



Washington-Arlington-Alexandria, DC-VA-MD-WV

Metropolitan Division

Metro Area Risk Summary

- Home prices are trending down in Washington despite positive growth over the last 12 months. Prices have risen 6.4% over the last 12 months, but have fallen 1.7% over the last 3 months based on the FACL Loan Performance Home Price Index.
- Despite negative employment growth over the last 12 months, Washington has shown little change in employment over the last 3 months. The number employed fell 1.1% over the last 12 months, but rose 0.1% in the last 3 months (annualized).
- Delinquency rates are Very High compared to historical norms for this area, with 7.0% of mortgages 60+ days past due. Washington has the 106th highest 60+ delinquency rate and 130th highest foreclosure rate among all metro areas in the country.
- The current homeowner vacancy rate in Washington of 2.0% is Average compared to historical norms. The national homeowner vacancy rate is 2.6%. Shadow inventory is a potential problem here since delinquency rates are high relative to history in this area.
- Home prices are low relative to equivalent rents in Washington. Currently, monthly mortgage payments (principal + interest) based on the average priced property are 25.1% less than comparable rents in this area. Historically, average monthly payments (principal + interest) are 17.3% more than comparable rents in Washington.
- Home prices are in balance with income levels in Washington. Currently, average home values are 3.1 times higher than median household income. Historically, average home values are 3.0 times higher than median household income in Washington.
- Washington had the 95th highest rate of foreclosure notices from March-May 2010 out of the largest 365 metro areas, with 1 per every 126 housing units.

RMIC Market Classification

	<b>Policy Effective 8/5/2010</b>
<b>RMIC Market Policy <sup>(1)</sup></b>	<b>Level 1</b>

(1) If the appraisal indicates the market is declining, Level 2 guidelines will apply. Please see our Current Market Policy. [http://www.rmic.com/ratesguides/guides/Documents/DMP\\_Current.pdf](http://www.rmic.com/ratesguides/guides/Documents/DMP_Current.pdf)

High Risk Indicator Summary

High Risk Indicators	vs. History	vs. Control	Value Relative to Metro Historical Average	Metro Value Relative to Control
Home Prices:	●	○	3-yr Home Price Appreciation (Very Low)	Current 1-yr HPA 2-8%
Employment:	●	●	Y/Y Employment Growth (Low), Initial UI Claims Rate (Very High)	Y/Y Employment Growth < 0%
Affordability:	○	○	Normal	Home Prices Not Overvalued
Housing Inventory:	●	●	Rental Vacancy Rate (High), Permits / 1000 Households (Very Low)	Homeowner Vacancy Rate 1.8-2.5%
Credit Conditions:	●	●	60+ Delinquency Rate (Very High), 90+ Delinquency Rate (Very High), Foreclosure Rate (Very High)	60+ Delinquency Rate >= 4%

- = High Alert
- = Warning
- = Normal



# Metropolitan Area Market Analysis (MAMA)

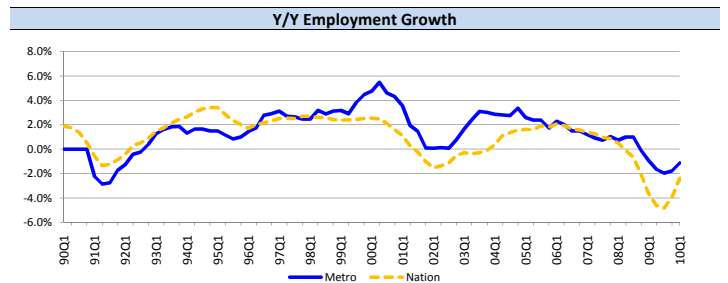
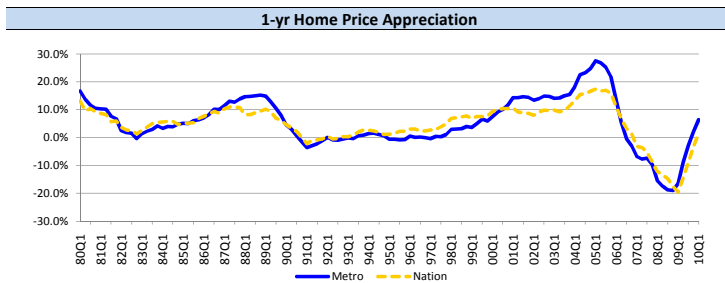
Data through 2010 Q1

