

# Real Estate Markets

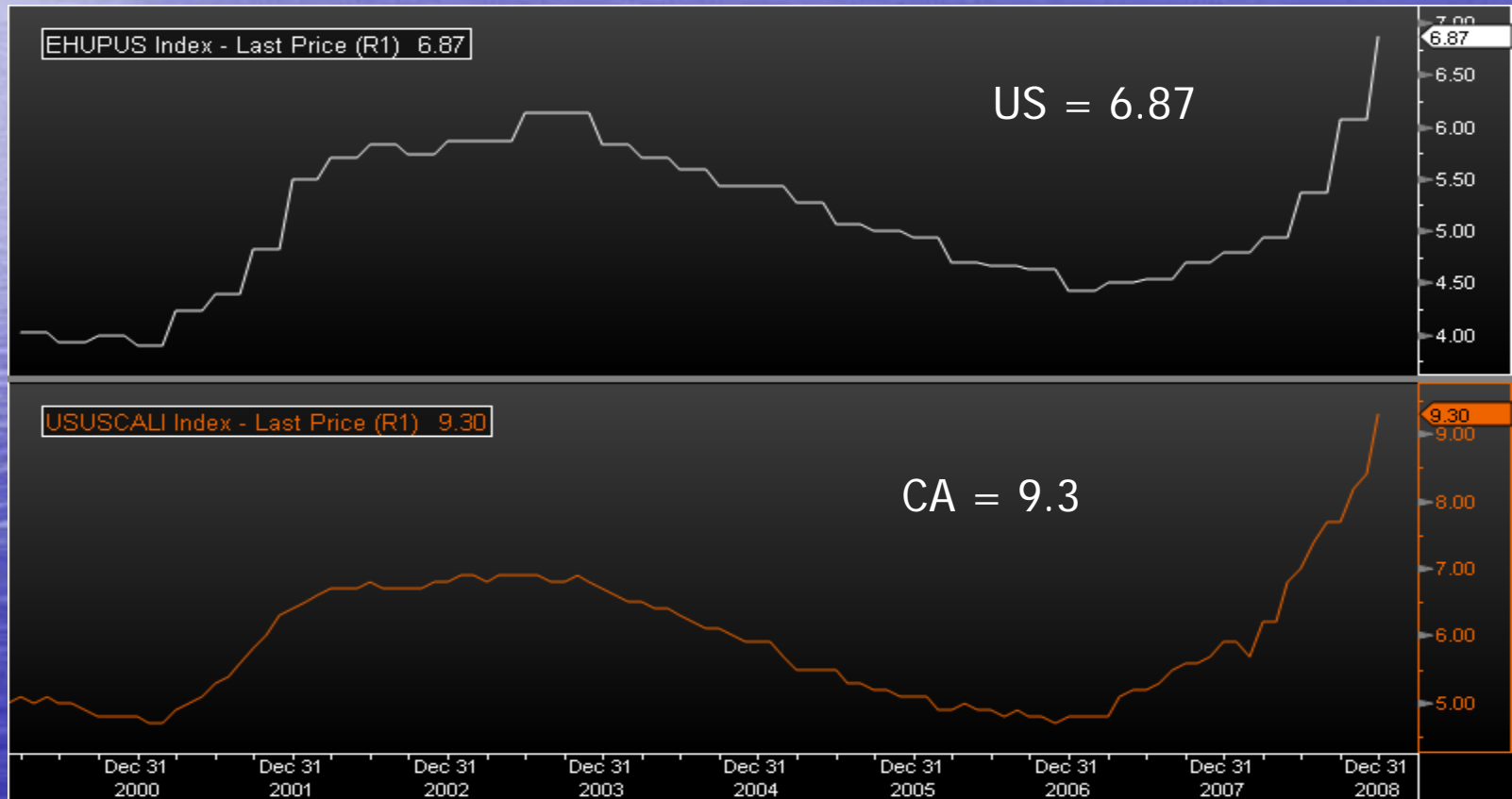
California and the  
United States



What is the Financial Environment?

