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Homebuilders & Building Products

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Top Picks

Ticker	Rating	Price	Target
SPF	B	\$19.96	\$27.00
HOV	B	\$23.96	\$31.00

Least Favorites

Ticker	Rating	Price	Target
PHM	N	\$26.53	\$26.00

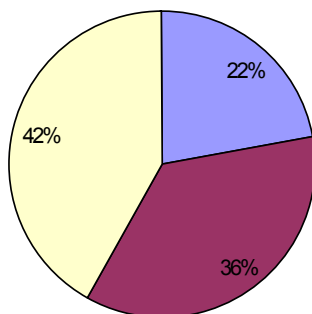
BofA Monthly Real Estate Agent Survey

Traffic a Bit Light, But Not Terrible; AZ, FL, NV Most Challenged

- ▶ **Traffic slightly below expectations in March.** Agents noted that traffic fell short of expectations in March, consistent with February. The slow start to the Spring selling season will likely lead to more price competition as the season progresses. However, our traffic index measured 40.1, only slightly below 40.9 in February.
- ▶ **Downward price pressure likely to continue.** Our price index indicated continued declines in March with a reading of 35.3, near 34.5 in February (readings below 50 indicate falling prices). Our time to sell index, which is a good leading indicator of pricing pointed to further declines in March at 26.8 from 27.5 in February, as any readings below 50 indicate a lengthening time to sell.
- ▶ **Arizona, Florida, and Nevada seem most challenged; California and D.C. closer to agents' expectations; continued strength in Texas.** Arizona (MDC, MTH, SPF largest presence), Florida (WCI, LEN, HOV) and Nevada (KBH, PHM) had traffic far below agents' expectations and declining prices. Traffic in California and Washington, D.C. (NVR, TOL) was just modestly below expectations, while Texas remains the healthiest with traffic above expectations.
- ▶ **Underbuilding may point to peaking of inventory, bottom in the stocks.** We remain cognizant of the ongoing mortgage troubles, but traffic has not fallen off a cliff, new construction activity is below current demand - which should start to lead to lower inventory and later price stability (see our April 4th report "Working Off the [Inventory] Hangover"), and the stocks are trading at book value.
- ▶ **Sector View:** We are Neutral on the homebuilders based on increasing traffic, better affordability, and more discipline on construction, offset by the likelihood of continued price erosion and higher inventory levels.
- ▶ **PORTFOLIO MANAGERS' SUMMARY: Page 2.**

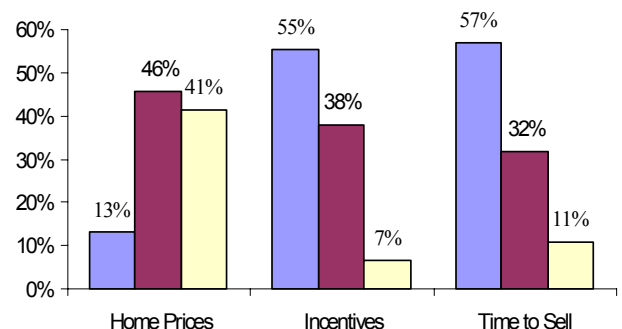
A Few More Agents Saw Traffic Below Expectations (42% in March from 40% in February)

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC estimates.

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Portfolio Managers' Summary

- ▶ **Our 12-month thesis on the sector.** We are Neutral on homebuilding stocks. We expect the stocks to trade in a range over the next 3-6 months. On the positive side, we see increased discipline on new construction activity, modest improvement in affordability and increasing traffic. On the negative side, we see risk from continued pricing declines (necessary to remedy the excess inventory), which should negatively impact earnings expectations along with the potential for inventory levels to worsen further at the start of 2007.
- ▶ **Our call today in a nutshell.** Agents noted traffic slightly below expectations in March, consistent with trends in February. We think the slow start to the Spring selling season will likely lead to more price competition from the builders as the season progresses and inventories rise. However, we are encouraged that many agents are starting to see buyers willing to step in at the right price. We believe supply remains the key issue, and think further modest price declines are likely as high inventories continue to pressure sellers.
- ▶ **Risks to our call.** Interest rates remain the wild card. A significant decline in mortgage rates would aid affordability and allow a return to price appreciation, whereas an increase would lead to a more pronounced downturn.

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**Markets are characterized based on permit activity and listed in Alphabetical order*

Traffic a Bit Light, But Not Terrible

For those who may be unfamiliar with our survey, we center our indices around 50 so that readings above 50 indicate positive or improving trends and readings below 50 indicate negative or worsening trends. Please see p. 6 for a full description of our survey methodology.

Traffic slightly below expectations in March. Agents noted that traffic fell short of expectations in March, consistent with trends in February. The slow start to the Spring selling season will likely lead to more price competition from the builders as the season progresses. Our traffic index measured 40.1 for the month, slightly below 40.9 in February.

Traffic Modestly Below Agents' Expectations in March; Survey Points to Continued Pricing Pressures

Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-2006	38.3	47.5	28.4	29.8	18.9
Feb-2006	38.3	46.0	20.3	18.2	20.9
Mar-2006	30.4	47.2	16.7	15.2	16.1
Apr-2006	26.3	43.1	18.8	15.7	14.5
May-2006	22.7	38.4	16.7	11.8	16.3
Jun-2006	25.9	41.4	16.1	14.3	15.7
Jul-2006	23.7	36.0	15.4	15.7	14.0
Aug-2006	24.3	31.9	13.9	16.2	11.7
Sep-2006	23.5	29.5	12.9	19.6	12.5
Oct-2006	23.6	25.8	14.0	21.0	11.7
Nov-2006	30.5	25.6	14.5	31.1	15.2
Dec-2006	38.4	29.9	19.9	40.5	19.5
Jan-2007	48.0	33.8	26.7	36.1	26.9
Feb-2007	40.9	34.5	26.5	29.0	27.5
Mar-2007	40.1	35.3	25.8	24.3	26.8
Point change	(0.7)	0.9	(0.7)	(4.6)	(0.7)

Source: Banc of America Securities LLC estimates.

Agents Seeing More Challenges with Mortgages

Tighter lending standards appear consistent across markets, tighter appraisals seem focused on markets with worst pricing trends (not surprisingly). This month we asked agents if they had seen tighter lending standards on mortgages and appraisals. Two-thirds of agents noted that they had seen tighter lending standards and half of agents noted that they had seen tighter appraisals.

66% of Agents in the Top 20 Markets Saw Tighter Lending Standards in March, and 50% Noted Tighter Appraisals

Top 20 Markets	% Of Agents Seeing Tighter . .	
	Lending	Appraisals
Atlanta, GA	69.7	54.8
Austin, TX	53.3	19.2
Charlotte, NC	64.4	51.2
Chicago, IL	60.3	41.9
Dallas, TX	62.5	40.3
Denver, CO	59.1	58.5
Fort Myers, FL	71.1	70.3
Houston, TX	84.2	30.6
Jacksonville, FL	56.0	60.0
Las Vegas, NV	82.4	76.0
Los Angeles, CA	72.5	54.0
Miami, FL	70.8	58.7
Minneapolis, MN	65.3	34.0
New York-Northern NJ	55.0	47.4
Orlando, FL	69.6	50.9
Phoenix, AZ	67.9	55.1
Inland Empire, CA	80.8	51.4
Seattle, WA	52.7	34.6
Tampa, FL	57.4	51.5
Washington, DC	71.6	55.0
TOTAL	66.3	49.8

Source: Banc of America Securities LLC estimates.

Survey Methodology

We survey real estate agents, as we believe that agents will provide an accurate assessment of housing market trends in both the new and existing home markets. Even though homebuilders sell new homes, we believe that it is crucial to have an understanding of the existing home market as the existing home market is substantially larger than the new home market (approximately 85%/15%) and trends in the existing home market dictate trends in the new home market.

Each month we ask five main questions, which are all listed below. In March, we received responses from 2,900 real estate agents across the country. We then review these responses and calculate an index for each of the questions with high numbers indicating positive or improving trends and low numbers indicating negative or worsening trends. An index of 50 would indicate a neutral trend. Note that for items such as incentives, a low index level would indicate a higher level of incentives, as higher incentives represent a negative trend. Similarly, for the number of listings and the length of time needed to sell a house, an increase in listings (a negative trend) and an increase in the time needed to sell a house (a negative trend) both correspond to low index values.

- 1) **Are traffic levels in-line with, above, or below your expectations for this time of year?** (Because of seasonality to traffic trends – generally more traffic in Spring and less in Fall/Winter – we ask about traffic relative to the expectations for this time of year rather than how traffic compared to the prior month.) A traffic index above 50 means that traffic was above the expectations of agents, a traffic index of 50 means that traffic was in-line with expectations, and a traffic index below 50 means that traffic was below expectations.
- 2) **Have prices remained the same, increased, or decreased over the past 30 days?** A price index above 50 indicates that prices increased over the past 30 days, a price index of 50 indicates that prices were flat, and a price index below 50 indicates that prices decreased.
- 3) **Have incentives remained the same, increased, or decreased over the past 30 days?** An incentive index above 50 indicates that incentives increased over the past 30 days, an incentive index of 50 indicates that incentives were unchanged, and an incentive index below 50 indicates that incentives increased.
- 4) **Do you see the same, more, or fewer, listings as compared with 30 days ago?** An inventory (listings) index above 50 indicates that the inventory of homes for sale decreased over the past 30 days, an inventory index of 50 indicates that inventories were unchanged, and an inventory index below 50 indicates that inventories increased.
- 5) **Does it take the same, more, or less time to sell a house?** A time to sell index above 50 indicates that the time needed to sell a home decreased over the past 30 days, a time to sell index of 50 indicates that the time needed to sell a home was unchanged, and a time to sell index below 50 indicates that the time needed to sell a home increased.

Historical Trends

Arizona, Florida, and Nevada seem most challenged; California and D.C. closer to agents' expectations; continued strength in Texas. Among the six markets that account for 80% of builders' revenue, Arizona, Florida, and Nevada appear worst with traffic far below agents' expectations and with declining prices. Traffic in California and Washington, D.C. was just modestly below expectations, but those markets have not yet found a floor on pricing. Texas remains the healthiest market with traffic above expectations and steady price appreciation.

Traffic Remained Short of Expectations in March (Traffic Index Decreased to 40.1 in March from 40.9 in February)

