



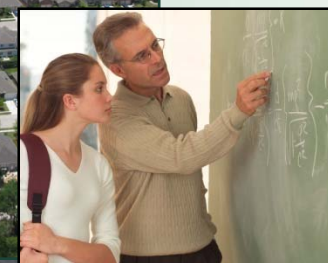
Denton Independent School District

Residential Growth Report 4th Quarter 2009

February 23, 2010



Paloma Creek South



Central Village Estates



Provence Addition



Current DFW Market Conditions

DFW new home start rate begins to show small level of rebound with 4Q09 annual rate

Inventory levels remain healthy for price points under \$300k

Builders active from \$417k and above face additional challenging times with the heightened qualification standards and increased commitment required for jumbo loans

Production builders remain focused on low to moderate price points in the market, this is the segment that offers the greatest level of opportunity today

RSI has observed a shift in mentality and direction in the market

January brought healthy buyer traffic levels to most builders, providing optimism for the Spring 2010 market

Builders still looking to pick up any remaining, attractive positions but few remain after 2009 activity

Well capitalized developers continue to plan for delivery of select few new communities over next 2-3 years

Question remains, how will these developers acquire financing at acceptable terms



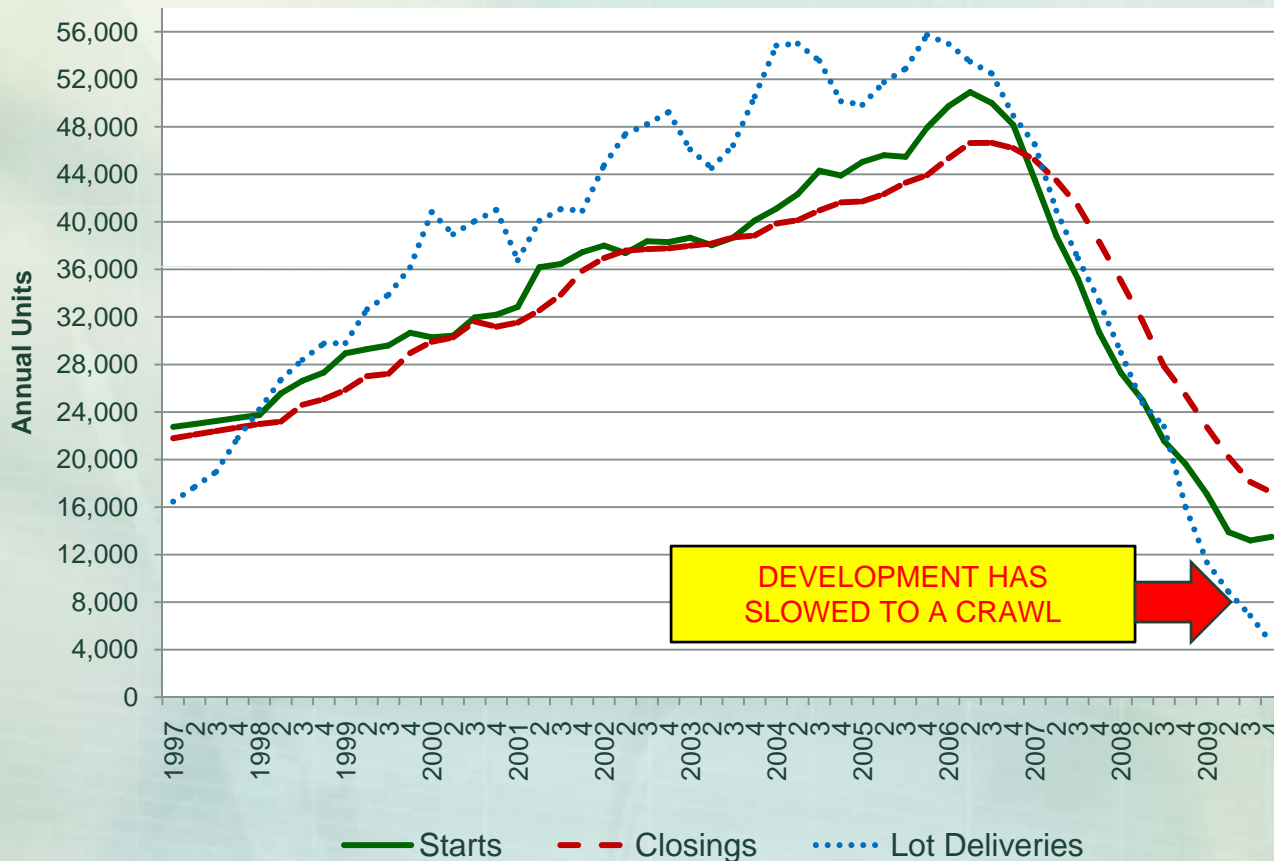
Dallas-Ft. Worth Housing Vital Signs (1Q09 – 4Q09)

