

**MARKET CONDITION REPORT**

Provided By Escrow Junction

DISTRIBUTION: JUNE 2011  
EVALUATION: APRIL-MAY 2011

JUNE 2011  
VICTOR VALLEY AREA

**VICTOR VALLEY SFR MARKET HISTORY**

| DATE          | PRICE INDICATORS                  |           |                                    |          | CLOSINGS |            |          |                             |                    | PERCENT OF CLOSINGS |            |          |
|---------------|-----------------------------------|-----------|------------------------------------|----------|----------|------------|----------|-----------------------------|--------------------|---------------------|------------|----------|
|               | MEDIAN PRICE SCALE<br>CLOSE PRICE | CHANGE    | AVERAGE PRICE SCALE<br>CLOSE PRICE | CHANGE   | REO      | SHORT SALE | STANDARD | TOTAL CLOSINGS<br>EVALUATED | PERCENT<br>SELLING | REO                 | SHORT SALE | STANDARD |
| May-10        | \$115,000                         |           | \$125,631                          |          | 333      | 53         | 130      | 516                         | 74%                | 65%                 | 10%        | 25%      |
| Jun-10        | \$115,000                         | \$0       | \$123,459                          | -\$2,172 | 353      | 78         | 139      | 570                         | 74%                | 62%                 | 14%        | 24%      |
| Jul-10        | \$120,000                         | \$5,000   | \$126,546                          | \$3,087  | 321      | 48         | 108      | 477                         | 70%                | 67%                 | 10%        | 23%      |
| Aug-10        | \$125,000                         | \$5,000   | \$132,972                          | \$6,426  | 305      | 52         | 114      | 471                         | 67%                | 65%                 | 11%        | 24%      |
| Sep-10        | \$113,000                         | -\$12,000 | \$123,254                          | -\$9,718 | 256      | 50         | 126      | 432                         | 63%                | 59%                 | 12%        | 29%      |
| Oct-10        | \$117,430                         | \$4,430   | \$121,209                          | -\$2,045 | 268      | 55         | 110      | 433                         | 63%                | 62%                 | 13%        | 25%      |
| Nov-10        | \$116,250                         | -\$1,180  | \$121,042                          | -\$167   | 249      | 42         | 131      | 422                         | 62%                | 59%                 | 10%        | 31%      |
| Dec-10        | \$117,500                         | \$1,250   | \$123,428                          | \$2,386  | 300      | 63         | 116      | 479                         | 58%                | 63%                 | 13%        | 24%      |
| Jan-11        | \$111,500                         | -\$6,000  | \$121,569                          | -\$1,859 | 284      | 49         | 88       | 421                         | 100%               | 67%                 | 12%        | 21%      |
| Feb-11        | \$110,000                         | -\$1,500  | \$121,189                          | -\$379   | 312      | 57         | 101      | 470                         | 59%                | 66%                 | 12%        | 21%      |
| Mar-11        | \$112,500                         | \$2,500   | \$116,740                          | -\$4,449 | 328      | 52         | 133      | 513                         | 59%                | 64%                 | 10%        | 26%      |
| Apr-11        | \$110,000                         | -\$2,500  | \$120,422                          | \$3,682  | 324      | 62         | 126      | 512                         | 66%                | 63%                 | 12%        | 25%      |
| May-11        | \$105,000                         | -\$5,000  | \$113,314                          | -\$7,108 | 325      | 71         | 140      | 536                         | 70%                | 61%                 | 13%        | 26%      |
| <b>TOTALS</b> | TREND OF CHANGE MONTH> (MEDIAN)   | -\$895    | TREND OF CHANGE MONTH> (AVERAGE)   | -\$906   | 3,958    | 732        | 1,562    | 6,252                       | 69%                | 63%                 | 12%        | 25%      |

Historical information for May-2011 is a close estimate only. All estimates subject to future revision.