	Mar-07	Feb-07	Jan-07	Dec-06	Nov-06	Oct-06	Sep-06	Aug-06	Jul-06	Jun-06	May-06	Apr-06	Mar-06	Feb-06	Jan-06
Traffic Levels [> 50.0: above seasonal expectations/ = 50.0: in-line with expectations/ <50.0: below expectations]															
Atlanta, GA	34.6	37.7	50.5	38.4	30.4	23.9	26.8	23.8	25.0	30.2	42.9	22.7	7.1	57.1	66.7
Austin, TX	66.7	70.0	54.8	62.5	54.2	57.0	60.2	58.3	75.5	69.9	n/a	n/a	n/a	n/a	n/a
Baltimore, MD	65.0	50.0	65.6	40.0	25.0	18.8	33.3	22.2	16.7	18.2	n/a	n/a	n/a	n/a	n/a
Charleston, SC	34.6	46.0	55.4	41.7	36.9	35.1	26.2	23.7	29.2	28.2	n/a	n/a	n/a	n/a	n/a
Charlotte, NC	53.1	57.1	58.8	52.6	46.5	46.8	47.1	56.1	49.0	51.3	72.2	57.7	55.6	66.7	57.9
Chicago, IL	33.3	36.6	52.3	33.7	29.9	17.5	16.4	16.3	16.2	17.0	11.1	16.7	31.8	64.3	33.3
Cincinnati, OH	40.0	31.0	61.1	23.3	21.9	21.4	14.3	25.0	16.7	19.8	n/a	n/a	n/a	n/a	n/a
Columbus, OH	38.1	50.0	40.0	26.7	25.8	18.6	30.0	40.0	11.1	20.8	n/a	n/a	n/a	n/a	n/a
Dallas, TX	49.2	43.8	56.9	43.6	39.0	30.0	27.0	29.0	39.8	44.3	50.0	33.3	50.0	71.4	77.3
Denver, CO	48.9	43.8	30.5	40.5	29.7	25.0	17.6	17.2	20.1	20.0	20.0	30.0	35.0	15.0	45.0
Detroit, MI	25.0	18.8	41.7	25.8	13.0	12.8	5.9	15.5	6.3	10.2	18.2	33.3	22.7	18.8	34.6
Fort Myers, FL	22.6	20.5	40.9	31.8	19.6	7.7	20.8	11.1	18.0	7.5	n/a	n/a	n/a	n/a	n/a
Houston, TX	59.2	53.7	52.5	54.9	45.3	48.5	42.7	50.0	47.7	56.8	70.6	41.2	63.0	77.3	58.7
Inland Empire, CA	30.3	26.5	50.0	35.2	27.0	24.5	13.0	8.2	16.7	17.2	4.2	15.0	27.8	34.4	25.0
Jacksonville, FL	36.5	36.0	35.7	31.3	44.1	21.7	25.0	10.7	11.1	9.6	37.5	33.3	35.3	n/a	n/a
Las Vegas, NV	30.0	39.4	43.9	33.5	22.2	19.2	16.9	17.3	16.0	20.9	14.3	18.2	29.2	10.0	45.0
Los Angeles, CA	49.5	48.0	47.2	40.4	25.3	24.0	14.4	11.7	19.2	18.2	10.0	19.2	15.0	27.3	38.9
Miami, FL	22.2	21.6	25.8	24.1	23.1	13.9	15.0	19.0	11.0	11.1	0.0	33.3	11.1	16.7	7.1
Minneapolis, MN	36.8	37.5	49.3	33.5	25.0	11.6	10.5	14.4	16.7	12.4	9.7	18.9	25.8	37.9	35.5
Nashville, TN	58.3	33.3	46.5	47.9	36.0	33.6	39.0	43.1	51.7	52.4	n/a	n/a	n/a	n/a	n/a
New York-Northern NJ	40.7	46.4	53.5	34.2	37.5	18.5	16.7	22.0	25.0	18.4	4.5	22.2	16.7	18.2	31.8
Orlando, FL	21.9	25.8	45.7	30.6	23.5	21.2	25.0	15.0	15.9	22.0	37.5	26.9	25.0	34.4	20.0
Phila.-Southern NJ	48.6	50.0	51.6	48.0	34.1	23.5	22.3	26.0	23.5	24.6	6.3	25.0	37.5	40.9	27.3
Phoenix, AZ	24.8	35.5	41.6	42.7	27.6	16.7	17.4	12.3	16.4	16.6	9.4	13.6	26.7	29.4	38.5
Port St. Lucie, FL	20.8	16.7	57.1	21.4	18.2	0.0	12.5	16.7	0.0	7.7	n/a	n/a	n/a	n/a	n/a
Portland, OR	50.0	40.2	48.1	38.3	25.0	23.9	20.7	22.9	29.9	35.3	n/a	n/a	n/a	n/a	n/a
Raleigh, NC	39.1	46.2	55.3	43.8	42.0	37.5	41.0	44.7	44.4	47.9	n/a	n/a	n/a	n/a	n/a
Richmond, VA	41.7	33.3	42.9	44.1	28.6	16.7	22.2	28.3	25.9	28.2	n/a	n/a	n/a	n/a	n/a
Sacramento, CA	37.5	42.3	48.3	52.8	29.0	15.2	16.7	23.6	19.4	11.2	10.0	16.7	18.8	28.6	16.7
San Antonio, TX	50.0	54.3	43.5	42.3	49.2	52.6	61.4	55.2	75.0	70.5	n/a	n/a	n/a	n/a	n/a
San Diego, CA	46.0	46.9	48.5	46.2	34.3	17.3	12.1	18.8	14.4	16.0	n/a	n/a	n/a	n/a	n/a
San Francisco, CA	51.4	56.9	53.4	42.3	25.0	15.7	23.1	20.3	10.6	16.1	n/a	n/a	n/a	n/a	n/a
Sarasota, FL	26.6	28.6	29.4	35.7	26.3	21.7	22.5	13.8	4.7	12.2	n/a	n/a	n/a	n/a	n/a
Seattle, WA	46.3	50.0	37.2	40.7	31.4	34.4	32.1	42.9	41.3	48.6	44.4	52.8	46.2	50.0	54.5
Tampa, FL	15.3	16.4	31.4	25.0	11.5	5.2	5.9	8.1	13.9	17.8	0.0	6.3	31.3	26.7	37.5
Tucson, AZ	28.3	24.3	34.4	34.6	26.5	16.1	13.6	14.6	21.8	23.6	n/a	n/a	n/a	n/a	n/a
Virginia Beach, VA	55.0	59.4	62.5	44.2	28.0	28.6	21.7	18.1	10.0	23.3	n/a	n/a	n/a	n/a	n/a
Washington, DC	48.5	60.3	68.0	51.2	38.0	21.4	15.6	14.9	10.1	12.5	4.2	15.6	25.0	40.9	26.9
Wilmington, NC	38.9	59.4	59.3	20.0	34.8	21.2	12.5	17.7	8.1	21.0	n/a	n/a	n/a	n/a	n/a
Total	40.1	40.9	48.0	38.4	30.5	23.6	23.5	24.3	23.7	25.9	22.7	26.3	30.3	38.3	38.9
20 Same-Store Markets	37.7	39.4	46.3	38.7	30.1	22.6	20.5	21.6	21.9	23.4	22.7	26.3	30.3	38.3	38.9

Source: Banc of America Securities LLC estimates.

Downward price pressure likely to continue. Our price index indicated continued price declines in March with a reading of 35.3, near 34.5 in February (readings below 50.0 indicate falling prices), as agents noted sequentially lower home prices in 31 of the 39 markets we surveyed. Agents said rising inventories and a weak start to the selling season pressured prices, although they see buyers willing to step in at the right price. We believe further modest price declines are likely as inventories continue to rise and pressure sellers.

Worst Pricing in Florida Markets and Detroit; Texas Markets, Charlotte, Nashville, and Seattle Remain Strong

	Mar-07	Feb-07	Jan-07	Dec-06	Nov-06	Oct-06	Sep-06	Aug-06	Jul-06	Jun-06	May-06	Apr-06	Mar-06	Feb-06	Jan-06
Home Prices [> 50.0: higher than prior month/ = 50.0: flat versus prior month/ <50.0: lower than prior month]															
Atlanta, GA	27.9	37.7	35.6	29.8	28.0	30.6	40.5	38.0	48.8	57.6	50.0	54.5	66.7	57.1	66.7
Austin, TX	80.3	82.5	65.9	60.8	59.5	68.4	71.0	77.8	87.0	87.2	n/a	n/a	n/a	n/a	n/a
Baltimore, MD	30.0	40.0	31.3	25.0	25.7	21.9	40.0	43.8	16.7	43.2	n/a	n/a	n/a	n/a	n/a
Charleston, SC	34.0	35.4	41.7	36.1	25.0	34.2	34.5	44.0	43.4	53.7	n/a	n/a	n/a	n/a	n/a
Charlotte, NC	65.3	58.3	57.5	52.0	52.5	51.6	55.3	63.6	74.0	76.7	88.9	73.1	70.6	62.5	63.2
Chicago, IL	32.3	32.5	41.4	29.7	22.0	20.5	21.1	26.7	28.6	39.2	55.6	50.0	58.3	71.4	37.5
Cincinnati, OH	35.4	31.0	27.8	23.3	19.4	20.6	21.4	8.3	33.3	31.7	n/a	n/a	n/a	n/a	n/a
Columbus, OH	30.0	25.9	10.0	28.6	26.7	16.2	30.0	30.0	33.3	33.3	n/a	n/a	n/a	n/a	n/a
Dallas, TX	38.3	38.4	36.8	32.7	28.1	34.1	38.4	42.5	53.2	59.3	66.7	41.7	75.0	71.4	50.0
Denver, CO	40.0	33.3	29.5	24.7	19.7	23.6	25.5	25.3	31.4	30.3	35.0	45.0	30.0	38.9	40.0
Detroit, MI	7.1	18.4	11.9	8.7	7.6	14.1	9.7	14.7	6.8	9.2	22.7	25.0	9.1	16.7	15.4
Fort Myers, FL	8.3	19.0	4.5	22.7	17.4	13.0	16.7	11.1	20.0	16.7	n/a	n/a	n/a	n/a	n/a
Houston, TX	57.9	57.5	57.6	46.1	54.9	50.7	56.3	55.1	62.3	68.1	73.5	73.5	61.4	67.5	62.5
Inland Empire, CA	21.1	26.9	21.0	27.8	19.0	19.6	14.1	25.0	24.1	30.6	29.2	42.5	38.0	43.8	52.8
Jacksonville, FL	18.8	32.0	28.6	31.3	23.5	21.7	18.8	25.0	25.9	30.8	45.8	53.1	50.0	n/a	n/a
Las Vegas, NV	26.0	25.5	29.0	29.5	26.1	27.0	24.1	24.3	29.1	24.5	21.4	22.7	7.7	15.0	40.0
Los Angeles, CA	38.9	45.2	33.3	30.2	16.7	16.9	16.7	26.9	31.8	36.9	30.0	57.7	55.0	35.0	50.0
Miami, FL	14.7	20.9	20.0	18.3	19.1	16.3	17.2	25.0	26.8	27.2	21.4	45.8	50.0	45.5	62.5
Minneapolis, MN	17.3	26.9	28.4	16.8	15.0	14.5	17.0	24.3	24.0	26.4	21.4	29.5	33.3	33.9	30.3
Nashville, TN	54.5	66.7	47.6	53.3	47.9	45.8	54.8	59.6	0.0	75.4	n/a	n/a	n/a	n/a	n/a
New York-Northern NJ	32.8	34.0	40.8	26.3	13.7	20.5	14.4	25.9	24.1	28.7	13.6	27.8	38.9	54.5	40.9
Orlando, FL	22.8	15.6	34.8	23.5	18.6	23.1	25.0	21.1	24.4	34.6	43.8	61.5	38.9	46.9	55.3
Phila.-Southern NJ	35.9	25.0	34.2	28.4	19.2	27.4	25.6	24.3	28.9	36.1	33.3	18.8	50.0	45.5	31.8
Phoenix, AZ	27.8	22.1	30.1	25.9	19.2	15.8	22.3	21.5	22.8	24.9	21.9	36.4	43.3	41.2	53.8
Port St. Lucie, FL	18.2	0.0	14.3	7.1	0.0	0.0	21.4	27.8	25.0	19.2	n/a	n/a	n/a	n/a	n/a
Portland, OR	50.7	46.1	44.3	25.9	22.0	29.9	34.5	36.4	58.3	67.5	n/a	n/a	n/a	n/a	n/a
Raleigh, NC	54.3	42.3	44.7	34.2	47.9	53.1	61.3	56.3	64.4	67.9	n/a	n/a	n/a	n/a	n/a
Richmond, VA	41.7	16.7	50.0	44.4	23.1	21.6	36.0	37.9	34.5	17.2	n/a	n/a	n/a	n/a	n/a
Sacramento, CA	19.4	16.7	28.6	22.2	12.1	4.5	18.4	8.6	16.7	43.5	10.0	16.7	25.0	12.5	16.7
San Antonio, TX	64.0	60.9	54.8	46.2	59.5	78.2	81.4	80.0	87.5	90.0	n/a	n/a	n/a	n/a	n/a
San Diego, CA	35.2	34.4	33.3	19.4	17.3	7.3	11.0	13.8	18.2	23.5	n/a	n/a	n/a	n/a	n/a
San Francisco, CA	49.3	47.7	39.8	34.2	21.9	16.4	22.5	27.2	21.0	39.1	n/a	n/a	n/a	n/a	n/a
Sarasota, FL	10.9	3.8	8.8	17.9	8.3	10.9	16.7	10.3	24.2	17.5	n/a	n/a	n/a	n/a	n/a
Seattle, WA	62.7	57.0	55.6	45.2	45.0	35.8	47.4	64.0	68.6	80.5	77.8	83.3	78.6	73.5	68.2
Tampa, FL	17.6	20.9	33.3	30.8	25.0	12.5	17.1	16.2	20.4	25.5	20.0	31.3	43.8	50.0	62.5
Tucson, AZ	36.2	29.4	30.0	32.4	27.0	16.4	27.4	24.3	28.7	36.2	n/a	n/a	n/a	n/a	n/a
Virginia Beach, VA	42.5	43.8	28.0	28.8	28.0	28.6	20.8	22.2	28.0	39.5	n/a	n/a	n/a	n/a	n/a
Washington, DC	38.3	36.0	26.3	15.9	11.5	14.9	15.3	12.5	18.6	19.6	25.0	15.6	53.6	37.5	27.1
Wilmington, NC	38.9	37.5	28.8	31.0	25.6	27.8	10.5	22.6	14.5	46.0	n/a	n/a	n/a	n/a	n/a
Total	35.3	34.5	33.8	29.9	25.6	25.8	29.5	31.9	36.0	41.4	38.4	43.1	46.5	46.0	46.4
20 Same-Store Markets	31.6	32.4	34.0	28.4	23.7	23.6	25.7	29.1	32.9	38.6	38.4	43.1	46.5	46.0	46.4

Source: Banc of America Securities LLC estimates.

