

in that plus \$500K group. Jumbo loans are still available but down payment requirements of 25% + and proof of income have affected this part of the market more than any other.

- The market absorption rate for homes with no special conditions of sale ("None") is about 12.5 months, the rate for "Bank Owned's" is 5 months and the rate for "Short Sales" is a little over 17 months.
- Short Sales in December returned to 15% of the mix for "Solds" after a one-month blip to 20% in November.
- A closer look at the numbers show that many Short Sales continue to be *"REO's in training."* Approximately 40-60% of the active Short Sale inventory will become "REO's" during the next 6 months. Of all of the homes listed as Short Sales between May 1st and Oct 31st, only 10.3% have sold and over 34% have expired or withdrawn without selling. By contrast, over 53% of the Bank Owned's have sold and less than 9% have expired or withdrawn. SEE TABLE BELOW;

TOTAL SSB HOMES LISTED MAY 1, 2008 TO OCT 31, 2008	SOLD	PD	EXP	WD	AP	ACTIVE
"NONE" 2046	503	17	242	464	34	786
	24.6%	0.8%	11.8%	22.7%	1.7%	38.4%
<i>STATUS AS OF 12/28/08</i>						
<u>"BANK OWNED" 1176</u>	634	34	36	61	105	306
	53.9%	2.9%	3.1%	5.2%	8.9%	26.0%
<i>STATUS AS OF 12/28/08</i>						
<u>"SHORT SALE" 1083</u>	112	6	65	308	177	418
	10.3%	0.6%	6.0%	28.4%	16.3%	38.6%

- Listings with no Special Conditions ("None") behave a lot like Short Sales except that more than twice as many close percentagewise.