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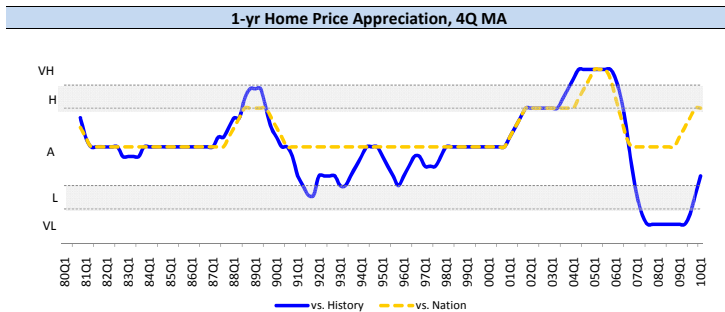
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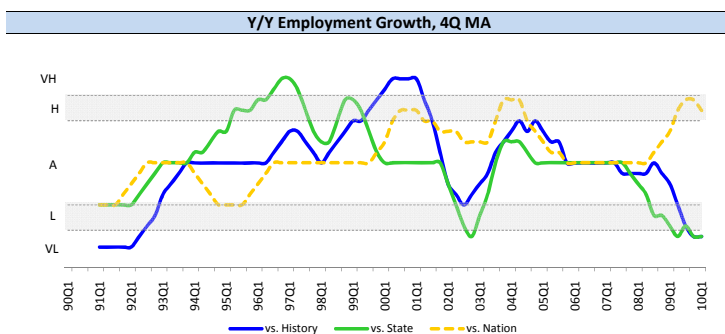
Note: Scale of axes may vary by metro area / state



Home Prices			
	vs. History	vs. State	vs. Nation
3-mo Home Price Appreciation	Very Low	Average	High
6-mo Home Price Appreciation	Low	High	High
1-yr Home Price Appreciation	Average	High	High
3-yr Home Price Appreciation	Very Low	Low	Average

	Metro	State	Nation
3-mo Home Price Appreciation	-1.7%	-2.2%	-3.6%
6-mo Home Price Appreciation	-1.7%	-3.3%	-4.7%
1-yr Home Price Appreciation	6.4%	2.7%	1.7%
3-yr Home Price Appreciation	-24.7%	-9.3%	-28.1%

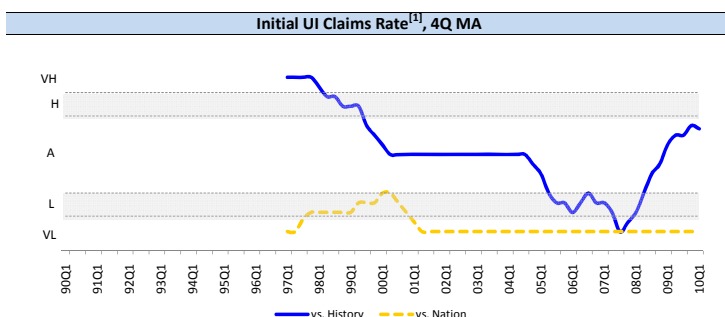


Employment			
	vs. History	vs. State	vs. Nation
Annualized 3-mo Employment Growth	Average	Very Low	Average
Y/Y Employment Growth	Low	Very Low	Average
Initial UI Claims Rate <sup>(1)</sup>	Very High	N/A	Very Low
% Receiving UI Benefits <sup>(1)</sup>	Average	N/A	Very Low

	Metro	State	Nation
Annualized 3-mo Employment Growth	0.1%	4.1%	0.0%
Y/Y Employment Growth	-1.1%	0.8%	-2.4%
Initial UI Claims Rate <sup>(1)</sup>	2.7%	2.7%	4.7%
% Receiving UI Benefits <sup>(1)</sup>	1.8%	1.8%	3.6%

<sup>(1)</sup> Does not include extended benefits or emergency unemployment compensation.



