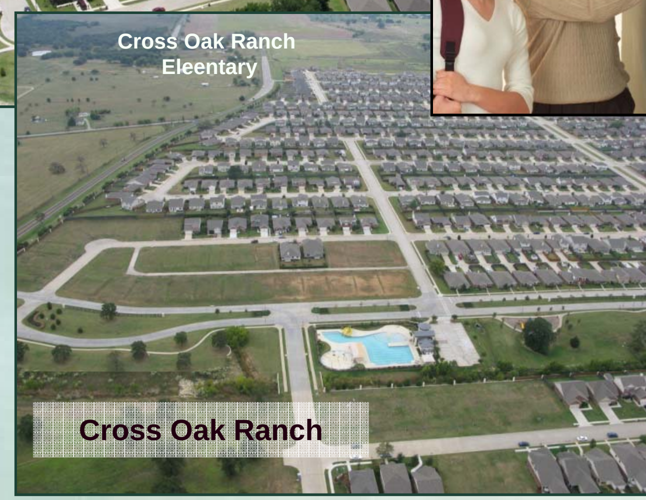
Denton Independent School District

Residential Growth Report
2nd Quarter 2009

August 11, 2009

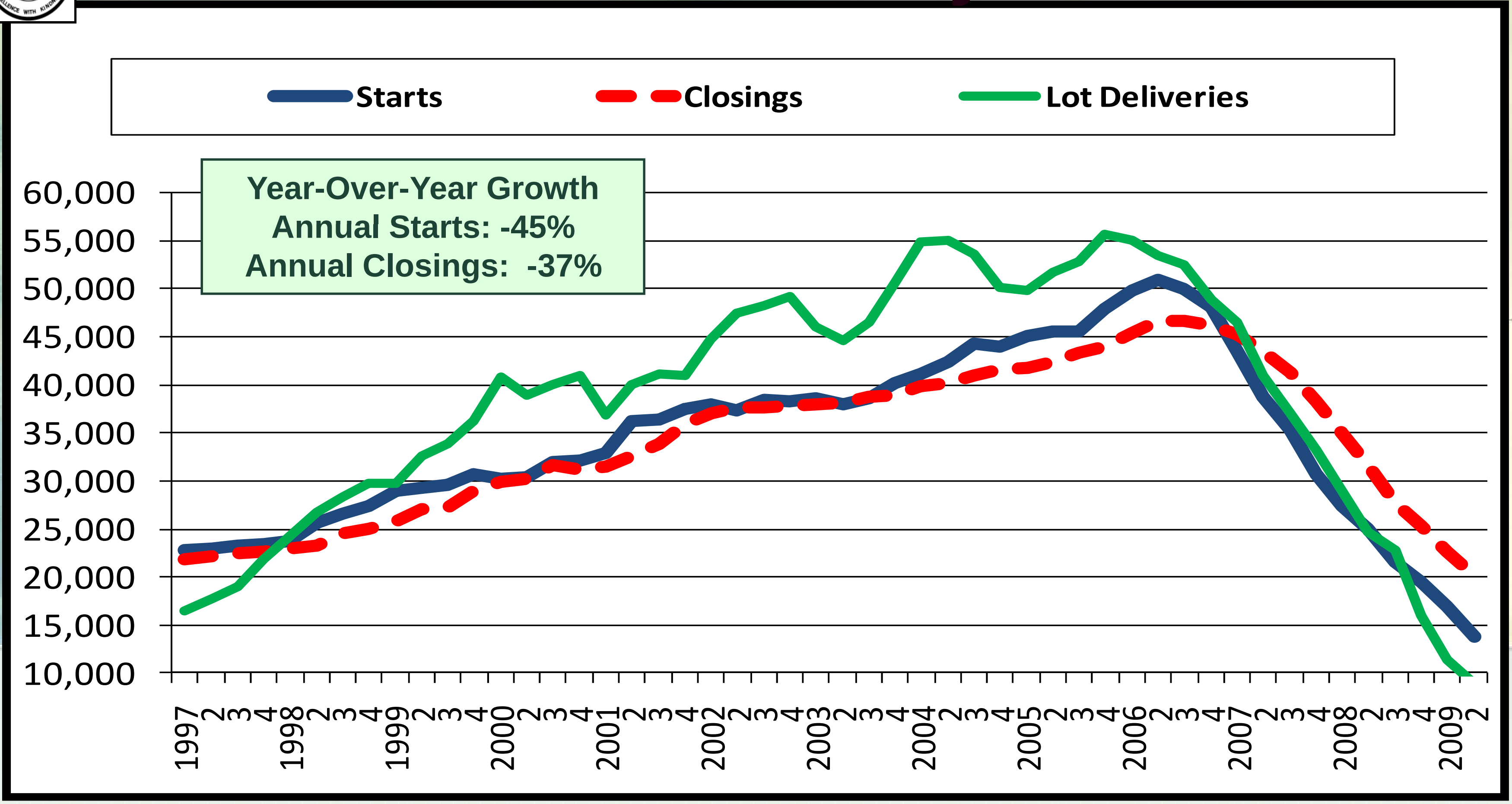


DFW Housing Vital Signs 2Q09

	Dallas	Ft. Worth	DFW
Median Home Price	$226K	$186K	$208K
Annual Starts	8,409	5,439	13,848
Annual Closings	12,482	7,611	20,093
U/C Home Inventory	2,567	1,512	4,079
Month Supply	2.5	2.4	2.4
FV Home Inventory	3,475	1,878	5,353
Month Supply (1)	3.3	3.00	3.2
Vacant Lots	59,968	32,367	92,335
Month Supply (2)	85.6	71.4	80.0
Lots Under Development	3,524	2,288	5,812

