to Dallas, capturing 9% of its sales in the market, followed by Ryland and D.R. Horton with 8% each.

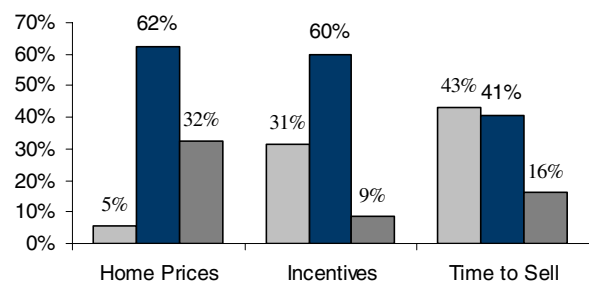
Exhibit 9: Spring Season Brings Better Traffic, but Below Typical Levels

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	👇
Home Prices	👇
Incentives	👇

“Appraisers are being influenced by the increase in foreclosures as are sellers.”

Denver, CO – Entry Level Demand Remains Solid; Focus on Foreclosures Continues

(3,947 single-family permits in 2008, 25th largest market in the country)

Traffic remains at decent levels, modestly below agents' expectations. Buyer traffic appeared slightly lower relative to agents' expectations in April compared with March, as our traffic index slipped to 43 from 45, but remained at decent levels only modestly below expectations (a reading of 50 would suggest traffic in-line with expectations). Agents continued to note healthy demand from bargain hunters, but primarily focused on foreclosures. There has been "pent up demand from first time homebuyers and investors looking pretty much only at foreclosures," according to one agent. Another notes "very good traffic in homes under \$250,000." Agents said buyers have become more confident based on the attractive affordability and are encouraged by the recent decline in inventory. However, challenges remain as low appraisals (dragged down by foreclosures) continue to kill deals and demand for non-entry level homes remains sluggish.

Inventories continue to trend lower, though rising foreclosures present further risk. Home prices continued to fall in April, as our home price index slipped to 31 from 32 in March, with any reading below 50 indicating lower home prices over the past 30 days. Foreclosures continued to be the main driver, despite the demand for distressed properties, and are impacting appraisals since almost all of the comparables are REOs. However, inventory continued to trend lower, as our home listings index remained at 54 in April, with readings above 50 suggesting sequentially lower inventory. Lower inventory levels should eventually help prices to stabilize, although the rise in new foreclosures remains troublesome.

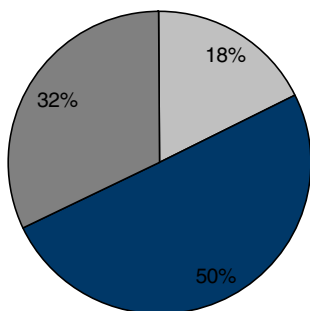
Comments from real estate agents:

- "Many buyers want to buy, but it is much tougher to get qualified. Sellers are upside down or competing with Bank REOs, especially under \$250,000."
- "Despite some major spring storms, traffic has improved considerably. The Denver market is close to normal with Q1 being the bottom."

MDC Holdings and D.R. Horton have the greatest exposure. MDC Holdings has the greatest exposure to Denver with approximately 12% of sales, followed by D.R. Horton with approximately 6% of sales.

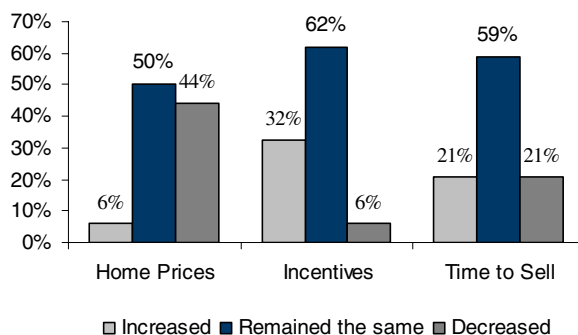
Exhibit 10: First Time Buyers and Investors Continue to Hunt for Bargains

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	⬇️
Home Prices	⬇️
Incentives	⬇️

“Unfortunately, comps are mainly REO's and continue to pull down values.”

Ft. Myers, FL – Foreclosure Sales on Fire; Buyers Gain Confidence that Bottom is at Hand

(1,216 single-family permits in 2008, 86th largest market in the country)

Traffic continues at rapid fire pace, at least on foreclosures. Buyer traffic remained at strong levels, as our traffic index increased to 82 in April from 73 in March, indicating traffic levels well above agents' expectations (readings above 50 indicate better than expected traffic). This was the highest reading we've seen since our survey began. Similar to responses heard over the past few months, agents said the traffic is being driven almost entirely by foreclosures and short sales. One agent commented, "Many bottom feeders are chasing foreclosure deals...most are from out-of-town, so we are basically replacing one set of investors that bought during the boom with these bottom feeders." Others said there has been a growing sense of confidence from buyers who feel they're seeing the bottom in prices (at least on foreclosures) as an increasing number of anecdotes suggest there have been multiple bids on attractively-priced foreclosures. That said, as we've noted in prior months, it remains extremely difficult for non-foreclosure sellers to compete and prices on these homes will have to come down further given no end in sight to new foreclosures.

Home prices fall, while strong demand helps draw down inventory levels. Home prices continued to fall in April, pressured by foreclosures and short sales, as our home price index came in up slightly at 34 from 32 in March (readings below 50 indicate sequentially lower home prices). However, the lower prices elicited enough demand to help bring down inventory levels this month, as our home listings index jumped to 68 from 44 in April, with readings above 50 indicating sequentially lower inventory levels. However, new foreclosures continue to increase, especially as the bank moratoriums end, which may add to inventory levels in the coming months. We continue to monitor inventory levels closely, as a sustained decline would signal progress towards price stabilization.

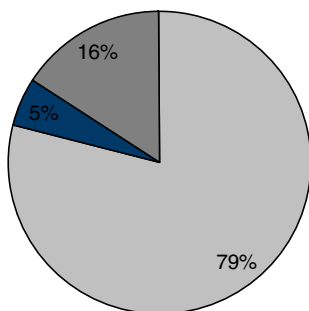
Comments from real estate agents:

- "Fantastic buying opportunities led by foreclosures and short sales."
- "Buyer confidence is changing... a sense that we are bottoming."

WCI Communities and Hovnanian have the most exposure. WCI has the greatest exposure to Fort Myers with approximately 22% of net sales, followed by Hovnanian with 11%.

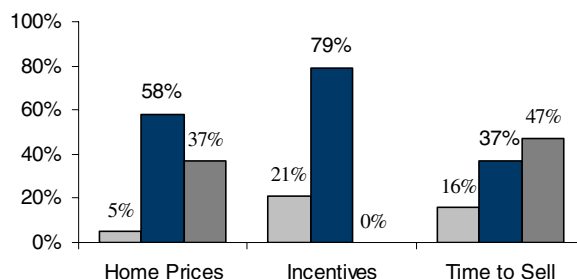
Exhibit 11: Buyers Continue to Gravitate Towards Foreclosures, with Little Demand Elsewhere

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased Remained the same Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	👍
Home Prices	👎
Incentives	👎

"Some stability in low end price range is appearing."

Houston, TX – Buyers Remain Hesitant; Better Traffic Levels Due to Seasonal Pick-Up

(28,152 single-family permits in 2008, largest market in the country)

Increase in traffic over the past 30 days driven mostly by seasonality. Buyer traffic increased sequentially in April, but remained well below agents' expectations for this time of year, as our buyer traffic index improved to 23 from 16 in March (readings below 50 suggest traffic below agents' expectations). Agents said the increase in traffic was primarily due to seasonality, although the lower mortgage rates and \$8,000 tax credit for first time homebuyers also helped. Overall, conditions remained challenging, however, as agents said the general economic weakness, tougher lending standards, and fears of further deterioration continue to weigh on buyer confidence. "Traffic based on last year is down by ½ or more," according to one agent.

Prices fall; inventories flat sequentially. Homes prices continued to fall in April as a result of the weak demand and elevated inventory levels, as our home price index came in at 29 (up from 22 in March), with any reading below 50 indicating sequentially lower home prices. In addition, builders continued to offer higher incentives, as our incentive index remained at 29 in April, well below a neutral reading of 50. However, inventories appeared flat relative to last month, which would be a positive if the trend continues (our home listings index improved to 55 in April from 37 in March, in-line with a neutral reading of 50), although the length of time needed to sell a home still increased due to the weak traffic levels (out time to sell index came in at 21, below a neutral reading of 50).

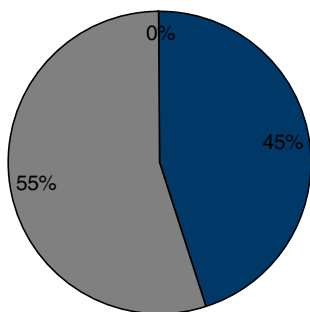
Comments from real estate agents:

- "Buyers are reacting to all the negative press and sellers are not putting their homes on the markets. I have buyers waiting for good product to come on the market. Sellers are refinancing instead of putting their homes on the market."
- "Closings are more difficult and drawn out, even with 720+ credit scores."

Lennar, Hovnanian, and KB Home have the most exposure to Houston with approximately 12%, 9%, and 8%, respectively, of their net sales.

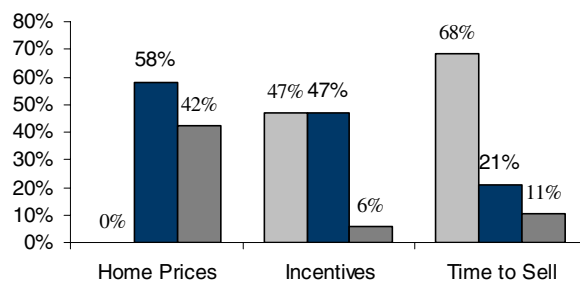
Exhibit 12: Lower Prices Still Needed to Lure Buyers

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased Remained the same Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

Agents say buyers are still having a difficult time qualifying for loans.

Jacksonville, FL – Traffic Increases Modestly, with Buyers Continuing to Focus on Distressed Listings

(5,135 single-family permits in 2008, 18th largest market in the country)

Traffic improves as buyers hunt for deals. Buyer traffic improved in April to levels just modestly below agents' expectations for this time of year, as our traffic index increased to 45 from 41 in March (a reading of 50 would suggest traffic in-line with agents' expectations). Despite the challenging economy, agents said bargain hunters remain in the market looking for deals on foreclosures and short sales. One agent commented, "90% of sales are short sales; buyers are taking advantage of low rates and the \$8k tax break; but lenders are making it tough (tougher lending criteria AND horribly slow and disorganized loss mitigation departments)." However, others were less encouraged as many buyers continue to have difficulties qualifying for loans. "None of the government's plans have been able to help my clients or prospects," according to one agent.

Greater mix of foreclosures continues to pressure home prices. Home prices fell further in April as the majority of both sales and home listings were foreclosures or short sales. Our home price index came in at 18 (from 14 in March), with any reading below 50 indicating lower home prices over the past 30 days. Despite the solid demand for foreclosures, inventory levels appeared to increase slightly over the month (our home listings index fell to 45 in April from 48 in March, below a neutral 50), likely as a result of rising new foreclosures. We think this trend will continue in the near term as the foreclosure moratorium ends and banks ramp up activity. We think this will continue to pressure home prices throughout the year.

Comments from real estate agents:

- "Qualifying for a mortgage is very difficult when buying a short sale or foreclosure due to them being sold as-is."
- "Traffic is from first-time buyers looking at foreclosures and short sales."

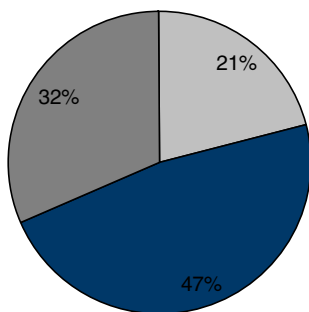
Lennar Corp., Hovnanian, and KB Home have the most exposure to Jacksonville with approximately 12%, 9%, and 8%, respectively, of their sales.

April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

"Lower prices and interest rates are helping."

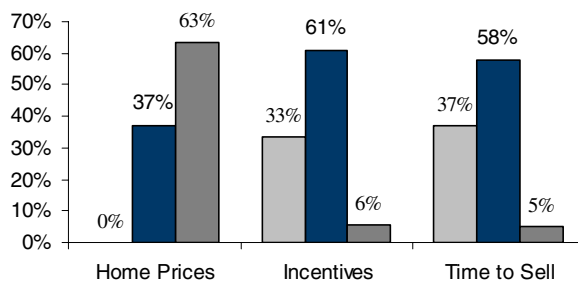
Exhibit 13: Traditional Sellers Continue to Struggle to Compete with Foreclosures and Short Sales

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

Las Vegas, NV – It’s a Great Time to be a Seller... If You’re a Bank

(5,874 single-family permits in 2008, 14th largest market in the country)

Demand for foreclosures remains strong. Buyer traffic increased in April, exceeding agents’ expectations, as our traffic index improved to 69 from 51 in March (readings above 50 indicate better than expected traffic levels). Similar to the prior months, agents said most of the demand was focused on foreclosures and that the combination of the low prices on these listings, lower mortgage rates, and the first-time homebuyer tax credit is creating a powerful incentive for buyers. One agent highlighted the improved affordability, saying, “Low price points = low mortgage payments, cheaper than rent.” Agents said homebuilders are struggling against this backdrop given their premium pricing. “REOs are forcing builders to become competitive,” according to one agent. This underscores our primary worry: sales have increased nicely overall, but the improvement has been isolated to distressed properties while conditions for homebuilders and traditional sellers have continued to worsen. The continued flood of new foreclosures makes it unlikely that this will change anytime soon.

Foreclosures continue to drive widespread price declines. Home prices fell further in April, as our price index was little changed at 7 from 4 in March, with 86% of agents noting lower prices over the past 30 days. “Prices are declining 2% per month,” according to one agent. The strong demand for foreclosures helped bring inventory levels down this month, as our home listings index improved to 62 in April from 49 in March (readings above 50 indicate lower inventory levels), but we remain cautious as we anticipate an increase in foreclosures in the coming months, which will continue to pressure home prices.

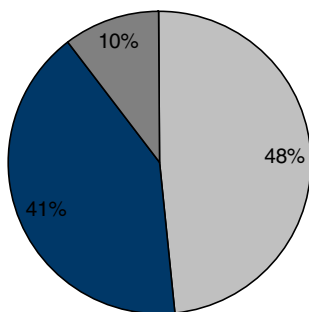
Comments from real estate agents:

- “Lenders are requiring higher FICO scores; appraisals faced with comparables that are all bank sales.”
- “Buyers are taking advantage of low prices on bank REOs.”

KB Home and Pulte have most exposure to Vegas. KB Home has the greatest exposure to Las Vegas with 11% of net sales, followed by Pulte with 7%.

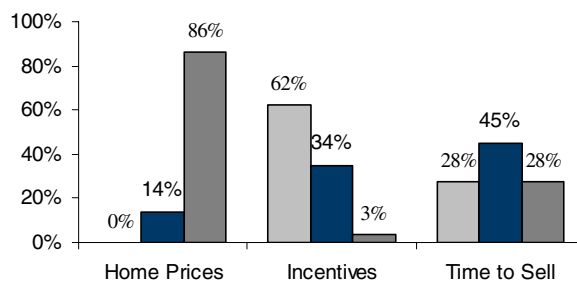
Exhibit 14: Little Selling Outside of Foreclosures

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	👍
Home Prices	👎
Incentives	👎

“The percentage of properties not appraising at the resale price appears to be going up.”

Los Angeles, CA – Traffic Improves as Prices Become more Attractive; Inventories Decline

(4,559 single-family permits in 2008, 21st largest market in the country)

Traffic surpasses expectations as improved affordability draws buyers into market.

Traffic levels improved in April, again coming in above agents' expectations, as our buyer traffic index rose to 66 from 56 in March (readings higher than 50 suggest traffic above expectations). Low prices and mortgage rates were the primary drivers responsible for the increase during the month, according to most agents. One agent commented that "Low interest rates and low-priced foreclosed homes have driven traffic way up on resales, with those below \$500,000 attracting multiple offers." Agent commentary indicates that there is an increasing belief that the market is hitting – or at least approaching – a bottom, helping to bring more buyers into the market. As described by one agent, "First time home buyers actually have a chance to buy in this market." However, the market for higher-priced homes remains bleak.

Inventories decrease as buyers flock to foreclosures.

Prices continued to fall in April, as our price index posted a score of 28 following a reading of 19 in March (any reading below 50 indicates lower prices over the past 30 days). According to one agent, "Appraisals are coming in below the sale price; the buyer and seller many times have to renegotiate the purchase price after the appraisal." The improvement in traffic – driven by better affordability – has helped decrease inventory levels over the past month; our home listings index improved to 65 in April from 46 in March. We view the decline in inventory as a key positive, but continue to see risk of higher inventory in the coming months as foreclosures continue.

Comments from real estate agents:

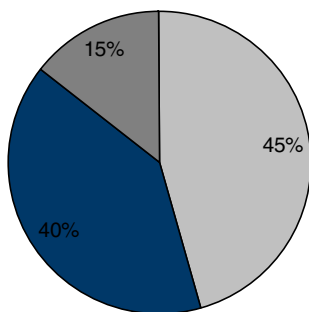
- "Pent up demand, reasonable prices and favorable credit terms are helping sales."
- "We expect a new wave of foreclosures coming."

Hovnanian, KB Home, Standard Pacific and MDC have the most exposure.

Approximately 3% of Hovnanian's sales come from L.A., the most among the large builders, followed by 2% from KB Home, Standard Pacific, and MDC Holdings.

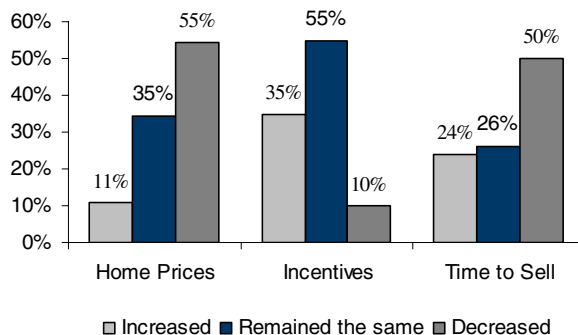
Exhibit 15: Improved Affordability Drives Increased Traffic, Helping Reduce Inventory Levels

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse estimates

April Market Trends	
Traffic	👍
Home Prices	👎
Incentives	👎

"Financing, or lack thereof, is ruining 20% of our escrows."