# Unemployment: US vs CA

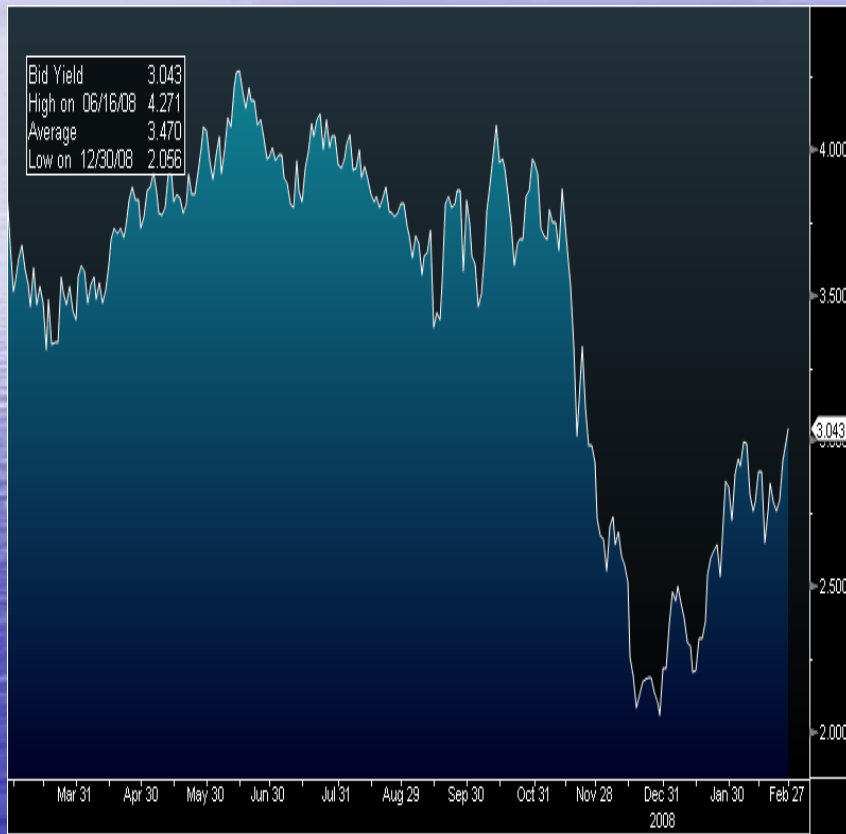
## 6.87 vs 9.3



# MORTGAGE DELIQUENCIES

MBA MORTGAGE DELINQUENCIES				Page 1/1			
Source	Mortgage Bankers Association	Current Value	Date	Previous Value	12/31/07 Date	Pct Chng	
1)	MBA MORTGAGE DELINQUENT	DLQTDLQT	6.99	09/08	5.82	12/07	20.10
2)	MBA MORTGAGE FORECLOSE	DLQTFOR	2.97	09/08	2.04	12/07	45.59
3)	MBA MORTGAGE PRIME	DLQTPRIM	4.34	09/08	3.24	12/07	33.95
4)	MBA MORTGAGE Prime FRM	DLQTFRM	3.35	09/08	2.56	12/07	30.86
5)	MBA MORTGAGE Prime ARM	DLQTARM	8.20	09/08	5.51	12/07	48.82
6)	MBA MORTGAGE SUBPRIME	DLQTSUBP	20.03	09/08	17.31	12/07	15.71
7)	MBA MORTGAGE SUBPRIME30	DLQTSP30	8.56	09/08	8.22	12/07	4.14
8)	MBA MORTGAGE SUBPRIME60	DLQTSP60	4.25	09/08	3.67	12/07	15.80
9)	MBA MORTGAGE SUBPRIME90	DLQTSP90	7.22	09/08	5.42	12/07	33.21
10)	MBA MORTGAGE SUBPRIMEFC	DLQTSPFC	12.55	09/08	8.65	12/07	45.09
11)	MBA MORTGAGE Subprm FRM	DLQTFRMS	18.00	09/08	13.99	12/07	28.66
12)	MBA MORTGAGE Subprm ARM	DLQTARMS	21.31	09/08	20.02	12/07	6.44