Incentives continue to increase – Incentives increased sequentially in every market surveyed except one (Wilmington, NC). Our incentive index was unchanged at 25.8, from 26.5 in February, still indicating higher incentives (index level below 50). We think builders continue to use higher incentives to capture volume, even in the strong markets.

Agents Saw Rising Incentives (Index Value Below 50) in Every Market Except For One

	Mar-07	Feb-07	Jan-07	Dec-06	Nov-06	Oct-06	Sep-06	Aug-06	Jul-06	Jun-06	May-06	Apr-06	Mar-06	Feb-06	Jan-06
	Incentives > 50.0: higher than prior month/ = 50.0: flat versus prior month/ <50.0: lower than prior month														
Atlanta, GA	21.2	25.5	24.1	17.3	11.7	13.2	15.5	18.0	16.3	22.7	20.0	36.4	7.1	35.7	40.0
Austin, TX	40.0	38.9	39.5	25.0	18.3	26.0	25.6	34.3	52.0	45.4	n/a	n/a	n/a	n/a	n/a
Baltimore, MD	6.3	35.0	4.2	33.3	15.5	7.1	0.0	12.5	12.5	9.4	n/a	n/a	n/a	n/a	n/a
Charleston, SC	16.7	22.9	22.7	15.2	11.3	17.9	9.0	11.1	14.4	16.7	n/a	n/a	n/a	n/a	n/a
Charlotte, NC	28.3	32.9	32.5	17.2	19.7	27.8	28.6	34.0	33.9	36.4	50.0	50.0	29.4	37.5	35.3
Chicago, IL	23.1	30.4	24.0	13.5	15.6	14.1	11.9	14.3	15.7	19.3	33.3	16.7	8.3	33.3	27.8
Cincinnati, OH	21.7	23.7	16.7	10.7	6.5	7.4	0.0	25.0	0.0	9.7	n/a	n/a	n/a	n/a	n/a
Columbus, OH	21.1	18.8	30.0	7.7	12.1	9.4	25.0	25.0	27.8	6.8	n/a	n/a	n/a	n/a	n/a
Dallas, TX	25.0	22.7	26.5	16.7	12.3	14.5	11.8	16.0	23.6	23.4	33.3	8.3	16.7	14.3	31.8
Denver, CO	39.5	25.0	34.8	14.3	21.5	9.3	17.2	10.7	12.0	14.0	22.2	16.7	20.0	27.8	25.0
Detroit, MI	30.4	21.4	27.9	23.3	12.3	9.5	11.2	11.2	10.0	10.8	13.6	25.0	15.0	14.3	18.2
Fort Myers, FL	13.8	13.6	45.5	22.7	13.6	10.4	4.5	3.7	4.0	2.5	n/a	n/a	n/a	n/a	n/a
Houston, TX	29.4	24.3	28.7	21.8	18.3	20.2	20.9	21.9	25.8	28.1	28.1	20.0	35.7	36.1	23.8
Inland Empire, CA	17.4	14.1	11.1	23.1	13.0	8.3	3.3	4.6	11.3	9.1	10.0	21.4	12.5	7.1	35.3
Jacksonville, FL	28.0	30.0	28.6	25.0	15.6	4.5	18.8	10.7	2.0	6.5	4.2	19.4	8.8	n/a	n/a
Las Vegas, NV	46.8	45.6	41.3	32.3	20.1	22.2	15.7	4.0	4.6	7.1	0.0	18.2	7.7	5.0	20.0
Los Angeles, CA	18.8	16.7	12.5	19.7	7.9	14.9	5.6	11.4	16.4	16.5	25.0	14.3	25.0	12.5	35.7
Miami, FL	10.4	10.8	26.8	26.9	14.0	8.8	7.4	9.6	6.9	5.7	0.0	14.3	16.7	16.7	43.8
Minneapolis, MN	27.6	31.6	30.8	23.4	18.3	14.3	13.9	11.5	6.3	10.3	13.6	12.8	22.6	17.3	16.2
Nashville, TN	25.0	50.0	28.9	15.9	11.4	23.2	31.0	28.1	40.0	36.6	n/a	n/a	n/a	n/a	n/a
New York-Northern NJ	34.1	27.8	31.7	38.5	13.0	19.6	11.7	22.4	38.2	30.4	16.7	12.5	21.4	21.4	35.0
Orlando, FL	23.6	19.4	29.5	5.9	19.1	7.7	7.7	7.9	6.0	2.4	12.5	7.7	0.0	9.4	38.2
Phila.-Southern NJ	18.9	20.5	19.2	16.7	6.9	9.1	11.5	6.0	15.3	10.4	16.7	0.0	25.0	37.5	25.0
Phoenix, AZ	31.6	39.5	40.8	29.8	23.1	17.7	12.0	6.4	8.1	5.1	0.0	4.5	3.3	10.0	0.0
Port St. Lucie, FL	16.7	0.0	25.0	21.4	4.5	5.6	7.1	0.0	0.0	0.0	n/a	n/a	n/a	n/a	n/a
Portland, OR	20.9	21.6	29.6	16.1	10.0	11.4	15.1	20.6	25.3	32.9	n/a	n/a	n/a	n/a	n/a
Raleigh, NC	31.0	31.8	30.0	14.1	21.2	23.3	19.2	26.4	32.1	36.8	n/a	n/a	n/a	n/a	n/a
Richmond, VA	25.0	33.3	11.5	11.8	3.8	9.7	7.7	18.0	5.6	13.0	n/a	n/a	n/a	n/a	n/a
Sacramento, CA	35.2	24.2	18.8	20.6	10.3	10.9	14.3	8.1	2.8	7.5	0.0	10.7	6.3	0.0	16.7
San Antonio, TX	31.3	37.0	25.8	4.0	23.0	19.4	19.7	31.5	43.8	43.4	n/a	n/a	n/a	n/a	n/a
San Diego, CA	23.6	22.1	20.3	16.1	10.0	3.8	7.3	3.9	5.4	8.1	n/a	n/a	n/a	n/a	n/a
San Francisco, CA	30.5	20.2	23.2	18.5	20.0	1.9	6.0	6.3	10.7	8.5	n/a	n/a	n/a	n/a	n/a
Sarasota, FL	19.0	10.7	34.4	25.0	19.4	20.5	11.9	0.0	3.1	3.8	n/a	n/a	n/a	n/a	n/a
Seattle, WA	31.7	19.9	30.3	17.1	12.3	14.7	25.0	29.6	33.3	39.9	46.7	53.8	50.0	37.5	43.8
Tampa, FL	18.9	15.7	21.2	26.1	19.7	12.5	4.5	1.4	5.7	6.9	0.0	18.8	0.0	18.8	31.3
Tucson, AZ	18.0	43.9	30.7	22.1	13.8	13.4	6.5	0.7	5.2	9.1	n/a	n/a	n/a	n/a	n/a
Virginia Beach, VA	20.0	37.5	29.5	16.0	6.3	22.2	10.4	10.3	8.0	4.1	n/a	n/a	n/a	n/a	n/a
Washington, DC	29.9	28.8	23.9	16.0	21.2	13.1	11.6	8.2	8.1	7.1	4.2	12.5	7.1	13.6	22.9
Wilmington, NC	56.3	46.4	27.3	35.3	18.6	28.0	15.8	18.3	9.6	21.3	n/a	n/a	n/a	n/a	n/a
Total	25.8	26.5	26.7	19.9	14.5	14.0	12.9	13.9	15.4	16.1	16.7	18.8	16.1	20.3	28.3
20 Same-Store Markets	27.1	25.1	26.9	21.2	15.5	13.7	13.3	12.8	14.4	15.2	16.7	18.8	16.1	20.3	28.3

Source: Banc of America Securities LLC estimates.

High inventory levels remain the key issue, will continue to pressure prices –
Agents indicated that the inventory of homes for sale rose (index below 50 indicates a sequential increase) in all markets except one (Richmond). Higher inventory levels are typical for March, but the increases continued to outpace seasonal demand. Our inventory index fell to 24.3 in March from 29.0 in February. We expect inventories to continue to rise throughout the Spring as sellers re-list properties that were removed at the end of 2006. The increase in inventories in Spring will likely put further pressure on home prices.