Miami, FL – Prices Fall as Foreclosures Mount; Buyers Drawn to Attractively Priced Distressed Sales

(3,358 single-family permits in 2008, 31st largest market in the country)

Traffic improves as buyers seek low priced foreclosures and short sales. Our buyer traffic index increased to 53 in April from 39 in March, indicating improving traffic trends sequentially, at levels slightly above agents' expectations (readings above 50 point to traffic above agents' expectations). The uptick this month was driven largely by increased interest in foreclosures, short sales and entry-level homes. One agent comments, "there has been a noticeable uptick from first time homebuyers looking to take advantage of the tax credit." Another states, "Buyers are noting that well-priced properties are moving, and don't want to miss out on an opportunity. A common theme from agents is that many potential buyers are beginning to suspect that the market is coming close to a bottom. "There are more people out looking for deals on distressed assets who want to take advantage of the lower interest rates." However, financing remains tough (especially for condos), making it hard for some buyers to take advantage of the prices, as "banks are making lending difficult even for those with good credit scores."

Home price deterioration continues in April. Home prices continued to fall in April, as our price index decreased to 16 from 19 in March (with any reading below 50 indicating lower home prices over the past 30 days). Appraisals continue to move lower as "appraisers are using more foreclosures as comps for normal sales." Lower prices have helped spur buying activity, helping to reduce the excess supply of homes; our home listings index rose to 58 in April from 40 last month, indicating lower inventory levels sequentially.

Comments from real estate agents:

- "Buyers are attacking the short sales properties. Banks are seeing a fair response to their low offer prices."
- "Difficulty in finding financing has many buyers back in the wings again."

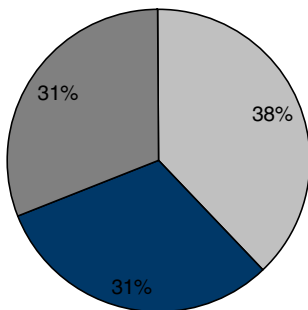
Lennar Corp. has the most exposure. Lennar has the greatest exposure to Miami, but with only approximately 2% of sales.

April Market Trends	
Traffic	↔
Home Prices	⬇️
Incentives	⬇️

"Incentives and low interest rates are creating more opportunities for buyers."

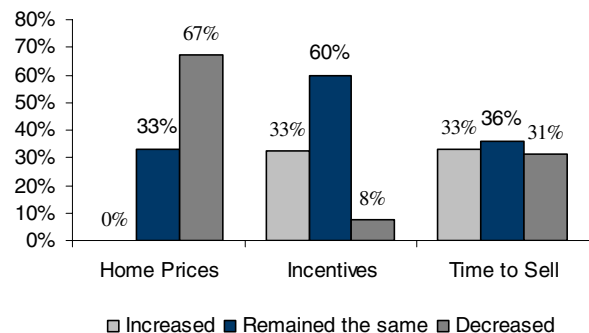
Exhibit 16: Inventory Levels Decline as Buyers Pick Up Lower Priced, Entry Level Properties

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

Minneapolis, MN – Low Priced Inventory “Flying Off the Shelf,” but Financing Remains Challenging

(4,171 single-family permits in 2008, 23rd largest market in the country)

Traffic remains in-line with agents’ expectations on continued demand for entry level homes. Buyer traffic remained steady in April at levels consistent with agents’ expectations, with our buyer traffic index increasing slightly to 52 from 50 in March (a reading of 50 suggests traffic in-line with expectations). The market continues to see a dichotomy between the low end and high end, with “anything \$250,000 or less flying off the shelf” but “high priced homes not seeing the same benefit of improved traffic.” One agent notes, “Low interest rates, lower home prices, and \$8,000 of free money for first time home buyers” is helping move inventory at the lower end. However, there is “a lack of incentives for mid- to higher-priced homes such as those in the \$400-700,000 range, as conforming loans and the better rates stop at \$417,000.” Distressed sales continue to bring down appraisal values across the board, with one agent estimating that “REO properties have been used as 50% of the comps” for owner occupied home values.

Lower prices help reduce inventory overhang. Home prices fell again in April, with our price index posting a score of 22 following a similar reading of 21 in March (with readings below 50 indicating sequentially lower home prices). The reduced pricing – largely attributable to foreclosures – has been a main driver of increased sales and has helped reduce the inventory overhang in the region; our home listings index scored 62 in April after a reading of 67 in March, indicating another sequential reduction in number of homes for sale. We view the decline in inventory as a key positive, but continue to see risk of higher inventory in the coming months as more foreclosures come to market.

Comments from real estate agents:

- “Traffic has increased over the last month due to first time homebuyer incentives.”
- “Even when the buyers want to buy and are qualified, the deal many times falls apart at the appraisal.”

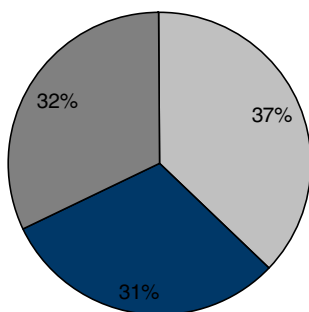
Ryland, D.R. Horton, Centex, and Lennar have the greatest exposure. Ryland has the greatest exposure to Minneapolis with approximately 4% of net sales, followed by D.R. Horton, Centex and Lennar with 3% each.

April Market Trends	
Traffic	↔
Home Prices	⬇️
Incentives	⬇️

“Comparables on appraisals have been difficult to find with foreclosures skewing prices extremely low.”

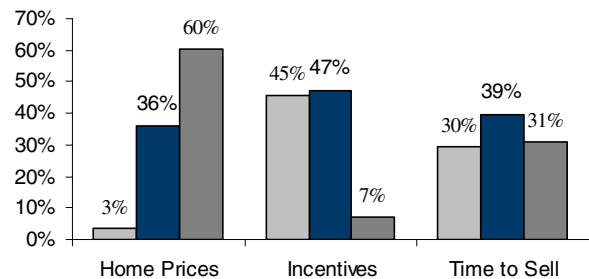
Exhibit 17: First-Time Buyers Seek Out Attractively Priced Properties; Inventories Fall

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

New York-Northern NJ – Significant Disconnect Remains Between Buyers and Seller

(8,941 single-family permits in 2008, 6th largest market in the country)

Fear of further price declines keeps buyer traffic below expectations. Buyer traffic improved in April but remained shy of agents' expectations, with our buyer traffic index climbing to 44 from 29 in March (readings below 50 indicate traffic below agents' expectations). "There has been a notable increase in traffic recently from lower rates, prices and the introduction of the [first time homebuyer] tax credit," notes one agent, with the majority of the increase attributable to first time buyers. However, a number of agents commented that "buyers are looking in record numbers, but not acting," as they believe the market is still in decline and pricing is likely to take another leg down. "Buyers are interested in looking but are not yet willing to pay what the owners want or hope to get," writes one agent. Another notes, "Only those sellers that recognize the market and have priced accordingly are getting traffic and contracts."

Inventories continue upward trend. Home prices fell further in April reflecting the weak demand environment and excess inventory levels; our price index posted a score of 21 following a score of 15 in March, with readings below 50 indicating lower home prices over the past 30 days. We think more significant declines are still to come as the spring season fails to materialize as rising unemployment continues to drag on the New York metro economy. Inventory levels increased in April, with our home listings index falling to 17 from 29 last month (readings below 50 indicate higher inventory).

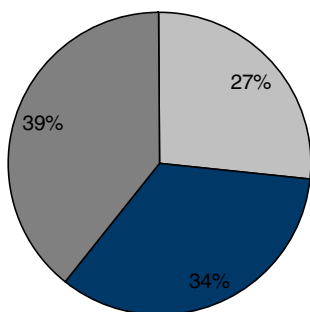
Comments from real estate agents:

- "Buyers are feeling a bit more optimistic at this point in time. However, they feel the market is still going to drop so are sitting back, waiting."
- "There is activity at the first time buyer end of the market. At the higher end, there is little activity."

Toll Brothers and Hovnanian have the greatest exposure. Toll Brothers and Hovnanian have the most exposure to the New York-Northern NJ area market and hold a significant supply of land to fuel their growth in the area. Toll Brothers and Hovnanian generated the largest percentage of sales in the area with 5% each.

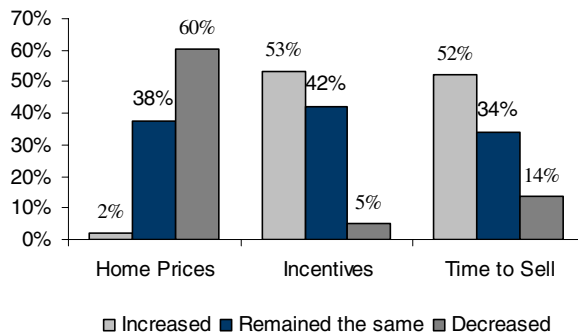
Exhibit 18: Buyers Wait for Seller Capitulation; We Anticipate Further Price Declines Ahead

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse estimates

April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

"First time buyer interest has increased dramatically. However, many of these buyers do not qualify for a mortgage due to tight approval standards."

Orlando, FL – Buyers Seek Distressed Sales in Anticipation that Bottom in Pricing is Near

(5,288 single-family permits in 2008, 17th largest market in the country)

Traffic levels above expectations; bank owned properties seeing multiple offers.

April buyer traffic improved to levels better than agents' expectations, with our traffic index increasing to 65 from 46 in March (readings above 50 indicate traffic above agents expectations), largely driven by the improved affordability in the region. According to one agent, "Better economic news recently has improved buyer confidence." Another comments, "As home prices continue to fall, buyers are thinking we may soon be hitting bottom with pricing and that now is the time to buy." Lower interest rates and the \$8,000 tax credit also helped spur traffic during the month. Foreclosures and short sales continue to see the majority of interest, especially from first time buyers and investors. The area has also seen an uptick in interest from out of state buyers looking for retirement or second homes. The financing environment remains tough, especially for condominiums, which has derailed a significant number of transactions.

Foreclosures drive more broad-based price declines. Broad-based price declines continued in April, as our price index posted a score of 7 versus 8 in March, indicating that most agents (91%) saw falling prices (any reading below 50 indicates lower home prices over the past 30 days). The high level of activity in the distressed market contributed to this drop, not only because the bulk of transactions are foreclosed or short sale properties but also because these sales are increasingly used as comps for owner occupied homes. Lower prices helped spur enough demand to reduce inventory, with our home listings index rising to 82 in April from 56 in March (scores above 50 indicate declining inventory). However, we continue to see risk of higher inventory levels as foreclosures continue and more motivated sellers re-list homes ahead of the selling season.

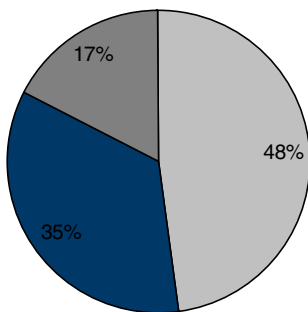
Comments from real estate agents:

- "Buyers are starting to sense that this is a good time to buy and want to get in before the market turns up again."
- "Bank owned properties are priced much better and often these properties have multiple offers on them."

Ryland, KB Home, and Lennar have the greatest exposure. Ryland has the largest percent of sales from Orlando at approximately 6%, followed by KB Home and Lennar with 4% each.

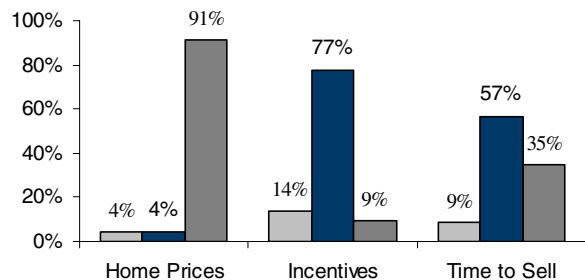
Exhibit 19: Inventory Levels Decline as Attractive Affordability Draws More Buyers into the Market

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased Remained the same Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	👍
Home Prices	👎
Incentives	↔

"Appraisal reviews are slowing down the transaction process, as is stricter documentation requirements."

Phoenix, AZ – Better Affordability Attracts Buyers, Investors; Low-End Homes Focal Point of Activity

(11,549 single-family permits in 2008, 4th largest market in the country)

Traffic picks up as buyer confidence improves; strong entry-level sales activity. Our buyer traffic index increased to 68 in April from 55 in March, indicating a further improvement in traffic over the past 30 days at levels above agents' expectations (readings above 50 indicate traffic above expectations). "Inexpensive properties, driven by foreclosures, in addition to great rates and the \$8,000 tax credit" have helped spur buyer activity during the month. One agent notes, "Investors and first time homebuyers are out looking for bargains," with another commenting, "we're seeing multiple offers on low priced properties, especially in the under \$250,000 range." A number of agents mentioned that many of their buyers are sensing that a bottom in pricing is near – especially at the entry-level – and are "afraid to miss an REO buying opportunity." Bank owned properties "dominate the market and multiple offers on these are very common." Tight lending standards remain a key obstacle, in addition to "appraisals which are coming in low and holding up closings for additional documentation prior to funding."

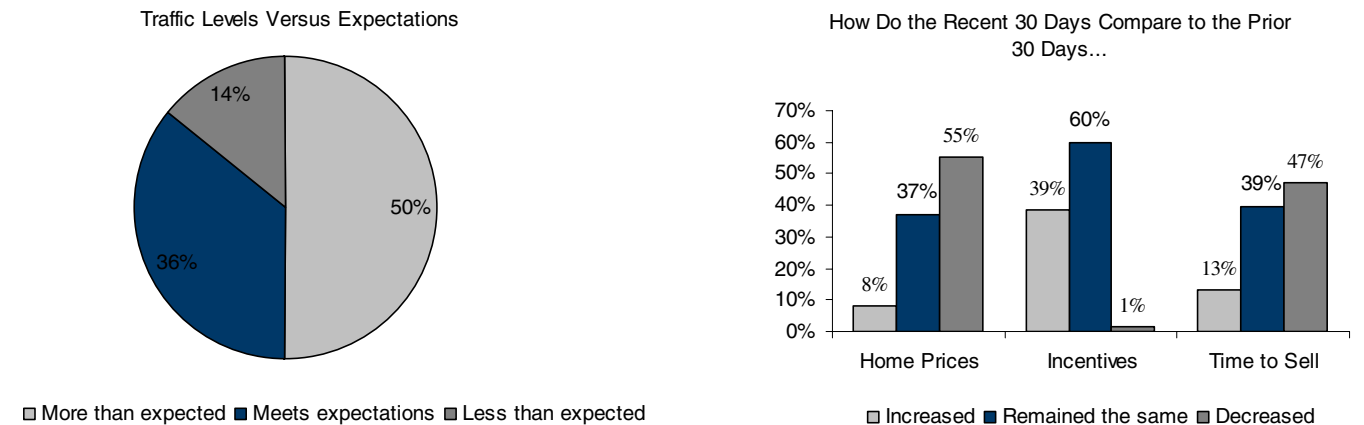
Distressed sales put further downward pressure on prices. Home prices fell further in April, pressured by mounting foreclosure sales and their impact on appraisals, with our price index posting a score of 26 following a reading of 22 in March (readings below 50 indicate lower home prices over the past 30 days). Lower prices helped drive sales and reduce the inventory overhang in the region, as our home listings index improved to 70 from 62 in March (readings above 50 suggest decreasing inventory levels). Despite inventory levels declining this month, absolute levels remain elevated and ongoing foreclosures will likely keep them high for the foreseeable future, which should continue to pressure home prices.

Comments from real estate agents:

- "Investors and first time homebuyers looking for bargains,"
- "The supply of available homes in desirable areas is starting to decrease. This however, does not represent the homes in the outlying areas.."

MDC Holdings, Standard Pacific, Meritage, Pulte Homes, D.R. Horton and Toll Brothers have the greatest exposure. MDC and Standard Pacific have the largest exposure to Phoenix, contracting approximately 19% of total unit sales in the area, followed by Meritage (18%), Pulte (16%), D.R. Horton (11%) and Toll (10%).

Exhibit 20: Mounting Foreclosures Push Prices Lower, Draw in Value-Seeking Buyers



Source: Credit Suisse estimates

April Market Trends	
Traffic	👍
Home Prices	👎
Incentives	👎

"Entry level buyers have many challenges with meeting strict lending requirements."

Riverside-San Bernardino, CA (Inland Empire) – An “REO Feeding Frenzy”

(5,825 single-family permits in 2008, 15th largest market in the country)

Traffic levels jump as buyers flock to distressed sales. Traffic levels showed marked improvement in April relative to March, surpassing agents’ expectations, with our traffic index increasing to 74 from 49 in March (a reading above 50 suggests traffic above expectations). Affordability improvements in the region were the primary driver of the increased traffic levels. According to one agent, “low prices, low rates, and multiple offers on properties have pushed buyers into realizing it’s time to buy,” with the majority of demand coming from value-seeking first time homebuyers looking at foreclosures. The first time homebuyer tax credit is also helping spur sales activity at entry level price points.

Inventory declines as buyers scoop up low-priced distressed sales. Home prices continued their decent in April but were less broad-based than in prior months, as our price index came in at 39 following a score of 14 in both February and March (readings below 50 indicate lower home prices over the past 30 days). The increase in traffic was driven by low priced foreclosures and helped reduce inventory levels, with our home listings index improving to 61 in April from 49 in March (reading above 50 suggests declining inventory levels). A number of agents commented on the reduced inventory levels, especially at the entry level, with one agent noting that “the number of REO listings is dwindling.” However, we believe increasing foreclosures coming to market will continue to pressure inventory levels, creating a further drag on pricing.

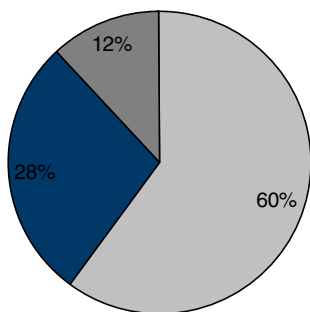
Comments from real estate agents:

- “Greatly lowered prices on REO properties have brought out lots of investors and first time home buyers.”
- “April is generally good, however, the currently low interest rates (4.5%), combined with first time home buyer tax credits have first time home buyers scrambling to purchase.”

Hovnanian, KB Home and Lennar have the greatest exposure. Hovnanian has the largest percent of sales at approx. 15%, followed by KB Home (7%), and Lennar (6%).