# KEY RATES: TRES VS CA GO



10YR TRES



CA 10 GenOblig

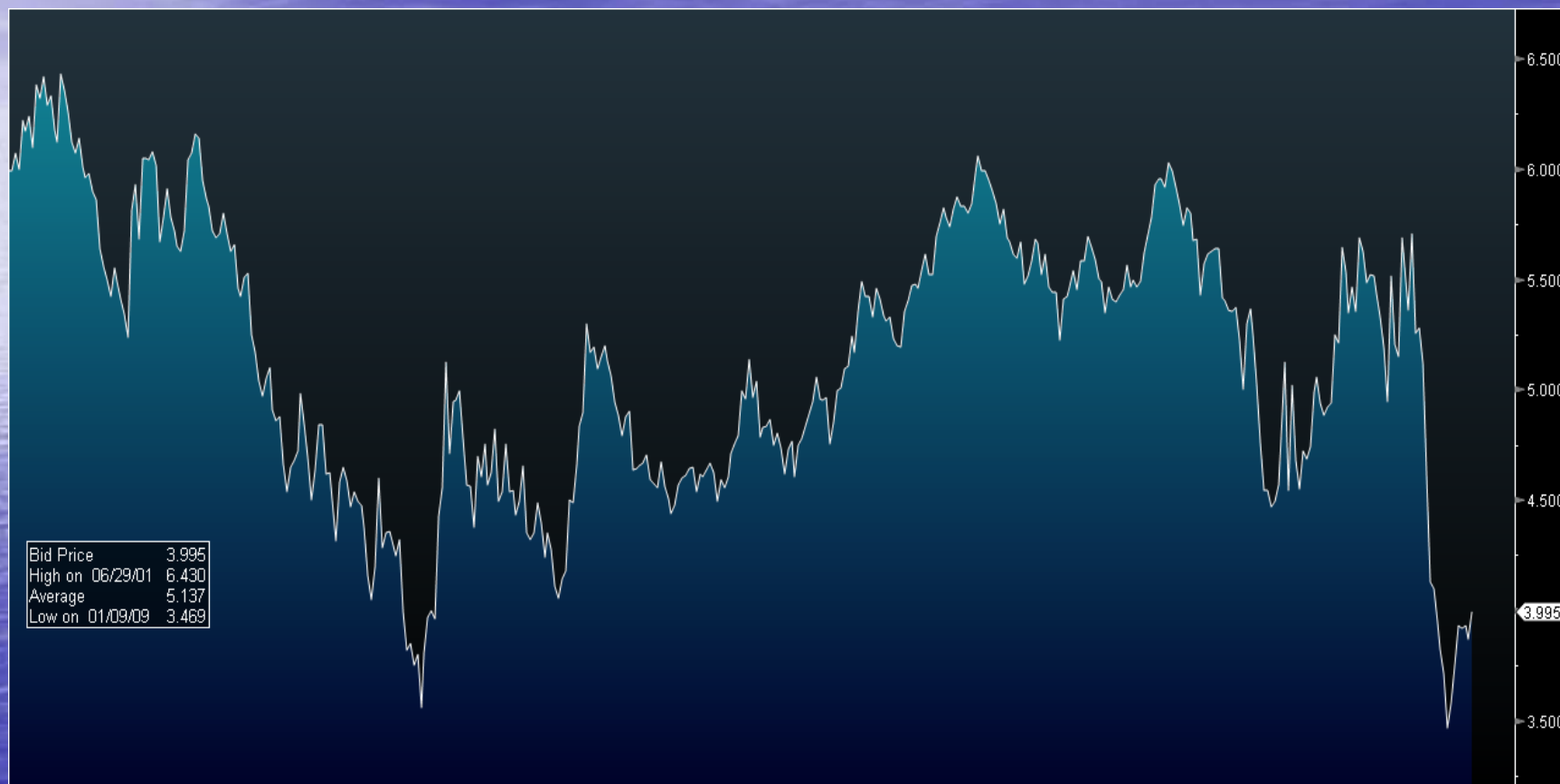
# 30 YEAR FNMA MORTGAGE RATES



**2000 = 8.44**

**2009 = 4.55**

# FREDDIE MAC ARMS



2001 = 6.43

2009 = 3.6

# HOME FORECLOSURES





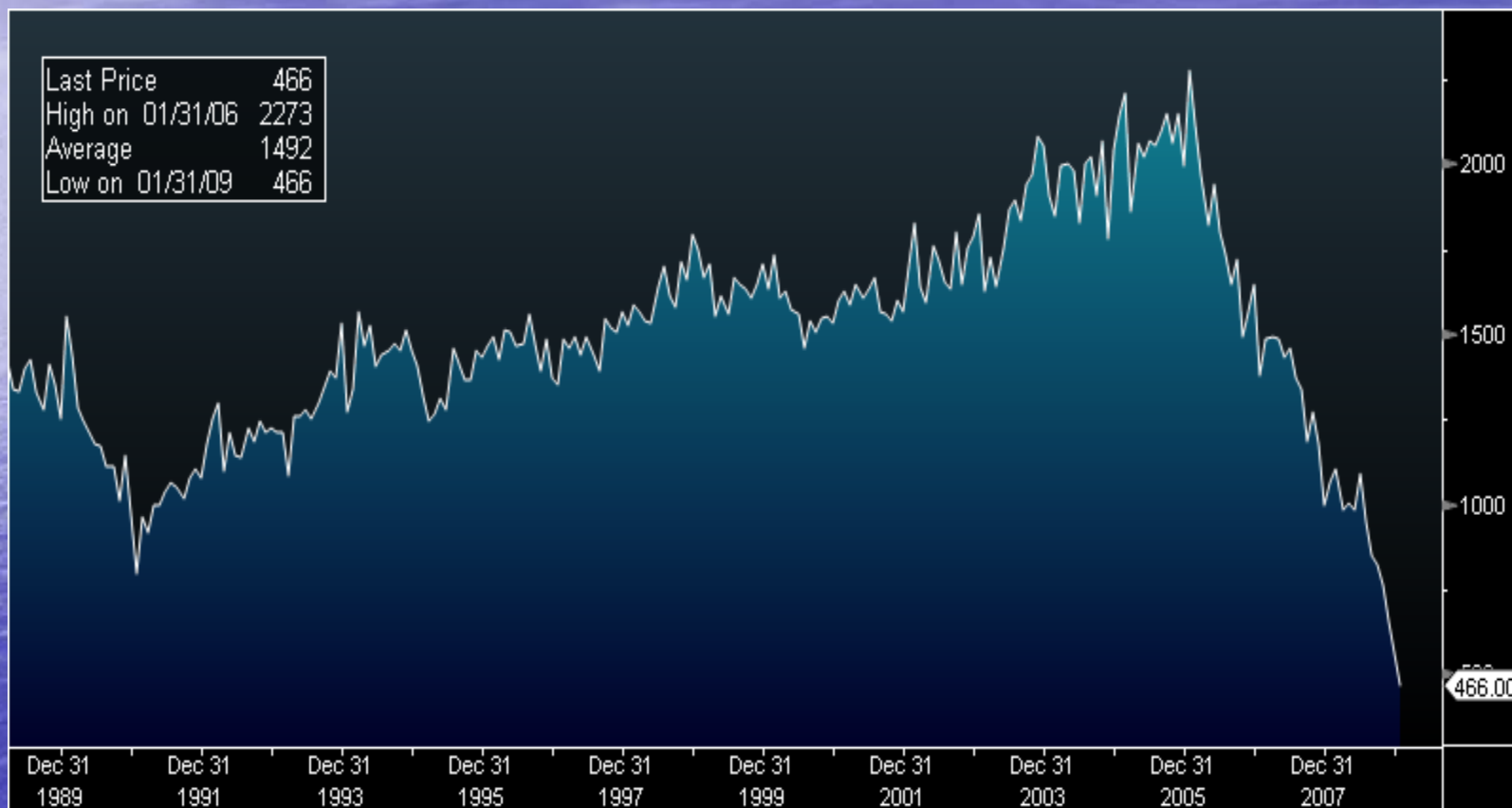
# US One Family Home Sales




# EXISTING HOME SALES



# HOUSING STARTS



Dramatic Drop in Building Homes

The background of the slide is a photograph of a vast blue ocean under a bright blue sky with wispy white clouds. A bright sun is visible on the left side of the horizon, creating a shimmering reflection on the water's surface.

**WHAT SECURITIES ARE  
INVOLVED?**

# COMMERCIAL MORTGAGE BACKED SECURITIES (CMBS)

1) Import		2) Save Search		3) Options		Delinquency Report				
Sector	CMBS	Deal Type	All	Region	All					
Issued	mm / yyyy - mm / yyyy	Ticker		Series		818 records				
Deal	Rep.Dt	30D	60D	Frcl.	REO	90D+ ↑	WALTV	DSCR	Loans	Losses
<b>Weighted Averages</b>		0.29	0.20	0.11	0.11	0.40	63.96	1.60		.11
4) GLT 1999-GSA1	02/2009	0.00	0.00	0.00	0.00	100.00		0.00	1	.00
5) CSFB 2005-CNDA	02/2009	0.00	0.00	0.00	45.29	54.71	53.48	0.00	2	.00
6) GMACC 1998-C1	02/2009	0.00	0.00	0.00	0.00	49.92	46.53	1.98	23	.50
7) CASC 1998-D7	02/2009	0.00	0.00	8.41	6.69	44.94	68.85	0.76	15	2.12
8) MCFI 1998-MC1	02/2009	0.00	61.95	0.00	0.00	38.05	43.01	1.04	2	3.23
9) MLMI 1996-C2	02/2009	0.00	0.00	0.00	0.00	24.29	56.05	1.31	27	2.83
10) BALL 2004-BBA4	02/2009	0.00	0.00	0.00	0.00	21.20	57.74	1.58	3	.00
11) JPMCC 2008-C2	02/2009	0.00	0.00	0.00	0.00	19.69	63.15	1.59	79	.00
