



Press Release

September 22, 2011

As We Pass the Seasonal Peak in Home Prices, Signs Point to Trouble Ahead

Recent Growth in Foreclosure Filings Suggest Inventories of Bank-Owned Homes May Balloon in Coming Months

New York, NY – September 22, 2011 – The RPX Composite price most likely peaked for the year in June, according to the [July 2011 RPX Monthly Housing Market Report](#) released today by [Radar Logic Incorporated](#). The RPX Composite, which tracks housing values in 25 US metropolitan areas, reached \$188.11 per square foot on June 24 and has declined ever since.

As the home buying season starts to ebb, an increase in the rate of foreclosure filings foreshadows continuing weakness in home prices. According to recent data released by RealtyTrac, mortgage default filings increased by 33 percent in August. For the last couple of quarters, foreclosure filings - including default notices, scheduled auctions and bank repossessions - have declined as financial institutions have slowed their foreclosure processes in response to scandals and lawsuits related to robo-signing and other documentation problems. As a result, the number of delinquent mortgages has increased significantly. The rapid increase in default filings in August could indicate that banks are now ready to increase the rate at which they push delinquent loans through the foreclosure process, which will ultimately lead to an increase in the number of homes owned by financial institutions.

The number of homes that could be on their way to bank inventories is astonishing. In her testimony this week to the Senate Committee for Banking, Housing and Urban Affairs, Laurie Goodman, Senior Managing Director at Amherst Securities Group, estimated that 10.4 million additional borrowers are likely to default on their mortgages.

“Given the vast number of current and potential delinquencies, a sustained increase in foreclosures would unleash a tidal wave of properties into bank inventories, and ultimately into the nation’s housing markets,” said Quinn Eddins, Director of Research at Radar Logic. “The resulting growth in the inventory of distressed homes for sale would exacerbate the current imbalance of supply and demand and put further negative pressure on home values,” Eddins added.

It appears that Washington recognizes the threat posed by the growth of bank-owned housing inventories. In August, the Federal Housing Finance Agency sent out a Request for Information relating to a plan it is considering to reduce the inventories held by Fannie Mae, Freddie Mac and the FHA via bulk sales of properties to private investors. In simple terms, the plan calls for the sale of these homes to entities who will refurbish them as needed and rent them as business ventures. Radar Logic is opposed to a plan based on bulk sales because we believe such a plan would exacerbate losses to Fannie, Freddie, the FHA and ultimately taxpayers, without generating appreciable benefit to the housing market, and possibly causing significant harm. We have offered the government an [alternative plan](#) that emphasizes loan modifications and renting government-held properties as opposed to selling them. We are confident

that our plan will effectively reduce the imbalance of supply and demand in the housing market while minimizing the costs to taxpayers. For more information on Radar Logic's proposal, visit www.radarlogic.com.

The [complete July 2011 RPX Monthly Housing Market Report](#) is available for free with registration on Radar Logic's website.

Report Methodology

The RPX Monthly Housing Market Report is produced by Radar Logic Incorporated, a New York-based real estate data and analytics company. These reports provide insight and detailed analysis of Radar Logic's 25 Metropolitan Statistical Areas (MSAs) and the Manhattan Condo market. This study is based on the premise that each of the MSAs, while having economic influences in common like credit and mortgage rates, is influenced primarily by local conditions.

Data in the RPX Monthly Housing Market Report reflect the 28-day aggregated value of Radar Logic Daily™ Prices. The price per square foot metric used is a powerful tool for analyzing housing markets because it significantly reduces the influence of property sizes on overall housing price trends, which can skew results. The Daily Prices for each MSA are not adjusted for seasonal variations. In some cases, Daily Prices may vary based on reporting characteristics within individual MSAs.

The August 2011 RPX Monthly Housing Market Report will be released on October 20, 2011, at 4:00 PM EDT.

About Radar Logic

Radar Logic Incorporated, a real estate data and analytics company, calculates and publishes the Radar Logic Daily™ Prices. The prices track housing values for major U.S. metropolitan areas and are the basis of the Residential Property Index™ (RPX™), a market that enables real estate to be traded as a liquid asset via property derivatives marketed by major financial institutions. RPX allows real estate and financial professionals to manage opportunity and risk, invest in real estate values without owning physical assets and effectively analyze markets using a consistent metric: price per square foot.

For more information on Radar Logic and the RPX, including licensed dealers, please visit www.radarlogic.com.

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