	Dallas	Ft. Worth	DFW
\$ Volume Starts (in billions)	\$2.19	\$1.13	\$3.32
Median New Home Price	\$219,002	\$183,511	\$202,340
Annual Starts	8,440	5,054	13,494
Annual Closings	10,944	6,301	17,245
Finished Vacant Homes	2,794	1,470	4,280
Month Supply	3.1	2.8	3.0
Homes Under Construction	2,794	1,486	4,280
Month Supply	2.9	2.8	2.9
Vacant Developed Lots	55,231	29,907	85,138
Month Supply	78.5	71.0	75.7
Lots Under Development*	2,538	1,506	4,044

* Includes lots with suspended development



Starts, Closings & Lot Deliveries



Year-over-year Change

Annual Starts: -31.2%, Annual Closings: -32.2%, Lot Deliveries: -71.5%

Year-over-year growth
Annual Starts by Price Point

<\$150K
4Q08: 3,673
4Q09: 2,646
Change -1,027
% Change -27.9%

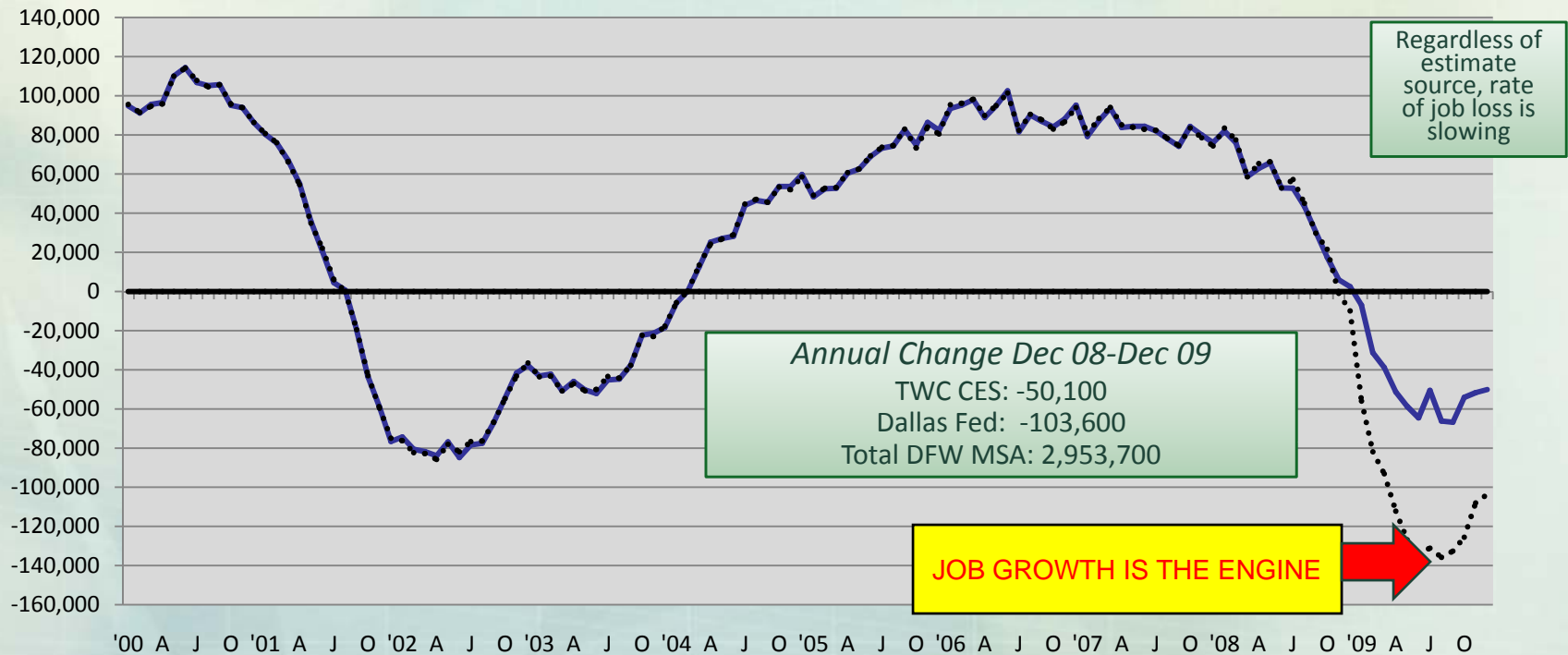
\$151-200K
4Q08: 5,712
4Q09: 4,033
Change -1,679
% Change -29.4%