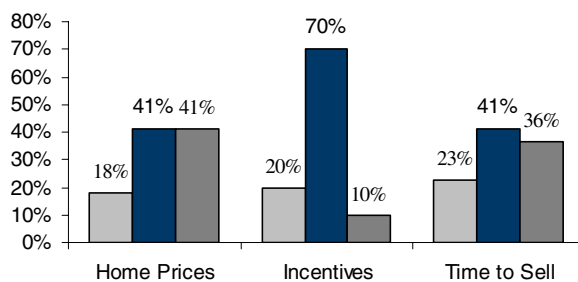
Exhibit 21: Traffic Surpasses Expectations as First Time Buyers Seek Out Attractively Priced Foreclosures

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	👍
Home Prices	👎
Incentives	↔

“Appraisals are constantly being lowered by the underwriters.”

Seattle, WA – Potential Buyers Finally “Putting their Toes Back in the Water”

(6,529 single-family permits in 2008, 12th largest market in the country)

Traffic picks up, but remains below agents’ expectations, as economic concerns offset continued affordability improvements. Buyer traffic levels rose slightly in April but remained shy of agents’ expectations, with our traffic index increasing to 43 from 34 in March (readings below 50 indicate traffic below agents’ expectations). Agents reported affordability improvements as the main driver of increased traffic during the month, but “while it seems buyers are getting off the fence, we are still finding them to be quite cautious.” One agent comments, “People are nervous about making a decision as they are worried about their jobs and the economy.” Lower prices and declining interest rates, in addition to the homebuyer tax credit, are helping to lure buyers into the marketplace. Low priced and distressed sales continue to draw a large amount of buyer and investor interest, with “banks authorizing discounted pricing on a large number of short sale and REO properties.” The financing environment remains tough, with lenders requiring more documentation and taking a longer time for approval.

Inventory levels mount despite continued price declines. Home prices continued to fall in April as sellers brought down prices to compete with a rising level of foreclosures and appraisers increasingly use distressed sales as comps. Our home price index posted a score of 25 in April following a score of 16 in March, with any reading below 50 indicating lower home prices over the past 30 days. In addition, inventory increased further, with our home listings index falling to 35 in April from 45 in March, with all readings below 50 suggesting higher inventory. Higher inventory levels suggest further price declines are likely in the coming months.

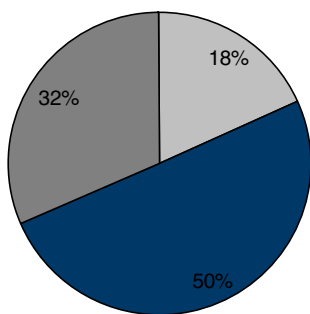
Comments from real estate agents:

- “Continuing price declines and high inventory levels are provoking interest in possible discounted purchases.”
- “Very attractive prices are finally luring buyers to the marketplace. Investors are also becoming active.”

D.R. Horton has the most exposure to Seattle. D.R. Horton generated approximately 1% of its sales in Seattle, with a 5.5% market share. We expect larger, publicly traded homebuilders to further consolidate the market in the next several years.

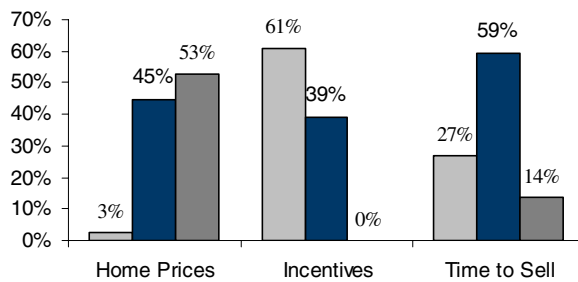
Exhibit 22: Weak Consumer Confidence Keeps Traffic Levels Below Agents’ Expectations in April

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	⬇️
Home Prices	⬇️
Incentives	⬇️

“Lenders are making everyone work harder, but loans are still being made.”

Tampa, FL – Buyers “Looking for a Steal” in Tough Economic Times; Financing Remains Key Challenge

(5,082 single-family permits in 2008, 19th largest market in the country)

Traffic levels again in line with agents’ expectations. Buyer traffic in April remained at levels consistent with agents’ expectations, with our traffic index coming in at 46 following a similar reading of 47 in March (a reading of 50 indicates traffic in-line with expectations). Agents commented that while buyers are concerned over the economy and being very cautious, good deals are drawing many potential buyers into the market. “Falling prices, low interest rates and spring/early summer buying habits” have combined to create a big uptick in traffic in the region, comments one agent. The majority of offers appear to be at the lower price levels, aided by the \$8,000 tax credit for first time homebuyers. Distressed sales continue to draw the most buyer interest, with some potential buyers “feeling a bottoming in prices at the lower end and starting to nibble away at foreclosures and short sales; the rest of the market isn’t seeing the same level of interest.” The financing environment remains tough, with “increasing approval and appraisal turn times.”

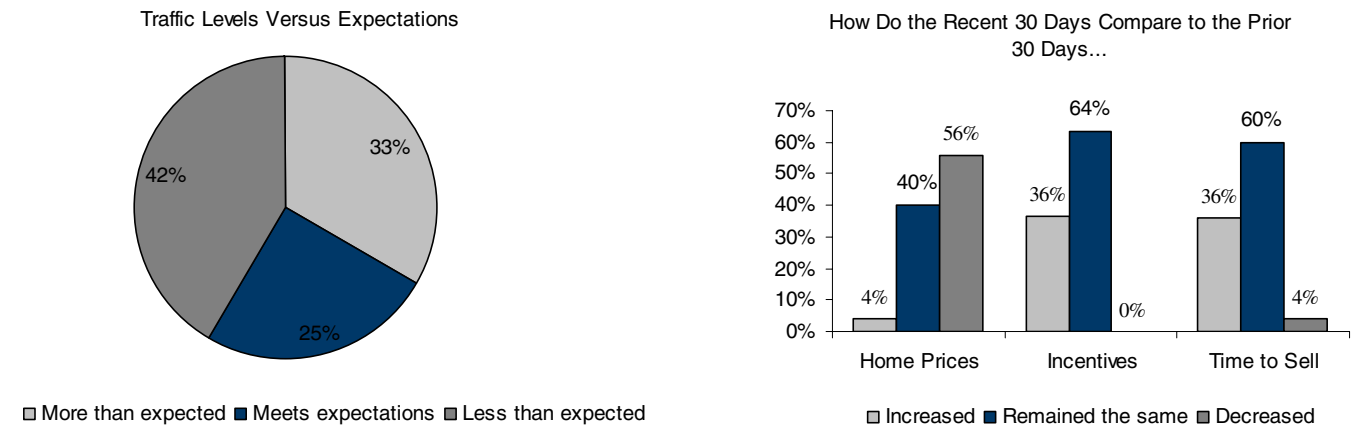
Home prices fall as foreclosures continue to dominate market. Home prices continued their descent in April, as our price index posted a score of 24 following a reading of 18 in March, remaining well below a neutral reading of 50. According to one agent, “Both banks and appraisers are basing their values on the market continuing to decline.” Another adds, “appraisals are based on foreclosed properties, not necessarily market value.” Demand for foreclosures helped keep inventories stable; our home listings index remained at 50, in-line with March’s reading of 53 (a score of 50 represents a neutral reading). The longer time needed to sell a home this month (our time to sell index came in at 34 in April, slightly below a neutral reading of 50) and likelihood of higher inventory levels this spring continue to have negative implications for future pricing trends.

Comments from real estate agents:

- “Traffic is improving, but way below normal levels due to low consumer confidence and negative job growth.”
- “Appraisals are getting very tight and frequently come in under apparent market value.”

Standard Pacific Homes, Ryland, and Lennar have the most exposure. Tampa contributes approximately 10% of Standard Pacific’s net sales, followed by 7% each for Ryland and Lennar.

Exhibit 23: Lower Price Point Homes and Distressed Sales Attract Buyers in April



Source: Credit Suisse estimates

April Market Trends	
Traffic	↔
Home Prices	↓
Incentives	↓

“Mortgage criteria are becoming more difficult to satisfy.”

Washington, D.C. – “Prime Time” for Buyers

(9,076 single-family permits in 2008, 5th largest market in the country)

Traffic levels rise as affordability improves; entry level housing seeing majority of activity. Buyer traffic increased further in April, surpassing agents’ expectations for the second consecutive month, with our traffic index improving to 66 from 54 in March (readings greater than 50 suggest traffic above expectations). “It’s the confluence of extremely low interest rates and foreclosure-fueled low pricing” that’s driving sales, notes one agent. The \$8,000 first time homebuyer tax credit is also spurring traffic levels, especially at the lower end. According to another agent, “Entry level housing is getting better because of the \$8,000 tax rebate and low interest rates. However, the upper price range is still very slow.” Some agents commented that sellers are becoming increasingly realistic with their pricing, and are seeing price cuts to better match those of distressed sales. Appraisals continue to be an issue, with agents noting that they are “taking longer” and “coming in lower than expected,” which is derailing some transactions.

Inventory levels stable as buyer activity picks up. Agents said home prices continued their decent in April but were less broad-based than in prior months, as our price index came in at 41 (following a score of 30 in March, with readings below 50 indicating sequentially lower home prices). Demand for smaller, lower priced homes again helped keep inventory levels flat with the prior month, as our home listings index scored a neutral reading of 51 in April (after scoring 50 in March). We view stable inventory levels as a positive, but would note that absolute inventory levels remain historically high and we see risk of further increases this spring based on continued foreclosures and typical seasonal patterns.

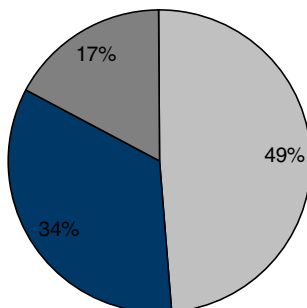
Comments from real estate agents:

- “Interest rates have dropped and buyers are back into the market to make the best of the home prices in these areas. Short sales are even getting multiple offers now.”
- “Loan officers are really getting hit hard with new criteria and rules.”

NVR, Toll Brothers and Hovnanian have the greatest exposure. NVR has the most exposure to the Washington, D.C. market, as it represented approximately 25% of the company’s sales. Washington represented 11% of Toll Brothers’ sales and 8% of Hovnanian’s sales.

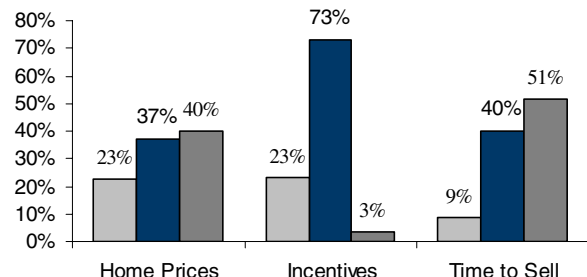
Exhibit 24: Positive Momentum Continues as Traffic Beats Expectations, Inventory Remains Flat in April

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	👍
Home Prices	👎
Incentives	👎

“We’ve seen a number of price cuts by sellers.”

Additional Key Housing Markets

Baltimore, MD

(3,121 single-family permits in 2008, 36th largest market in the country)

Traffic improves but remains below agents' expectations. Our traffic index increased to 41 in April from 31 in March, indicating sequentially better traffic levels over the past month, but overall traffic below agents' expectations (readings below 50 point to traffic below expectations). 55% of agents said traffic fell short of expectations, 36% said it exceeded expectations, and 9% said it met expectations.

Home prices remain under pressure. Our price index fell to 14 in April from 27 in March, indicating further price declines over the past 30 days (readings below 50 indicate sequentially lower prices). 73% of agents said prices declined, while 27% said they were unchanged. Incentives were essentially unchanged over the past month, as our incentive index improved to a near-neutral 46 in April from 35 in March, with a reading of 50 indicating flat incentives. 55% of agents said incentives were unchanged over the past 30 days, 27% said they increased, and 18% said they decreased.

Length of time needed to sell a home unchanged in April. Our time to sell index improved to 50 in April from 19 in March, consistent with a neutral reading of 50, indicating the length of time needed to sell a home was unchanged over the past 30 days. 45% of agents said it took less time to sell a home, 45% said it took longer to sell a home, and 10% said it took the same length of time. We would view a shorter time to sell as a positive indicator as it would be a step towards price stability.

Comments from real estate agents:

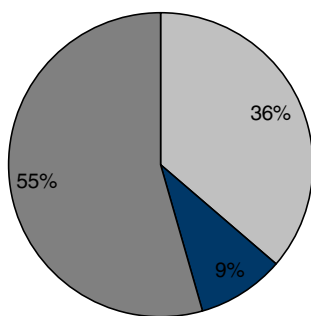
- "Traffic from the \$8,000 first time buyer tax credit is less than expected. No traffic at high end."
- "There are so few sales in some ranges that distressed sale figures skew values."

NVR, Ryland, and MDC have the greatest exposure. NVR has the most exposure to Baltimore, as it represented approximately 14% of the company's 2005 sales. Baltimore represented 6% of Ryland's sales and 2% of MDC's sales.

Exhibit 25: Traffic Below Expectations, Prices Fall, Flat Incentives, Time to Sell Lengthens in April

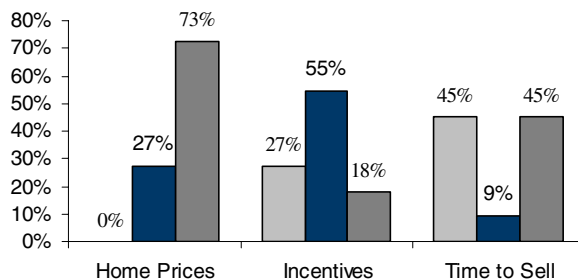
April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	↔

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

Boston, MA

(3,323 single-family permits in 2008, 32nd largest market in the country)

Traffic exceeds agents' expectations. Our traffic index improved to 56 in April from 39 in March, indicating higher traffic levels above agents' expectations over the past 30 days (readings above 50 indicate better than expected traffic levels). 63% of agents said traffic was in-line with expectations, 25% said it exceeded expectations, and 12% said it fell short of expectations.

Prices fall further; incentives unchanged. Home prices continued to fall in April, as our price index was unchanged at 31, with readings below 50 indicating sequentially lower home prices. 50% of agents said prices declined over the past 30 days, 38% said they were unchanged, and 12% said they were higher. However, the level of incentives was unchanged, as our incentive index fell to 50 in April from 60 in March but remained in-line with a neutral reading of 50. 72% of agents said incentives were unchanged, while 14% said they were higher and 14% said they were lower.

Time needed to sell a home lengthened – a negative indicator for future pricing trends. Our time to sell index increased modestly to 38 in April from 31 in March, but continued to indicate a longer time needed to sell a home (any reading below 50 suggests a longer time to sell). 50% of agents said it took longer to sell a home over the past 30 days, 25% said the time to sell was unchanged and 25% said it took less time. We view the longer time needed to sell as a negative indicator for future pricing trends.

Comments from real estate agents:

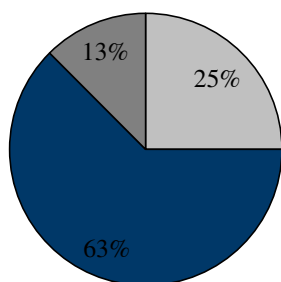
- "Spring weather and the first time buyer tax credit are helping sales."
- "Lending institutions are still too tight with money."

Pulte has the greatest exposure. Pulte has the most exposure to Boston, as it represented approximately 1% of the company's sales.

Exhibit 26: Traffic Above Expectations, Prices Fall, Incentives Unchanged, Time to Sell Lengthens in April

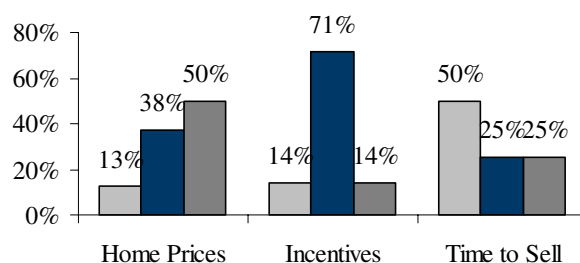
April Market Trends	
Traffic	👍
Home Prices	👎
Incentives	↔

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ☐ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ☐ Decreased

Source: Credit Suisse estimates

Charleston, SC

(3,666 single-family permits in 2008, 29th largest market in the country)

Traffic remains above agents' expectations. Our buyer traffic index fell slightly to 56 in April from 63 in March, but remained at solid levels indicating traffic above agents' expectations for the second consecutive month (readings above 50 indicate traffic above expectations). 38% of agents said traffic was better than expected, 38% said it was in-line with expectations and 24% said it fell short of expectations.

Home prices continue to fall. Home prices fell further in April, as our price index dropped to 25 from 38 in March, with readings below 50 indicating lower home prices over the past 30 days. 50% of agents said home prices were sequentially lower, while 50% said they were unchanged. Sellers used greater incentives this month, as our incentive index fell to 31 in April from 36 in March (any reading below 50 suggests higher incentives). 63% of agents said incentives were unchanged, while 27% said they were higher.

Length of time needed to sell a home increased— a negative indicator for future pricing trends. Our time to sell index increased slightly to 34 in April from 31 in March, still indicating a longer time needed to sell a home (any reading below 50 points to a longer time to sell). 44% of agents said it took longer to sell a home over the past 30 days, 44% the time needed to sell was unchanged, and 12% said it took less time to sell. We view the longer time needed to sell a home as a negative indicator for future pricing trends.

Comments from real estate agents:

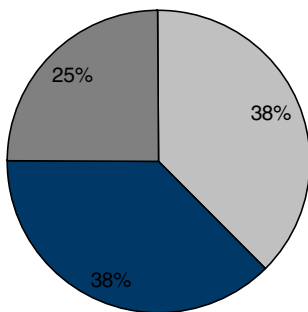
- "We've seen pent up demand from homeowners previously on the sidelines."
- "There is no second home or investment financing available."

Ryland and Centex have the greatest exposure. Ryland has the most exposure to the Charleston market, at approximately 3% of the company's sales. Charleston represented 2% of Centex's sales.

April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

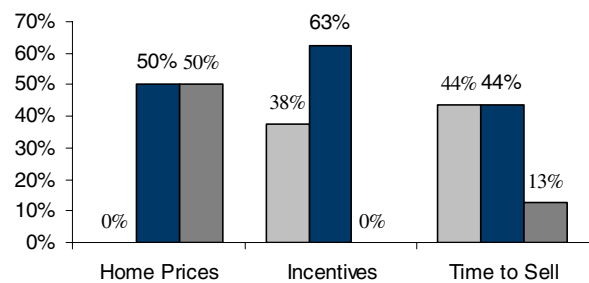
Exhibit 27: Traffic Remains Above Expectations, Prices and Incentives Deteriorate, Longer Time To Sell in April

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

Cincinnati, OH

(3,314 single-family permits in 2008, 33rd largest market in the country)

Traffic unchanged at levels below agents' expectations. Our buyer traffic index was unchanged at 41 in April from 40 in March, still indicating traffic levels modestly below agents' expectations (a reading of 50 would suggest traffic in-line with agents' expectations). 48% of agents said traffic was in-line with expectations, 35% said it was below expectations and 17% said it exceeded expectations.

