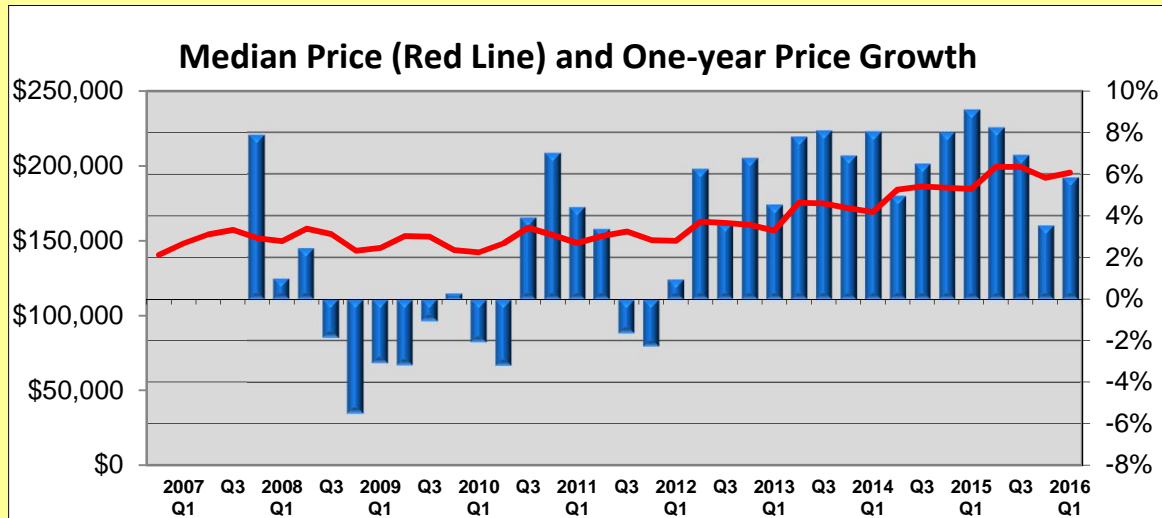


San Antonio Area Local Market Report, First Quarter 2016

Today's Market...



Local Price Trends

Price Activity	San Antonio	U.S.	Local Trend
Current Median Home Price (2016 Q1)	\$195,500	\$215,767	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2016 Q1)	5.8%	6.1%	
3-year (12-quarter) Appreciation (2016 Q1)	24.8%	22.6%	
3-year (12-quarter) Housing Equity Gain*	\$38,800	\$39,833	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$50,300	\$48,200	
9-year (36 quarters) Housing Equity Gain*	\$47,200	\$1,667	