\$201-300K
4Q08: 5,566
4Q09: 4,135
Change -1,431
% Change -25.7%

\$301K+
4Q08: 4,664
4Q09: 2,680
Change -1,984
% Change -42.5%



DFW Employment Survey



Source: TWC - CES

Current TWC Growth Rate is -1.67%



Issues For 2010

The Positive News

Housing inventory very tight in DFW, prices are stable

Tax credit extended and expanded, should help bridge the time gap until job formation resumes

Under contract – by April 30th

Close- by June

Tax carry back claim extended to 5 years, allows big builders to generate more cash, profitability

Lower price points working better, demand feels more stable

With FDIC challenges, do lenders see more regulatory forbearance?

Areas of Concern

How much impact do FHA changes have on market?

How high do conforming mortgage rates climb when Fed discontinues MBS purchase strategy?

Small builders finding interim construction financing hard to come by

Higher price points continue to languish

- Consumers have difficulty in qualifying for Jumbo Loans

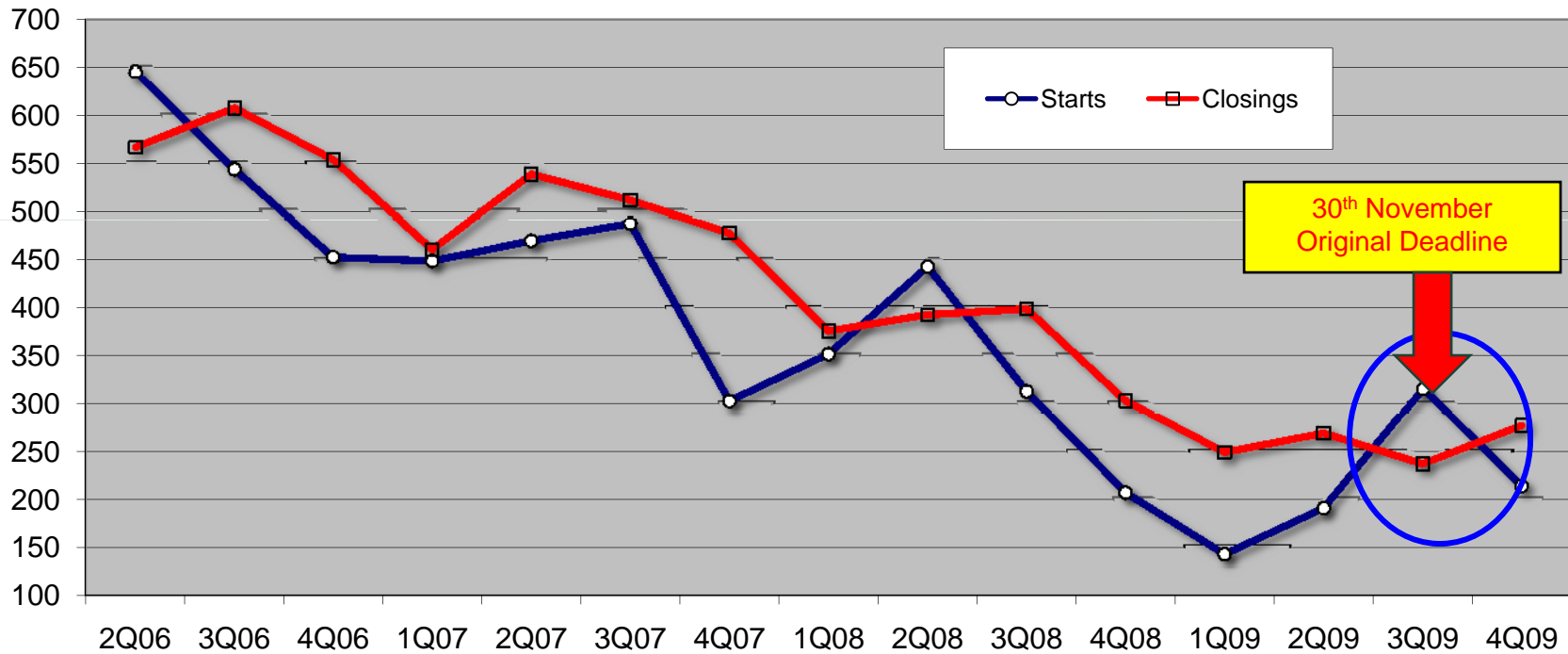
The BIG Question

When does job growth resume?