Price and incentive trends worsen. Our home price index improved to 34 in April from 29 in March, but continued to indicate lower prices (any reading below 50 points to lower home prices over the past 30 days). 68% of agents said prices were unchanged, while 32% said they were lower. Incentive trends also worsened, as our incentive index came in at 38 in April (from 31 in March), with readings below 50 indicating higher incentives. 48% of agents said incentives were unchanged relative to last month, 38% said they increased and 14% said they were lower.

Time needed to sell a home lengthened – a negative indicator for future pricing trends. Our time to sell index fell to 32 in April from 40 in March, indicating a longer time needed to sell a home over the past 30 days (any reading below 50 indicates a longer time to sell). 45% of agents said it took longer to sell a home relative to last month, 45% said the time to sell was unchanged, and 10% said it took less time to sell a home. We view the longer time needed to sell as a negative indicator of future pricing trends.

Comments from real estate agents:

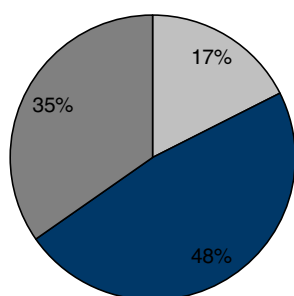
- “Activity is slowly increasing; but not what it should be for April. Banks are EXTREMELY difficult to work with for foreclosures and short sales. You would think that they would appreciate the role we play in selling off their huge inventory.”

NVR and Ryland have the greatest exposure. Ryland has the most exposure to the Cincinnati market, as it represented approximately 2% of the company's sales.

Exhibit 28: Traffic Below Expectations, Pricing and Incentives Deteriorate, Time to Sell Lengthens in April

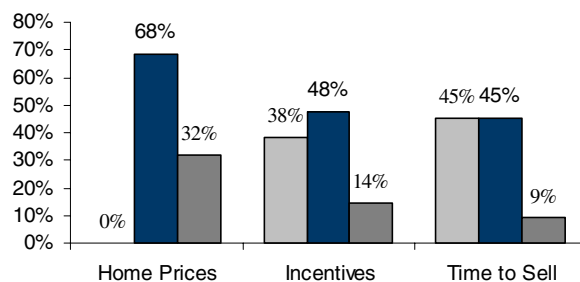
April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ☐ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ☐ Decreased

Source: Credit Suisse estimates

Columbus, OH

(2,666 single-family permits in 2008, 45th largest market in the country)

Traffic comes in better than expected in April. Our traffic index improved to 63 in April from 40 in March, indicating sequentially better traffic levels, above agents' expectations (readings above 50 indicate traffic above expectations). 50% of agents said traffic was in-line with expectations, 38% said it was better than expected and 12% said it was below expectations.

Home prices decline further. Home prices continued to fall in April, as our price index came in at 38 (from 0 in March), with readings below 50 indicating lower home prices over the past 30 days. 75% of agents said prices were unchanged sequentially, and 25% said they were lower. Incentives trends also worsened, as our incentive index increased to 25 in April from 20 in March but remained well below a neutral reading of 50. 50% of agents said incentives were higher, and 50% said they were unchanged.

Less time needed to sell a home in April. Our time to sell index jumped to 63 in April from 10 in March, indicating it took less time to sell a home as compared with last month (readings above 50 point to a shorter time to sell). 50% of agents said the length of time needed to sell a home was unchanged over the past 30 days, 38% said it took less time to sell a home, and 12% said it took longer to sell. We view a shorter time needed to sell as a positive as it is a step towards price stabilization.

Comments from real estate agents:

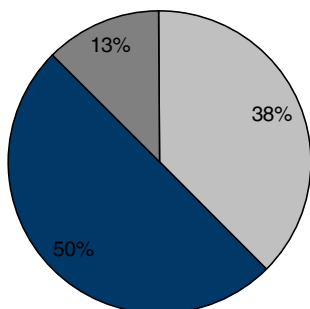
- "Lower rates and pent up demand led to better than expected traffic levels."

Centex has the most exposure to the Columbus market, as it represents approximately 2% of the company's sales.

April Market Trends	
Traffic	👍
Home Prices	👎
Incentives	👎

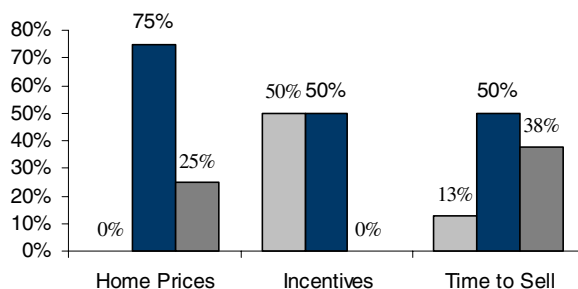
Exhibit 29: Traffic Above Expectations, Price and Incentive Trends Deteriorate, Shorter Time to Sell in April

Traffic Levels Versus Expectations



More than expected
 Meets expectations
 Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased
 Remained the same
 Decreased

Source: Credit Suisse estimates

Detroit, MI

(1,950 single-family permits in 2008, 60th largest market in the country)

Traffic below agents' expectations. Traffic improved sequentially in April but remained below agents' expectations, as our buyer traffic index came in at 41 (from 34 in March), with readings below 50 indicating buyer traffic below agents' expectations. 52% of agents said traffic was in-line with expectations, 33% said it was below expectations, and 15% said it exceeded expectations.

Home prices continue to fall. Home prices fell further in April, as our price index came in at 20, up from 17 in March, with readings below 50 indicating sequentially lower home prices. 59% of agents said prices declined over the past 30 days, while 41% said they were unchanged. Incentives continued to increase, as our incentive index fell to 30 in April from 42 in March (readings below 50 indicate higher incentives). 60% of agents said incentives were unchanged, and 40% said they were higher.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index fell to 30 in April from 33 in March, indicating a longer time needed to sell a home over the past 30 days (any reading below 50). 52% of agents said the length of time needed to sell a home was unchanged, 44% said it took longer to sell a home, and 4% said it took less time to sell a home. We view the longer time needed to sell as a negative indicator for future pricing trends.

Comments from real estate agents:

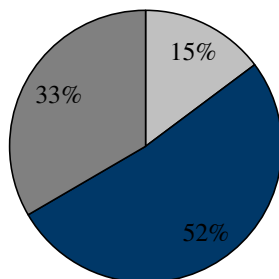
- "Some capable buyers seem to be coming out for foreclosure bargains."
- "Foreclosures are selling at rock bottom prices."

Pulte, Toll Brothers, and Centex have the greatest exposure. Pulte has the most exposure to the Detroit market, as it represents approximately 5% of the company's sales. Detroit represents approximately 5% of Toll Brother's sales and 2% of Centex's sales.

Exhibit 30: Traffic Below Expectations, Pricing and Incentives Deteriorate, Time to Sell Lengthens in April

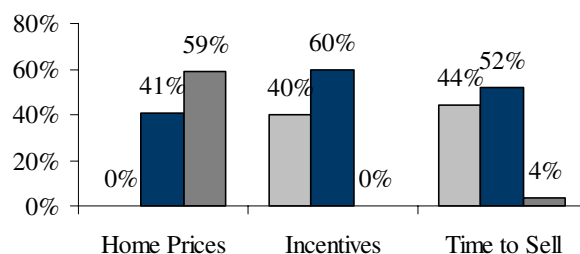
April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ☐ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ☐ Decreased

Source: Credit Suisse estimates

Nashville, TN

(5,621 single-family permits in 2008, 16th largest market in the country)

Traffic improves but remains below expectations. Buyer traffic increased in April relative to March, but fell short of agents' expectations, as our buyer traffic index came in at 40 (from 35 in March), with readings below 50 indicating traffic below expectations. 40% of agents said traffic fell short of expectations, 40% said it was in-line with expectations and 20% said it exceeded expectations.

Home price and incentive trends worsen. Our home price index increased slightly to 30 in April from 26 in March, still indicating sequential home price deterioration (any reading below 50 indicates sequentially lower home prices). 60% of agents said prices were unchanged relative to last month, while 40% said they were lower. Meanwhile, sellers used greater incentives, as our incentive index fell to 17 in April from 32 in March, below a neutral reading of 50. 67% of agents said incentives increased, and 33% said they were unchanged.

Time needed to sell a home lengthened – a negative indicator for future pricing trends. Our time to sell index was unchanged at 37 in April from 35 in March, still indicating a longer time needed to sell a home (any reading below 50 indicates a longer time to sell). 47% of agents said it took longer to sell a home over the past 30 days, 33% said it took the same length of time, and 20% said it took less time to sell a home. We view the longer time to sell as a negative indicator for future pricing trends.

Comments from real estate agents:

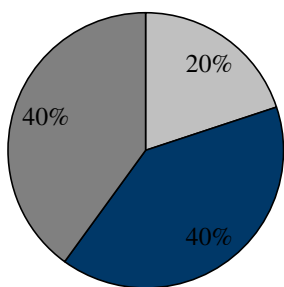
- "More buyers in the market – especially those looking to benefit from the tax write-off."
- "Existing sellers can't sell due to mortgage restrictions or not willing to price and prepare at market."

Centex has the greatest exposure. Centex has the most exposure to the Nashville market, but only represents approximately 1% of the company's sales.

Exhibit 31: Traffic Below Expectations, Lower Home Prices, Higher Incentives, Longer Time to Sell in April

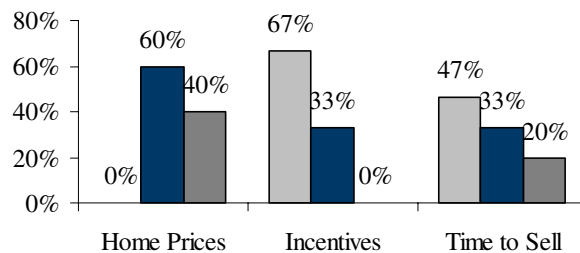
April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

Philadelphia, PA-Southern NJ

(6,858 single-family permits in 2008, 10th largest market in the country)

Traffic increased in April but fell short of expectations. Buyer traffic levels improved sequentially in April, as our traffic index came in at 35 (up from 24 in March), but remained below agents' expectations as measured by an index reading of 50. 47% of agents said traffic fell short of expectations, 37% said it was in-line with expectations, and 16% said it exceeded expectations.

Pricing and incentives deteriorate. Home prices fell further in April, as our price index fell was unchanged at 18 from 16 in March (any reading below 50 indicates sequentially lower home prices). 63% of agents said prices declined over the past 30 days, while 37% said they were unchanged. Incentive trends also worsened, as our incentive index measured 40 in April (up from 23 in March), with readings below 50 indicating higher incentives. 60% of agents said incentives were unchanged, 30% said incentives increased and 10% said they were lower.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index increased slightly to 32 in April from 28 in March, still indicating a longer time needed to sell a home relative to last month (readings below 50 point to a longer time to sell). 50% of agents said it took longer to sell a home over the past 30 days, 37% said the length of time needed to sell was unchanged and 13% said it took less time to sell. We view the longer time needed to sell as a negative indicator for future pricing trends.

Comments from real estate agents:

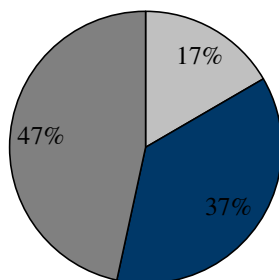
- "Typical start of the buying season. People are satisfied with the employment outlook in the region and have been waiting and wanting to buy. They now realize that with good credit there is money."
- "Sellers are still pricing a bit high and the comps just are not there."

Toll Brothers, NVR, and Hovnanian have the greatest exposure. Toll Brothers has the most exposure to the Philadelphia-Southern NJ market, as it represented approximately 9% of the company's sales, followed by NVR and Hovnanian at 6% and 3% of sales, respectively.

Exhibit 32: Traffic Below Expectations, Prices and Incentives Deteriorate, Time to Sell Lengthens in April

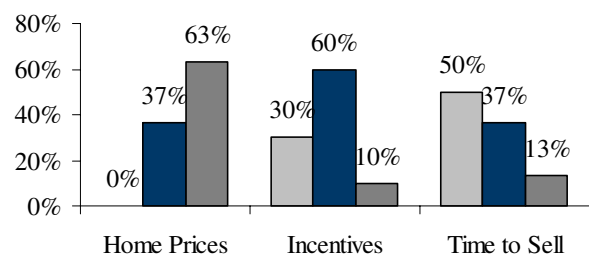
April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

Port St. Lucie, FL

(854 single-family permits in 2008, 114th largest market in the country)

Traffic jumps in April, exceeding agents' expectations. Buyer traffic improved and exceeded agents' expectations for the second time in the past three months, as our buyer traffic index increased to 71 from 41 in March (any reading above 50 suggests better than expected traffic). 71% of agents said traffic exceeded expectations, and 29% said it was in-line with expectations.

Home prices remain under pressure. Our price index improved to 43 in April from 18 in March, indicating modestly lower home prices over the past 30 days (a reading of 50 would suggest flat pricing sequentially). 43% of agents said prices declined, 29% said they were unchanged and 28% said they were higher. Incentives were slightly higher, as our incentive index inched up to 43 in April from 39 but remained below a neutral reading of 50. 86% of agents said the level of incentives was unchanged this month, while 14% said incentives were higher.

Shorter time to sell, reflecting increased demand. Our time to sell index increased to 64 in April from 32 in March, indicating it took less time to sell a home relative to last month (readings above 50 indicate a shorter time needed to sell a home). This reflects the increased levels of buyer traffic seen in April. 43% of agents said it took less time to sell a home this month, 43% said the time to sell was unchanged, and 14% said it took longer to sell a home. A shorter time to sell is a positive indicator for future pricing trends as it indicates supply and demand coming back into balance, though this will likely take quite some time given the oversupply and continued foreclosures.

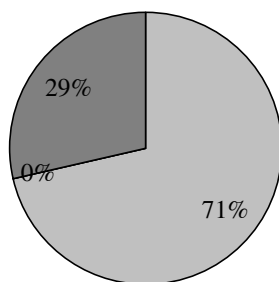
Comments from real estate agents:

- "The first time home buyer government tax credit is helping traffic levels."
- "Low mortgage rates and home prices are driving better than expected traffic."

Pulte and Standard Pacific have the greatest exposure. Pulte has the most exposure to the Port St. Lucie market, as it represents approximately 5% of the company's sales. Port St. Lucie represents 3% of Standard Pacific's sales.

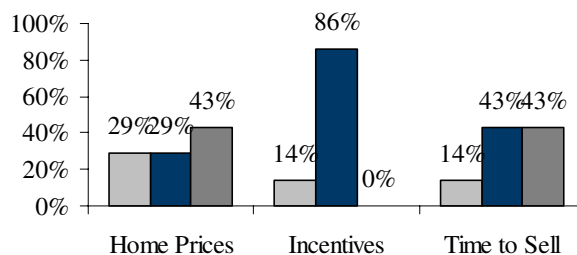
Exhibit 33: Traffic Exceeds Expectations, Prices and Incentives Worsen, Shorter Time to Sell in April

Traffic Levels Versus Expectations



More than expected
 Meets expectations
 Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased
 Remained the same
 Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	👍
Home Prices	👎
Incentives	👎

Portland, OR

(4,167 single-family permits in 2008, 24th largest market in the country)

Traffic improves sequentially but remains at levels modestly below expectations. Buyer traffic levels increased in April relative to March, as our traffic index improved to 40 from 29, but indicated absolute traffic levels modestly below agents' expectations (a reading of 50 would suggest traffic in-line with agents' expectations). 41% of agents said traffic fell short of expectations, 38% said it was in-line with expectations and 21% said it exceeded expectations.

Prices and incentives deteriorate. Home prices continued to fall in April, as our price index slipped to 15 from 17 in March, with readings below 50 indicating lower home prices over the past 30 days. 74% of agents said prices declined sequentially, 24% said they were unchanged and 3% said they were higher. Sellers also offered higher incentives, as our incentive index was unchanged at 33 in April from 34 in March (readings below 50 suggest higher incentives). 60% of agents said incentives were unchanged, 37% said they were higher and 3% said they were lower.

Time needed to sell a home lengthened – a negative indicator for future pricing trends. Our time to sell index improved to 38 in April from 31 in March, but any reading below 50 indicates a longer time needed to sell a home over the past 30 days. 41% of agents said it took longer to sell a home relative to last month, 41% said it took the same length of time, and 18% said it took less time to sell. We view the longer time needed to sell a home as a negative indicator of future pricing trends.

Comments from real estate agents:

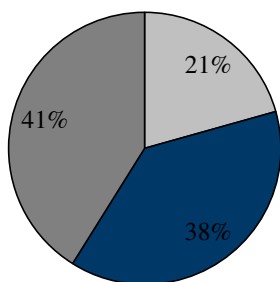
- "We are seeing sales in the lower price levels (First time buyers and short sale-foreclosure deals) but higher priced homes and homes on acreage have not appeared on the sales side yet."
- "Spring bounce – good deals – but the closings are falling out due to appraisals/underwriting restrictions."

D.R. Horton and Centex have the greatest exposure. Portland represented approximately 1% of sales for both D.R. Horton and Centex.

Exhibit 34: Traffic Below Expectations, Home Price and Incentive Trends Worsen, Longer Time to Sell in April

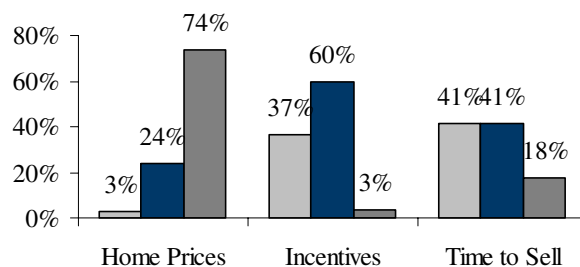
April Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

Raleigh, NC

(6,559 single-family permits in 2008, 11th largest market in the country)

Traffic improves, but remains below agents' expectations. Our buyer traffic index increased to 41 in April from 26 in March, indicating improving traffic over the past 30 days but still at levels below agents' expectations (any reading below 50 points to traffic below expectations). 41% of agents said traffic was below expectations, 35% said it met expectations and 24% said it exceeded expectations.

Price and incentive trends worsen. Home prices fell further in April, as our price index posted a score of 29 following a score of 26 in March (any reading below 50 points to lower home prices over the past 30 days). 59% of agents said prices were unchanged from the previous month, while 41% said they were sequentially lower. Incentives increased again, as our incentive index came in at 28 in April after scoring 26 in March (readings below 50 indicate higher incentives). 50% of agents said incentives were higher, while 44% said they were unchanged and 6% said they were lower.