*Note: Equity gain reflects price appreciation only

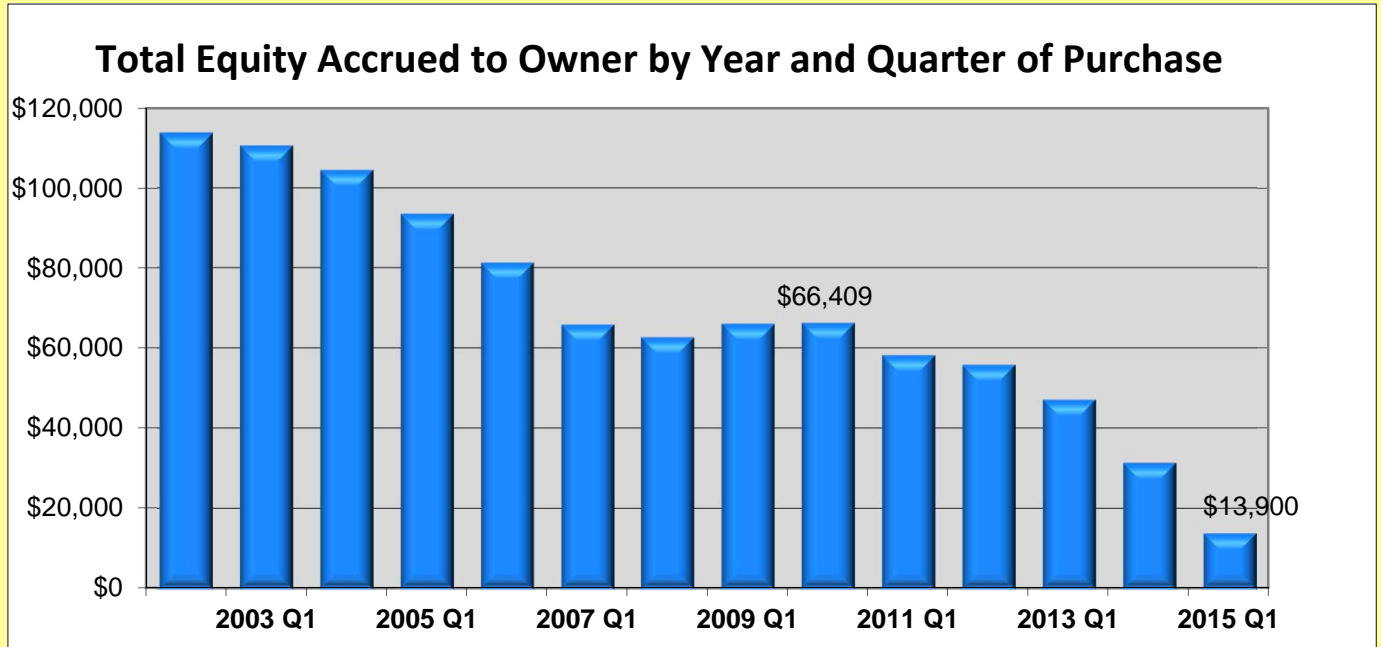
	San Antonio	U.S.	
Conforming Loan Limit**	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$316,250	\$625,500	
Local Median to Conforming Limit Ratio	47%	not comparable	

Note: limits are current and include the changes made in November of 2012 and extended in November of 2013

Local NAR Leadership

The San Antonio market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2016 NAR Regional Vice President representing region 10 is Matthew Ritchie.

Benefits of Ownership: Total Equity Appreciation



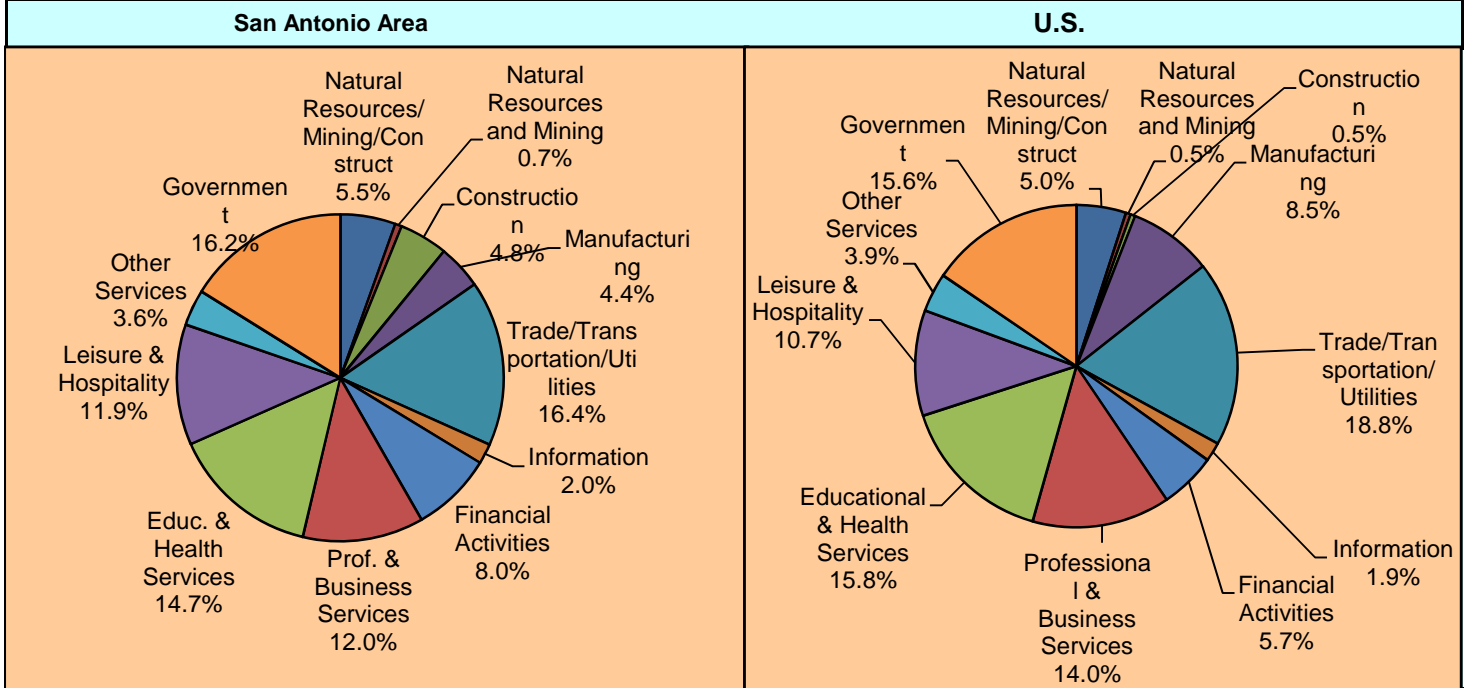
Total Equity Gained** through 2016 Q1 from quarter in which home was of purchased			
Price Activity	SanAntonio	U.S.	Local Trend
1-year (4-quarter)	\$13,900	\$15,781	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$47,282	\$49,356	
5-year (20-quarter)*	\$58,371	\$68,727	
7-year (28 quarters)*	\$66,172	\$59,758	
9-year (36 quarters)*	\$66,024	\$16,435	
If purchase in 2005, the national price peak	\$93,606	\$30,059	