Denton ISD New Housing Activity

3-Yr History: Quarterly Totals

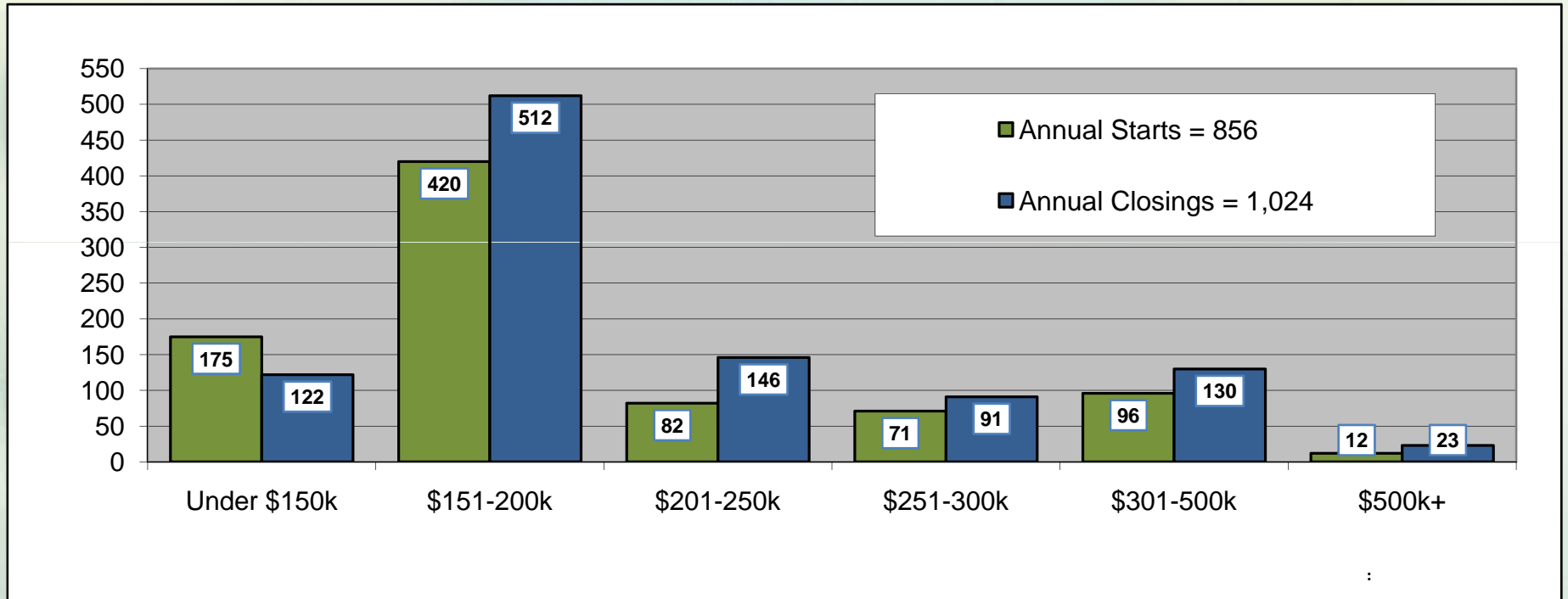


Starts	2003	2004	2005	2006	2007	2008	2009
1Q	404	609	479	674	447	350	141
2Q	648	805	639	644	468	447	189
3Q	572	782	712	542	486	314	314
4Q	680	387	512	451	301	201	212
Total	2,304	2,583	2,342	2,311	1,702	1,307	856

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	235
4Q	580	616	589	552	476	314	275
Total	2,022	2,516	2,406	2,246	1,982	1,463	1,024