12) NLFC 1999-1	02/2009	0.00	0.00	0.00	0.00	16.80	59.39	1.71	24	.24
13) GSMS 1999-C1	02/2009	0.00	0.00	2.35	2.40	16.71	61.05	1.29	46	2.08
14) COMM 1999-1	02/2009	0.00	0.00	0.00	0.00	16.45	60.73	1.20	17	1.90
15) MLMI 1997-C1	02/2009	0.00	0.00	0.00	0.00	14.77	48.31	1.57	8	3.01
16) MEZZ 2007-C5	02/2009	0.76	4.05	0.00	0.00	12.90	9.32	1.27	86	.01
17) CCMSC 1997-1	02/2009	0.00	0.00	0.00	0.00	12.71	31.05	1.06	7	2.41
18) CSMC 2007-TF2A	02/2009	0.00	0.00	0.00	0.00	12.12	43.68	1.16	8	.00
19) CNLF 2000-AA	05/2005	0.00	0.00	0.00	0.00	10.51		1.40	243	.00
20) LBCMT 1998-C4	02/2009	1.77	0.00	3.66	1.50	10.16	63.88	1.32	61	.83
21) MEZZ 2006-C4	02/2009	4.14	0.63	0.00	0.10	9.34	12.19	1.37	142	.02

Issuer: JP MORGAN CHASE COMMERCIAL MORTGAGE SEC 8 Pro 17 Docs

Series 2008-C2

CMBS: 79/ 79 Loans

Type Conduit/Fusion

DEAL - CURRENT			DEAL - ORIGINAL			Loan Status Data (% & #)					
Feb09	1,163,764,156		USD	1,165,893,035		30	0.0%	0	Cum Loss*	0.0%	N/A
NetWAC	6.534%		NetWAC	6.580%		60	0.0%	0	Defeased*	0.0%	0
WAC	6.624%		WAC	6.625%		90+	19.7%	2	Prepaid*	0.0%	0
WAM	8:2 98 mo		WAM	8:11 107 mo		FOR	0.0%	0	Spc Svc	0.0%	0
AGE	1:3 15 mo		AGE	N/A		REO	0.0%	0	Bankrpt	0.0%	0
Avg Loan	14,731m		Avg Loan	14,758m		* % Orig Balance					
Loans>BBB- CS	3		Loans>BBB- CS	3		IOs(%) Curr Orig		Servicer:Joint			
Loans>25mm	63.6%		Loans>25mm	63.5%		Part	65.8	65.7	Spcl Srv:CAML		
WA LTV	63.153%		WA LTV	69.588%		Full	10.3	10.3	Lead Mgr:Joint		
WA DSCR	1.593		WA DSCR	1.288		Total	76.1	76.0	Trustee: LBN		