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

Drivers of Local Supply and Demand...

Local Economic Outlook	San Antonio	U.S.	
12-month Job Change (Mar)	26,800	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Feb)	26,000	Not Comparable	
36-month Job Change (Mar)	88,500	Not Comparable	Unemployment in San Antonio is better than the national average and improving
Current Unemployment Rate (Mar)	3.7%	5.0%	
Year-ago Unemployment Rate	3.7%	5.5%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	2.8%	2.0%	

Share of Total Employment by Industry



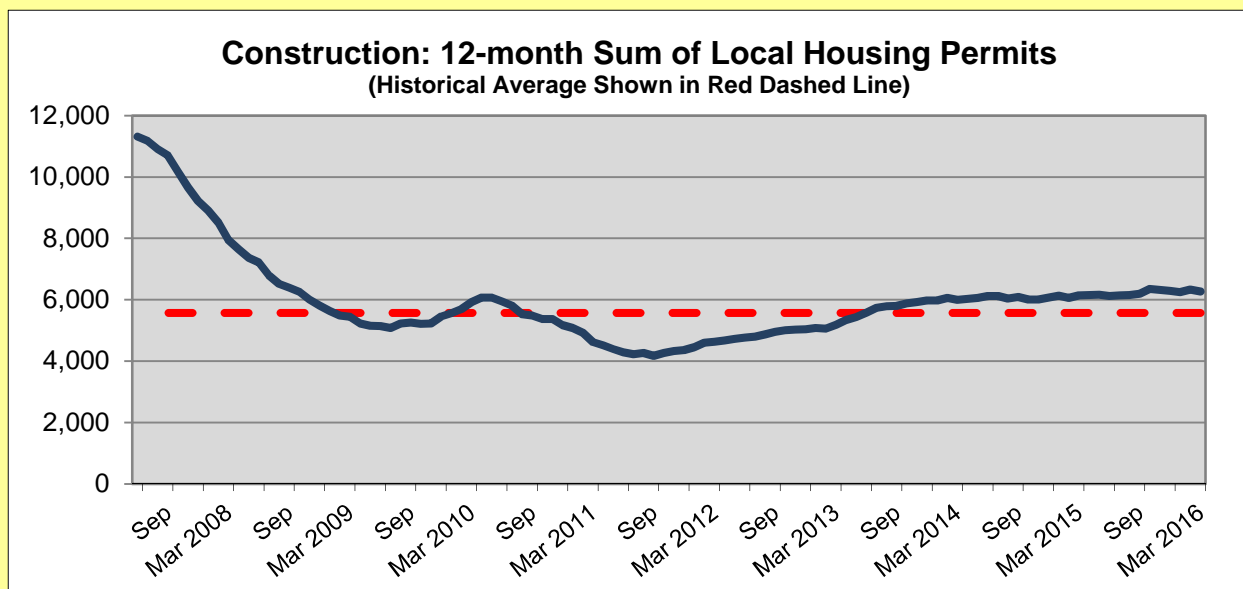
12-month Employment Change by Industry in the San Antonio Area (Mar - 2016)

Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	300	Financial Activities	2,100
Natural Resources and Mining	-1,800	Prof. & Business Services	1,200
Construction	2,100	Educ. & Health Services	6,300
Manufacturing	-200	Leisure & Hospitality	5,000
Service Providing Excluding Government	NA	Other Services	2,500
Trade/Transportation/Utilities	5,900	Government	3,700

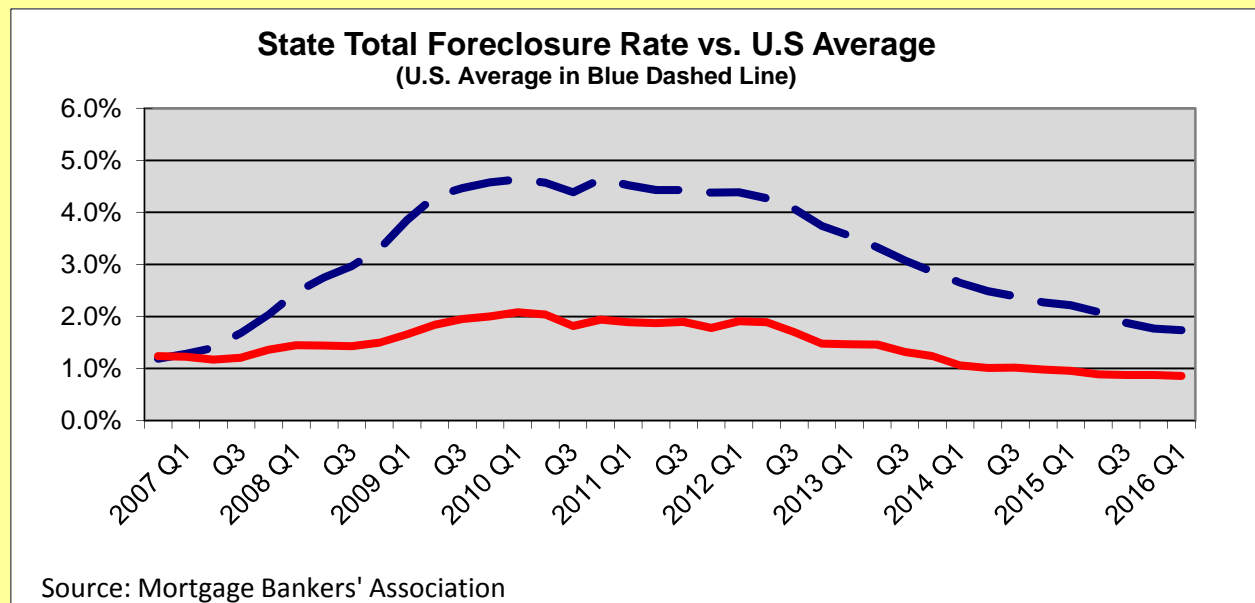
State Economic Activity Index	Texas	U.S.	
12-month change (2016 - Mar)	2.5%	3.1%	Texas's economy is growing, but decelerated from last month's 2.55% change and lags the rest of the nation
36-month change (2016 - Mar)	13.1%	10.5%	