**SINGLE FAMILY RESIDENCE (ALL)**

| AREA               | ON MARKET (SUPPLY) | CLOSED MONTH (DEMAND) | FAIL MONTH | IN ESCROW    | PERCENT SELLING | DOM (CLOSED) | WEEKS SUPPLY GIVEN DEMAND | MARKET SPEED INDEX | MEDIAN ASK PRICE | MEDIAN IN ESCROW PRICE | MEDIAN CLOSE PRICE |
|--------------------|--------------------|-----------------------|------------|--------------|-----------------|--------------|---------------------------|--------------------|------------------|------------------------|--------------------|
| Hesperia           | 219                | 108                   | 39         | 328          | 73%             | 53           | 22                        | FAST               | \$110            | \$115                  | \$109              |
| Victorville        | 373                | 171                   | 62         | 472          | 73%             | 64           | 21                        | FAST               | \$115            | \$120                  | \$110              |
| Adelanto           | 113                | 46                    | 19         | 125          | 71%             | 58           | 22                        | AVERAGE            | \$90             | \$90                   | \$75               |
| Spring Valley Lake | 47                 | 19                    | 12         | 46           | 61%             | 63           | 21                        | AVERAGE            | \$285            | \$160                  | \$152              |
| Phelan             | 55                 | 21                    | 15         | 81           | 58%             | 61           | 29                        | AVERAGE            | \$140            | \$113                  | \$83               |
| Oak Hills          | 41                 | 13                    | 4          | 43           | 76%             | 90           | 28                        | AVERAGE            | \$239            | \$190                  | \$162              |
| Apple Valley       | 369                | 109                   | 50         | 291          | 69%             | 69           | 26                        | AVERAGE            | \$135            | \$120                  | \$114              |
| Helendale          | 59                 | 13                    | 16         | 43           | 46%             | 60           | 34                        | AVERAGE            | \$167            | \$129                  | \$147              |
| Pinon Hills        | 28                 | 6                     | 3          | 26           | 65%             | 66           | 43                        | SLOW               | \$118            | \$130                  | \$129              |
| Lucerne Valley     | 44                 | 6                     | 5          | 9            | 55%             | 58           | 42                        | SLOW               | \$70             | \$56                   | \$64               |
| Wrightwood         | 52                 | 6                     | 6          | 22           | 50%             | 72           | 58                        | VERY SLOW          | \$197            | \$180                  | \$153              |
| <b>TOTALS</b>      | <b>1,400</b>       | <b>515</b>            | <b>229</b> | <b>1,486</b> | <b>69%</b>      | <b>63</b>    | <b>24</b>                 | <b>AVERAGE</b>     | <b>\$124</b>     | <b>\$120</b>           | <b>\$107</b>       |

The **Market Speed Index** measures the rate of conversion of listings to closings. "Very Fast" areas are the quickest in converting listings to closings. "Very Slow" areas are the slowest. All other things being equal, very fast areas are preferred by buyers. "Weeks of Supply Given Demand" is the **Absorption Rate** (the number of weeks required to exhaust current supply given current demand). "RED" formatting signals an excessive **Absorption Rate** which implies inordinate supply relative to demand.

Note from the history table the median price scale is declining at the rate of \$-895 per month, while the average price scale is declining at \$-890. Both scales confirm the negative trend in prices at about \$30 per day during the time period. The rate of decline is increasing. May 2011 demand (total closings) is slightly greater than May 2010. Prices should be judged as weak with a negative bias. The conversion of listings to closings is speeding up but at a very slow pace, while the absorption rate is signaling little change in the underlying demand/supply realities. Notice in the market speed index that some areas are moving relatively fast while others are quite sluggish. Notice in the history box (percent of closings) that the percentage of the market taken by each market segment has changed little in the 13 month evaluation period. Especially vexing and persistent is the slow activity at the higher end of the price scale. REO close price has broken through the \$100K barrier on the median price scale.