Curr Prepay Status (%)			Ln Terms(%)		Top 5 MSA (%)		Collateral(%)	
Type Lock	Pen/Dfse	Open	3-Yr	0.0	Riverside-San Berna	10.8	Country	US
Dfse	93.8	0.0 0.0	5-Yr	6.9	Los Angeles-Long Be	9.5	RetailA	31.1

Property/Location Summary

Top MSA	#Prop	Balance	% Bal	Property Type	#Prop	Balance	% Bal	ngto	mden
1) Riverside-San Bernar	1	125,200,000	10.76	19) Retail Anchored	22	362,445,820	31.14	8.6	5.6
2) Los Angeles-Long Be	1	110,000,000	9.45	20) Office	20	309,633,355	26.61		
3) Washington-Arlington	8	99,847,412	8.58	21) Hospitality Full Servi	5	158,489,429	13.62		
4) Philadelphia-Camden	6	91,885,770	7.90	22) Hospitality Limited S	15	86,101,822	7.40		
5) Tucson, AZ	1	65,000,000	5.59	23) Multi Family Housing	11	65,423,087	5.62		
6) Boston-Cambridge-Qu	1	43,920,000	3.77	24) Retail Unanchored	16	61,390,989	5.28		
7) Las Vegas-Paradise,	1	42,250,000	3.63	25) Industrial	15	42,411,086	3.64		
8) Seattle-Tacoma-Belle	1	42,000,000	3.61	26) Mixed Use	5	40,410,020	3.47		
9) New York-Northern N	3	37,247,228	3.20	27) Self Service Storage	5	23,458,549	2.02		
10) Atlanta-Sandy Spring	2	25,900,000	2.23	28) Other	4	14,000,000	1.20		

Top States				Top Countries			
11) California	4	247,149,085	21.24	29) United States	118	1,163,764,157	100.00
12) Pennsylvania	6	96,039,497	8.25				
13) Wisconsin	16	91,849,302	7.89				
14) Arizona	2	69,680,000	5.99				
15) Maryland	4	62,112,442	5.34				