(1) 2.5 mos. is considered equilibrium (2) 24 mos. is considered equilibrium

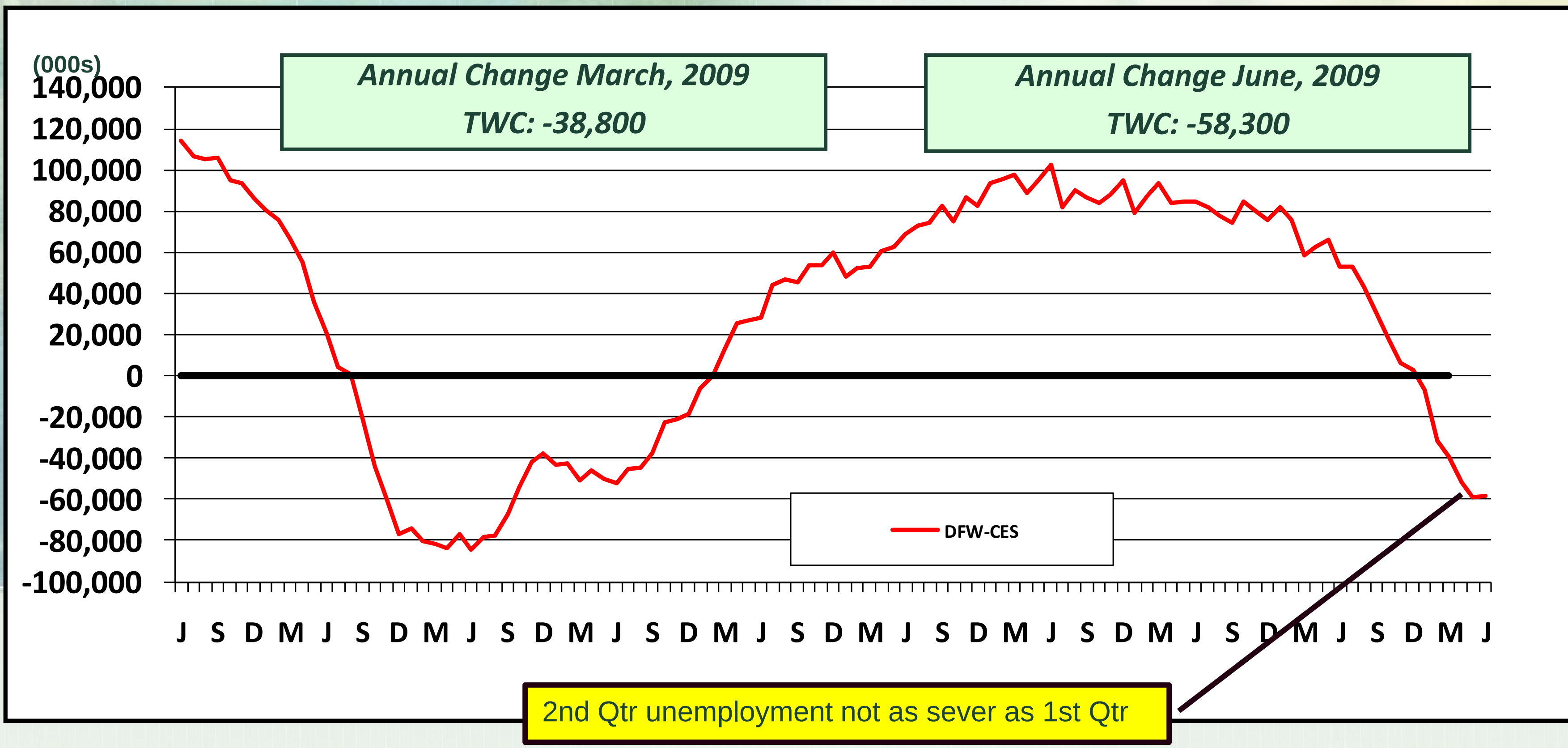
DFW Activity