New Housing Construction

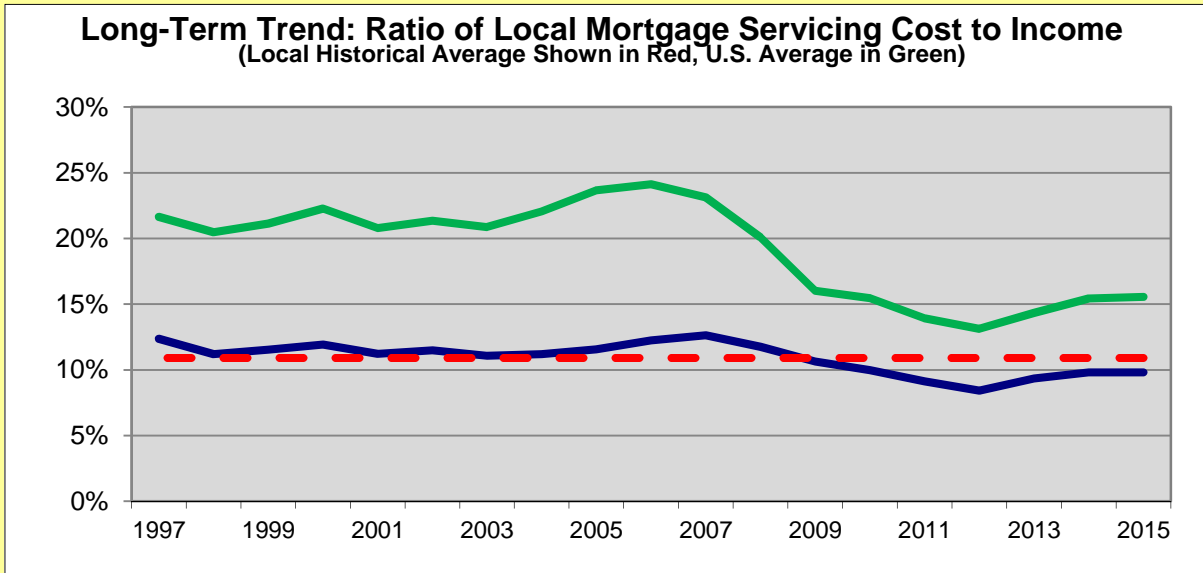
Local Fundamentals	San Antonio	U.S.	
12-month Sum of 1-unit Building Permits through Mar 2016	6,271	not comparable	The current level of construction is 12.5% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	5,573	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built
Single-Family Housing Permits (Mar 2016) 12-month sum vs. a year ago	2.1%	11.3%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized



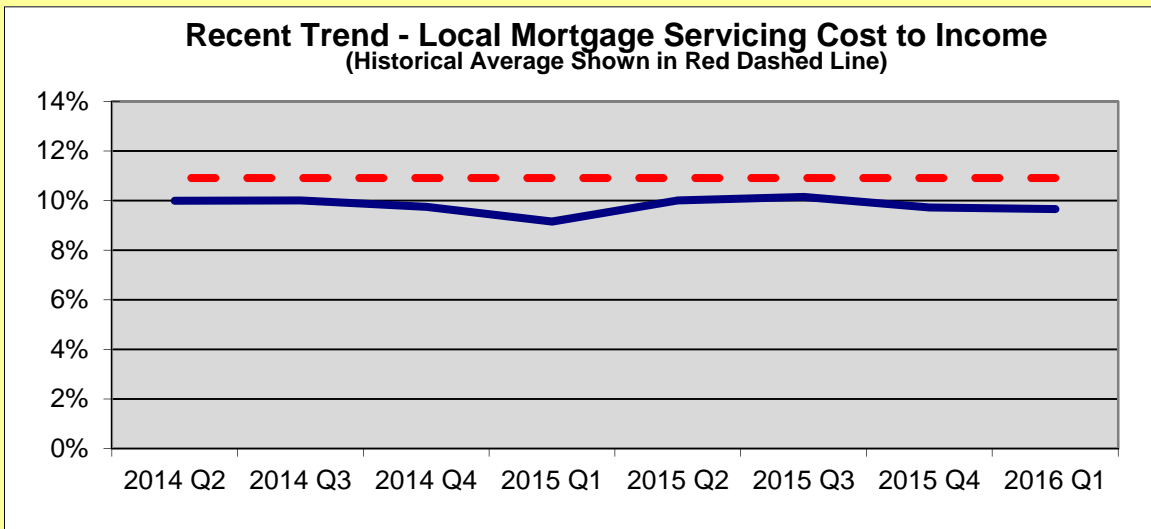
While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.