Inventory Levels Continued to Rise in March, Consistent with Seasonal Trends

	Mar-07	Feb-07	Jan-07	Dec-06	Nov-06	Oct-06	Sep-06	Aug-06	Jul-06	Jun-06	May-06	Apr-06	Mar-06	Feb-06	Jan-06
Homes listed for sale [> 50.0; Fewer homes listed versus prior month/ = 50.0: listings unchanged / <50.0: more home listings]															
Atlanta, GA	10.0	15.1	39.9	42.7	28.0	20.9	15.6	19.1	12.6	17.2	7.1	22.7	35.7	21.4	20.0
Austin, TX	47.0	50.0	56.0	48.6	55.4	48.0	56.3	55.7	60.4	53.5	n/a	n/a	n/a	n/a	n/a
Baltimore, MD	45.0	36.7	9.4	35.0	18.6	12.9	0.0	5.6	16.7	11.4	n/a	n/a	n/a	n/a	n/a
Charleston, SC	10.0	32.0	31.1	28.6	23.8	17.0	8.3	8.6	3.8	6.8	n/a	n/a	n/a	n/a	n/a
Charlotte, NC	29.8	39.0	37.9	62.5	47.0	42.7	42.4	44.6	44.0	40.4	37.5	42.3	31.3	54.2	65.8
Chicago, IL	13.8	21.9	20.9	38.8	29.6	15.3	15.9	12.0	19.2	15.4	11.1	8.3	0.0	15.4	43.8
Cincinnati, OH	20.0	23.8	66.7	20.0	17.2	8.6	28.6	4.2	0.0	7.1	n/a	n/a	n/a	n/a	n/a
Columbus, OH	17.5	37.0	40.0	39.3	39.3	14.7	20.0	0.0	6.3	4.2	n/a	n/a	n/a	n/a	n/a
Dallas, TX	21.0	22.2	28.7	30.1	32.1	18.5	25.8	26.3	23.4	22.3	33.3	25.0	0.0	14.3	22.7
Denver, CO	34.1	33.3	40.3	37.8	35.1	18.0	14.6	7.1	2.7	2.3	0.0	5.0	5.0	0.0	45.0
Detroit, MI	20.4	12.2	33.3	28.7	19.6	16.1	13.2	5.6	6.3	4.6	0.0	0.0	4.5	13.3	15.4
Fort Myers, FL	23.8	18.2	18.2	45.5	26.1	13.0	16.7	14.8	22.0	10.3	n/a	n/a	n/a	n/a	n/a
Houston, TX	25.7	30.8	33.1	48.8	36.1	45.5	42.6	33.6	30.3	27.9	30.0	44.1	34.1	52.6	38.6
Inland Empire, CA	16.7	20.5	41.7	40.4	22.0	19.6	9.8	6.4	11.4	8.2	4.2	7.9	13.5	3.3	22.2
Jacksonville, FL	15.2	14.0	25.0	25.0	26.5	17.4	25.0	3.8	5.6	7.7	12.5	16.7	19.4	n/a	n/a
Las Vegas, NV	29.0	35.9	68.3	65.4	26.7	24.7	17.5	9.6	8.5	9.2	21.4	4.5	3.8	5.0	38.9
Los Angeles, CA	28.9	30.2	37.3	43.5	31.8	21.5	14.0	4.4	11.3	7.8	10.0	15.4	38.9	15.0	16.7
Miami, FL	8.4	13.3	22.6	21.7	14.7	9.3	5.2	14.2	8.0	6.5	0.0	12.5	11.1	4.5	21.4
Minneapolis, MN	14.8	29.6	52.0	56.6	49.3	32.1	19.3	15.6	7.6	5.2	4.2	1.1	7.6	12.1	32.9
Nashville, TN	25.0	50.0	31.7	24.4	29.2	19.0	28.6	25.5	37.1	32.0	n/a	n/a	n/a	n/a	n/a
New York-Northern NJ	22.6	29.5	32.6	47.4	26.5	16.7	17.0	8.9	5.6	11.7	0.0	27.8	16.7	31.8	22.7
Orlando, FL	19.6	11.7	47.7	22.2	20.6	16.0	7.1	2.6	5.8	4.5	0.0	11.5	2.9	9.4	13.9
Phila.-Southern NJ	22.9	26.1	39.0	35.6	28.9	14.4	9.5	14.1	12.1	16.4	11.1	0.0	16.7	36.4	36.4
Phoenix, AZ	25.0	31.6	48.6	57.7	39.7	22.7	15.1	12.0	10.5	5.1	0.0	4.5	0.0	2.9	11.5
Port St. Lucie, FL	16.7	8.3	21.4	28.6	20.0	11.1	7.1	5.6	0.0	3.8	n/a	n/a	n/a	n/a	n/a
Portland, OR	15.7	9.8	25.0	32.2	17.2	12.7	14.5	11.3	15.8	23.1	n/a	n/a	n/a	n/a	n/a
Raleigh, NC	30.4	42.3	40.3	44.6	43.2	29.8	52.5	45.5	39.5	37.8	n/a	n/a	n/a	n/a	n/a
Richmond, VA	58.3	58.3	38.5	47.2	17.9	19.4	16.0	20.7	10.7	16.3	n/a	n/a	n/a	n/a	n/a
Sacramento, CA	29.0	23.1	41.1	66.7	45.0	31.3	25.7	11.4	19.4	0.8	5.0	16.7	12.5	6.3	12.5
San Antonio, TX	22.0	37.0	25.8	48.0	50.9	36.5	40.9	43.3	42.2	41.9	n/a	n/a	n/a	n/a	n/a
San Diego, CA	36.7	48.9	42.6	48.4	38.0	20.4	11.0	14.9	4.6	5.9	n/a	n/a	n/a	n/a	n/a
San Francisco, CA	33.1	38.9	59.8	64.1	50.0	23.5	14.7	18.4	8.0	13.5	n/a	n/a	n/a	n/a	n/a
Sarasota, FL	15.6	25.0	23.5	35.7	27.8	26.1	23.8	20.7	21.2	10.3	n/a	n/a	n/a	n/a	n/a
Seattle, WA	20.3	14.9	33.9	35.9	29.6	19.1	18.3	26.1	23.8	33.9	55.6	61.1	38.5	47.1	75.0
Tampa, FL	21.1	9.8	33.3	26.0	25.0	5.2	9.1	8.1	12.0	6.4	0.0	0.0	0.0	3.3	18.8
Tucson, AZ	31.0	39.7	16.0	35.1	26.0	10.3	11.3	9.9	12.1	6.3	n/a	n/a	n/a	n/a	n/a
Virginia Beach, VA	15.0	36.7	28.0	36.0	16.0	16.1	16.7	12.5	8.0	5.8	n/a	n/a	n/a	n/a	n/a
Washington, DC	32.0	43.9	53.0	47.6	41.6	29.3	19.4	14.3	10.1	5.4	4.2	3.1	25.0	16.7	16.7
Wilmington, NC	25.0	28.1	24.0	38.1	40.0	22.0	16.7	12.9	12.9	10.2	n/a	n/a	n/a	n/a	n/a
Total	24.3	29.0	36.1	40.5	31.1	21.0	19.6	16.2	15.7	14.3	11.8	15.7	15.1	18.2	29.5
20 Same-Store Markets	21.9	24.2	38.6	42.0	31.2	21.7	18.2	14.3	13.8	12.3	11.8	15.7	15.1	18.2	29.5

Source: Banc of America Securities LLC estimates.

Time needed to sell a home lengthened further – a negative indicator for future pricing. The time to sell a home lengthened (index level below 50) in all but one market we surveyed (Austin), with our index essentially unchanged at 26.8 in March from 27.5 in February. We view the longer time needed to sell as a negative indicator for future pricing trends, as sellers are pressured to reduce asking prices the longer their homes are on the market.

Time to Sell Continues to Lengthen, Pressuring Prices Further

	Mar-07	Feb-07	Jan-07	Dec-06	Nov-06	Oct-06	Sep-06	Aug-06	Jul-06	Jun-06	May-06	Apr-06	Mar-06	Feb-06	Jan-06
Length of time needed to sell a home [> 50.0; Time to sell decreased/ = 50.0: time to sell unchanged / <50.0: time to sell increased]															
Atlanta, GA	17.5	21.7	27.5	19.0	8.9	8.1	9.4	6.8	12.5	20.8	28.6	13.6	21.4	35.7	25.0
Austin, TX	60.6	57.5	50.0	36.5	33.0	47.9	49.0	58.5	74.1	80.1	n/a	n/a	n/a	n/a	n/a
Baltimore, MD	45.0	30.0	12.5	25.0	7.4	10.9	0.0	0.0	11.1	4.5	n/a	n/a	n/a	n/a	n/a
Charleston, SC	14.6	36.0	23.0	15.7	21.4	11.4	2.4	7.9	5.8	12.0	n/a	n/a	n/a	n/a	n/a
Charlotte, NC	44.8	50.0	45.5	30.6	25.0	31.3	31.8	35.3	47.3	49.2	77.8	65.4	68.8	58.3	52.6
Chicago, IL	17.4	15.2	19.8	12.0	8.6	6.7	3.5	4.1	4.2	6.1	11.1	8.3	16.7	42.3	0.0
Cincinnati, OH	28.0	16.7	44.4	7.1	4.8	7.1	7.1	4.5	0.0	7.1	n/a	n/a	n/a	n/a	n/a
Columbus, OH	30.0	25.0	30.0	14.3	16.1	5.7	0.0	0.0	0.0	4.2	n/a	n/a	n/a	n/a	n/a
Dallas, TX	29.8	30.4	25.0	18.6	14.3	11.1	14.3	20.3	29.2	36.0	50.0	25.0	37.5	28.6	54.5
Denver, CO	33.0	21.2	23.8	16.3	21.3	9.8	10.6	8.2	5.0	6.9	15.0	25.0	10.0	11.1	15.0
Detroit, MI	5.6	6.8	21.4	11.3	9.4	5.4	5.9	8.5	4.6	5.3	9.1	8.3	11.1	3.3	19.2
Fort Myers, FL	14.3	15.9	22.7	22.7	18.2	10.9	16.7	9.3	8.0	5.0	n/a	n/a	n/a	n/a	n/a
Houston, TX	41.9	39.7	33.3	37.5	23.6	29.4	22.9	30.7	33.1	46.2	71.9	38.2	52.4	59.5	32.6
Inland Empire, CA	15.5	11.7	27.4	16.7	13.0	4.9	7.6	1.8	3.5	4.8	4.2	5.0	5.8	6.3	5.6
Jacksonville, FL	21.7	16.7	14.3	18.8	18.8	11.9	18.8	0.0	5.6	3.8	4.2	11.8	5.6	n/a	n/a
Las Vegas, NV	21.0	27.7	31.0	27.8	17.8	16.5	12.8	8.9	8.1	8.2	0.0	9.1	0.0	0.0	15.0
Los Angeles, CA	31.1	28.1	27.9	23.4	7.7	5.5	4.2	1.9	6.5	2.5	0.0	0.0	0.0	20.0	16.7
Miami, FL	10.9	11.2	17.7	19.0	9.6	9.4	8.6	9.8	3.5	2.8	0.0	4.2	0.0	12.5	0.0
Minneapolis, MN	22.2	27.3	35.6	21.2	18.8	10.5	9.1	8.2	4.4	4.1	4.2	4.7	18.2	15.5	13.2
Nashville, TN	25.0	33.3	26.7	13.6	16.0	14.4	18.6	22.0	44.7	42.7	n/a	n/a	n/a	n/a	n/a
New York-Northern NJ	24.7	25.0	26.4	21.1	11.0	6.3	4.5	4.4	7.4	7.5	0.0	5.6	0.0	13.6	4.5
Orlando, FL	8.8	11.3	15.2	8.3	12.9	3.8	7.1	5.3	7.0	0.0	18.8	7.7	0.0	6.3	5.0
Phila.-Southern NJ	24.6	14.6	21.3	18.3	10.4	8.6	4.1	5.8	2.0	4.5	0.0	0.0	27.8	22.7	13.6
Phoenix, AZ	19.3	25.4	33.8	27.3	20.0	13.0	11.1	7.8	7.3	6.2	0.0	0.0	3.6	5.9	8.3
Port St. Lucie, FL	16.7	0.0	21.4	21.4	9.1	0.0	7.1	11.1	0.0	7.7	n/a	n/a	n/a	n/a	n/a
Portland, OR	24.3	16.7	27.9	10.8	5.8	4.4	4.4	6.9	11.2	23.7	n/a	n/a	n/a	n/a	n/a
Raleigh, NC	28.3	33.3	33.8	15.8	20.3	22.9	32.9	30.4	33.3	47.2	n/a	n/a	n/a	n/a	n/a
Richmond, VA	25.0	58.3	0.0	11.1	3.6	2.6	5.8	5.2	1.7	0.9	n/a	n/a	n/a	n/a	n/a
Sacramento, CA	33.3	23.1	31.5	27.8	15.0	9.7	15.8	8.6	11.1	4.5	5.0	10.7	12.5	0.0	11.1
San Antonio, TX	34.6	41.3	27.4	26.0	25.8	33.3	52.9	48.3	79.7	75.7	n/a	n/a	n/a	n/a	n/a
San Diego, CA	35.6	36.2	33.3	20.6	19.2	10.2	6.9	11.5	2.3	7.3	n/a	n/a	n/a	n/a	n/a
San Francisco, CA	46.3	44.3	36.6	23.1	22.3	7.1	7.7	5.2	6.3	8.1	n/a	n/a	n/a	n/a	n/a
Sarasota, FL	21.9	21.4	23.5	17.9	16.7	13.0	16.7	12.1	7.6	6.3	n/a	n/a	n/a	n/a	n/a
Seattle, WA	28.0	32.0	26.2	12.1	9.0	5.0	9.7	16.4	22.3	34.3	41.7	55.9	34.6	50.0	40.5
Tampa, FL	16.2	10.7	21.2	15.4	15.8	5.2	5.7	2.7	7.4	4.0	0.0	0.0	12.5	6.3	25.0
Tucson, AZ	20.7	30.0	12.0	16.2	15.6	5.2	10.4	3.5	10.5	4.7	n/a	n/a	n/a	n/a	n/a
Virginia Beach, VA	27.5	46.9	34.0	22.0	8.0	14.3	12.5	9.7	2.0	1.2	n/a	n/a	n/a	n/a	n/a
Washington, DC	44.0	45.0	36.5	24.1	18.5	11.5	11.1	6.5	7.8	5.1	0.0	6.3	11.5	20.8	15.4
Wilmington, NC	36.1	36.7	28.0	14.3	20.0	11.1	8.3	8.1	6.7	11.2	n/a	n/a	n/a	n/a	n/a
Total	26.8	27.5	26.9	19.5	15.2	11.7	12.5	11.7	14.0	15.7	16.3	14.5	16.7	20.9	18.6
20 Same-Store Markets	24.4	23.6	26.8	20.3	14.7	10.6	10.9	9.6	11.4	12.5	16.3	14.5	16.7	20.9	18.6

Source: Banc of America Securities LLC estimates.