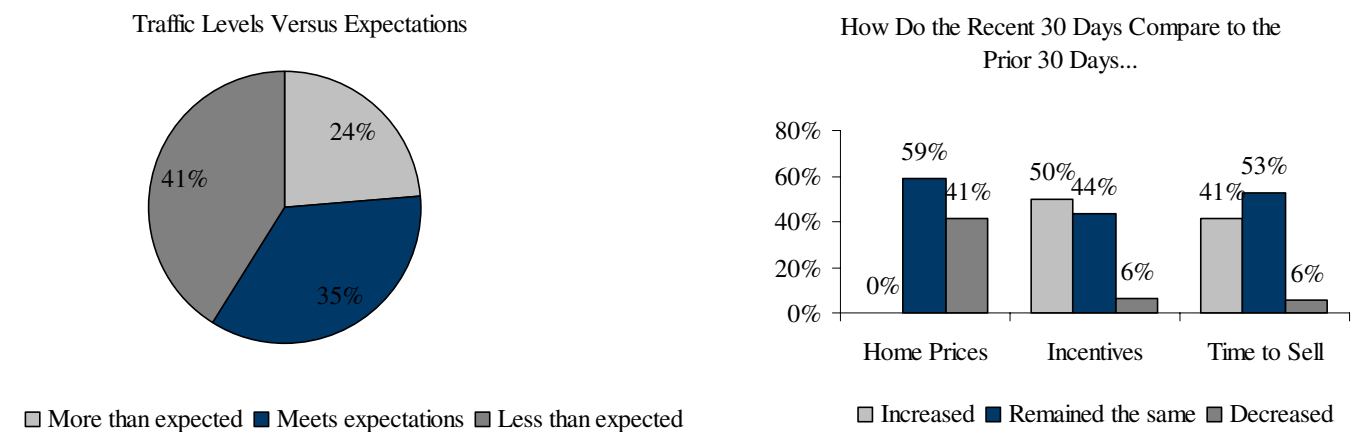
Time needed to sell a home lengthened – a negative indicator for future pricing trends. Our time to sell index scored 32 in April following a reading of 21 in March, again signifying a longer time needed to sell a home over the past 30 days (readings below 50 indicate a longer time to sell). 53% of agents said the time to sell a home was unchanged relative to last month, while 41% said it was longer and 6% said it was shorter. We view the longer time to sell as a negative indicator for future pricing trends.

Comments from real estate agents:

- "Most buyers are first time. There are very limited move up or relocation buyers."
- "Buyers are still uncertain about the economy and their job security despite favorable interest rates and prices."

Hovnanian, Standard Pacific, and KB Home have the greatest exposure. Hovnanian has the most exposure to the Raleigh market, as it represents approximately 4% of the company's sales. Raleigh represents 3% and 2% of sales for Standard Pacific and KB Home, respectively.

Exhibit 35: Traffic Below Expectations, Prices and Incentives Worsen, Time to Sell Lengthens in April



Source: Credit Suisse estimates

Richmond, VA

(3,932 single-family permits in 2008, 26th largest market in the country)

Traffic remains at levels below expectations. Buyer traffic fell in April, with our traffic index dropping to 25 from 32 in March, again indicating levels below agents' expectations (any reading below 50 points to traffic below expectations). 60% of agents said traffic fell short of expectations, 30% said it was in-line with expectations, and 10% said it exceeded expectations.

Prices fall, incentives increase. Home prices fell further in April, as our price index declined to 11 from 25 in March, with any reading below 50 indicating sequentially lower home prices. 78% of agents said prices were lower over the past 30 days, while 22% said they were unchanged. Meanwhile, incentives increased further, as our incentive index posted a score of 31 following a reading of 21 in March, remaining below a neutral reading of 50. 50% of agents said incentives increased, while 38% said they were unchanged and 12% said they decreased.

Time needed to sell a home lengthened – a negative indicator for future pricing trends. Our time to sell index fell to 22 in April from 42 in March, indicating a longer time needed to sell a home (readings below 50 point to a longer time needed to sell). 56% of agents said it took longer to sell a home over the past 30 days, while 44% said the time to sell was unchanged. We view the longer time needed to sell as a negative indicator for future pricing trends.

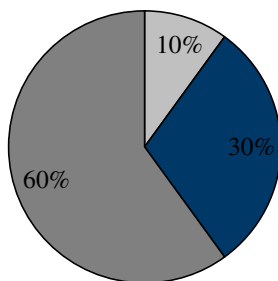
Comments from real estate agents:

- "While it is slow, at least we have some [buyers]. Just a couple of months ago activity was at '0'."

NVR and Centex have the greatest exposure. NVR has the most exposure to the Richmond market, as it represented approximately 3% of the company's sales. Richmond represented 1% of sales for Centex.

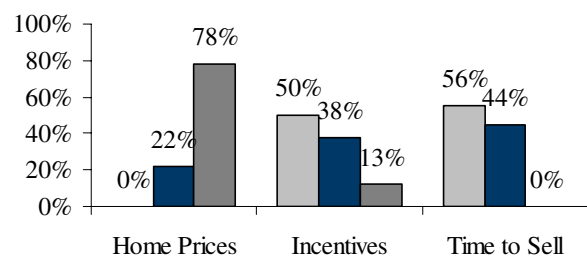
Exhibit 36: Traffic Below Expectations, Prices and Incentives Worsen, Longer Time to Sell in April

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased Remained the same Decreased

Source: Credit Suisse estimates

April Market Trends	
Traffic	⬇️
Home Prices	⬇️
Incentives	⬆️

Sacramento, CA

(3,924 single-family permits in 2008, 27th largest market in the country)

Traffic picks up; remains above agents' expectations. Buyer traffic improved in April as our traffic index increased to 72 from 60 in March, indicating another month of traffic above agents' expectations (any readings above 50 suggest traffic below expectations). 56% of agents said traffic met expectations, while 44% said it exceeded expectations.

Price and incentive trends deteriorate. Home prices continued to fall in April, with our price index posting a score of 25 following a score of 21 in March, with readings below 50 indicating lower home prices over the past 30 days. 56% of agents said prices declined sequentially, while 38% said they were unchanged and 6% said they were higher. In addition, incentives increased during April, as our incentive index fell to 29 from 43 in March, with readings below 50 indicating higher incentives. 57% of agents said incentives were unchanged over the past month, while 43% said they were higher.

Length of time needed to sell a home decreased. Our time to sell index increased to 73 in April from 58 in March, suggesting the length of time needed to sell a home shortened relative to last month (readings above 50 suggest a shorter time to sell), the second consecutive improvement after two months with time to sell unchanged. 53% of agents said the time to sell was unchanged, while 43% said it took less time to sell a home. We would view a shorter time to sell as a positive leading indicator of future pricing trends.

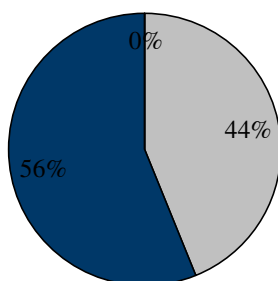
Comments from real estate agents:

- "Prices are still trending downward but aggressive pricing has resulted in lots of multiple offers and overbidding the listed price."
- "The lower end of market is doing very well."

Meritage, Hovnanian, and Lennar have the greatest exposure. Meritage has the most exposure to the Sacramento market, as it represents approximately 7% of the company's sales. Sacramento represents 6% of Hovnanian's sales and 5% of Lennar's sales.

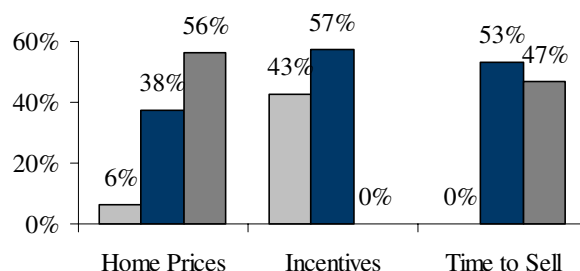
Exhibit 37: Traffic Above Expectations, Prices and Incentives Worsen, Time to Sell Shortened in April

Traffic Levels Versus Expectations



More than expected
 Meets expectations
 Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased
 Remained the same
 Decreased

Source: Credit Suisse estimates

San Antonio, TX

(5,990 single-family permits in 2008, 13th largest market in the country)

Traffic remains below agents' expectations. Buyer traffic saw a slight uptick in April but remained below agents' expectations, as our traffic index increased to 25 from 18 in March (any reading below 50 indicates traffic below agents' expectations). 57% of agents said traffic was below expectations while 36% said it met expectations and 7% said it was above expectations.

Prices fall; incentives increase. Home prices fell further in April (although price declines were less broad based than in March), as our price index moved to 35 from 18 in March, with any reading below 50 indicating lower home prices over the past 30 days. 54% of agents said prices were lower relative to last month, while 23% said they were unchanged and 23% said they were higher. Incentives also increased, as our incentive index posted a score of 39 in April following a reading of 36 in March (readings below 50 indicate higher incentives). 46% of agents said incentives increased, 31% said they were unchanged and 23% said they were lower.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index scored 15 in April following a score of 9 in March, again indicating a longer time needed to sell a home over the past 30 days (readings below 50 suggest a longer time to sell). 77% of agents said it took longer to sell a home relative to last month, while 15% said the time to sell was unchanged and 8% said it took a shorter amount of time. We view the longer time needed to sell as a negative indicator for future pricing trends.

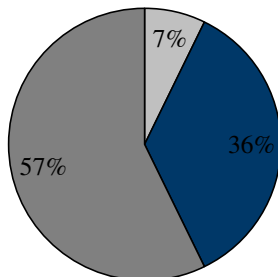
Comments from real estate agents:

- "Consumer confidence has increased some, and the lower interest rates are a factor to the increased traffic levels..."
- "Appraisers are being conservative because they are under close scrutiny by the lender hiring them."

KB Home, D.R. Horton, and Ryland have the greatest exposure. KB Home has the most exposure to the San Antonio market, as it represents approximately 7% of the company's sales. San Antonio represents 6% of D.R. Horton's sales and 3% of Ryland's sales.

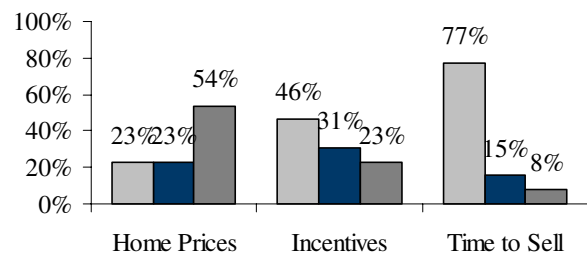
Exhibit 38: Traffic Below Expectations, Prices Fall, Incentives Increase, Time to Sell Lengthens in April

Traffic Levels Versus Expectations



More than expected
 Meets expectations
 Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased
 Remained the same
 Decreased

Source: Credit Suisse estimates

San Diego, CA

(2,160 single-family permits in 2008, 56th largest market in the country)

Traffic levels in line with agents' expectations. Buyer traffic fell slightly in April but was consistent agents' expectations, with our traffic index coming in at 52 versus 57 in March (readings above 50 suggest traffic above expectations). 36% of agents said traffic was above expectations, 32% said it fell short of expectations and 32% said it was in line with expectations.

Prices declines continue; incentives largely unchanged. Home prices fell further in April but were less broad-based than in the prior month, as our price index rose to 33 from 17 in March (with any reading below 50 indicating sequentially lower home prices). 48% of agents said prices were unchanged over the past 30 days, 42% said they were lower and 10% said they were higher. Incentives were largely unchanged from March levels, as our incentive index rose to 47 from 45 in March, close to a neutral reading of 50. 74% of agents said incentives were unchanged, 16% said they were higher and 10% said they decreased.

Time needed to sell a home decreased. Our time to sell index rose to 64 in April from 55 in March, indicating a shorter time needed to sell a home over the past 30 days (any reading above 50 suggests a shorter time to sell). 52% of agents said the length of time needed to sell was unchanged, 38% said it was shorter and 10% said it was longer.

Comments from real estate agents:

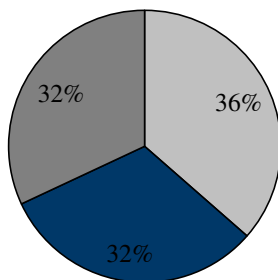
- "Low interest rates and foreclosures have buyers feeling that now is the time to buy."
- "Clients are waiting for more foreclosures to hit the market. They believe banks are 'holding back' releasing them."

Standard Pacific, D.R. Horton, and Lennar have the greatest exposure. Standard Pacific has the most exposure to the San Diego market, as it represents approximately 15% of the company's sales. San Diego represents 5% of D.R. Horton's sales and 3% of Lennar's sales.

Exhibit 39: Traffic Consistent with Expectations, Prices Fall, Shorter Time to Sell in April

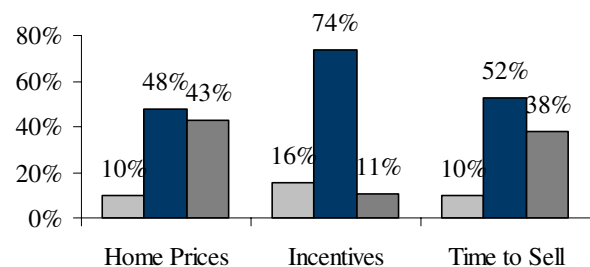
April Market Trends	
Traffic	↔
Home Prices	↓
Incentives	↔

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased Remained the same Decreased

Source: Credit Suisse estimates

San Francisco, CA

(2,329 single-family permits in 2008, 52nd largest market in the country)

Traffic beats agents' expectations. Buyer traffic levels rose to levels above agents' expectations in April, with our traffic index again posting a score of 60 (readings above 50 suggest traffic above expectations) after posting a score of 44 last month. 43% of agents said traffic was above expectations, 32% said it was in line with expectations, and 24% said it was below expectations.

Price and incentive trends worsen. Home prices continued to fall in April, as our price index moved to 25 from 21 in March, with any readings below 50 indicating lower home prices over the past 30 days. 50% of agents said prices declined sequentially, and 50% said they were unchanged. Incentives also increased, with our incentive index moving to 30 in April from 21 in March (any reading below 50 indicates higher incentives). 55% of agents said incentives were unchanged, 42% said they were higher, and 3% said they were lower.

Length of time needed to sell a home remained unchanged. Our time to sell index rose to 49 in April from 31 in March, indicating the time to sell a home over the past 30 days remained unchanged (50 suggests a neutral reading). 38% of agents said the length of time needed to sell a home remained the same, 32% said it took longer, and 30% said it took less time.

Comments from real estate agents:

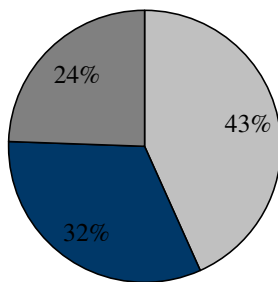
- "The under \$500k market is mostly foreclosure and short sales, and investors are buying. Above \$500k, the market is basically dead."
- "Borrowers with good credit and strong down payments are able to find outstanding loans."

Toll Brothers, Standard Pacific, and Meritage have the greatest exposure. Toll Brothers has the most exposure to the San Francisco market, as it represented approximately 6% of the company's sales. San Francisco represented 6% of Standard Pacific's sales and 3% of Meritage's sales.

Exhibit 40: Traffic Above Expectations, Prices and Incentives Deteriorate, Time to Sell Unchanged in April

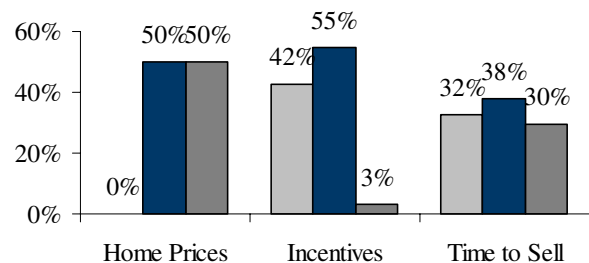
April Market Trends	
Traffic	👍
Home Prices	👎
Incentives	👎

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

Sarasota, FL

(1,468 single-family permits in 2008, 75th largest market in the country)

Traffic unchanged; in line with agents' expectations. Buyer traffic remained stable in April, meeting agents' expectations, with our traffic index staying at 53 for the second month in a row (readings of 50 indicate traffic in line with agents' expectations). 47% of agents said traffic met expectations, 29% said it exceeded expectations, and 24% said it was below expectations.

Home prices continue to fall. Home prices continued to fall in April, as our price index increased slightly to 18 from 16 in March, but remained well below a neutral reading of 50. 65% of agents said prices were lower over the past 30 days, while 35% said they were unchanged. Incentives increased further, as our incentive index scored 46 in April following a reading of 38 in March, with any reading below 50 pointing to higher incentives. 64% of agents said incentives were unchanged over the past 30 days, 22% said they increased and 14% said they were lower.

Time needed to sell a home shortened – a potential positive indicator for future pricing trends. Our time to sell index increased significantly to 53 in April from 28 in March, indicating a shorter time needed to sell a home (any reading above 50 suggests a shorter time to sell over the past 30 days). 35% of agents said it took less time to sell a home, 35% said the time to sell was unchanged and 30% said it took longer to sell. Should the trend continue, the shorter time to sell could be a positive indicator for future pricing trends.

Comments from real estate agents:

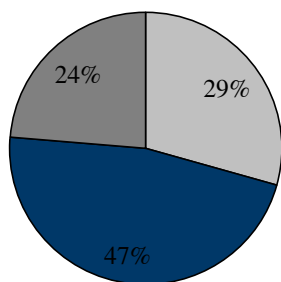
- "REOs and distressed properties below 300k are moving nicely."
- "Lending is tight and appraisers are still undervaluing properties..."

WCI Communities, Standard Pacific, and Lennar have the greatest exposure. WCI has the most exposure to the Sarasota market, as it represented approximately 7% of the company's sales. Sarasota represented 3% of Standard Pacific's sales and 2% of Lennar's sales.