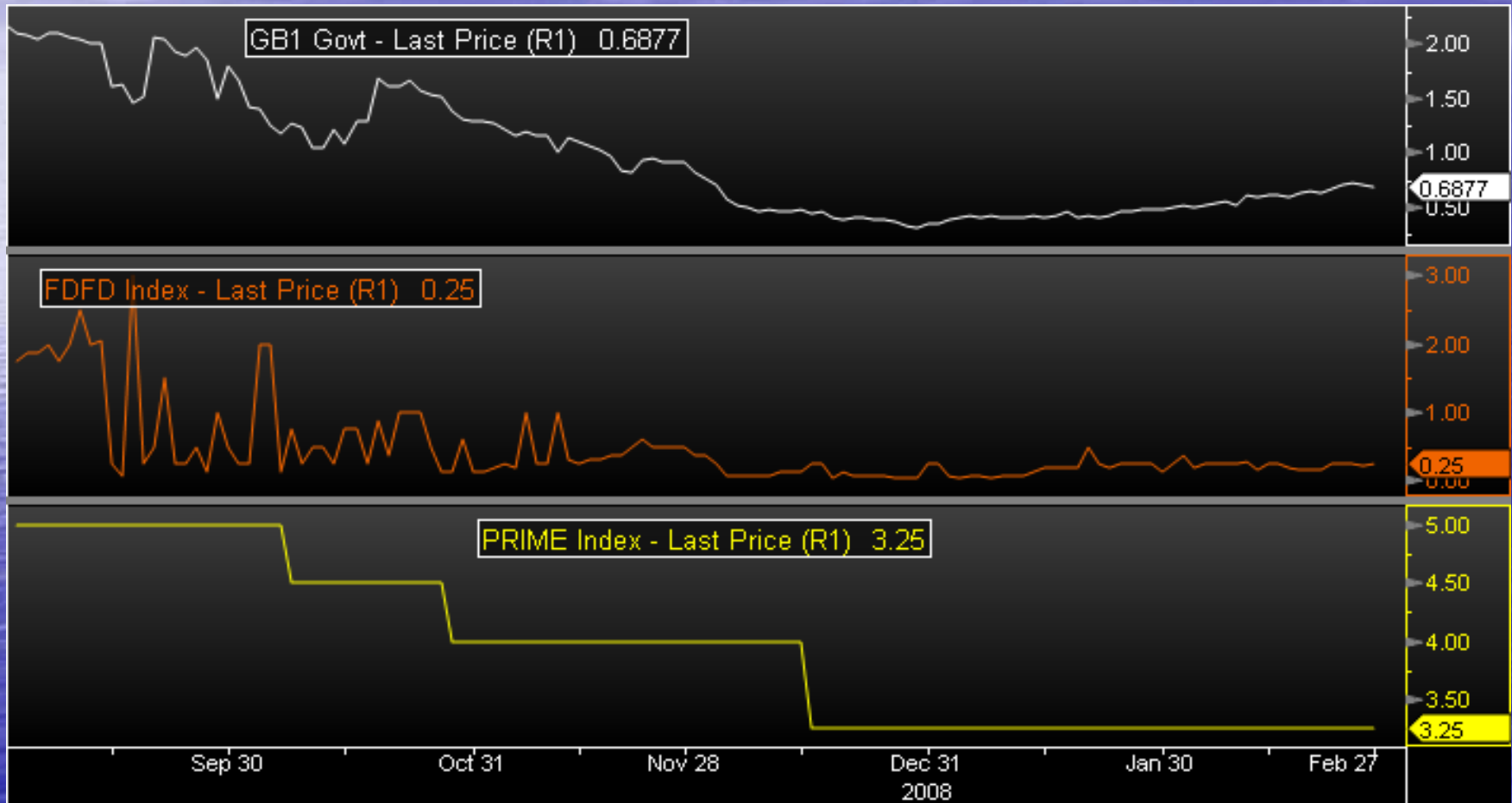
Excluded Properties

# CREDIT DEFAULT SPREADS



**KB Home Builds Residences: Sharp Rise in CDS  
Based in Los Angeles**

# CREDIT CRUNCH: Where is the Cash?





# WHO IS DEFAULTING ON THEIR BONDS?

Bond Search										Page	1 / 4
Descriptive Display		Edit Columns	Options	Sort	Search Results: defaulted bonds						
74 Securities Shown											
Issuer	Coupon	Maturity	Defaulted	Date	Series	Comp	Mty	Type	Curr	Price	
1)AXCELIS TECH INC	4.250	01/15/09		01/15/09				CONV/CALL	USD	Not Priced	
2)AXCELIS TECH INC	4.250	01/15/09		01/15/09	144A			CONV/CALL	USD	Not Priced	
3)ALERIS INTL INC	9.000	11/15/14		02/12/09				NR CALLABLE	USD	Not Priced	
4)ALERIS INTL INC	9.000	12/15/14		02/12/09				NR CALLABLE	USD	1.2475	BGN
5)ALERIS INTL INC	9.000	12/15/14		02/12/09	144a			CALLABLE	USD	Not Priced	
6)ALERIS INTL INC	10.000	12/15/16		02/12/09				NR CALLABLE	USD	1.3500	EXCH
7)FBOP CORPORATION	10.000	01/15/09		01/15/09	AI			BULLET	USD	Not Priced	
8)FBOP CORPORATION	10.000	01/15/09		01/15/09	144A			BULLET	USD	Not Priced	
9)FIRST METALS	14.000	05/03/12		12/31/08	144A			CALLABLE	CAD	Not Priced	
10)IT HOLDING FIN	9.875	11/15/12		02/26/09	REGS	DD+		CALLABLE	EUR	11.0000	BVAL
11)IT HOLDING FIN	9.875	11/15/12		02/26/09	144A	DD+		CALLABLE	EUR	11.0000	BVAL
12)JAPAN GEN ESTATE	2.580	09/28/10		02/05/09	10			BULLET	JPY	Not Priced	
13)ARCO CHEMICAL CO	10.250	11/01/10		01/06/09		DD+		BULLET	USD	16.4738	BGN
14)ARCO CHEMICAL CO	9.800	02/01/20		01/06/09		DD+		BULLET	USD	16.5279	BGN
15)EQUISTAR CHEMICA	7.550	02/15/26		01/06/09		DD+		BULLET	USD	20.1000	EXCH
16)MILLENNIUM AMER	7.625	11/15/26		01/06/09		DD+		BULLET	USD	3.7500	EXCH
17)MERISANT CO	9.500	07/15/13		01/09/09	144A			NR CALLABLE	USD	Not Priced	
18)MERISANT CO	9.500	07/15/13		01/09/09	REGS			NR CALLABLE	USD	Not Priced	
19)MERISANT CO	9.500	07/15/13		01/09/09				NR CALLABLE	USD	4.1250	EXCH
20)MERISANT WORLDWI	12.250	05/15/14		01/09/09				NR CALLABLE	USD	Not Priced	

A blue sky with light clouds over a blue ocean with a sun reflection.

WHAT ELSE IS HAPPENING?

# FINANCIAL Cos NEED MONEY!

## Writedowns/losses vs. Capital Raised

	LOSS	CAPITAL
• Wachovia Corporation	97.9	11.0
• Citigroup Inc.	79.7	109.2
• Fannie Mae	70.2	15.6
• Wells Fargo	17.3	41.8
• Freddie Mac	58.4	20.8
• Bank of America	40.2	78.5

**Banks are NEEDED to keep Capital Flowing**

# OTHER FACTORS/SECURITIES IMPACTING THE ECONOMIC CRISIS

- Corporate Distressed Debt
- Cash is still not readily available
- Real Estate Assets with no "clear" Value
- Everyone is cautious about Cash, Investments, Spending
- No One is sure if we have reached the bottom.....
- No one is sure the Govt Bail-out will work!