Agents Recommend Toll, Pulte, WCI, Horton, and Lennar

Agents recommend Toll Brothers, Pulte, WCI Communities, Centex, and Lennar to their customers. Toll Brothers, Pulte, WCI Communities, Centex, and Lennar received the highest percentage of recommendations by agents nationwide. 28.5% of agents (net of positive responses less negative responses) surveyed said they would recommend Toll Brothers, followed by 24.5% for Pulte, 22.3% for WCI, 20.5% for Centex, and 19.2% for Lennar. We believe this is important since 35-40% of new home sales involve an agent. In addition, homebuilders will likely increasingly rely on agents as market conditions weaken. This is a positive for those five companies, in addition to others below that received strong recommendations, but also represents an opportunity for companies such as KB Home.

WCI Communities, Pulte Homes, Toll Brothers, and Lennar Most Highly Recommended by Agents

Rank	Ticker	Company Name	Net Recommendation
1	TOL	Toll Brothers	28.5%
2	PHM	Pulte Homes	24.5%
3	WCI	WCI Communities	22.3%
4	CTX	Centex Corp.	20.5%
5	LEN	Lennar Corp.	19.2%
6	DHI	D.R. Horton	16.4%
7	MTH	Meritage Homes	16.3%
8	RYL	Ryland Group	15.7%
9	SPF	Standard Pacific Corp.	13.3%
10	HOV	Hovnanian Enterprises	10.5%
11	NVR	NVR, Inc.	5.9%
12	MDC	MDC Holdings	3.1%
13	CHCI	Comstock Homebuilding	1.5%
14	KBH	KB Home	(7.5)%

Source: Banc of America Securities LLC estimates.

Which of the following homebuilders would you most highly recommend to clients?

Market	CTX	CHCI	DHI	HOV	KBH	LEN	MDC	MTH	NMR	PHM	RYL	SPF	TOL	WCI
Atlanta, GA	14%	0%	28%	-	5%	-	-	-	-	22%	29%	-	-	-
Austin, TX	36%	-	48%	-	6%	39%	-	55%	-	45%	-	45%	48%	-
Baltimore, MD	-	0%	10%	40%	0%	30%	20%	-	30%	-	40%	-	-	-
Charleston, SC	38%	-	23%	-	35%	15%	-	-	0%	-	23%	-	-	-
Charlotte, NC	24%	0%	41%	20%	6%	20%	-	-	20%	-	12%	18%	31%	-
Chicago, IL	14%	-	17%	9%	9%	20%	3%	-	-	36%	36%	-	24%	-
Cincinnati, OH	0%	-	-	8%	-	-	-	-	4%	0%	36%	-	-	-
Columbus, OH	38%	-	-	10%	-	-	-	-	0%	0%	-	-	-	-
Dallas, TX	38%	-	50%	34%	5%	28%	2%	14%	-	19%	-	25%	36%	-
Denver, CO	27%	-	20%	-	4%	31%	9%	11%	-	16%	27%	22%	24%	-
Detroit, MI	25%	-	-	4%	-	-	-	-	-	57%	-	-	57%	-
Fort Myers, FL	19%	-	21%	0%	10%	31%	-	7%	-	31%	7%	-	-	40%
Houston, TX	26%	-	46%	15%	15%	44%	0%	23%	-	38%	-	-	-	-
Jacksonville, FL	15%	-	23%	-	19%	12%	15%	-	-	42%	23%	12%	42%	19%
Las Vegas, NV	28%	-	34%	-	30%	20%	12%	8%	-	66%	14%	-	64%	-
Los Angeles, CA	17%	-	14%	18%	35%	18%	3%	1%	-	13%	-	16%	17%	-
Miami, FL	-	-	15%	-	-	44%	-	-	-	-	-	6%	-	37%
Minneapolis, MN	22%	-	28%	19%	-	17%	-	-	-	26%	20%	-	17%	-
Nashville, TN	50%	-	-	-	-	-	-	-	-	-	-	-	-	-
New York-Northern New Jersey, NY-NJ	15%	-	4%	20%	-	8%	-	-	2%	17%	-	-	31%	6%
Orlando, FL	35%	-	30%	9%	37%	32%	-	14%	-	46%	26%	2%	25%	-
Philadelphia-Southern NJ	-	-	7%	27%	-	4%	1%	-	17%	35%	-	-	34%	-
Phoenix, AZ	24%	-	28%	8%	8%	16%	16%	28%	-	36%	13%	20%	46%	-
Port St. Lucie, FL	25%	-	17%	-	42%	-	-	-	-	-	-	-	-	-
Portland, OR	-	-	24%	-	-	-	-	-	-	-	-	-	-	-
Raleigh, NC	61%	17%	26%	30%	30%	48%	-	-	4%	17%	-	9%	48%	-
Richmond, VA	67%	0%	-	-	-	-	-	-	33%	-	-	-	-	-
Riverside-San Bernardino, CA	25%	-	27%	21%	38%	31%	8%	-	-	39%	24%	17%	-	-
Sacramento, CA	50%	-	22%	13%	25%	34%	3%	19%	-	41%	9%	9%	13%	-
San Antonio, TX	46%	-	50%	-	35%	42%	-	19%	-	46%	-	-	31%	-
San Diego, CA	27%	-	31%	23%	32%	24%	2%	-	-	13%	18%	15%	23%	-
San Francisco, CA	17%	-	10%	-	-	13%	-	7%	-	34%	-	8%	25%	-
Sarasota, FL	9%	-	-	-	0%	31%	-	-	-	19%	-	0%	-	34%
Seattle, WA	16%	-	33%	-	-	-	-	-	-	-	-	-	-	-
Tampa, FL	8%	-	10%	4%	17%	25%	3%	-	-	28%	32%	21%	-	18%
Tucson, AZ	-	-	37%	13%	7%	37%	10%	43%	-	60%	-	10%	10%	-
Virginia Beach, VA	25%	0%	0%	0%	-	-	-	-	5%	-	-	-	-	-
Washington, DC	26%	9%	24%	28%	3%	12%	12%	-	36%	32%	16%	-	40%	-
Wilmington, NC	28%	0%	-	-	-	-	-	-	0%	-	-	-	-	-
TOTAL	28%	3%	25%	16%	18%	26%	7%	19%	13%	31%	23%	15%	33%	26%

Source: Banc of America Securities LLC estimates.

Agents discourage customers from buying a home from KB Home. KB Home received the highest percentage of negative recommendations by agents nationwide. 26% agents surveyed said they would discourage clients from buying a home from KB Home. We note that KB Home pre-sells a majority of its homes, which may negatively influence agents' responses.

From which of the following homebuilders would you most strongly discourage clients from buying?

Market	CTX	CHCI	DHI	HOV	KBH	LEN	MDC	MTH	NMR	PHM	RYL	SPF	TOL	WCI
Atlanta, GA	5%	0%	6%	—	28%	—	—	—	—	21%	12%	—	—	—
Austin, TX	6%	—	12%	—	70%	3%	—	3%	—	9%	—	3%	6%	—
Baltimore, MD	—	0%	0%	0%	0%	0%	0%	—	10%	—	30%	—	—	—
Charleston, SC	0%	—	31%	—	4%	12%	—	—	0%	—	8%	—	—	—
Charlotte, NC	8%	2%	2%	10%	35%	6%	—	—	10%	—	6%	0%	6%	—
Chicago, IL	8%	—	0%	3%	6%	5%	0%	—	—	11%	3%	—	0%	—
Cincinnati, OH	4%	—	—	0%	—	—	—	—	4%	0%	0%	—	—	—
Columbus, OH	0%	—	—	0%	—	—	—	—	0%	0%	—	—	—	—
Dallas, TX	9%	—	6%	2%	45%	9%	3%	6%	—	5%	—	2%	2%	—
Denver, CO	13%	—	29%	—	44%	4%	16%	0%	—	9%	0%	0%	7%	—
Detroit, MI	18%	—	—	0%	—	—	—	—	—	11%	—	—	4%	—
Fort Myers, FL	7%	—	12%	26%	26%	12%	—	2%	—	5%	5%	—	—	7%
Houston, TX	10%	—	10%	3%	36%	10%	0%	3%	—	3%	—	—	—	—
Jacksonville, FL	8%	—	8%	—	15%	8%	0%	—	—	8%	0%	0%	0%	4%
Las Vegas, NV	14%	—	20%	—	36%	6%	10%	2%	—	10%	2%	—	8%	—
Los Angeles, CA	1%	—	2%	2%	6%	5%	0%	0%	—	1%	—	1%	0%	—
Miami, FL	—	—	4%	—	—	8%	—	—	—	—	—	1%	—	3%
Minneapolis, MN	19%	—	13%	7%	—	11%	—	—	—	15%	13%	—	2%	—
Nashville, TN	8%	—	—	—	—	—	—	—	—	—	—	—	—	—
New York-Northern New Jersey, NY-NJ	3%	—	1%	11%	—	1%	—	—	1%	2%	—	—	3%	2%
Orlando, FL	5%	—	11%	0%	21%	7%	—	4%	—	5%	7%	0%	2%	—
Philadelphia-Southern NJ	—	—	1%	6%	—	0%	0%	—	6%	4%	—	—	11%	—
Phoenix, AZ	10%	—	7%	8%	37%	11%	8%	4%	—	8%	7%	3%	3%	—
Port St. Lucie, FL	17%	—	0%	—	25%	—	—	—	—	—	—	—	—	—
Portland, OR	—	—	17%	—	—	—	—	—	—	—	—	—	—	—
Raleigh, NC	13%	9%	13%	26%	48%	9%	—	—	4%	22%	—	9%	13%	—
Richmond, VA	0%	0%	—	—	—	—	—	—	33%	—	—	—	—	—
Riverside-San Bernardino, CA	7%	—	8%	7%	17%	6%	1%	—	—	7%	7%	3%	—	—
Sacramento, CA	6%	—	9%	6%	34%	3%	9%	3%	—	0%	6%	0%	0%	—
San Antonio, TX	0%	—	15%	—	31%	4%	—	4%	—	0%	—	—	0%	—
San Diego, CA	3%	—	3%	3%	11%	3%	2%	—	—	5%	2%	2%	2%	—
San Francisco, CA	1%	—	4%	—	—	1%	—	0%	—	3%	—	3%	1%	—
Sarasota, FL	6%	—	—	—	6%	13%	—	—	—	3%	—	0%	—	3%
Seattle, WA	6%	—	12%	—	—	—	—	—	—	—	—	—	—	—
Tampa, FL	11%	—	4%	0%	19%	15%	0%	—	—	7%	7%	0%	—	3%
Tucson, AZ	—	—	7%	3%	33%	10%	13%	7%	—	13%	—	3%	3%	—
Virginia Beach, VA	5%	0%	0%	0%	—	—	—	—	0%	—	—	—	—	—
Washington, DC	8%	4%	4%	7%	4%	7%	8%	—	13%	4%	11%	—	14%	—
Wilmington, NC	0%	0%	—	—	—	—	—	—	0%	—	—	—	—	—
TOTAL	7%	2%	9%	6%	26%	7%	4%	3%	7%	7%	7%	2%	4%	4%

Source: Banc of America Securities LLC estimates.

Exposure to Top 20 New Home Markets

The market exposure of the homebuilders to the top 20 permit-issuing housing markets is outlined in the table below.