Exhibit 41: Traffic Meets Expectations, Prices and Incentives Worsen, Shorter Time to Sell in April

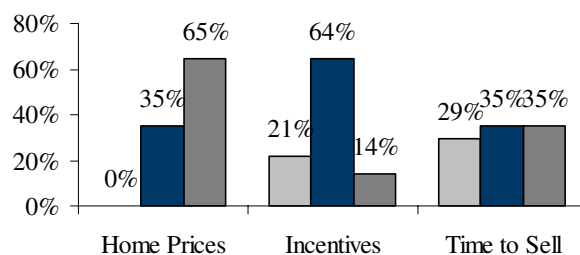
April Market Trends	
Traffic	↔
Home Prices	↓
Incentives	↔

Traffic Levels Versus Expectations



More than expected
 Meets expectations
 Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased
 Remained the same
 Decreased

Source: Credit Suisse estimates

Tucson, AZ

(2,793 single-family permits in 2008, 41st largest market in the country)

Traffic rises above agents' expectations. Buyer traffic increased over the past 30 days to levels above agents' expectations, with our traffic index climbing to 56 in April from 33 in March (readings above 50 suggest traffic above expectations). 58% of agents said traffic was in line with expectations, 27% said it was above expectations and 15% said it fell short of expectations.

Prices and incentives deteriorate. Home prices fell further in April, as our price index dropped to 20 from 27 in March, with any reading below 50 indicating lower prices over the past 30 days. 64% of agents said prices declined sequentially, 32% said they were unchanged and 4% said they were higher. Meanwhile, incentives increased, as our incentive index posted a score of 28 following a reading of 30 in March (readings below 50 point to higher inventory levels). 52% of agents said incentives were higher, 40% said they were unchanged and 8% said they were lower.

Length of time needed to sell a home decreased – a potential positive indicator for future pricing trends. Our time to sell index jumped to 54 in April from 39 in March, indicating a shorter length of time needed to sell a home over the past 30 days (readings below 50 suggest a longer time to sell). 44% of agents said the length of time needed to sell a home was unchanged as compared with last month, 32% of agents said it took a shorter time to sell a home, and 24% said it took more time.

Comments from real estate agents:

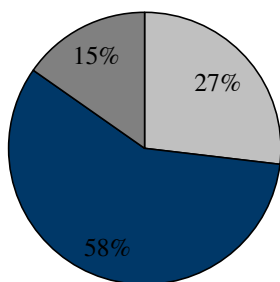
- "Lower prices, low interest rates and first-time buyer incentives are helping the market. Pent up demand is starting to materialize into transactions."
- "More investors are beginning to believe we have reached the bottom in regards to price reductions."

Meritage, MDC, and KB Home have the greatest exposure. Meritage has the most exposure to the Tucson market, as it represents approximately 11% of the company's sales. Tucson represents 6% of MDC's sales and 5% of KB Home's sales.

Exhibit 42: Traffic Above Expectations, Prices and Incentives Deteriorate, Time to Sell Shortened in April

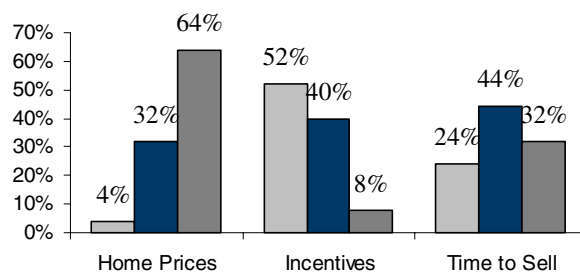
April Market Trends	
Traffic	👍
Home Prices	👎
Incentives	👎

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

Virginia Beach, VA

(3,246 single-family permits in 2008, 34th largest market in the country)

Traffic below agents' expectations. Buyer traffic decreased modestly in April, with our traffic index moving to 36 from 38 in March, again indicating traffic levels below agents' expectations (any readings below 50 suggest traffic below expectations). 57% of agents said traffic fell short of expectations, 29% said it exceeded expectations, and 14% said it was in-line with expectations.

Prices fall, while incentives increase. Home prices fell further in April, as our price index was largely unchanged at 21 from 19 in March, with any reading below 50 indicating lower prices over the past 30 days. 57% of agents said prices were lower relative to last month, while 43% said they were unchanged. Incentives remained unchanged from the prior month, with our incentive index scoring a neutral reading of 50 in April following a score of 34 in March. 72% of agents said incentives were unchanged, 14% said they were higher, and 14% said they were lower.

Time needed to sell a home lengthened – a negative indicator for future pricing trends. Our time to sell index fell to 21 in April from 25 in March, again indicating a longer time needed to sell a home over the past 30 days (readings below 50 suggest a longer time to sell). 57% of agents said it took longer to sell a home relative to last month while 43% said it took the same length of time.

Comments from real estate agents:

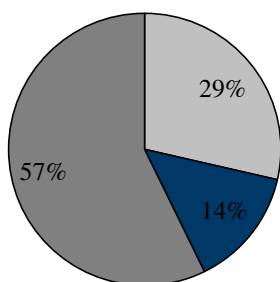
- "The economy remains the biggest overhang on traffic levels."
- "Lower interest rates and first time buyer incentives are helping attract buyers."

Centex has the greatest exposure. Centex has the most exposure to the Virginia Beach market, as it represented approximately 1% of the company's sales.

April Market Trends	
Traffic	↓
Home Prices	↓
Incentives	↔

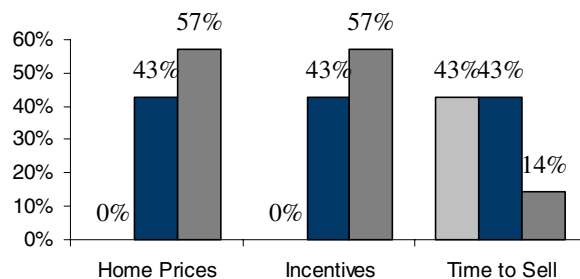
Exhibit 43: Traffic Below Expectations, Price and Incentive Trends Deteriorate, Time to Sell Lengthens in April

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

Wilmington, NC

(2,991 single-family permits in 2008, 38th largest market in the country)

Traffic below agents' expectations. Buyer traffic fell in April, as our traffic index decreased to 19 from 27 in March, again indicating traffic levels below agents' expectations (any reading below 50 suggests traffic below expectations). 69% of agents said traffic fell short of expectations, 23% said it met expectations and 8% said it exceeded expectations.

Home prices declined further, while incentives increased. Home prices fell for another month in April, with our price index dropping to 15 from 23 in March, with any reading below 50 indicating sequentially lower prices. 69% of agents said prices were lower over the past 30 days while 31% said they were unchanged. Incentives also increased, as our incentive index came in at 35 in April (in line with a reading of 33 in March), below a neutral reading of 50. 54% of agents said incentives were unchanged, while 38% said they were higher and 8% said they were lower.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index decreased to 12 in April from 31 in March, indicating a longer time needed to sell a home (readings below 50 indicate a longer time needed to sell over the past 30 days). 77% of agents said it took longer to sell a home this month, while 23% said it took the same length of time. We view the longer time needed to sell a home as a negative indicator of future pricing trends.

Comments from real estate agents:

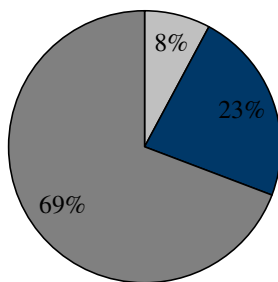
- "High-end homes are having a tough time competing due to foreclosures and market saturation."
- "Buyers are looking for distressed properties that they can pick up for great values in the area."
- "Short sales and distress sales are coming into play with regards to appraisals."

The Wilmington market represented less than 1% of sales for all homebuilders in our coverage universe.

Exhibit 44: Traffic Below Expectations, Pricing and Incentives Worsen, Time to Sell Lengthens in April

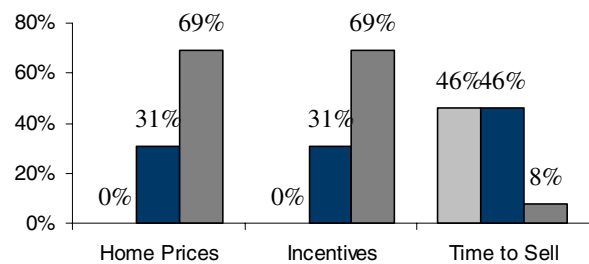
April Market Trends	
Traffic	⬇️
Home Prices	⬇️
Incentives	⬆️

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

Historical Trends

Traffic improves in April, driven by improving affordability from foreclosures and reduced mortgage rates. Buyer traffic improved in April to levels in-line with agents' expectations, as our traffic index increased to 48.4 from 39.5 in March (a reading of 50 indicates traffic levels consistent with agents' expectations). Agents said improving affordability as a result of lower home prices (particularly on distressed sales), lower mortgage rates, and the \$8,000 first time homebuyer tax credit are helping, although buyer confidence remains shaky given the weak economic and employment outlook. In addition, buyers remain very price sensitive and continue to focus on foreclosures.

Exhibit 45: Traffic Levels [> 50.0: above seasonal expectations/ = 50.0: in-line with expectations/ <50.0: below expectations]

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
Atlanta, GA	28.2	22.2	16.4	16.4	19.1	17.2	12.0	14.7	17.7	31.6	24.0	25.5	25.6
Austin, TX	30.0	25.0	26.5	11.1	13.6	12.1	8.9	10.9	11.1	31.1	25.9	35.9	40.0
Baltimore, MD	30.0	30.0	16.7	16.7	19.2	16.7	22.7	0.0	25.0	16.7	40.9	30.8	40.9
Boston, MA	33.3	40.0	41.3	42.0	22.7	23.5	16.7	29.2	33.3	28.1	50.0	38.5	56.3
Charleston, SC	30.0	25.0	19.4	36.4	25.0	5.6	16.7	10.7	8.8	13.6	4.2	62.5	56.3
Charlotte, NC	20.6	15.8	15.5	13.2	11.4	13.7	12.2	8.0	16.2	24.3	19.1	20.5	39.1
Chicago, IL	19.2	20.0	17.9	20.5	19.3	17.0	11.2	14.6	20.5	23.7	26.7	24.1	30.5
Cincinnati, OH	28.3	26.5	24.0	18.2	25.0	26.9	10.0	18.8	9.4	39.5	32.5	39.5	41.3
Columbus, OH	34.4	33.3	30.6	28.6	16.7	25.0	21.4	33.3	18.8	56.3	19.2	40.0	62.5
Dallas, TX	35.4	41.1	20.6	22.2	28.0	19.7	19.7	16.7	20.9	42.7	36.1	26.9	40.5
Denver, CO	40.4	40.0	44.4	33.3	32.9	27.6	18.9	30.6	33.7	39.0	27.5	45.0	42.6
Detroit, MI	27.5	57.7	40.0	35.4	19.0	25.7	14.1	14.1	24.0	23.5	26.3	33.9	40.7
Fort Myers, FL	75.0	59.4	59.5	57.1	40.9	51.4	59.3	57.7	43.3	71.7	60.7	73.2	81.6
Houston, TX	25.0	25.0	34.1	19.4	25.9	12.5	6.5	11.5	15.2	25.8	22.1	16.1	22.5
Inland Empire, CA	50.0	43.8	44.3	41.9	47.5	48.6	43.3	38.7	38.9	40.7	46.7	48.8	74.0
Jacksonville, FL	34.6	28.6	20.5	11.1	17.5	8.3	18.4	13.9	19.0	44.2	52.5	40.9	44.7
Las Vegas, NV	44.4	41.3	47.4	45.5	34.6	42.5	35.4	38.5	37.5	46.7	51.0	51.4	69.0
Los Angeles, CA	43.0	29.3	29.7	37.3	39.1	32.4	41.7	36.5	42.5	37.5	45.3	56.0	65.5
Miami, FL	27.0	31.4	26.0	22.2	39.2	25.3	19.4	22.3	27.4	33.8	37.5	38.6	53.3
Minneapolis, MN	30.3	29.1	24.5	28.4	32.3	26.5	26.0	17.9	32.1	44.1	45.5	50.0	52.4
Nashville, TN	50.0	32.1	13.9	10.7	11.9	16.2	5.0	12.5	19.4	33.3	28.6	35.3	40.0
New York-Northern NJ	23.8	22.6	19.4	25.8	27.1	24.3	9.9	9.7	17.2	27.5	30.2	29.1	43.6
Orlando, FL	34.5	40.0	32.3	32.4	16.7	26.6	20.9	24.2	20.8	37.9	48.5	46.3	65.2
Phila.-Southern NJ	11.1	34.6	16.3	19.7	19.1	25.0	13.9	11.4	30.0	28.2	22.7	24.2	35.0
Phoenix, AZ	31.6	42.9	30.9	27.5	32.4	23.7	17.6	23.2	31.8	37.5	42.4	54.9	67.9
Port St. Lucie, FL	37.5	30.0	35.7	37.5	43.8	30.0	35.0	25.0	58.3	50.0	57.1	40.9	71.4
Portland, OR	4.5	17.1	11.1	3.1	23.4	16.7	14.6	10.3	10.6	35.9	28.6	28.7	39.7
Raleigh, NC	27.6	9.1	15.4	28.3	16.7	13.6	11.3	5.0	17.4	23.2	44.4	26.2	41.2
Richmond, VA	20.0	16.7	14.3	14.3	22.7	15.0	8.3	7.1	43.8	10.0	33.3	31.8	25.0
Sacramento, CA	42.3	58.8	53.4	52.1	39.5	44.7	29.5	21.4	40.4	54.5	42.9	60.4	71.9
San Antonio, TX	29.4	25.0	20.0	7.7	11.8	13.6	8.3	4.2	18.8	38.5	43.3	18.2	25.0
San Diego, CA	55.0	25.0	35.0	37.1	47.0	44.3	30.9	39.3	44.1	51.3	37.1	57.1	52.3
San Francisco, CA	30.6	31.0	34.5	38.8	34.5	30.5	18.4	37.2	26.5	51.8	43.5	43.8	59.5
Sarasota, FL	50.0	50.0	34.1	28.6	31.3	32.0	22.5	36.7	37.5	46.7	37.5	52.8	52.9
Seattle, WA	26.7	19.6	16.3	14.3	16.3	25.0	15.0	14.9	18.8	32.4	32.0	33.7	43.4
Tampa, FL	46.1	26.0	27.3	25.7	14.1	22.1	13.8	18.1	18.5	25.8	35.9	47.4	45.8
Tucson, AZ	33.3	28.6	53.6	45.8	23.8	17.4	16.7	20.5	22.7	44.7	36.0	32.7	55.8
Virginia Beach, VA	10.0	16.7	27.8	21.4	32.4	7.1	20.8	7.1	0.0	40.0	34.6	38.2	35.7
Washington, DC	29.8	35.7	39.8	45.3	29.0	30.2	27.3	17.0	28.9	38.8	47.6	54.2	65.7
Wilmington, NC	45.0	33.3	27.8	21.4	13.6	25.0	10.0	8.3	11.5	38.5	21.4	26.9	19.2
Total	33.1	31.5	29.0	27.4	25.9	24.0	19.6	19.8	25.3	36.5	36.0	39.5	48.4

Source: Credit Suisse estimates

Foreclosures continue to set market prices. Home prices continued to fall in April, as our price index improved to 24.8 from 20.5 in March but remained well below a neutral reading of 50 (any reading below 50 indicates sequentially lower home prices). Agents said foreclosures continue to dominate the market, accounting for as much as 75-80% of sales in some of the hardest-hit markets, forcing builders and traditional sellers to cut prices further in order to compete.

Exhibit 46: Home Prices [> 50.0: higher than prior month/ = 50.0: flat versus prior month/ <50.0: lower than prior month]

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
Atlanta, GA	14.3	23.6	19.0	18.1	18.6	14.6	18.9	7.0	19.0	10.5	12.0	14.8	15.1
Austin, TX	26.7	41.7	41.2	41.2	39.4	28.8	18.3	12.5	20.4	20.3	28.8	27.4	30.4
Baltimore, MD	10.0	0.0	25.0	27.8	30.8	25.0	15.0	18.8	15.0	29.2	9.1	26.9	13.6
Boston, MA	27.8	25.0	45.7	28.0	40.9	20.6	22.9	16.7	20.0	9.4	15.4	30.8	31.3
Charleston, SC	20.0	30.6	16.7	18.2	33.3	13.9	22.2	25.0	5.9	13.6	12.5	37.5	25.0
Charlotte, NC	44.1	28.9	28.6	16.7	19.3	16.9	17.5	20.6	13.2	14.9	14.7	20.5	25.8
Chicago, IL	20.0	20.0	18.2	14.2	17.1	12.5	14.3	10.5	11.7	13.7	18.5	11.8	15.3
Cincinnati, OH	26.7	26.5	22.0	21.2	8.3	19.2	16.7	25.0	9.4	19.4	30.0	28.9	34.1
Columbus, OH	23.5	27.8	27.8	26.7	18.8	10.0	21.4	33.3	18.8	18.8	11.5	0.0	37.5
Dallas, TX	32.6	31.5	33.1	26.9	27.0	25.8	24.6	33.3	20.9	34.7	33.9	29.8	36.5
Denver, CO	35.9	38.9	34.9	26.0	27.0	24.5	26.1	23.0	20.7	27.6	25.6	31.6	30.9
Detroit, MI	10.5	11.5	11.1	14.6	15.8	11.8	9.7	12.9	6.0	6.1	10.5	16.7	20.4
Fort Myers, FL	20.0	9.4	20.5	16.7	13.6	18.9	18.5	18.2	15.0	15.9	10.7	31.5	34.2
Houston, TX	31.8	35.7	45.3	38.9	48.1	45.8	36.7	32.1	16.7	27.8	25.6	22.2	28.9
Inland Empire, CA	11.4	6.3	10.2	18.8	11.5	11.8	13.3	16.1	14.3	7.0	13.6	13.8	38.6
Jacksonville, FL	15.4	7.1	6.8	14.7	20.0	20.8	7.9	16.7	15.0	13.5	15.0	14.3	18.4
Las Vegas, NV	9.3	25.0	25.0	20.5	15.7	10.6	10.6	11.2	6.8	7.8	8.2	4.1	6.9
Los Angeles, CA	11.2	19.5	14.4	17.0	12.3	16.9	12.0	18.3	16.0	11.7	9.8	19.0	28.2
Miami, FL	11.9	17.0	11.2	12.8	12.9	12.2	7.9	14.2	9.4	11.0	12.7	18.9	16.4
Minneapolis, MN	11.4	20.9	18.3	18.8	12.8	13.9	9.5	14.4	10.8	14.1	18.2	21.2	21.6
Nashville, TN	20.0	28.6	36.1	28.6	11.9	24.3	20.0	18.8	19.4	14.6	14.3	26.5	30.0
New York-Northern NJ	17.6	21.4	19.5	20.3	16.1	23.8	10.9	9.8	11.6	11.6	14.4	14.9	21.0
Orlando, FL	15.5	12.0	15.6	13.2	14.3	13.9	5.8	6.3	5.6	6.3	11.8	7.7	6.5
Phila.-Southern NJ	23.5	30.8	24.4	25.0	22.1	23.6	15.3	18.6	17.5	12.8	22.7	16.1	18.3
Phoenix, AZ	10.5	14.3	16.5	10.7	17.6	10.9	10.9	6.0	11.6	10.4	11.4	21.9	26.3
Port St. Lucie, FL	12.5	20.0	21.4	12.5	0.0	10.0	10.0	8.3	8.3	18.8	14.3	18.2	42.9
Portland, OR	4.5	15.8	18.1	18.8	16.1	12.2	11.5	10.3	8.8	10.9	10.0	16.7	14.7
Raleigh, NC	36.2	45.5	32.7	39.1	30.8	29.7	17.9	16.7	18.0	19.6	29.6	26.2	29.4
Richmond, VA	40.0	0.0	14.3	28.6	22.7	0.0	20.0	14.3	18.8	10.0	25.0	25.0	11.1
Sacramento, CA	15.4	20.6	6.9	15.9	10.5	15.8	15.9	17.9	10.0	25.0	12.5	20.8	25.0
San Antonio, TX	30.0	45.0	39.5	23.1	28.1	33.3	11.4	12.5	21.9	34.6	30.0	18.2	34.6
San Diego, CA	20.0	14.0	25.6	12.9	15.2	18.5	8.8	12.5	9.1	14.1	24.2	16.7	33.3
San Francisco, CA	23.6	26.8	33.9	21.4	28.6	25.0	10.7	14.4	11.2	17.3	17.2	20.5	25.0
Sarasota, FL	20.0	11.1	10.0	21.4	14.0	11.5	15.8	10.0	6.8	10.0	12.5	15.8	17.6
Seattle, WA	20.0	15.2	15.4	18.3	21.3	8.2	9.4	3.4	11.7	17.6	14.7	16.3	25.0
Tampa, FL	16.2	14.8	15.1	27.3	12.2	12.9	11.3	7.1	9.6	9.1	10.9	18.4	24.0
Tucson, AZ	13.9	6.3	7.1	6.3	16.7	6.5	13.0	9.5	9.5	10.5	19.6	26.9	20.0
Virginia Beach, VA	30.0	8.3	5.6	7.1	20.6	11.5	12.5	7.1	18.8	20.0	19.2	18.8	21.4
Washington, DC	19.1	25.0	30.0	29.0	18.0	22.4	19.4	16.7	10.2	15.0	16.7	29.7	41.4
Wilmington, NC	20.0	33.3	20.0	21.4	22.7	12.5	16.7	13.9	7.7	19.2	16.7	23.1	15.4
Total	20.6	21.4	22.1	21.0	20.1	17.5	15.3	15.3	13.3	15.9	17.1	20.5	24.8