# Confidence in Markets is Dropping



# Quick Flight to Savings!



Fear of Spending, Investing etc....

# WHAT IS THE GOVERNMENT DOING?

- Economic Stimulus Package
- TARP, CPFF, TLGP, TALF
- FDIC Guaranteed Bonds
- Get the Credit Markets Moving
- Bank Stress Testing: Are they sound?

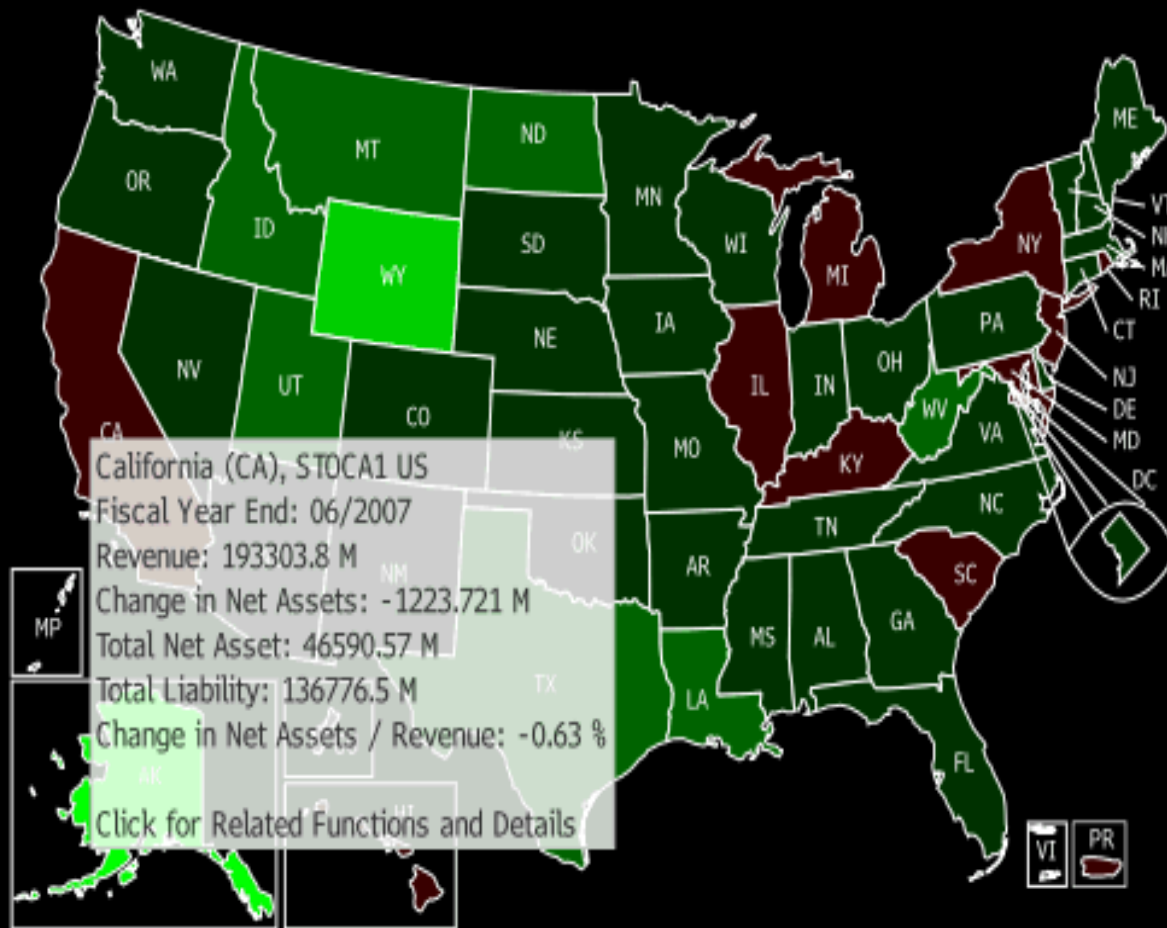
# WHAT ABOUT CALIFORNIA?





# CALIFORNIA

STOCA1 US	CALIFORNIA (STATE OF)		DESCRIPTION
California is a state located in the western United States. The state derives most of its revenues from personal income, sales and use, corporation, and insurance taxes. California's primary component units are the University of California, State Compensation Insurance, California Housing Finance Agency, and Public Employee Benefits.			
State Capitol Building Sacramento, CA 95814 United States	T: +1-916-445-2841 F: +1-916-558-3160 Inc. Date	Industry Domicile Incorporated No. Of Employees As Of	Regional Authority UNITED STATES UNITED STATES 387,168 11/01/2008
1) MGMT Company Management Profiles	Title	Start Date	
2) Arnold Schwarzenegger	Governor	11/17/2003	
3) Bill Lockyer	State Treasurer	01/20/2007	
4) Edmund G Brown Jr	Attorney General	01/01/1975	
5) Existing Home Sales	563.6 K 12/31/2008	Fiscal Year End	June
6) Building Permits	2012.0 01/31/2009	9) Revenue	193,303.80M
7) Unemployment	9.3 % 12/31/2008	10) Net Asset Chg	-1,223.72M
8) Nonfarm Employme	14913.6 K 12/31/2008	11) Total Assets	46,590.57M
	Currency	USD	12) <a href="http://www.ca.gov">www.ca.gov</a>