Major Industry Concentrations			
Top 3 Concentrations in Metro:	Metro	State	Nation
Government	24.1%	34.8%	17.0%
Professional / Business Services	23.1%	21.3%	13.2%
Education / Health Services	11.7%	15.0%	15.1%
<b>Total for Top 3</b>	<b>58.8%</b>	<b>71.1%</b>	<b>45.3%</b>

High Concentration Relative to State:	Metro	State	Nation
Wholesale / Retail Trade	10.5%	3.1%	15.4%
Professional / Business Services	23.1%	21.3%	13.2%
Transportation / Utilities	2.3%	0.7%	3.5%

High Concentration Relative to Nation:	Metro	State	Nation
Professional / Business Services	23.1%	21.3%	13.2%
Government	24.1%	34.8%	17.0%
Other Services	6.5%	9.0%	4.0%

<sup>(1)</sup> State-Level Data; Comparison vs history based on state-level rates  
 Note: 4Q MA = 4-qtr Moving Average, UI = Unemployment Insurance

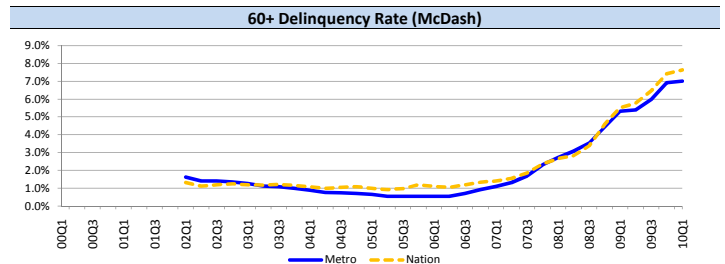
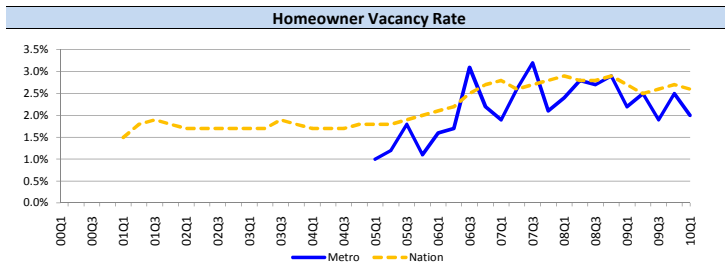
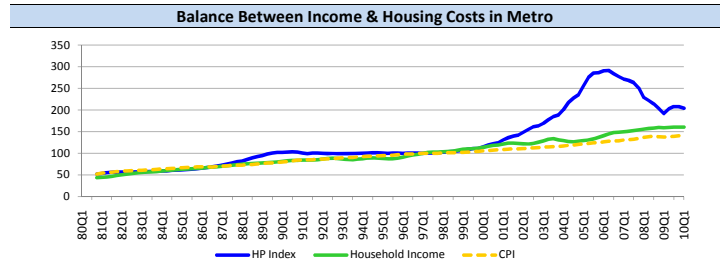
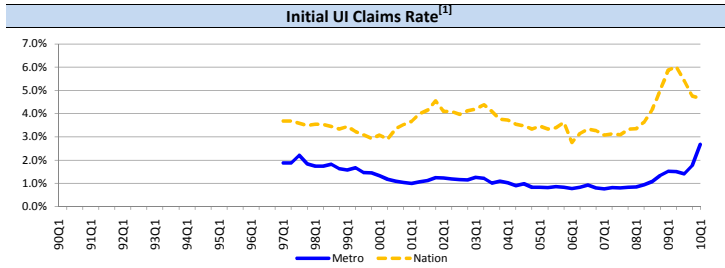