Source: Credit Suisse estimates

Incentives remain focused on affordability. Our incentive index came in at 35.3 in April (from 32.5 in March), continuing to suggest greater use of incentives (readings below 50 point higher incentives). Agents said sellers' most effective incentives were focused on improving affordability for buyers by buying down mortgage rates and offering low/no closing cost options.

Exhibit 47: Incentives [> 50.0: higher than prior month/ = 50.0: flat versus prior month/ <50.0: lower than prior month]

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
Atlanta, GA	13.2	23.6	28.4	25.0	23.1	32.5	38.5	40.6	35.9	29.7	30.4	28.4	37.5
Austin, TX	33.3	37.5	24.2	11.1	12.1	28.8	13.3	20.3	25.9	27.8	21.2	28.1	41.3
Baltimore, MD	20.0	40.0	25.0	16.7	26.9	29.2	40.0	37.5	35.0	31.8	31.8	34.6	45.5
Boston, MA	35.3	38.9	47.5	39.6	40.9	56.3	38.6	37.5	36.1	42.9	27.3	60.0	50.0
Charleston, SC	20.0	27.8	25.0	22.7	16.7	27.8	27.8	32.1	28.1	31.8	37.5	35.7	31.3
Charlotte, NC	41.2	22.2	25.6	24.3	22.7	26.7	20.7	28.1	36.8	29.2	27.9	25.6	41.7
Chicago, IL	22.6	24.1	27.8	24.6	24.6	28.0	21.7	27.8	36.8	29.8	37.5	24.5	26.9
Cincinnati, OH	24.1	31.3	37.5	29.7	25.0	11.5	36.7	12.5	26.7	41.2	38.9	30.6	38.1
Columbus, OH	23.5	27.8	33.3	30.0	31.3	25.0	28.6	25.0	18.8	37.5	23.1	20.0	25.0
Dallas, TX	22.9	20.4	27.4	28.3	26.0	30.2	35.8	35.7	25.6	29.6	27.6	32.7	38.6
Denver, CO	29.1	33.3	30.0	30.9	32.9	33.3	30.2	32.4	36.9	48.6	33.8	34.8	36.8
Detroit, MI	33.3	30.8	38.2	37.0	40.0	37.5	41.1	41.7	38.6	33.3	37.1	41.7	30.0
Fort Myers, FL	40.0	37.5	38.6	38.1	29.5	42.9	42.0	39.6	45.0	31.8	33.9	39.3	39.5
Houston, TX	13.6	19.0	19.8	16.7	20.4	20.8	17.9	17.9	27.4	25.9	27.4	28.8	29.4
Inland Empire, CA	22.9	27.1	16.3	29.0	30.8	29.4	42.7	37.5	37.1	39.0	38.1	28.8	45.0
Jacksonville, FL	23.1	42.9	29.5	38.9	32.5	41.7	28.9	29.4	35.0	23.1	22.5	23.8	36.1
Las Vegas, NV	33.3	37.5	35.0	42.9	40.2	36.5	33.3	34.7	26.3	37.8	28.6	39.2	20.7
Los Angeles, CA	17.4	34.3	25.8	26.0	28.4	36.1	31.7	27.8	33.3	31.7	27.3	27.9	37.5
Miami, FL	31.0	22.2	29.3	29.1	29.8	31.0	31.9	29.4	26.9	29.5	27.1	34.7	37.5
Minneapolis, MN	34.8	31.0	35.5	38.4	35.1	35.5	32.2	32.8	34.2	35.0	35.9	33.6	30.9
Nashville, TN	0.0	20.4	19.4	14.3	26.2	23.0	16.7	31.3	18.8	21.7	41.7	32.4	16.7
New York-Northern NJ	32.1	35.3	32.7	31.3	34.4	33.5	28.8	26.4	36.2	28.3	38.5	29.2	25.9
Orlando, FL	31.0	36.0	28.1	30.9	29.8	34.7	25.0	32.3	35.7	41.9	25.0	34.6	47.7
Phila.-Southern NJ	29.4	16.7	21.4	27.1	25.0	23.6	22.6	23.3	29.7	23.0	37.1	22.6	40.0
Phoenix, AZ	32.7	28.6	31.4	32.6	33.2	35.6	30.4	25.3	37.9	37.2	24.7	38.7	31.4
Port St. Lucie, FL	25.0	50.0	33.3	37.5	18.8	20.0	35.0	58.3	33.3	28.6	35.7	38.9	42.9
Portland, OR	36.4	22.4	28.6	29.7	29.0	33.3	40.6	25.9	30.3	26.6	27.9	34.0	33.3
Raleigh, NC	22.4	13.6	28.8	19.6	25.0	14.1	29.5	22.2	22.0	30.4	31.5	26.2	28.1
Richmond, VA	30.0	25.0	14.3	42.9	31.8	20.0	20.0	14.3	21.4	10.0	31.3	20.8	31.3
Sacramento, CA	41.7	37.5	23.2	42.5	34.2	36.8	32.5	14.3	26.0	36.8	40.0	43.2	28.6
San Antonio, TX	23.3	22.2	15.8	29.2	26.7	23.8	11.4	37.5	21.9	34.6	32.1	36.4	38.5
San Diego, CA	23.2	30.0	29.7	35.0	31.8	29.8	36.7	46.0	32.3	43.2	38.5	44.7	47.4
San Francisco, CA	30.6	34.0	32.2	29.3	36.8	34.3	24.4	27.9	28.9	25.0	23.5	21.3	30.3
Sarasota, FL	43.3	43.8	25.0	53.6	40.0	43.8	30.6	30.0	20.0	20.0	28.6	37.5	46.4
Seattle, WA	30.0	20.5	20.6	23.7	25.0	25.0	18.6	24.4	23.9	38.9	24.5	26.1	19.4
Tampa, FL	35.3	40.4	31.4	30.6	41.7	35.9	27.6	27.3	38.5	28.8	33.9	31.9	31.8
Tucson, AZ	32.4	37.5	17.9	26.1	44.7	34.1	29.2	32.5	45.2	39.5	32.6	30.4	28.0
Virginia Beach, VA	50.0	50.0	50.0	50.0	21.9	23.1	16.7	42.9	25.0	55.0	26.9	34.4	50.0
Washington, DC	23.3	24.0	27.1	25.0	34.1	28.8	36.2	23.3	26.2	24.4	27.5	30.2	40.0
Wilmington, NC	25.0	33.3	40.0	28.6	30.0	30.0	36.7	25.0	11.5	23.1	28.6	33.3	34.6
Total	28.3	30.8	28.8	30.5	29.7	30.6	29.6	30.3	30.3	32.1	31.1	32.5	35.3

Source: Credit Suisse estimates

Inventory levels increase again in April, consistent with typical seasonal patters.

Our home listings index increased to 45.3 in April from 41.7 in March, indicating modestly higher inventory levels relative to last month (a reading of 50 would suggest flat inventory levels). Foreclosures continued to add to inventory levels, and listings also typically increase throughout the spring selling season.

Exhibit 48: Homes listed for sale [> 50.0 : Fewer homes listed versus prior month/ = 50.0: listings unchanged / <50.0 : more home listings]

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
Atlanta, GA	15.8	30.6	31.9	31.5	37.5	40.0	50.0	49.0	50.0	48.7	46.0	44.2	48.8
Austin, TX	13.3	29.2	15.6	16.7	12.5	25.8	26.7	29.7	38.9	37.5	25.0	29.0	23.9
Baltimore, MD	10.0	10.0	16.7	16.7	26.9	12.5	45.0	43.8	50.0	29.2	36.4	38.5	40.9
Boston, MA	25.0	40.0	43.5	40.0	54.5	44.1	41.7	58.3	77.5	68.8	38.5	34.6	25.0
Charleston, SC	20.0	19.4	36.1	18.2	50.0	26.5	38.9	50.0	38.2	54.5	25.0	50.0	34.4
Charlotte, NC	17.6	13.2	28.0	25.7	27.3	32.0	22.5	31.0	32.4	32.4	27.9	29.5	25.8
Chicago, IL	12.7	16.7	24.5	19.2	27.4	24.5	28.4	39.4	46.8	31.9	30.1	25.5	25.4
Cincinnati, OH	10.0	11.8	24.0	25.8	41.7	53.8	43.3	37.5	56.3	41.2	37.5	30.6	40.9
Columbus, OH	23.5	33.3	36.1	46.7	43.8	60.0	78.6	75.0	68.8	50.0	57.7	30.0	37.5
Dallas, TX	33.3	24.1	28.6	43.3	38.0	44.6	42.5	48.8	47.6	41.8	40.8	33.7	35.1
Denver, CO	33.7	66.7	45.3	50.0	54.1	69.8	70.0	66.2	71.7	67.9	62.2	53.9	54.4
Detroit, MI	10.5	26.9	38.9	33.3	32.5	33.8	50.0	51.6	46.0	47.1	50.0	53.3	40.7
Fort Myers, FL	65.0	50.0	54.5	42.9	36.4	41.9	50.0	41.7	38.3	27.3	41.1	44.4	68.4
Houston, TX	19.0	36.4	25.6	20.8	44.2	41.7	36.7	46.2	45.3	34.6	54.7	37.0	55.3
Inland Empire, CA	25.7	16.7	27.3	23.4	38.2	39.7	34.9	36.7	32.9	32.6	40.0	48.8	61.4
Jacksonville, FL	30.8	21.4	38.6	38.9	30.0	33.3	38.9	38.2	32.5	44.2	44.4	47.6	44.7
Las Vegas, NV	66.7	56.3	50.9	54.5	51.0	52.9	41.7	48.0	44.9	38.9	43.9	48.6	62.1
Los Angeles, CA	24.5	36.6	28.5	34.8	46.2	43.7	52.8	44.4	49.1	39.7	41.3	45.6	65.1
Miami, FL	27.4	23.0	25.5	26.2	35.1	31.8	32.6	39.0	37.3	37.8	47.0	40.2	57.5
Minneapolis, MN	33.3	52.4	57.8	58.3	63.0	67.7	66.9	73.9	68.5	64.8	58.2	67.1	62.3
Nashville, TN	20.0	16.1	22.2	17.9	16.7	23.0	25.0	40.6	58.3	41.7	14.3	32.4	23.3
New York-Northern NJ	18.6	19.5	26.8	32.4	34.7	29.2	34.2	46.5	41.8	40.5	40.4	29.2	16.7
Orlando, FL	43.1	42.0	42.7	47.1	50.0	40.8	33.7	40.6	54.2	54.7	54.4	55.8	81.8
Phila.-Southern NJ	17.6	30.8	25.6	38.9	26.5	20.8	32.9	39.8	50.0	38.5	34.8	22.6	21.7
Phoenix, AZ	41.2	55.7	55.7	52.9	46.1	39.9	39.5	40.2	39.6	42.8	46.8	61.6	70.1
Port St. Lucie, FL	37.5	37.5	50.0	12.5	18.8	30.0	25.0	50.0	50.0	18.8	57.1	18.2	71.4
Portland, OR	31.8	23.0	20.8	25.0	27.4	44.9	35.1	46.6	37.9	48.4	22.1	37.5	39.7
Raleigh, NC	20.7	13.6	23.1	15.2	21.2	28.1	30.3	25.0	34.0	28.6	29.6	38.1	29.4
Richmond, VA	30.0	16.7	21.4	21.4	40.9	30.0	40.0	42.9	56.3	40.0	25.0	50.0	27.8
Sacramento, CA	23.1	43.8	37.9	52.3	34.2	55.3	47.7	57.1	46.2	50.0	59.6	70.8	68.8
San Antonio, TX	26.7	45.0	20.0	19.2	21.9	26.2	15.9	41.7	28.1	53.8	23.3	25.0	19.2
San Diego, CA	24.1	34.6	32.1	24.2	42.4	35.2	41.2	33.9	41.2	44.9	43.5	50.0	66.7
San Francisco, CA	22.9	32.1	24.1	31.3	54.8	36.3	40.9	48.9	62.5	41.8	41.7	34.8	33.3
Sarasota, FL	53.3	61.1	62.5	42.9	48.0	51.9	52.5	46.7	50.0	36.7	34.4	55.3	67.6
Seattle, WA	16.7	21.7	18.3	34.1	32.5	34.7	36.5	50.0	57.4	40.5	39.2	44.6	35.5
Tampa, FL	40.5	37.0	45.5	50.0	35.1	44.0	41.3	37.1	46.0	48.5	53.1	52.6	50.0
Tucson, AZ	27.8	68.8	61.5	60.9	59.5	73.9	63.0	50.0	59.5	65.8	56.5	71.2	62.0
Virginia Beach, VA	30.0	16.7	16.7	64.3	26.5	23.1	22.7	57.1	43.8	50.0	15.4	18.8	35.7
Washington, DC	13.8	19.6	30.0	43.3	45.0	50.9	50.8	45.7	52.3	49.0	56.0	49.2	51.4
Wilmington, NC	30.0	33.3	27.8	35.7	27.3	40.0	39.3	22.2	38.5	34.6	26.2	19.2	30.8
Total	27.2	32.1	33.6	34.7	37.5	39.5	41.0	45.3	48.0	43.5	40.5	41.7	45.3

Source: Credit Suisse estimates

Time needed to sell a home lengthened – a negative indicator for future pricing.

Agents noted a longer time to sell a home in April, as our time to sell index measured 42.6 (from 33.4 in February), with any readings below 50 indicating a longer time needed to sell a home. We view the longer time needed to sell as a negative indicator for future pricing trends.