DFW Annual Starts, Closings & Lot Deliveries

Market Drivers

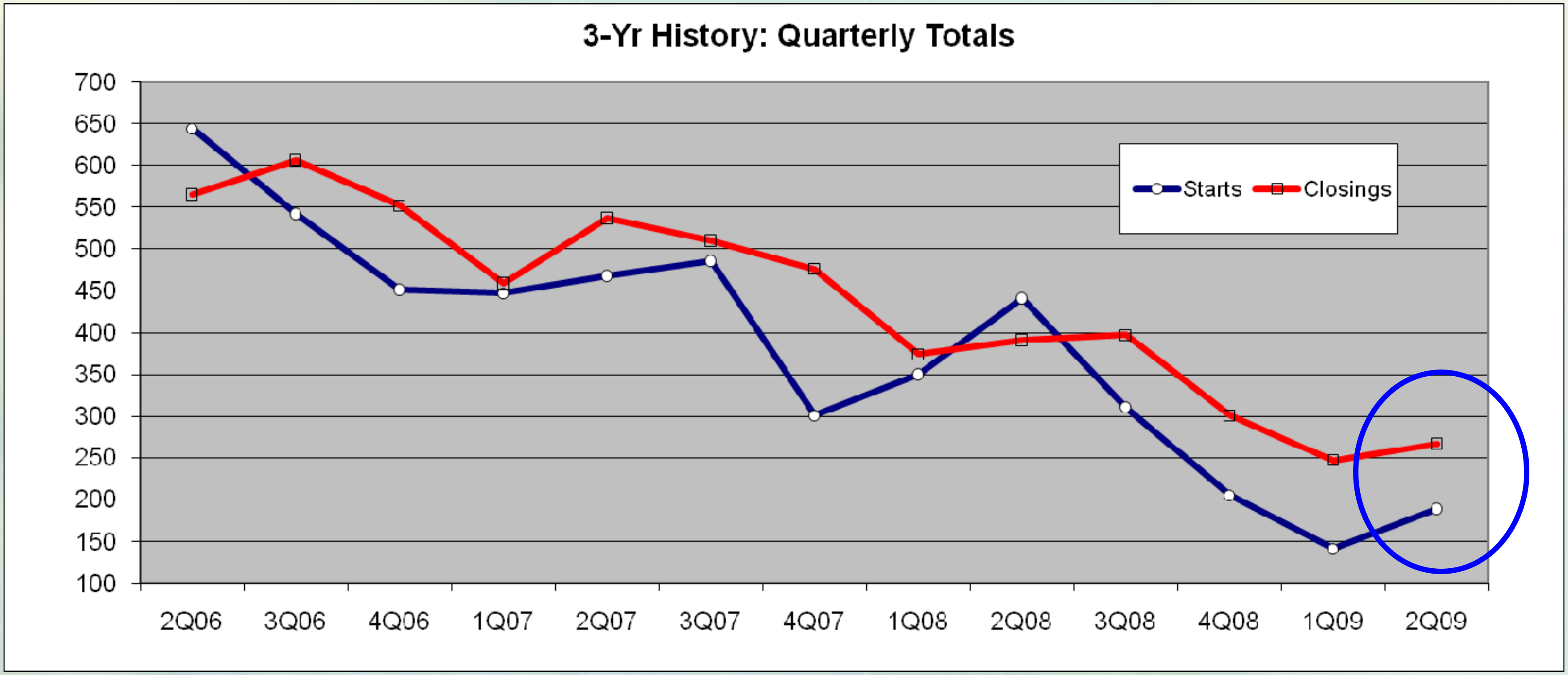
DFW Total Employment (TWC) = 2,947,200
(-1.94% Annual Growth Rate)