Summary of Homebuilders' Exposure to Top 20 New Home Markets

Market	2006	Market Exposure													
	1-family permits	CHCI	CTX	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL	WCI
Atlanta, GA	53,944	*	2%	3%	*	3%	*	*	*	*	4%	7%	*	*	*
Austin, TX	17,753	*	2%	4%	*	3%	5%	*	6%	*	2%	3%	*	*	*
Charlotte, NC	20,281	6%	2%	1%	*	1%	*	*	*	9%	1%	3%	*	*	*
Chicago, IL	28,619	*	2%	3%	4%	*	4%	*	*	*	5%	7%	*	2%	*
Dallas, TX	43,751	*	7%	6%	5%	4%	5%	*	10%	*	2%	5%	7%	0%	*
Denver, CO	12,903	*	1%	6%	*	4%	3%	10%	*	*	1%	4%	4%	*	*
Fort Myers, FL	14,700	*	1%	*	12%	*	4%	*	*	*	3%	*	*	*	19%
Houston, TX	55,105	*	*	5%	11%	7%	12%	*	11%	*	3%	8%	*	*	*
Jacksonville	11,497	*	1%	4%	*	2%	1%	7%	*	*	3%	*	*	*	6%
Las Vegas, NV	21,590	*	3%	5%	*	10%	4%	20%	5%	*	8%	4%	*	4%	*
Los Angeles, CA	13,394	*	0%	2%	4%	2%	1%	1%	*	*	0%	*	2%	*	*
Miami, FL	14,750	*	*	*	*	*	3%	*	*	*	*	*	*	*	8%
Minneapolis	11,966	*	3%	2%	2%	*	2%	*	*	*	2%	5%	*	*	*
NY-NJ	16,472	*	0%	0%	2%	*	0%	*	*	0%	1%	*	*	8%	4%
Orlando, FL	23,498	*	*	2%	*	5%	3%	*	*	*	4%	5%	*	*	*
Phoenix, AZ	35,740	*	5%	11%	*	5%	4%	17%	23%	*	12%	5%	16%	7%	*
Inland Empire, CA	33,508	*	4%	6%	13%	7%	8%	5%	2%	*	5%	6%	8%	0%	*
Seattle, WA	15,091	*	1%	1%	*	*	*	*	*	*	*	*	*	*	*
Tampa, FL	18,306	*	*	*	5%	2%	6%	*	*	*	3%	5%	12%	*	6%
Washington, DC	18,457	94%	3%	0%	10%	*	3%	8%	*	27%	2%	3%	*	23%	4%

Profit Concentration in Key Areas

Market	CHCI	CTX	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL	WCI
Arizona	*	10%	15%	5%	10%	5%	24%	33%	*	12%	8%	12%	7%	*
California	*	30%	25%	27%	38%	30%	20%	24%	*	19%	12%	50%	20%	*
Washington D.C.	94%	5%	2%	16%	*	5%	10%	*	60%	5%	10%	*	25%	4%
Florida	*	12%	10%	17%	12%	24%	7%	7%	*	17%	15%	19%	7%	90%
Nevada	*	4%	5%	*	13%	7%	20%	7%	*	14%	7%	*	6%	*
Total	94%	61%	57%	65%	73%	71%	80%	71%	60%	67%	52%	81%	65%	94%

Source: Builder Online, Hanley Wood LLC, Banc of America Securities LLC estimates.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Atlanta, GA – Growing Supply Problem Pressures Prices; Lenders Begin to Cut Back

(53,944 single-family permits in 2006, 2nd largest homebuilding market in the country)

Some agents see lenders restrict loans; buyers scared of negative media reports. Traffic levels disappointed agents again in March, with our index down slightly to 34.6 in March from 37.7 in February. Tighter lending standards (particularly to sub-prime buyers) began to hurt traffic. One agent said, “Sub-prime lenders are dropping the ball and not giving loans as promised.” Another agent cited the higher down payment requirement, “Sub-prime lenders have changed down payment requirements, with most loans now requiring at least 10% down.” In addition, negative national media reports on weakness in housing kept buyers on the sidelines. We think lending standards will continue to tighten and lead to another leg down in traffic.

Tighter lending standards started restricting first-time buyers, but will be felt across all price points.

Buyers will become more anxious and willing to reduce prices the longer the home remains unsold.

Prices continue to fall as light traffic exacerbates high inventory. Home prices in Atlanta continued to fall, more agents noted this than at any time since we began our survey. Our price index fell to 27.9 from 37.7 in February and below the lowest reading of 28.0 in November 2005. 96% of agents saw flat or lower prices this month. The agents saw rising inventory levels, which have negatively pressured home prices. Our home listings index fell to 10.0 in March (from 15.1), indicating higher inventories. Our time to sell index fell to 17.5 (from 21.7), indicating that homes listed for sale sat on the market longer than before. We believe the increasing supply problem will continue to pressure home prices in the coming months, and believe further price cuts are necessary to help bring supply in balance.

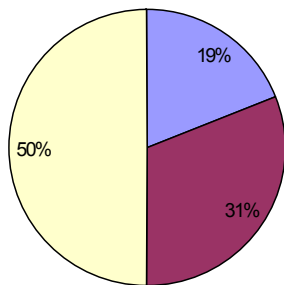
Comments from real estate agents:

- “There is no first time buyer traffic, therefore the move up buyers are unable to sell their homes.”

Ryland and Pulte Homes have the most exposure. Ryland has the greatest exposure to Atlanta with approximately 6% of 2005 net sales, followed by Pulte Homes with 4%.

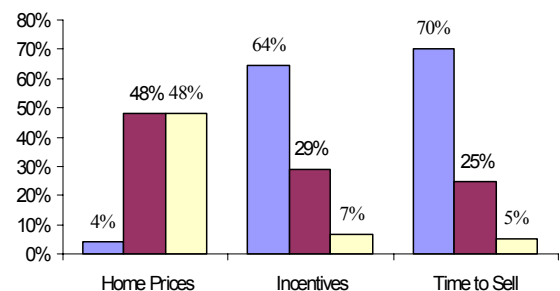
More Severe Supply Problem Pressures Home Prices

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

High traffic from relocations and investors and low inventories continue to drive price appreciation.

Austin, TX – Strong Investor Demand Keeps a Lid on Supply

(17,753 single-family permits in 2006, 12th largest market in the country)

Traffic stays above expectations, driven by strong relocation and investor demand. Traffic remained strong in March, continuing to beat agents' expectations although our index fell slightly to 66.7 from 70.0 in February (readings above 50.0 indicate traffic was better than agents expect). "Traffic continues to be healthy", according to one agent. Healthy job growth is fueling a healthy number of relocations and investors remain hungry to buy. We think investor demand is a positive in the short-term, while inventory levels are low, but increases the risk of overbuilding when demand eases.

Low inventory levels keep home prices rising. Our home price index measured 80.3 in March, down from 82.5 in February but clearly pointing to higher home prices. 64% of agents said prices increased over the past 30 days, 33% said there was no change in prices, and 3% said prices fell. Price appreciation in Texas tends to be moderate since builders can easily adjust construction activity, but the sudden increase in investor demand appears to have created a short-term supply shortage and is fueling the price appreciation. Inventories remained stable in March (our home listings index measured a neutral 47.0) and it is taking less time to sell a home (our time to sell index came in at 60.6), both positives for near-term pricing. We think strong demand will continue to fuel higher prices in the short term, although rapid supply growth should limit the appreciation.

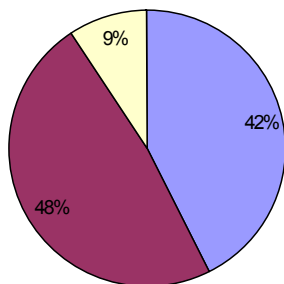
Comments from real estate agents:

- ▶ "I am seeing more resale listings from foreclosures, primarily from sub-prime borrowers. However, they are selling given the strong buyers' market at low price-points."

Meritage and D.R. Horton have the most exposure. Meritage has the greatest exposure to Austin with approximately 7% of 2005 net sales, followed by D.R. Horton with 5%.

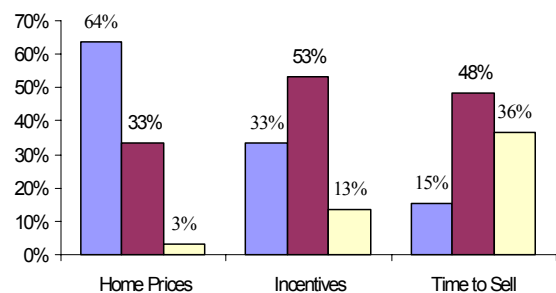
Austin Remains the Strongest of the Top 40 Markets as Low Inventory Levels Spur Price Appreciation

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	↔
Home Prices	👍
Incentives	👎

One agent that said traffic met expectations said, "I see more buyers out looking for homes than last month."

Charlotte, NC – Early Spring Traffic In-Line with Agents' Expectations

(20,281 single-family permits in 2006, 9th largest market in the country)

Start of Spring in-line with agents' expectations. Traffic was in-line with agents' expectations in March with an index reading of 53.1, down slightly from 57.1 in February. Agents indicated that they expected traffic to increase in March, when the key Spring selling season typically starts, and the increase met their higher expectations. Agents attributed the healthy traffic levels to strong job growth due and relocation traffic from out of state buyers. Traffic in Charlotte has been relatively stable and will likely continue in coming months.

Price appreciation chugs along; favorable outlook due to stable time to sell. Price appreciation continued unabated in March, as our index increased to 65.3 from 58.3 in February. Inventory levels increased in March (our index fell to 29.8 from 32.9), but that was largely seasonal and offset by higher seasonal traffic. The time to sell was nearly unchanged in March with an index of 44.8, modestly shy of a neutral reading of 50.0.

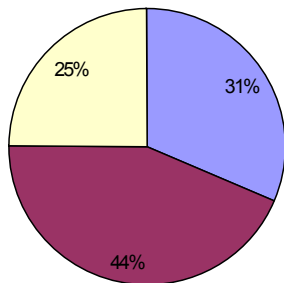
Comments from real estate agents:

- ▶ "Our market is staying active as business development remains strong and second home demand is healthy."
- ▶ "There are fewer listings on the market in general compared to past springs. There also appears to be fewer buyers in the market."

NVR, Comstock, Ryland, and Hovnanian have the most exposure. NVR has the greatest exposure to Charlotte with approximately 10% of sales, followed by Comstock (8%) and Ryland and Hovnanian with approximately 3% each.

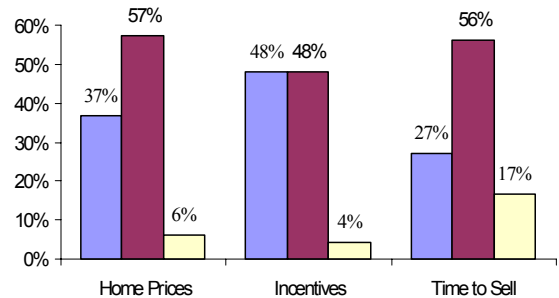
In-Line Traffic and a Stable Time to Sell are Positive Indicators that Price Appreciation will Continue

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Weak traffic in March was not just a function of bad weather. "Traffic was lower as the availability of sub-prime loans decreased."

Chicago, IL – Buyer Confidence Hurt by Higher Inventory Levels and Price Declines

(28,619 single-family permits in 2006, 6th largest market in the country)

Traffic below expected – “Buyers are slow to decide with too much inventory”. Higher inventory levels continued to weigh on buyer confidence in March. Traffic disappointed agents for the second consecutive month and commentary was not weather related. Our traffic index fell modestly to 33.3 from 36.6 in February. Agents attributed the decline to lower buyer confidence due to the high inventory levels and fear of falling prices. Several agents said that tighter lending standards negatively impacted traffic. Our sense is that many prospective buyers are waiting to see how recent changes in lending standings affect home prices since there is no urgency given the high and rising inventory levels.