Exhibit 49: Length of time needed to sell a home [> 50.0: Time to sell decreased/ = 50.0: time to sell unchanged / <50.0: time to sell increased]

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
Atlanta, GA	10.8	15.3	15.5	15.7	15.9	16.4	16.3	17.3	15.2	17.1	19.4	24.0	25.6
Austin, TX	16.7	4.2	14.7	13.9	4.5	7.6	8.3	3.2	7.4	10.8	15.4	25.8	21.4
Baltimore, MD	10.0	10.0	12.5	5.6	11.5	16.7	25.0	18.8	10.0	18.2	18.2	19.2	50.0
Boston, MA	20.6	27.8	43.2	31.3	22.7	23.5	20.8	20.8	35.7	23.3	30.8	30.8	37.5
Charleston, SC	30.0	25.0	11.1	13.6	25.0	13.9	12.5	17.9	14.7	22.7	12.5	31.3	34.4
Charlotte, NC	8.8	10.5	12.5	10.8	12.5	12.3	7.5	10.8	7.4	13.9	19.7	21.8	30.6
Chicago, IL	16.7	24.1	16.8	15.0	14.2	9.1	12.2	8.6	15.1	12.5	23.6	19.1	27.5
Cincinnati, OH	22.4	26.5	30.0	24.2	25.0	19.2	10.0	18.8	18.8	22.2	30.0	39.5	31.8
Columbus, OH	20.6	27.8	30.6	30.0	15.6	15.0	35.7	16.7	25.0	31.3	19.2	10.0	62.5
Dallas, TX	29.2	22.2	25.4	19.8	21.0	19.7	18.0	22.6	18.6	28.6	25.8	18.9	36.5
Denver, CO	30.4	44.4	43.0	40.8	44.6	29.2	30.0	37.8	31.5	46.1	48.8	43.4	50.0
Detroit, MI	15.8	42.3	26.4	18.8	26.2	23.5	27.4	25.8	28.0	19.7	27.6	33.3	29.6
Fort Myers, FL	50.0	31.3	42.9	45.2	34.1	37.5	48.1	52.1	43.3	47.7	53.6	66.1	65.8
Houston, TX	15.9	18.2	17.0	18.1	20.4	8.3	10.0	16.7	10.6	17.3	22.1	9.3	21.1
Inland Empire, CA	35.3	25.0	30.7	34.4	28.9	38.2	34.9	43.3	30.0	33.7	40.0	42.5	56.8
Jacksonville, FL	23.1	14.3	22.7	23.5	30.0	18.8	11.1	20.6	20.0	23.1	36.8	33.3	34.2
Las Vegas, NV	53.8	52.1	49.2	49.1	49.0	42.2	32.3	34.7	39.8	38.9	46.9	50.0	50.0
Los Angeles, CA	28.6	25.6	28.5	33.0	37.5	29.6	30.2	35.5	37.5	32.5	26.9	37.9	63.0
Miami, FL	22.2	25.0	19.9	16.5	22.8	20.8	19.7	23.6	21.9	24.7	26.5	32.6	49.2
Minneapolis, MN	26.4	31.4	37.8	31.9	28.8	28.7	20.9	22.7	28.8	33.6	37.3	43.8	50.8
Nashville, TN	20.0	16.1	11.1	17.9	7.1	13.5	10.0	21.9	16.7	25.0	16.7	35.3	36.7
New York-Northern NJ	17.5	7.1	17.1	19.8	14.6	18.9	8.7	8.0	12.8	16.5	22.2	20.4	30.9
Orlando, FL	20.7	38.0	33.3	25.0	28.6	35.8	26.7	32.3	35.7	35.5	57.4	38.5	63.0
Phila.-Southern NJ	5.9	23.1	20.5	18.1	23.5	15.7	12.9	11.4	12.5	17.1	19.1	28.3	31.7
Phoenix, AZ	34.2	38.6	41.7	32.4	33.2	29.4	26.7	30.7	31.9	34.3	40.3	53.7	67.1
Port St. Lucie, FL	37.5	40.0	41.7	25.0	31.3	20.0	30.0	50.0	58.3	31.3	28.6	31.8	64.3
Portland, OR	18.2	21.1	15.3	15.6	19.4	19.4	10.4	25.9	16.7	23.4	18.6	31.3	38.2
Raleigh, NC	19.0	18.2	18.0	13.0	25.0	10.9	10.5	8.3	14.0	19.6	25.9	21.4	32.4
Richmond, VA	12.5	0.0	14.3	14.3	22.7	5.0	10.0	14.3	25.0	20.0	25.0	41.7	22.2
Sacramento, CA	29.2	31.3	46.4	52.3	55.3	39.5	31.8	25.0	42.3	50.0	51.9	58.3	73.3
San Antonio, TX	10.0	20.0	15.0	11.5	12.5	14.3	6.8	12.5	15.6	19.2	10.0	9.1	15.4
San Diego, CA	30.0	26.9	32.1	22.6	45.2	31.5	34.8	16.7	25.0	30.8	27.4	54.8	64.3
San Francisco, CA	20.0	33.9	26.3	24.5	33.3	29.3	18.2	20.7	24.2	30.0	34.2	30.4	48.6
Sarasota, FL	56.7	38.9	37.5	21.4	32.0	28.8	22.5	23.3	27.3	20.0	28.6	27.8	52.9
Seattle, WA	20.0	10.9	15.4	20.7	24.4	22.4	14.6	22.2	17.0	18.9	26.5	26.1	43.2
Tampa, FL	26.4	31.5	35.2	33.3	15.8	24.6	16.7	19.1	19.2	30.3	32.8	44.7	34.0
Tucson, AZ	19.4	25.0	50.0	31.3	28.6	30.4	27.8	28.6	16.7	39.5	28.3	38.5	54.0
Virginia Beach, VA	30.0	8.3	22.2	50.0	38.2	19.2	12.5	14.3	25.0	40.0	11.5	25.0	21.4
Washington, DC	24.5	37.5	31.0	35.9	29.0	41.2	23.5	22.9	28.4	31.0	36.9	55.9	71.4
Wilmington, NC	30.0	25.0	10.0	21.4	18.2	20.0	10.0	5.6	3.8	13.6	4.8	30.8	11.5
Total	24.2	24.9	26.6	24.9	25.7	22.5	19.9	22.0	23.2	26.6	28.2	33.4	42.6

Source: Credit Suisse estimates

Agent Recommendations

Agents recommend Pulte, Toll Brothers, and Meritage. Pulte Homes and Toll Brothers received the highest percentage of recommendations by agents nationwide. 27% of agents (net of positive responses less negative responses) surveyed said they would recommend Pulte, followed by 26% for Toll Brothers, and 16% for Lennar. We believe this is important since 35-40% of new home sales involve an agent. In addition, homebuilders will likely increasingly rely on agents as market conditions weaken. This is a positive for those companies, in addition to others below that received strong recommendations, but also represents an opportunity for companies such as KB Home.

Exhibit 50: Pulte Homes, Toll Brothers, and Meritage Most Highly Recommended by Agents

Rank	Ticker	Company Name	Net Recommendation
1	PHM	Pulte Homes	27.3%
2	TOL	Toll Brothers	25.6%
3	MTH	Meritage Homes	16.0%
4	DHI	D.R. Horton	15.9%
5	LEN	Lennar Corp.	14.6%
6	RYL	Ryland Group	13.9%
7	SPF	Standard Pacific Corp.	12.5%
8	CTX	Centex Corp.	12.0%
9	NVR	NVR, Inc.	6.8%
10	WCI	WCI Communities	4.4%
11	MDC	MDC Holdings	4.4%
12	HOV	Hovnanian Enterprises	3.4%
13	KBH	KB Home	(7.7)%

Source: Credit Suisse estimates

Exhibit 51: Which of the following homebuilders would you most highly recommend to clients?

Market	CTX	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL	WCI
Atlanta, GA	30%	24%	--	7%	--	--	--	--	37%	33%	--	--	--
Austin, TX	30%	48%	--	4%	26%	--	48%	--	41%	--	41%	44%	--
Baltimore, MD	--	18%	9%	9%	0%	0%	--	45%	--	18%	--	--	--
Charleston, SC	25%	6%	--	31%	13%	--	--	0%	--	19%	--	--	--
Charlotte, NC	30%	21%	0%	6%	3%	--	--	21%	--	24%	9%	24%	--
Chicago, IL	13%	11%	6%	6%	16%	2%	--	--	38%	24%	--	22%	--
Cincinnati, OH	0%	--	4%	--	--	--	--	0%	4%	13%	--	--	--
Columbus, OH	0%	--	0%	--	--	--	--	0%	0%	--	--	--	--
Dallas, TX	32%	41%	35%	8%	22%	3%	22%	--	22%	--	22%	35%	--
Denver, CO	11%	20%	--	9%	31%	29%	6%	--	20%	34%	23%	31%	--
Detroit, MI	7%	--	4%	--	--	--	--	--	52%	--	--	63%	--
Fort Myers, FL	37%	21%	5%	11%	26%	--	5%	--	42%	16%	--	--	21%
Houston, TX	5%	29%	14%	5%	48%	0%	19%	--	33%	--	--	--	--
Jacksonville, FL	5%	42%	--	53%	47%	11%	--	--	42%	21%	32%	68%	5%
Las Vegas, NV	10%	37%	--	27%	33%	3%	0%	--	50%	7%	--	60%	--
Los Angeles, CA	7%	9%	7%	16%	14%	2%	0%	--	16%	--	18%	14%	--
Miami, FL	--	9%	--	--	26%	--	--	--	--	--	0%	--	11%
Minneapolis, MN	27%	34%	23%	--	27%	--	--	--	37%	27%	--	15%	--
Nashville, TN	18%	--	--	--	--	--	--	--	--	--	--	--	--
New York-Northern New Jersey, N	10%	6%	24%	--	11%	--	--	2%	27%	--	--	33%	5%
Orlando, FL	29%	25%	13%	29%	29%	--	0%	--	42%	17%	4%	25%	--
Philadelphia-Southern NJ	--	6%	9%	--	3%	0%	--	18%	38%	--	--	29%	--
Phoenix, AZ	33%	30%	11%	10%	23%	22%	32%	--	46%	27%	27%	41%	--
Port St. Lucie, FL	29%	0%	--	14%	--	--	--	--	--	--	--	--	--
Portland, OR	--	26%	--	--	--	--	--	--	--	--	--	--	--
Raleigh, NC	24%	12%	12%	12%	18%	--	--	0%	12%	--	0%	24%	--
Richmond, VA	30%	--	--	--	--	--	--	10%	--	--	--	--	--
Riverside-San Bernardino, CA	24%	32%	28%	36%	36%	12%	--	--	32%	24%	20%	--	--
Sacramento, CA	63%	44%	19%	19%	44%	6%	25%	--	44%	19%	25%	13%	--
San Antonio, TX	36%	86%	--	21%	36%	--	29%	--	50%	--	--	43%	--
San Diego, CA	14%	18%	14%	23%	27%	0%	--	--	14%	5%	14%	9%	--
San Francisco, CA	8%	26%	--	--	8%	--	5%	--	24%	--	5%	11%	--
Sarasota, FL	39%	--	--	17%	33%	--	--	--	44%	--	0%	--	28%
Seattle, WA	18%	15%	--	--	--	--	--	--	--	--	--	--	--
Tampa, FL	15%	12%	12%	8%	8%	0%	--	--	27%	23%	23%	--	8%
Tucson, AZ	--	40%	17%	17%	37%	23%	47%	--	57%	--	7%	10%	--
Virginia Beach, VA	43%	0%	0%	--	--	--	--	0%	--	--	--	--	--
Washington, DC	19%	11%	8%	0%	11%	5%	--	32%	22%	5%	--	30%	--
Wilmington, NC	8%	--	--	--	--	--	--	8%	--	--	--	--	--
TOTAL	21%	24%	12%	16%	23%	7%	18%	11%	33%	20%	16%	31%	13%

Source: Credit Suisse estimates

Agents discourage customers from buying a home from KB Home. KB Home received the highest percentage of negative recommendations by agents nationwide. 24% agents surveyed said they would discourage clients from buying a home from KB Home. We note that KB Home pre-sells a majority of its homes, which may negatively influence agents' responses.

Exhibit 52: From which of the following homebuilders would you most strongly discourage clients from buying?

Market	CTX	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL	WCI
Atlanta, GA	13%	13%	--	26%	--	--	--	--	17%	20%	--	--	--
Austin, TX	7%	7%	--	63%	15%	--	4%	--	4%	--	4%	0%	--
Baltimore, MD	--	0%	27%	0%	9%	9%	--	9%	--	9%	--	--	--
Charleston, SC	0%	0%	--	6%	19%	--	--	0%	--	0%	--	--	--
Charlotte, NC	9%	12%	0%	27%	18%	--	--	0%	--	6%	0%	0%	--
Chicago, IL	8%	3%	3%	6%	8%	2%	--	--	2%	5%	--	11%	--
Cincinnati, OH	0%	--	0%	--	--	--	--	13%	0%	4%	--	--	--
Columbus, OH	13%	--	0%	--	--	--	--	0%	0%	--	--	--	--
Dallas, TX	14%	11%	5%	14%	5%	3%	0%	--	11%	--	0%	3%	--
Denver, CO	14%	14%	--	40%	3%	14%	0%	--	11%	0%	0%	0%	--
Detroit, MI	26%	--	0%	--	--	--	--	--	15%	--	--	4%	--
Fort Myers, FL	11%	5%	32%	21%	26%	--	5%	--	0%	5%	--	--	21%
Houston, TX	10%	0%	14%	29%	0%	0%	5%	--	5%	--	--	--	--
Jacksonville, FL	11%	16%	--	26%	0%	0%	--	--	5%	11%	0%	0%	0%
Las Vegas, NV	3%	20%	--	23%	3%	3%	3%	--	7%	10%	--	3%	--
Los Angeles, CA	4%	7%	2%	16%	2%	5%	0%	--	0%	--	4%	2%	--
Miami, FL	--	2%	--	--	8%	--	--	--	--	--	0%	--	14%
Minneapolis, MN	11%	6%	0%	--	6%	--	--	--	6%	3%	--	3%	--
Nashville, TN	14%	--	--	--	--	--	--	--	--	--	--	--	--
New York-Northern New Jersey, N	3%	0%	13%	--	3%	--	--	2%	2%	--	--	4%	3%
Orlando, FL	13%	4%	0%	17%	17%	--	4%	--	4%	8%	0%	13%	--
Philadelphia-Southern NJ	--	9%	15%	--	0%	0%	--	0%	0%	--	--	26%	--
Phoenix, AZ	5%	10%	14%	40%	7%	1%	5%	--	5%	2%	4%	4%	--
Port St. Lucie, FL	43%	14%	--	29%	--	--	--	--	--	--	--	--	--
Portland, OR	--	12%	--	--	--	--	--	--	--	--	--	--	--
Raleigh, NC	12%	24%	35%	35%	18%	--	--	6%	18%	--	18%	12%	--
Richmond, VA	20%	--	--	--	--	--	--	20%	--	--	--	--	--
Riverside-San Bernardino, CA	8%	4%	8%	16%	4%	0%	--	--	0%	0%	0%	--	--
Sacramento, CA	0%	13%	6%	31%	13%	0%	0%	--	0%	0%	0%	6%	--
San Antonio, TX	7%	0%	--	36%	7%	--	0%	--	7%	--	--	0%	--
San Diego, CA	9%	5%	5%	14%	5%	0%	--	--	5%	0%	9%	0%	--
San Francisco, CA	3%	3%	--	--	3%	--	0%	--	0%	--	3%	3%	--
Sarasota, FL	6%	--	--	6%	11%	--	--	--	17%	--	0%	--	6%
Seattle, WA	13%	8%	--	--	--	--	--	--	--	--	--	--	--
Tampa, FL	12%	8%	4%	19%	15%	4%	--	--	4%	8%	15%	--	8%
Tucson, AZ	--	7%	0%	43%	10%	3%	3%	--	0%	--	0%	0%	--
Virginia Beach, VA	0%	0%	0%	--	--	--	--	0%	--	--	--	--	--
Washington, DC	3%	14%	14%	5%	11%	3%	--	5%	3%	14%	--	14%	--
Wilmington, NC	0%	--	--	--	--	--	--	0%	--	--	--	--	--
TOTAL	9%	8%	9%	24%	9%	3%	2%	5%	5%	6%	3%	5%	9%

Source: Credit Suisse estimates

Exhibit 53: Homebuilding Industry Comparative Valuations

Ticker	Company Name	Rating	Price 5/6/09	Market Cap.			Cash (\$ Mln)	Net Debt/ Cap	Book			Adjusted BV/share	P/Adj. BV	Target Multiple	Price Target	Dividend Yield	Total Return Potential	
				(Millions)	2008	2009			2010	Value/ share	Tangible BV/share							P/TBV
CTX	Centex Corp.	Neutral	\$10.78	\$1,340	(\$15.66)	(\$6.47)	(\$0.86)	\$1,519	56%	\$10.57	\$10.49	1.03x	\$10.60	1.02x	0.9x	\$9.75	0.0%	(9.6%)
DHI	D.R. Horton	Underperform	\$10.79	\$3,419	(\$8.13)	(\$1.85)	\$0.10	\$1,486	34%	\$8.36	\$8.31	1.30x	\$7.80	1.38x	1.0x	\$7.50	1.4%	(29.1%)
HOV	Hovnanian	Neutral	\$3.10	\$239	(\$15.40)	(\$6.68)	(\$2.24)	\$846	91%	\$0.42	\$0.42	7.41x	(\$0.20)	N/M	N/M	\$0.50	0.0%	(63.9%)
KBH	KB Home	Underperform	\$18.04	\$1,375	(\$12.59)	(\$4.85)	(\$0.65)	\$1,251	44%	\$9.92	\$9.92	1.82x	\$9.50	1.90x	1.1x	\$10.00	1.4%	(43.2%)
LEN	Lennar Corp.	Neutral	\$10.49	\$1,683	(\$7.00)	(\$6.40)	(\$1.60)	\$1,108	37%	\$15.56	\$15.56	0.67x	\$10.30	1.02x	0.7x	\$7.50	1.5%	(27.0%)
MDC	MDC Holdings	Underperform	\$35.26	\$1,645	(\$8.24)	(\$1.60)	(\$0.05)	\$1,418	(64%)	\$23.32	\$23.32	1.51x	\$25.70	1.37x	1.0x	\$26.00	2.8%	(23.4%)
MTH	Meritage Homes	Neutral	\$22.40	\$688	(\$9.79)	(\$4.40)	(\$0.50)	\$206	45%	\$17.18	\$17.01	1.32x	\$12.50	1.79x	1.0x	\$12.50	0.0%	(44.2%)
NVR	NVR Inc	Outperform	\$511.84	\$2,931	\$16.65	\$16.85	\$26.50	\$1,250	(280%)	\$247.56	\$240.58	2.13x	\$212.40	2.41x	2.4x	\$500.00	0.0%	(2.3%)
PHM	Pulte Homes	Underperform	\$11.31	\$2,920	(\$5.81)	(\$3.85)	\$0.05	\$1,655	38%	\$11.17	\$10.77	1.05x	\$9.20	1.23x	1.1x	\$10.00	1.1%	(10.5%)
RYL	Ryland	Neutral	\$21.02	\$901	(\$9.33)	(\$4.95)	\$0.05	\$534	22%	\$15.19	\$15.19	1.38x	\$14.80	1.42x	1.1x	\$16.00	0.6%	(23.3%)
TOL	Toll Brothers	Neutral	\$20.59	\$3,316	(\$1.85)	(\$2.56)	\$0.38	\$1,534	14%	\$19.68	\$19.68	1.05x	\$15.90	1.29x	1.2x	\$19.00	0.0%	(7.7%)
Average				\$1,860					36%			1.28x	1.32x	1.0x		1.0%	(19.1%)	

Source: Company data, Credit Suisse estimates

Companies Mentioned (Price as of 05 May 09)

Centex (CTX, \$11.72, NEUTRAL [V], TP \$9.75)
 DR Horton (DHI, \$12.35, UNDERPERFORM [V], TP \$7.50)
 Hovnanian Enterprises (HOV, \$3.25, NEUTRAL [V], TP \$.50)
 KB Home (KBH, \$19.13, UNDERPERFORM [V], TP \$10.00)
 Lennar (LEN, \$10.52, NEUTRAL [V], TP \$7.50)
 M.D.C. Holdings, Inc. (MDC, \$35.50, UNDERPERFORM [V], TP \$26.00)
 Meritage Corp (MTH, \$22.93, NEUTRAL [V], TP \$12.50)
 NVR Inc. (NVR, \$522.35, OUTPERFORM [V], TP \$500.00)
 Pulte (PHM, \$12.30, UNDERPERFORM [V], TP \$10.00)
 Ryland Group (RYL, \$21.32, NEUTRAL [V], TP \$16.00)
 Standard Pacific (SPF, \$2.19, NOT RATED)
 Toll Brothers (TOL, \$21.00, NEUTRAL [V], TP \$19.00)
 WCI Communities, Inc. (WCI, \$.05, NOT RATED)

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