Source: TWC

DFW Non-Agriculture Annual Net Employment Growth (CES) Not-Adjusted

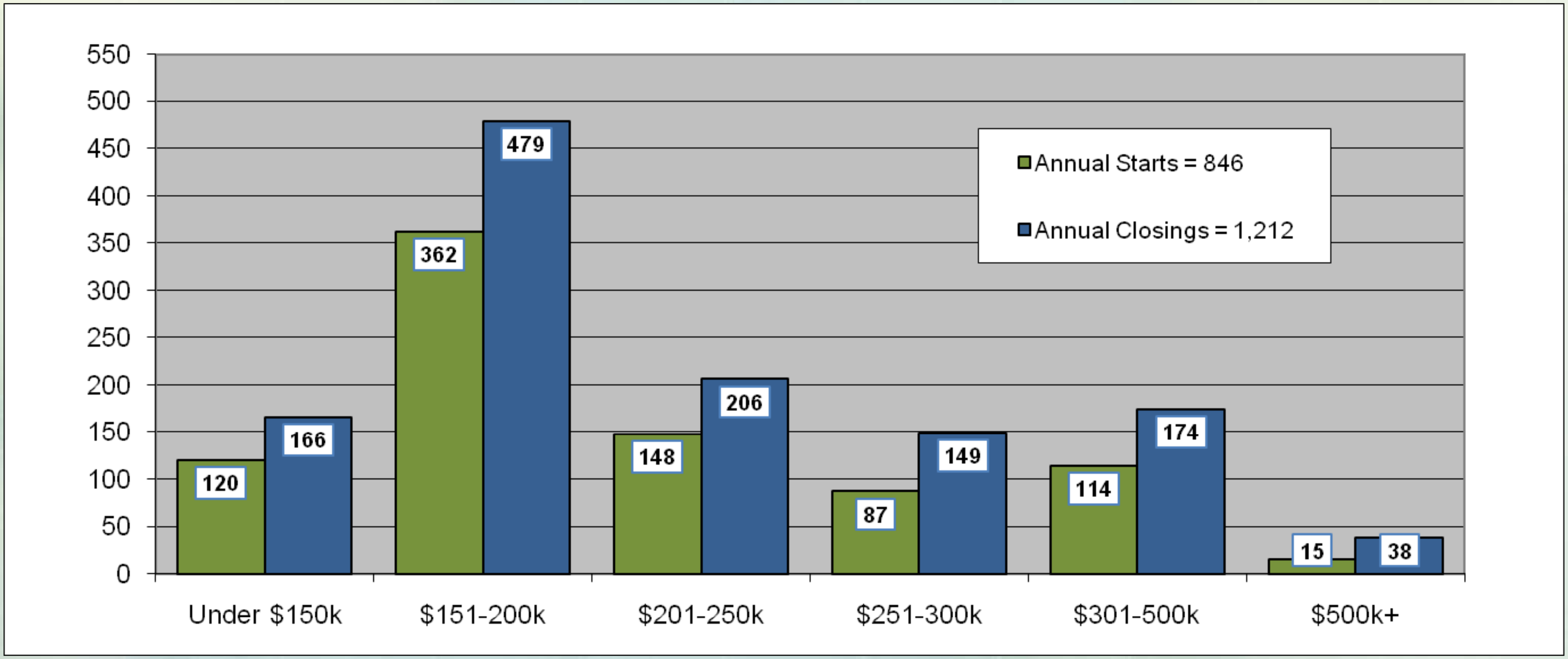
Denton ISD New Housing Activity



Starts	2003	2004	2005	2006	2007	2008	2009
1Q	404	609	479	674	447	350	141
2Q	648	805	639	644	468	441	189
3Q	572	782	712	542	486	311	
4Q	680	387	512	451	301	205	
Total	2,304	2,583	2,342	2,311	1,702	1,307	330

Closings	2003	2004	2005	2006	2007	2008	2009
1Q	356	510	520	523	459	374	247
2Q	497	639	551	565	537	391	267
3Q	589	751	746	606	510	397	
4Q	580	616	589	552	476	301	
Total	2,022	2,516	2,406	2,246	1,982	1,463	514

Price Range Analysis



Annual Average Start Price	$227,333
Annual Median Start Price	$192,014
2Q09 Average Start Price	$216,958