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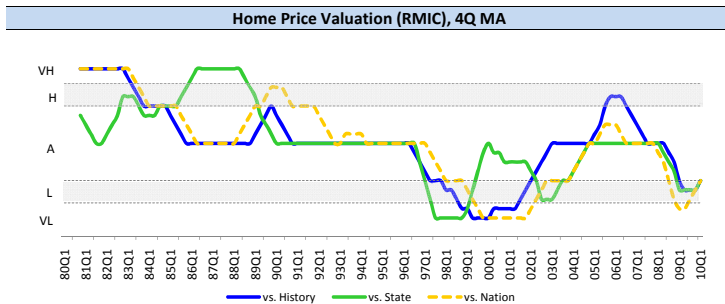
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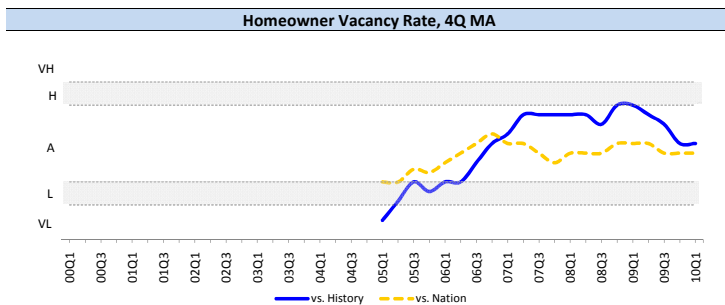


### Affordability

	Metro Comparisons		
	vs. History	vs. State	vs. Nation
Home Price Valuation (RMIC)	Low	Low	Low
NAR Affordability Index	High	Very High	Low
Average Home Price (RMIC)	High	Very Low	Very High
Avg Price (RMIC) / Household Income	Average	Low	Average
Avg Mortgage Payment (RMIC) / Fair Market Rent	Very Low	Very Low	Average

	Metro	State	Nation
Home Price Valuation (RMIC)	Proprietary		
NAR Affordability Index	158.6	122.5	187.9
Average Home Price (RMIC)	\$277,060	\$282,686	\$185,608
Avg Price (RMIC) / Household Income	3.1	4.9	3.9
Avg Mortgage Payment (RMIC) / Fair Market Rent	0.7	0.8	0.7

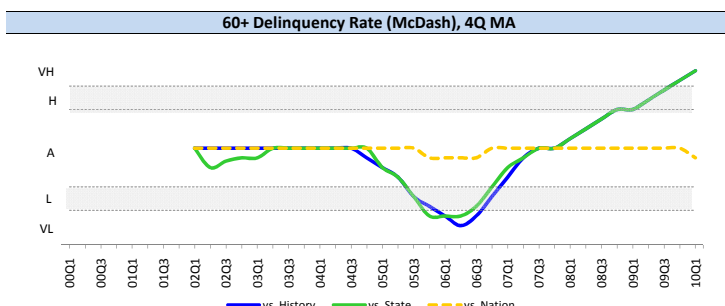


### Housing Inventory

	Metro Comparisons		
	vs. History	vs. State	vs. Nation
Homeowner Vacancy Rate	Average	Average	Average
Rental Vacancy Rate	High	Average	Average
Homeownership Rate	Very Low	Low	Average
Permits / 1000 Households	Very Low	Low	Average

	Metro	State	Nation
Homeowner Vacancy Rate	2.0%	3.4%	2.6%
Rental Vacancy Rate	10.5%	10.6%	10.6%
Homeownership Rate	66.2%	45.4%	67.1%
Permits / 1000 Households	2.5	3.6	5.2



### Credit Conditions

	Metro Comparisons		
	vs. History	vs. State	vs. Nation
30+ Delinquency Rate	Very High	Very High	Average
60+ Delinquency Rate	Very High	Very High	Low
90+ Delinquency Rate	Very High	Very High	Low
Foreclosure Rate	Very High	Very High	Low
Personal Bankruptcy Rate <sup>[1]</sup>	Average	N/A	Very Low

	Metro	State	Nation
30+ Delinquency Rate	9.8%	7.4%	10.7%
60+ Delinquency Rate	7.0%	4.8%	7.6%
90+ Delinquency Rate	5.6%	3.7%	6.1%
Foreclosure Rate	3.1%	2.2%	4.7%
Personal Bankruptcy Rate <sup>[1]</sup>	0.4%	0.4%	1.3%

<sup>[1]</sup>State-Level Data; Comparison vs history based on state-level rates  
 Note: 4Q MA = 4-qtr Moving Average, UI = Unemployment Insurance