Inventory overhang grows and pressures prices. Home prices continued to fall in March, as our index was unchanged at 32.3 from 32.5 in February (any reading below 50 indicates sequentially lower prices). Home listings increased in March with our listings index falling to 13.8 from 21.9 in February, far below a neutral reading of 50.0. The time needed to sell a home continued to worsen as well according to our index reading of 17.4, up slightly from 15.2 in February (readings below 50.0 point to deterioration). In addition, agents indicated that foreclosure listings are up with a lot more short sales compared to previous months. We think prices will remain under pressure in the coming months as tighter lending standards cut off demand and exacerbate the inventory overhang.

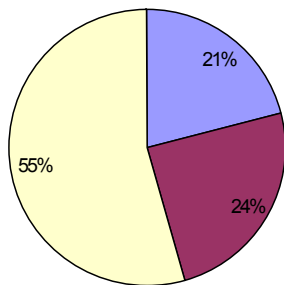
Additional comments from real estate agents:

- ▶ “Sellers have begun to lower prices. They are coming out of denial.”

Ryland, Lennar, and Hovnanian have the most exposure. Ryland has the greatest exposure to Chicago with approximately 7% of sales in the market, followed by Lennar Corp. and Hovnanian with 4% of sales.

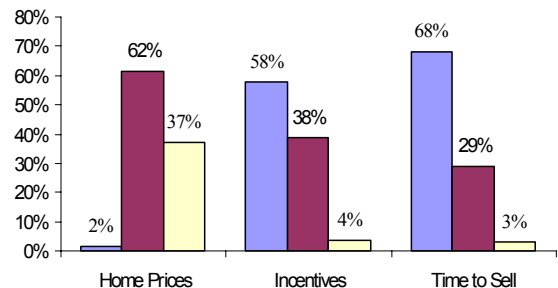
Traffic Below Expectations; Inventory Levels Grow

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	↔
Home Prices	↓
Incentives	↓

“Buyers have too many choices.”

Construction discipline is often difficult to maintain in Dallas given its relatively short entitlement process and abundant supply of land.

Dallas, TX – Lower Prices Aide Traffic, In-Line with Expectations

(43,751 single-family permits in 2006, 3rd largest market in the country)

“Seeing the usual March increase.” Traffic meets expectations. Traffic met agents’ expectations in March after missing expectations in February. Our index improved to 49.2 from 43.8. Agents said reduced pricing and investors drove the increased traffic, but enthusiasm was tempered due to difficulty for some buyers in selling their previous home (a result of high inventory levels). A few agents mentioned tighter lending standards, but it did not yet appear to have had much impact. One such agent noted, “The days of 100% financing with 580 FICO scores are over.”

Prices continue to fall due to oversupply. Home prices fell modestly again in March due to oversupply with our price index essentially unchanged at 38.3 (from 38.4 in February) as readings below 50 suggest falling prices. Inventories continued to grow in Dallas, with our home listings index measured 21.0 in March, from 22.2 in February, while a level of 50 indicates flat inventories. The time to sell also continued to lengthen. Our time to sell index measured 29.8 in March, unchanged from 30.4 in February. We view the longer time needed to sell a home as a negative indicator for future pricing.

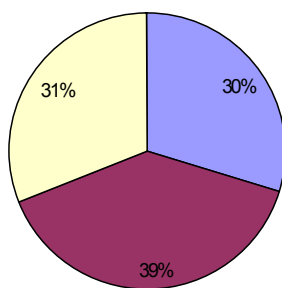
Additional comments from real estate agents:

- ▶ “We started the month with a nice bit of traffic, but I’m concerned that problems in the non-prime lending market may slow down the first-time homebuyers.”

Centex, Ryland and D.R. Horton have greatest exposure. Centex has the greatest exposure to Dallas, capturing 9% of its sales in the market, followed by Ryland and D.R. Horton with 8% each.

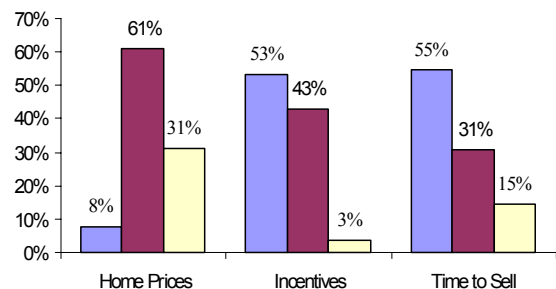
Supply Pressuring Home Prices; Traffic In-Line with Expectations

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	↔
Home Prices	👎
Incentives	👎

Foreclosures exacerbated already excessive inventory levels.

Denver, CO – Traffic Meets Expectations After Weather Clears

(12,903 single-family permits in 2006, 21st largest market in the country)

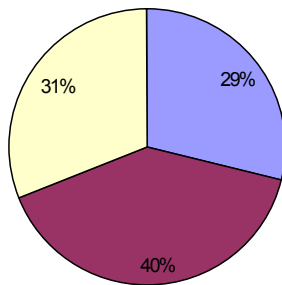
Traffic in-line with expectations as buyers return after harsh weather. Traffic improved again in March, meeting agents' expectations for the first time since January '06. Our traffic index increased to 48.9, up from 43.8 in February. Agents widely attributed the strength in traffic to warmer weather, noting a cold winter kept buyers inside for the past two months. However, the depressed traffic over the past two months allowed inventory levels to build. We expect this to weigh on buyer confidence through the Spring season.

Home prices keep falling; higher traffic isn't enough to stop inventories from rising. Prices continued to fall in Denver despite traffic levels that met agents' expectations. Our price index improved to 40.0 in March from 33.3 in February, but still came in shy of a neutral level of 50. The cold winter weather depressed traffic in the past few months, but did not stop inventory from climbing. Our home listing index remained essentially unchanged in March at 34.1 from 33.3 in February. We think prices will deteriorate further in the coming months in order to work off excess inventories.

MDC Holdings and D.R. Horton have greatest exposure. MDC Holdings has the greatest exposure to Denver with approximately 12% of sales, followed by D.R. Horton with approximately 6% of sales.

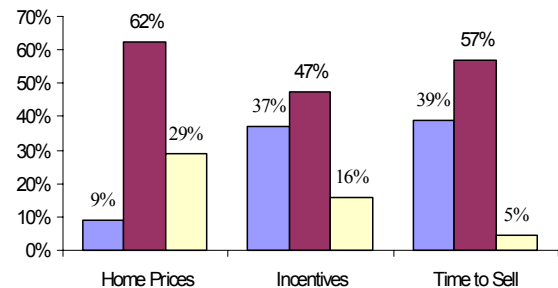
Traffic Met Agents' Expectations After a Long String of Disappointments; High Inventory Left Behind

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Put simply, "The market is horrible," as one agent noted

Ft. Myers, FL - No Evidence that Market is Close to a Bottom

(14,700 single-family permits in 2006, 16th largest market in the country)

Agents overwhelmingly view the Spring season as a disappointment. Buyer traffic remained well below agents' expectations in March, with our traffic index nearly unchanged at 22.6 from 20.5 in February. One agent said, "Conditions continue to deteriorate, even though we're in the middle of the selling season." Another agent went to the core of the problem, "Confidence is at an all-time low as buyers are lost in an almost infinite sea of inventory." We believe the glut of supply in Ft. Myers will take a long time to work though, especially with potential inventory added from tighter lending standards and foreclosures.

Majority of agents continue to note price declines. Price declines continued in March, as our index dropped to a reading of 8.3 from 19.0 in February. 86% of agents said prices fell in March, 12% said prices were steady, and just 2% said prices increased. However, the price declines are not severe enough to spur demand as traffic remains far below agents' expectations and supply continues to build. Our time to sell index measured 14.3 in March, down slightly from 15.9 in February. We see no signs of stabilization and think significant price cuts are needed to work through the inventory overhang.

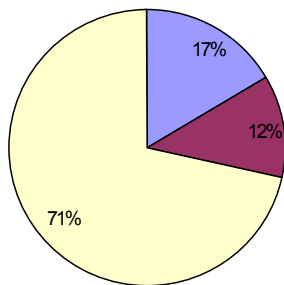
Additional comments from real estate agents:

- ▶ "There is no compelling reason for buyers to make a decision at this time."

WCI Communities and Hovnanian have the most exposure. WCI has the greatest exposure to Fort Myers with approximately 22% of 2005 net sales, followed by Hovnanian with 11% following its 2005 acquisition of First Homebuilders of Florida.

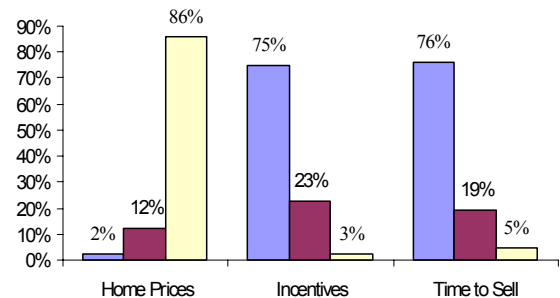
Agents More Pessimistic as Traffic Deteriorates, Prices Fall, and Inventories Rise

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Traffic and price appreciation remain steady in the nation's largest market for new home construction.

Houston, TX – Little Volatility from Month to Month

(55,105 single-family permits in 2006, largest market in the country)

Traffic exceeds expectations, again. Traffic in Houston was strong as it has been in recent months. Our traffic index improved to 59.2 in March from 53.7 in February, indicating that traffic exceeded agents' expectations. Traffic was driven by continued job growth.

Modest price appreciation; slight deterioration in the time needed to sell. Modest price appreciation continued in Houston, as our index came in unchanged at 57.9 in March, consistent with 57.5 in February and 57.6 in January. We continued to see heavy incentive use among builders to capture sales to make up for lost sales in other markets where sales are hard to find. Our incentive index rose to 29.4 from 24.3 in February (below a neutral 50). We think job growth, high affordability, and investor interest will continue to support steady price appreciation in the coming months. However, few constraints on supply keep price appreciation modest. In addition, the time to sell deteriorated only slightly in March, with an index reading of 41.9 (readings below 50.0 point to deterioration).

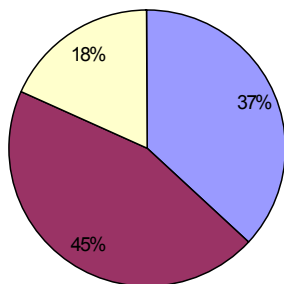
Additional comments from real estate agents:

- ▶ “I have seen 100% CLTVs eliminated and underwriting guidelines tighten.”

Lennar, Hovnanian, and KB Home have the most exposure to Houston with approximately 12%, 9%, and 8%, respectively, of their 2005 unit sales.

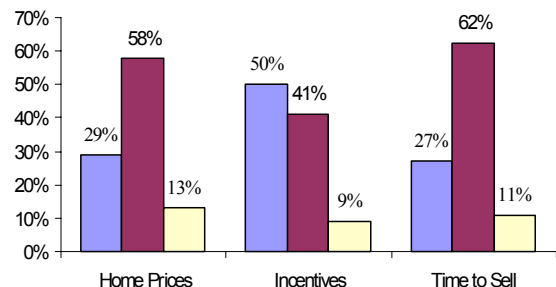
Job Growth, High Affordability Drive Strong Traffic and Steady Price Appreciation

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

According to one agent, lenders are, "rechecking credit at the last minute and adding stipulations to previously approved loans."

Price cuts not enough to attract buyers.

Jacksonville, FL - Few Buyers Willing to Step Up Despite Lower Prices

(11,497 single-family permits in 2006, 23rd largest market in the country)

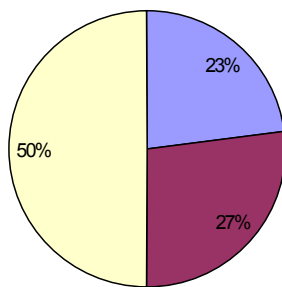
Traffic stays below expectations due to low buyer confidence. Buyer traffic remained well short of agents' expectations far into the Spring selling season. Our traffic index was nearly unchanged at 36.5 in March from 36.0 in February. Agents noted that sellers lowered prices but buyers shrugged it off because they expect further price declines. Agents said there were some additional buyers in the market, but not as many as they would expect this time of year. A few agents attributed the weakness to tighter lending standard, but the full impact of the changing lending environment has not yet been felt.