Price Range Analysis



Annual Average Start Price \$211,804

Annual Median Start Price \$180,517

4Q09 Average Start Price \$199,108



DFW School Districts by New Home Activity

	School District	Annual Closings 2009
1	Frisco	1658
2	Northwest	1291
3	Denton	1024
4	Keller	922
5	Eagle Mountain-Saginaw	816
6	Mansfield	806
7	Lewisville	758
8	Dallas	640
9	Allen	594
10	Wylie	479
11	Crowley	384
12	McKinney	359
13	Burleson	344
14	Ft. Worth	344
15	Prosper	340
16	Rockwall	313
17	Plano	300
18	Garland	292
19	Royse City	289
20	Little Elm	285

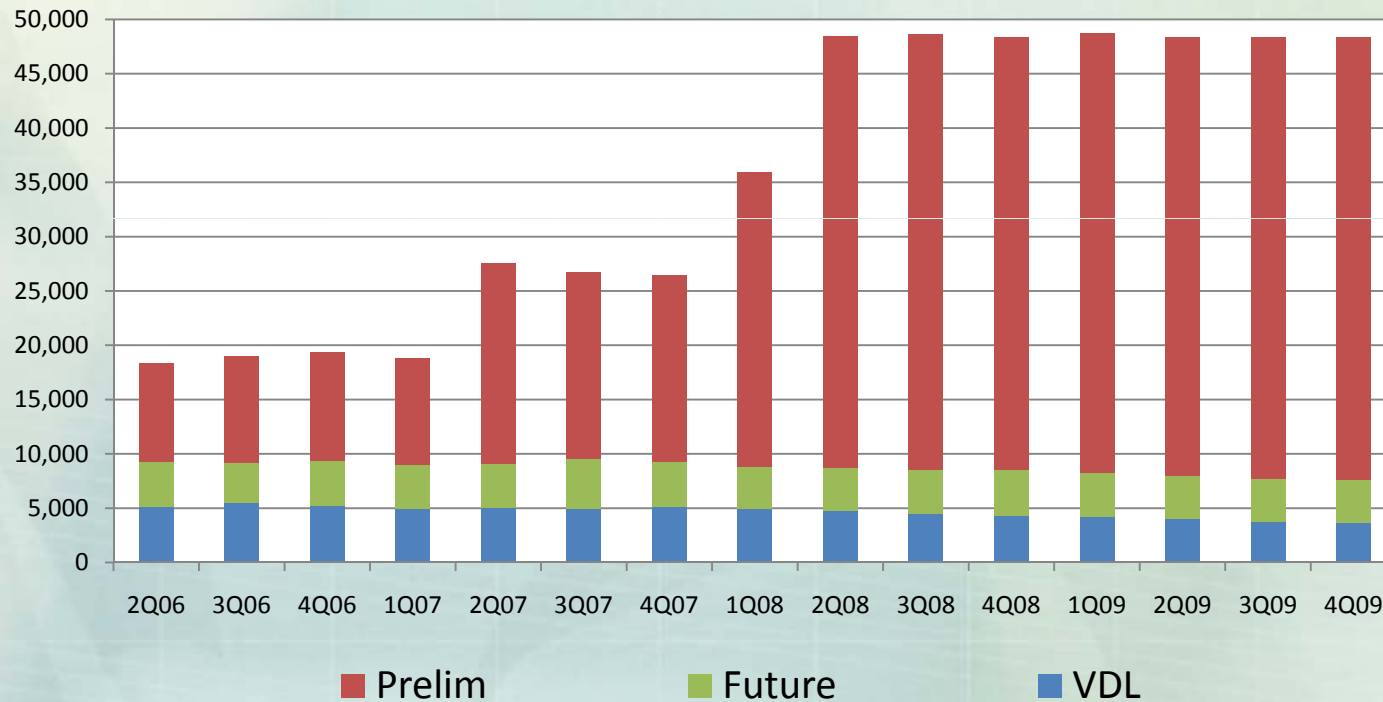
Denton ISD's new home market ranked 3rd in annual closings among Dallas-Ft. Worth school districts in 2009





Lot Supply

Denton ISD - Historical Lot Inventory



Vacant Developed Lots

3,620 lots (50.7 months)

Approved Future Lots

4,039 lots (56.6 months)

Prelim. Planned Lots

40,652



Top Performing Subdivisions



	Annual Closings	1-year Forecast	<u>Starts</u> 2-year Forecast
1. Paloma Creek (All Sections) US-380	261	202	202
2. Lantana (All Sections) Bartonville/Argyle	146	92	82
3. Savannah (All Sections) US-380	98	52	52
4. Glenbrooke Est. (All Sections) US-380	72	62	62
5. Villages of Carmel (Shady Shores)	71	45	44
6. Robson Ranch (I 35 W)	64	36	36
7. Forest Meadow (Teasley Lane / 2181)	53	24	24
8. Preserve at Pecan Creek (Shady Shores)	45	33	33