| VICTOR VALLEY      |                    | BANK OWNED (REO)      |            |            |                 |              |                              |                    | JUNE 2011        |                        |                    |  |
|--------------------|--------------------|-----------------------|------------|------------|-----------------|--------------|------------------------------|--------------------|------------------|------------------------|--------------------|--|
| AREA               | ON MARKET (SUPPLY) | CLOSED MONTH (DEMAND) | FAIL MONTH | IN ESCROW  | PERCENT SELLING | DOM (CLOSED) | WEEKS OF SUPPLY GIVEN DEMAND | MARKET SPEED INDEX | MEDIAN ASK PRICE | MEDIAN IN ESCROW PRICE | MEDIAN CLOSE PRICE |  |
| Spring Valley Lake | 7                  | 10                    | 0          | 11         | 100%            | 26           | 8                            | VERY FAST          | \$240            | \$153                  | \$135              |  |
| Adelanto           | 28                 | 34                    | 6          | 54         | 86%             | 46           | 11                           | VERY FAST          | \$83             | \$83                   | \$75               |  |
| Victorville        | 111                | 110                   | 12         | 207        | 90%             | 52           | 13                           | VERY FAST          | \$112            | \$113                  | \$105              |  |
| Hesperia           | 68                 | 67                    | 9          | 122        | 88%             | 45           | 12                           | VERY FAST          | \$95             | \$110                  | \$100              |  |
| Oak Hills          | 8                  | 8                     | 2          | 16         | 83%             | 69           | 14                           | VERY FAST          | \$222            | \$187                  | \$150              |  |
| Phelan             | 19                 | 16                    | 3          | 30         | 86%             | 53           | 14                           | VERY FAST          | \$124            | \$116                  | \$75               |  |
| Apple Valley       | 85                 | 63                    | 11         | 111        | 85%             | 53           | 14                           | VERY FAST          | \$110            | \$100                  | \$97               |  |
| Helendale          | 10                 | 6                     | 4          | 12         | 63%             | 42           | 16                           | FAST               | \$130            | \$111                  | \$133              |  |
| Pinon Hills        | 11                 | 3                     | 1          | 9          | 86%             | 37           | 29                           | SLOW               | \$114            | \$152                  | \$127              |  |
| Wrightwood         | 12                 | 3                     | 1          | 8          | 71%             | 31           | 35                           | SLOW               | \$120            | \$165                  | \$136              |  |
| Lucerne Valley     | 18                 | 3                     | 1          | 6          | 75%             | 64           | 35                           | SLOW               | \$59             | \$56                   | \$33               |  |
| <b>TOTALS</b>      | <b>377</b>         | <b>320</b>            | <b>47</b>  | <b>586</b> | <b>87%</b>      | <b>49</b>    | <b>13</b>                    | <b>VERY FAST</b>   | <b>\$105</b>     | <b>\$110</b>           | <b>\$98</b>        |  |
| SHORT SALE         |                    |                       |            |            |                 |              |                              |                    |                  |                        |                    |  |
| AREA               | ON MARKET (SUPPLY) | CLOSED MONTH (DEMAND) | FAIL MONTH | IN ESCROW  | PERCENT SELLING | DOM (CLOSED) | WEEKS SUPPLY GIVEN DEMAND    | MARKET SPEED INDEX | MEDIAN ASK PRICE | MEDIAN IN ESCROW PRICE | MEDIAN CLOSE PRICE |  |
| Spring Valley Lake | 7                  | 4                     | 5          | 15         | 41%             | 188          | 27                           | FAST               | \$205            | \$103                  | \$185              |  |
| Oak Hills          | 7                  | 3                     | 0          | 15         | 100%            | 207          | 38                           | FAST               | \$220            | \$238                  | \$146              |  |
| Pinon Hills        | 6                  | 2                     | 2          | 10         | 57%             | 124          | 35                           | AVERAGE            | \$125            | \$92                   | \$114              |  |
| Helendale          | 14                 | 3                     | 3          | 16         | 45%             | 115          | 52                           | SLOW               | \$125            | \$178                  | \$155              |  |