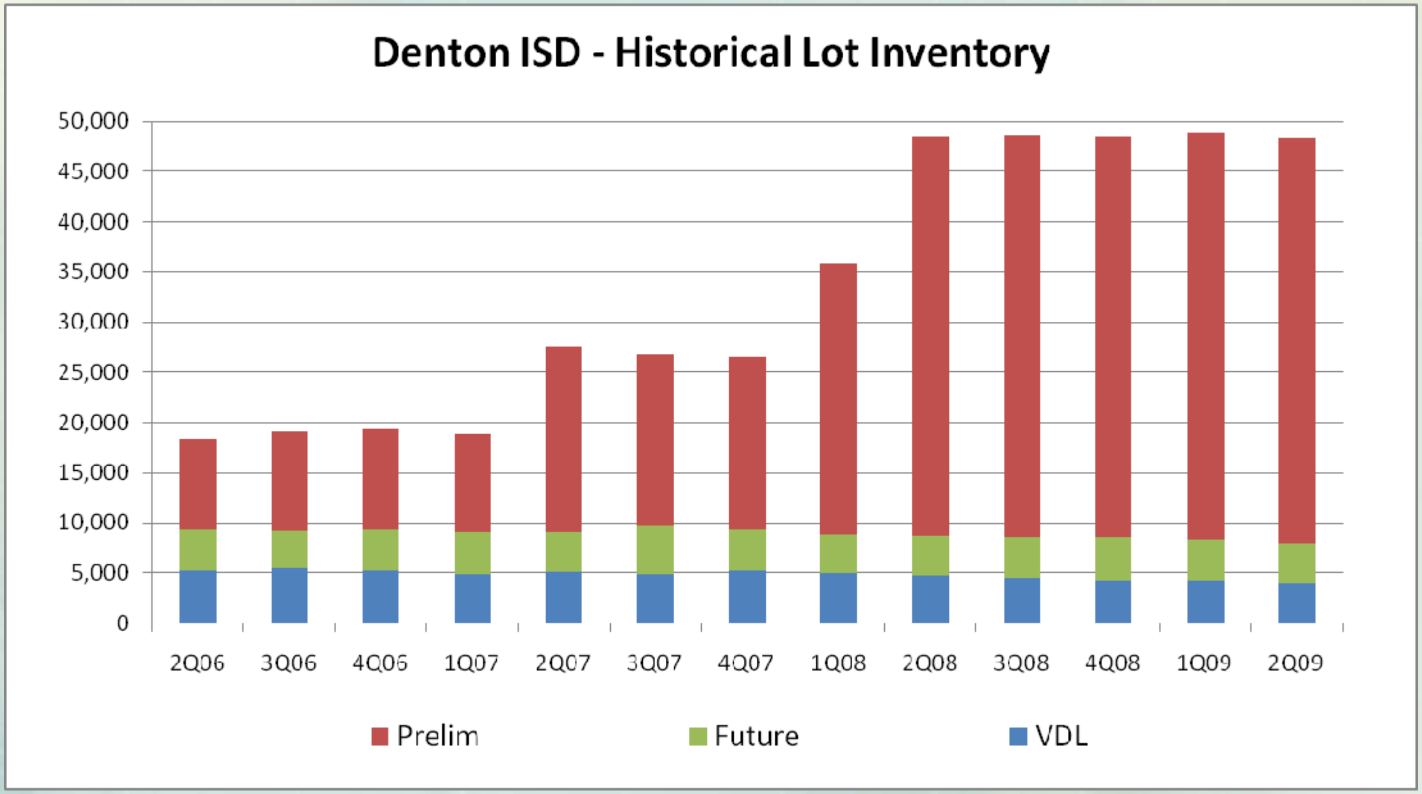
DFW School Districts by New Home Activity

	SCHOOL DISTRICT	CLOSINGS (3Q08-2Q09)
1	FRISCO	1,858
2	NORTHWEST	1,447
3	DENTON	1,212
4	KELLER	1,093
5	EAGLE MTN. - SAGINAW	975
6	MANSFIELD	972
7	LEWISVILLE	684
8	ALLEN	655
9	WYLIE	593
10	CROWLEY	493
11	BURLESON	438
12	MCKINNEY	410
13	PLANO	400
14	PROSPER	363
15	ROCKWALL	340
16	GARLAND	332
17	LITTLE ELM	324
18	FORNEY	319
19	ROYSE CITY	293
20	GRAND PRAIRIE	252

Source: Residential Strategies, Inc.