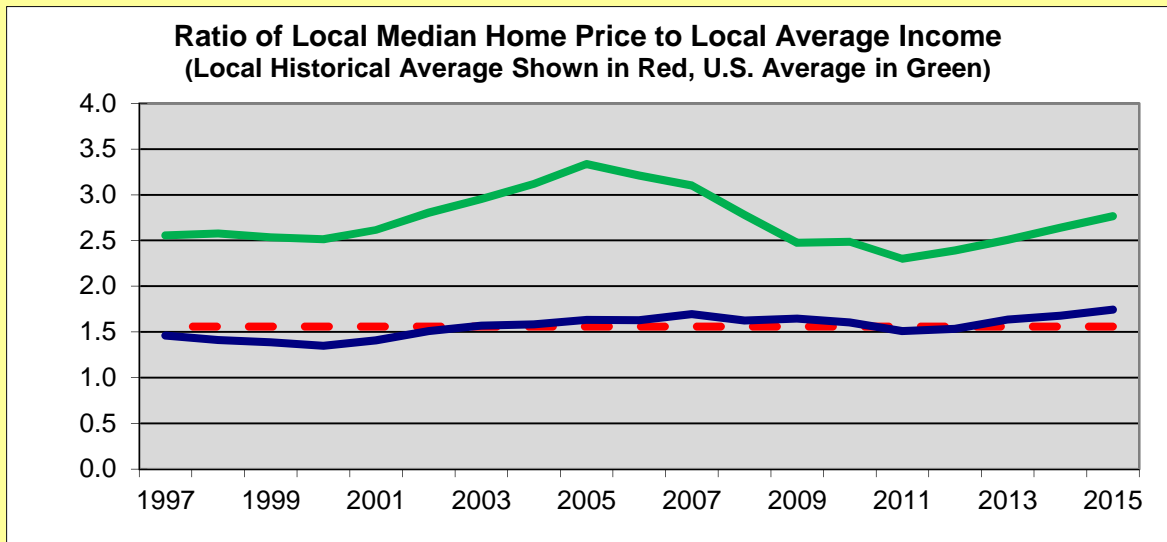
Affordability



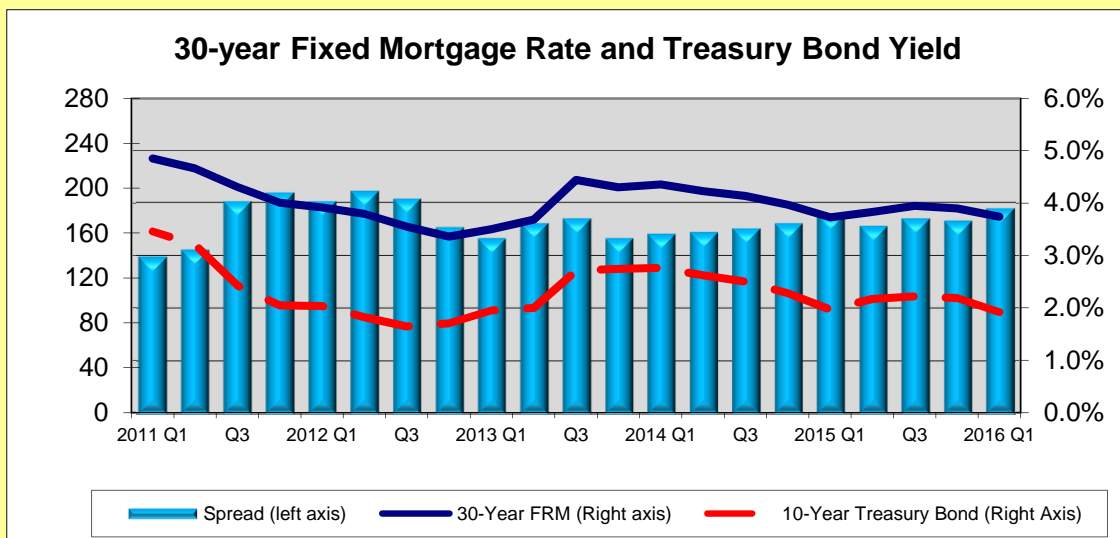
Monthly Mortgage Payment to Income	San Antonio	U.S.	
Ratio for 2015	9.8%	15.6%	Historically strong and an improvement over the fourth quarter of 2015
Ratio for 2016 Q1	9.7%	14.5%	
Historical Average	10.9%	19.5%	More affordable than most markets