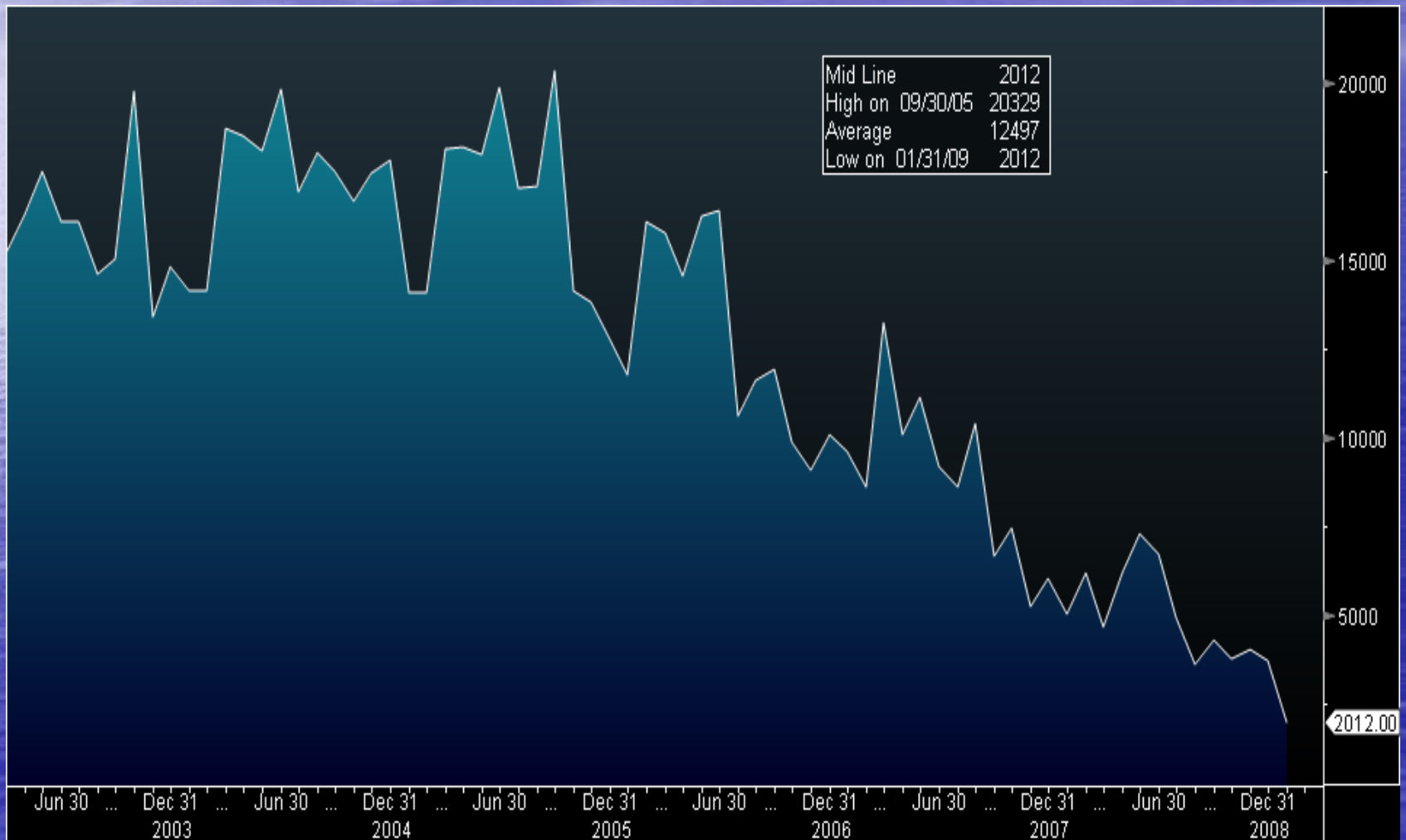


# CA Existing HomeSales > Jump UP



California home sales doubled in January 2009 from a year earlier as buyers took advantage of an almost 41 percent decline in the median price of existing home. CA Assc of Realtors

# CALIFORNIA BUILDING PERMITS



# Major City Vacancy Rates: Trending UP



Los Angeles



San Francisco

# CALIFORNIA ECONOMY

## Major Company Index





WHAT CAN COMPANIES DO?  
CAN THEY BE "PROACTIVE"

# STAY IN FRONT OF NEWS

- Bill Tracker (USBI)
- Credit Crunch Monitor (CCLW)
- Real-time news: (TARP)
- Rescue Monitor (RESQ)
- Bankruptcy Filings: (BNKF)
- Housing Stats (HSST)
- California Stats (USST)