Denton ISD's new home market ranks 3rd in annual closings among Dallas-Ft. Worth school districts

DISD Lot Supply



Vacant Developed Lots	4,014 lots (56.9 months)
Approved Future Lots	3,974 lots (56.4 months)
Prelim. Planned Lots	40,332

Top Performing Subdivisions

	Annual Closings	Starts: 1-year Forecast	Starts: 2-year Forecast
1. **Paloma Creek** (All sections) US-380	251	174	174
2. **Lantana** (All sections) Bartonville/Argyle	209	99	78
3. **Savannah** (All sections) US-380	123	47	47
4. **Robson Ranch** (I35W)	112	58	58
5. **Villages of Carmel** (Shady Shores)	93	64	57
6. **Preserve at Pecan Creek** (Shady Shores)	62	37	37
7. **Glenbrooke Estates** (All sections) US-380	46	43	43
8. **Forest Meadow** (Corinth)	41	38	38

Activity by City Sector

		Annual Starts	Annual Closings
1.	Denton Co. East	298	414
2.	Denton South	284	407
3.	Lantana	133	209
4.	Prosper	54	46
5.	Denton North	49	94
6.	Corinth	13	19
7.	Shady Shores	8	11
8.	Cross Roads	5	8
9.	Double Oak	2	3
10.	Denton Co. West	0	1

Denton ISD Resale Market

(Single-Family Residential Only)

Denton ISD Resale Data

SF Residential	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09
Total Sales	414	580	573	346	357	507
Average Sales Price	$182,976	$183,354	$179,381	$175,630	$172,226	$176,161
Median Sales Price	$151,408	$147,038	$154,500	$146,058	$149,990	$150,000
Days-on-market	91	75	78	80	90	84
Foreclosure Forced Sales	64	93	69	81	90	77
Pending Sales	29	29	31	33	41	206
Active Listings	119	139	202	281	318	727
Months Inventory				1.8	2.1	4.9

Annual Total Sales	**1,913**	**1,856**	**1,783**
% Change	***n/a***	***-3.0%***	***-3.9%***
Annual Foreclosure Forced Sales	**307**	**333**	**317**
% Change	***n/a***	***8.5%***	***-4.8%***
Active Listings	**281**	**318**	**727**
% Change	***n/a***	***13.2%***	***128.6%***

DFW Resale Rate Down by 19%

Glenbrooke Estates

US-380 Corridor

- 63 occupied homes
- 127 vacant lots
- 190 future lots planned
- 43 starts projected for 3Q09-2Q10

Servicing Campuses
- Savannah Elementary
- Navo Middle School
- Denton High School

SCHOOL DISTRICT STRATEGIES

Bandera at Lantana

Bartonville - Argyle

- 42 occupied homes
- 147 vacant lots
- 38 starts projected for next 12 months

Servicing Campuses
- Blanton Elementary
- Harpool Middle School
- Guyer High School

Bellaire at Lantana

Bartonville - Argyle

- 24 occupied homes
- 32 vacant lots
- 768 future lots planned
- 4 starts projected for next 12 months

UNDER CONSTRUCTION

SCHOOL DISTRICT STRATEGIES

Tuscan Hills

City of Denton
Unicorn Lake Area

- 106 lots planned
- 10 occupied homes
- 90 vacant lots

Audra Heights

City of Denton
Loop 288 & University

• Future subdivision in North Denton

• 72 lots planned

• 9 starts projected for the next 12 months

Servicing Campuses
• Lee Elementary
• Strickland Middle School
• Ryan High School

SCHOOL DISTRICT STRATEGIES

Denton ISD – 2nd Qtr 2009 Summary

- Annual starts are down 46% since 2Q08 to 846 units (vs. 1,578)
- Annual closings decline 31% to 1,212 units (vs. 1,751 in 2Q08)
- Despite the slowdown, DISD ranks 3rd in annual new home closings among DFW school districts [Frisco (1st), Northwest (2nd)]
- Quarterly starts and closings up for the first time in 9 months
- Homes under construction up 14% since 3/31/09 (200 units u/c)
- 198 finished vacant units available (288 in 4Q08)
  - Continental Congress Village (15) Glenbrook Est. (12), Villages of Carmel (10), Preserve at Pecan Creek (9)
- No new lots delivered this quarter
- 48,320 total potential lots remaining in the district
  - 4,014 vacant developed lots (-5%)
  - 3,974 future lots (-3%)
  - 40,320 preliminary lots planned (-1%)
- New home forecast 3Q09-2Q10 = 833 starts
- Resales up in 2Q09 but annual total sales are down 4%
- Annual foreclosure forced sales down 5%