Median Home Price to Income	San Antonio	U.S.	
Ratio for 2015	1.7	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2016 Q1	1.7	2.6	
Historical Average	1.6	2.7	Affordable compared to most markets

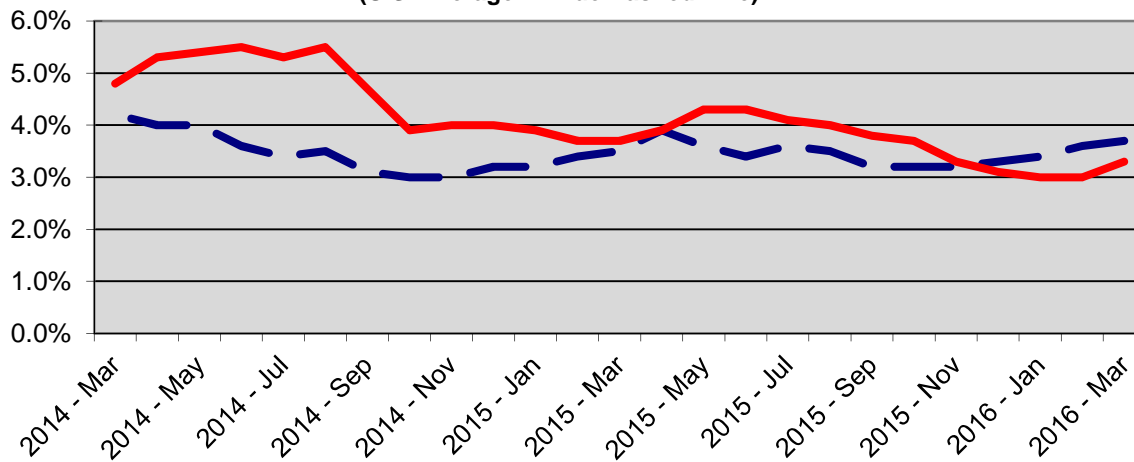


The Mortgage Market



The first quarter of 2016 was marked by paroxysms in financial, energy, and commodity markets. The uncertainty in China and the emerging-market economies, the gathering doubt about the sustainability of the modern European project, and weakness in domestic growth were the issues of the early days of 2016. With regard to the mortgage market, the year began after the FED started its tightening cycle with the first rate hike this past December. However, since the start of the year mortgage rates have dropped as the FED held off on expected rate hikes. The 30-year fixed-rate mortgages eased from 3.9 percent in the 4th quarter of 2015 to 3.7 percent in the first quarter of 2016. The 10-year Treasury fell to 1.92 percent which is the lowest rate after Q4 2012. Rates are likely to remain low through the spring as the market deals with international instability and mixed signals for the domestic economy. NAR is now forecasting fewer rate hikes by the FED in 2016 and as a result the 30-year fixed rate mortgage is now expected to average just 4.3 percent for 2016."

REALTOR® Price Expectations for the Next 12 Months (U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Texas	U.S.	
2016 - Apr	3.7%	3.8%	REALTORS® expect weaker price growth in Texas than in the U.S. in the next 12 months. Their price expectations for the local market are more modest than a year ago.
Prior 12 months	3.9%	3.9%	



Geographic Coverage for this Report

The San Antonio area referred to in this report covers the geographic area of the San Antonio metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Atascosa County, Bandera County, Bexar County, Comal County, Guadalupe County, Kendall County, Medina County, and Wilson County

More information on the OMB's geographic definitions can be found at http://www.whitehouse.gov/omb/inforeg_statpolicy/