| Apple Valley       | 99                 | 18                    | 19         | 103        | 49%             | 141          | 50                           | SLOW               | \$115            | \$143                  | \$140              |  |
| Wrightwood         | 6                  | 1                     | 1          | 7          | 67%             | 81           | 56                           | SLOW               | \$162            | \$180                  | \$165              |  |
| Hesperia           | 79                 | 12                    | 16         | 124        | 43%             | 118          | 73                           | SLOW               | \$105            | \$116                  | \$110              |  |
| Adelanto           | 50                 | 7                     | 9          | 43         | 43%             | 132          | 62                           | SLOW               | \$84             | \$90                   | \$70               |  |
| Victorville        | 148                | 19                    | 30         | 166        | 39%             | 137          | 72                           | SLOW               | \$110            | \$120                  | \$108              |  |
| Phelan             | 13                 | 2                     | 9          | 27         | 14%             | 174          | 116                          | SLOW               | \$105            | \$130                  | \$212              |  |
| Lucerne Valley     | 5                  | 1                     | 1          | 2          | 33%             | 184          | 61                           | VERY SLOW          | \$70             | \$95                   | \$69               |  |
| <b>TOTALS</b>      | <b>434</b>         | <b>69</b>             | <b>93</b>  | <b>528</b> | <b>42%</b>      | <b>138</b>   | <b>61</b>                    | <b>32</b>          | <b>\$110</b>     | <b>\$119</b>           | <b>\$115</b>       |  |
| STANDARD SALE      |                    |                       |            |            |                 |              |                              |                    |                  |                        |                    |  |
| AREA               | ON MARKET (SUPPLY) | CLOSED MONTH (DEMAND) | FAIL MONTH | IN ESCROW  | PERCENT SELLING | DOM (CLOSED) | WEEKS SUPPLY GIVEN DEMAND    | MARKET SPEED INDEX | MEDIAN ASK PRICE | MEDIAN IN ESCROW PRICE | MEDIAN CLOSE PRICE |  |
| Hesperia           | 74                 | 29                    | 14         | 83         | 67%             | 46           | 23                           | FAST               | \$105            | \$116                  | \$110              |  |
| Victorville        | 116                | 43                    | 21         | 99         | 67%             | 61           | 22                           | FAST               | \$110            | \$120                  | \$108              |  |
| Adelanto           | 35                 | 6                     | 5          | 28         | 55%             | 48           | 46                           | SLOW               | \$84             | \$90                   | \$70               |  |
| Spring Valley Lake | 33                 | 6                     | 7          | 20         | 44%             | 52           | 42                           | SLOW               | \$205            | \$103                  | \$185              |  |
| Apple Valley       | 186                | 29                    | 20         | 79         | 59%             | 60           | 40                           | SLOW               | \$115            | \$143                  | \$140              |  |
| Phelan             | 23                 | 4                     | 4          | 25         | 47%             | 49           | 59                           | SLOW               | \$105            | \$130                  | \$212              |  |
| Helendale          | 35                 | 5                     | 9          | 15         | 33%             | 53           | 48                           | SLOW               | \$125            | \$178                  | \$155              |  |
| Oak Hills          | 26                 | 3                     | 3          | 12         | 55%             | 47           | 55                           | SLOW               | \$220            | \$238                  | \$146              |  |
| Lucerne Valley     | 21                 | 2                     | 3          | 1          | 44%             | 16           | 48                           | SLOW               | \$70             | \$95                   | \$69               |  |
| Wrightwood         | 34                 | 2                     | 4          | 7          | 33%             | 119          | 89                           | SLOW               | \$162            | \$180                  | \$165              |  |
| Pinon Hills        | 11                 | 1                     | 1          | 7          | 33%             | 2            | 156                          | SLOW               | \$125            | \$92                   | \$114              |  |
| <b>TOTALS</b>      | <b>594</b>         | <b>128</b>            | <b>90</b>  | <b>376</b> | <b>59%</b>      | <b>55</b>    | <b>33</b>                    | <b>43</b>          | <b>\$110</b>     | <b>\$119</b>           | <b>\$115</b>       |  |