Activity by City Sector

	<u>Annual</u> <u>Starts</u>	<u>Annual</u> <u>Closings</u>
1. Denton Co. East	324	383
2. Denton South	191	302
3. Denton North	123	86
4. Lantana	118	146
5. Prosper	79	72
6. Corinth	13	10
7. Shady Shores	6	11
8. Double Oak	1	4
9. Cross Roads	0	10



Denton ISD Resale Market

(Single-Family Residential Only)

Denton ISD Resale Data

SF Residential	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
Total Sales	414	580	573	346	357	507	529	482
Average Sales Price	\$182,976	\$183,354	\$179,381	\$175,630	\$172,226	\$176,161	\$186,968	\$185,373
Days-on-market	91	75	78	80	90	84	90	75
Foreclosure Forced Sales	64	93	69	81	90	77	52	80
Pending Sales	29	29	31	33	41	206	203	178
Active Listings	119	139	202	281	318	727	984	885
Months Inventory				1.8	2.1	4.9	6.7	5.5

Annual Total Sales **1,913** **1,856** **1,783** **1,766** **1,924**

% Change from previous qtr. *n/a* **-3.0%** **-3.9%**

Added to New Homes
Near 3000 Closings

Annual Foreclosure Forced Sales **307** **333** **317** **292** **299**

% Change from previous qtr. *n/a* **8.5%** **-4.8%** **-7.9%** **+2%**

Active Listings **281** **318** **727** **984** **885**

% Change from previous qtr. *n/a* **13.2%** **128.6%** **35.4%** **-10%**





Cross Oaks Elementary Construction

US-380 Corridor



- Servicing Campuses
- Cross Oaks Elementary
 - Navo Middle School
 - Denton / Ryan High School



Paloma Creek South

US-380 Corridor

- 858 occupied homes
- 422 vacant lots
- 768 future lots planned
- 935 prelim lots planned
- 183 starts projected for next 12 months



- Servicing Campuses
- Paloma Creek Elementary
 - Navo Middle School
 - Denton High School



Central Village Estates

Fort Worth Drive – HWY 377

- 69 vacant lots
- 27 starts projected for next 12 months



Servicing Campuses

- WS Ryan Elementary
- McMath Middle School
- Denton High School





Forest Meadow

Teasley Lane - 2181

- 73 occupied homes
- 32 vacant lots
- 121 prelim lots planned
- 24 starts projected for next 12 months



• Servicing Campuses
• W.S. Ryan Elementary
• Harpool Middle School
• Guyer High School





Lantana – Madison Addition

Bartonville / Argyle

- 8 homes occupied
- 8 annual closings
- 36 vacant lots
- 12 starts projected in next 12 months



Servicing Campuses

- Blanton Elementary
- Harpool Middle School
- Guyer High School



Provence Addition

Corinth

- 53 vacant lots
- 9 starts projected for the next 12 months



Servicing Campuses

- Stephens Elementary
- Crownover Middle School
- Guyer High School



Denton ISD – 4Q09 Summary

- Starts finished 2009 down 35% vs. Y/E 2008 with 856 annual units (vs. 1,307)
- ✓ Annual closings declined 30% to 1,024 units (vs. 1,463 in 2008)
- DISD continues to rank 3rd in annual new home closings among DFW school districts [Frisco (1st), Northwest (2nd)]
- Homes under construction down 21% from 3Q09 (256 units currently u/c)
 - 4th quarter historically slower
 - 165 finished vacant units available
 - Glenbrooke Est. (13), Paloma Creek Lakeview (11), Paloma Creek South (11)
 - 95 new lots delivered this quarter
 - Audra Heights (72 – 30' Duplex), Hidden Valley Airpark (23 – 150'x300')
 - 48,311 total potential lots remaining in the district
 - 3,620 vacant developed lots (-2.9%)
 - 4,039 future lots (+1.6%)
 - 40,652 preliminary lots planned (+.1%)
- ✓ New home forecast for 2010 = 795 starts
- Resales finish 2009 slightly above 2008 level (1,924 vs. 1,913)
- 2009 foreclosures also remain near previous level (299 vs. 307)

