

HOUSE - PRICE REPORT

EXHIBIT 1: Price Growth, Q2 1997

U.S. TOTAL	3.2%
NORTHEAST	
New England	1.8
Middle Atlantic	1.8
SOUTH	
South Atlantic	1.0
East South Central	0.5
West South Central	1.1
MIDWEST	
East North Central	5.9
West North Central	5.0
WEST	
Mountain	1.6
Pacific	5.1

Note: House-price growth rates are annualized.
Source: Conventional Mortgage Home-Price Index

National Appreciation Rate Remains Strong

The national average house-price growth rate remained strong in second quarter 1997 but increased at a slightly slower pace than in the first quarter, according to the Conventional Mortgage Home-Price Index¹. House-price appreciation in Q2 grew by an annualized 3.2 percent (*Exhibit 1*), compared to 3.9 percent in Q1.

National house-price appreciation for the 12-month period ending in Q2 likewise was up, growing by 3.6 percent (*Exhibit 2*).

A booming economy, low unemployment, low inflation and greater consumer

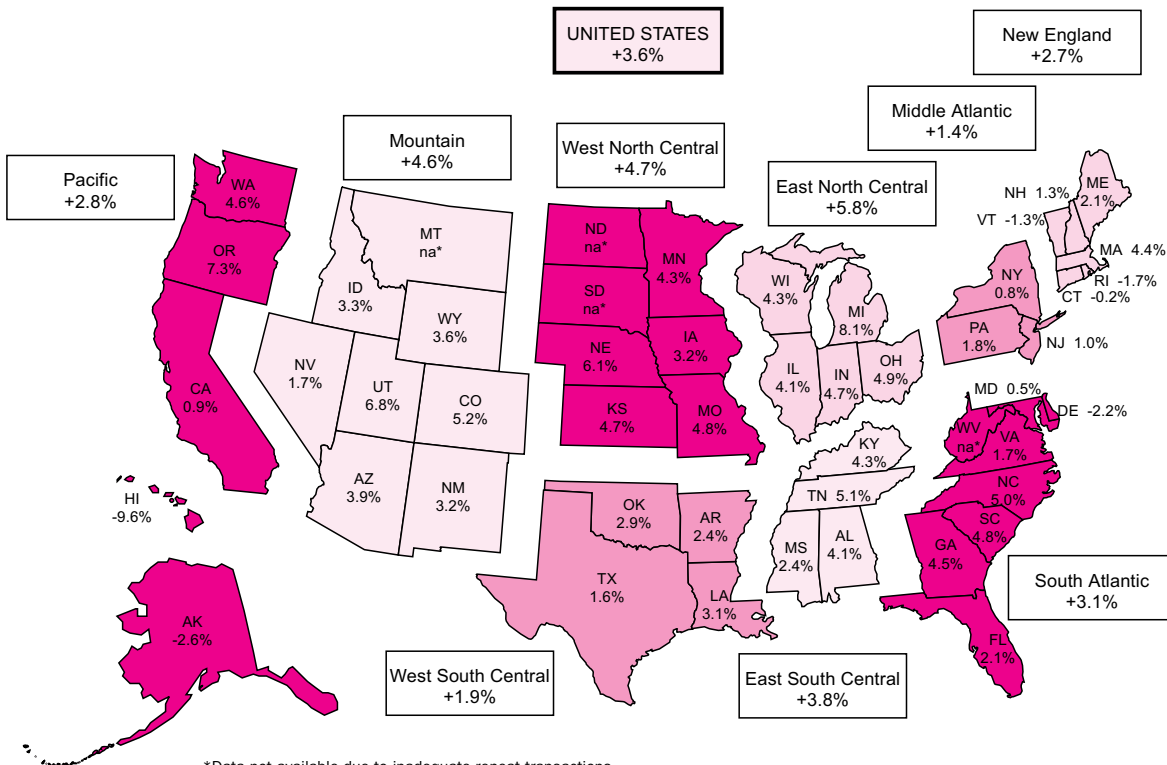
confidence all are helping to fuel increased demand for housing. These factors, along with low mortgage rates, have pushed home values higher. At the same time, low mortgage rates continue to keep housing expenses affordable for many buyers.

House-price appreciation was positive in all nine census divisions, according to both quarterly and annual numbers. Based on Q2 performance, the East North Central division took the lead with 5.9 percent annualized growth. The Pacific and West North Central divisions also posted notable increases, gaining 5.1 percent and 5 percent, respectively. Growth was least impressive in the East South Central, which registered a poor 0.5 percent.

—Bawo Ayomike, senior financial analyst

¹The Conventional Mortgage Home-Price Index depicts Freddie Mac and Fannie Mae mortgage fundings as a series of 10 separate indexes, one for each of the nine census divisions and a national index. The national index is an average of the nine divisional indexes. It is weighted by the results of the 1990 Census for the number of detached, one-unit, single-family structures in each division.

EXHIBIT 2: Annual House-Price Appreciation Rates, Q2 1996 to Q2 1997



*Data not available due to inadequate repeat transactions.

Source: Conventional Mortgage Home-Price Index (national, regional levels); Freddie Mac Weighted Repeat Sales Index (state level)