Most agents still see falling prices. High and rising inventories continued to negatively pressure home prices in March. Our index dropped to 18.8 from 32.0 in February (a level below 50 suggests declining pricing) with lower prices according to 63% of agents and no change in prices for the remainder. Builders added incentives to remain competitive, with our incentive index unchanged at 28.0 from 30.0 in February (readings below 50.0 point to higher incentives). We do not see any sign that prices will stabilize in the near-term due to higher inventories and a longer time to sell in March, with both indices below 50.0 (neutral) at 15.2 and 21.7, respectively, in March, compared with 14.0 and 16.7 in February.

Lennar Corp., Hovnanian, and KB Home have the most exposure to Jacksonville with approximately 12%, 9%, and 8%, respectively, of their 2005 unit sales.

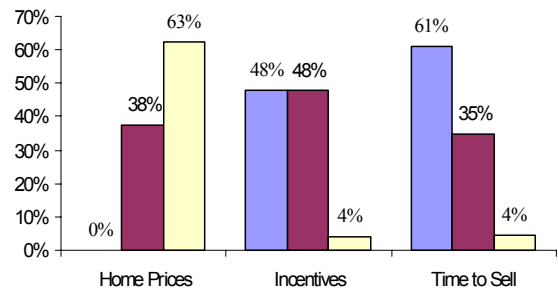
Sellers are Beginning to Adjust Prices, But Confidence Needs to Rebound before They Step Back In

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

“Buyers have cold feet. They are not committed to purchase anything!”

Las Vegas, NV –Buyers “Unwilling or Unable”

(21,590 single-family permits in 2006, 8th largest market in the country)

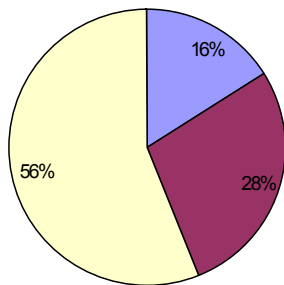
“Buyers are few and far between.” Traffic disappointed agents again in March, as our buyer traffic index fell to 30.0 from 39.4 in February. Agents said that buyers are scared by the price instability in the market, even though sellers have lowered prices. Agents also noted that tighter lending has cut off buyers reliant on 100% financing. According to one agent, “Loan approvals are much harder to come by as Freddie Mac has issued new regulations and several sub-prime lenders have closed their doors.” Another added, “Stricter requirements for 100% financing are starting to take effect.

Home prices fall; grim outlook on pricing given higher inventory and a longer time needed to sell. Higher inventories continued to pressure home prices in March, as our price index was essentially unchanged at 26.0 (from 25.5 in February), far short of a neutral reading of 50. In addition, more home listings and a longer time needed to sell a home in March likely point to further price declines. Our time to sell index fell to 21.0 from 27.7 in February (a level of 50 suggests the time to sell was unchanged).

KB Home and Pulte have most exposure to Vegas. KB Home has the greatest exposure to Las Vegas with 11% of 2005 net sales, followed by Pulte with 7%.

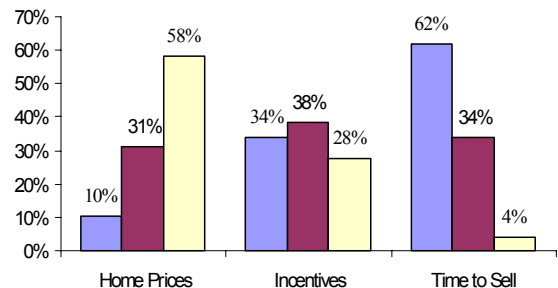
Buyers are Hesitant Due to the Supply Overhang and Price Instability

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	↔
Home Prices	👎
Incentives	👎

100% financing is disappearing, but that appears to be just the tip of the iceberg.

Los Angeles, CA – Traffic Stability But Not Price Stability

(13,394 single-family permits in 2006, 20th largest market in the country)

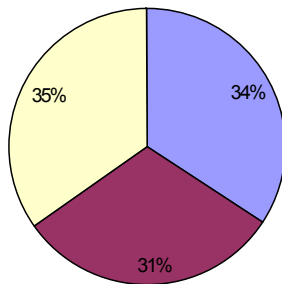
Traffic in-line with expectations; buyer confidence up, but tone still cautious and non-committal. Traffic levels in March were consistent with January and February and in-line with agents' expectations for the third consecutive month. Our traffic index measured 49.5, essentially unchanged from 48.0 in February and 47.2 in January. Agents said buyers regained confidence after price reductions made homes more affordable. However, buyers are still far from confident. One agent described buyers as "cautious and non-committal." However, agents are hopeful three months of traffic in-line with their expectations will help stabilize the market. Another agent said, "It's still a buyer's market, but the market is gaining some stability." Agents noted tighter lending standards, but it is still too early to see the impact to demand. As one agent notes, "Tighter lending seems to be coming, but has not hit yet."

Home prices continue to fall. Home prices fell again in March as our index dipped to 38.9 from 45.2 (a reading of 50 suggests flat prices). The price declines helped to spur traffic, but further cuts are needed to reduce the high level of inventory. Home listings continued to increase in March and the time to sell lengthened. Both indices were well below 50.0 at 28.9 and 31.1, respectively, near similar levels in the prior month.

Hovnanian, KB Home, Standard Pacific and MDC have the most exposure. Approximately 3% of Hovnanian's 2005 sales come from L.A., the most among the large builders, followed by 2% from KB Home, Standard Pacific, and MDC Holdings.

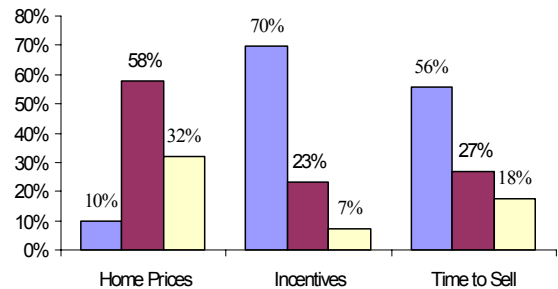
Traffic In-Line With Expectations For the Third Consecutive Month, But Prices Continue to Head Lower

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

“Inventory is very heavy, and buyer motivation is low.”

Buyers are on the sidelines, waiting for further price declines.

Miami, FL – Buyers Know Prices Will Be Lower If They Wait

(14,750 single-family permits in 2006, 15th largest market in the country)

“There is no buyer interest.” Traffic fell well short of agents’ expectations again in March, with our index nearly unchanged at 22.2 from 21.6 in February. Agents generally have not seen any sign of improvement. Agents noted that buyers have no urgency due to the high inventory levels and think that prices will be lower in the future if they wait. In addition, agents said that buyers are discouraged by high real estate taxes and insurance costs, and that reform of both is needed before many buyers can reenter the market.

Price index at lowest reading since our survey began. The price decline has not let up as agents continued to note sequentially lower prices. Our price index declined to 14.7 in March from 20.9 in February (levels below 50 indicate sequentially lower prices), the lowest reading in Miami since we started our survey in January 2005. In addition, the vast majority of agents continued to see a buildup in home listings and a longer time needed to sell. The time to sell index fell to 10.9 from 11.2 in February. We expect the deteriorating inventory trends to negatively pressure home prices.

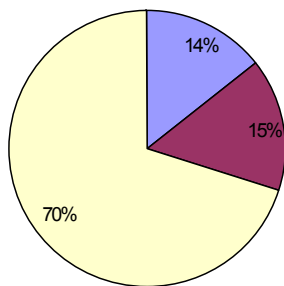
Additional comments from real estate agents:

- ▶ **“Conditions in Florida scare lenders as much as they do buyers.”**

WCI Communities and Lennar Corp. have the most exposure. WCI Communities and Lennar have the greatest exposure to Miami with approximately 12% and 2% of 2005 sales, respectively.

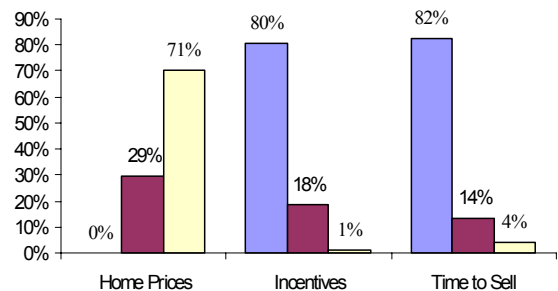
No Sign of Stabilization – High and Rising Inventories, Longer Time to Sell, Price Declines, and Weak Traffic

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Buyers are looking for price stability before jumping into the market.

Minneapolis, MN – Sellers Lower Prices, But Have Little Impact on Traffic

(11,966 single-family permits in 2006, 22nd largest market in the country)

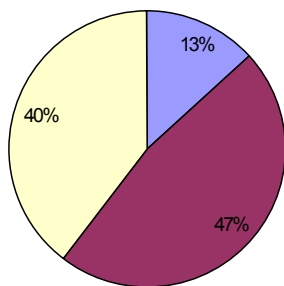
Traffic below agents' expectations, unchanged from prior month. Traffic remained below agents' expectations with our traffic index essentially unchanged at 36.8 (from 37.5 in February). Sellers lowered prices to entice buyers, but it appears to have had little effect on traffic in March. Agents attributed the weak traffic to low buyer confidence for fear of further price declines. In addition, a few agents blamed cold weather and snowstorms, but confidence appears to be the more important factor. One agent noted, "We've had some bad weather, but people say they are just waiting for better deals."

Prices fall in March; further price cuts needed to work through inventories. A majority of agents saw price declines in March, with our index falling to 17.3 from 26.9 in February. 65% of agents said prices fell and 35% said home prices were unchanged. Sellers were forced to lower prices amid heavy competition from the area's record inventory levels, in addition to new foreclosures that undercut market prices. We expect inventory levels to continue to pressure home prices as inventories rose sharply. Our home listings index fell to 14.8 from 29.6 in February (a reading of 50 indicates stable inventory). We expect foreclosure activity to worsen in the coming months due to adjustable rate mortgage resets and tighter lending standards.

Ryland, D.R. Horton, Centex, and Lennar have the greatest exposure. Ryland has the greatest exposure to Minneapolis with approximately 4% of 2005 net sales, followed by D.R. Horton, Centex and Lennar with 3% each.

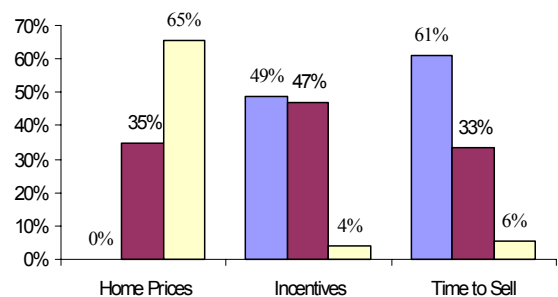
Buyers Are Waiting for Further Price Cuts

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

The recent surge in inventories will place further pressure on sellers throughout the spring.

New York-Northern NJ – Traffic Slightly Below Expectations

(16,472 single-family permits in 2006, 13th largest market in the country)

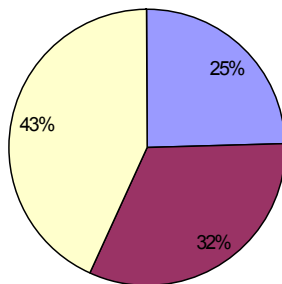
Sellers set prices too high. Buyer traffic was modestly below agents' expectations in March after meeting expectations in the prior two months. Our traffic index dipped to 40.7 from 46.4 in February. Agents said buyers are dissuaded from unreasonably high asking prices from sellers and that buyers are waiting for prices to drop. Buyers appear to be winning the standoff so far, as prices continue to fall.

Prices fall further. Price declines continued in March, as our index fell slightly to 32.8 from 34.0 in February. It is a buyers market due to the large supply of inventory and heavy competition among sellers. Our homes listings index fell to 22.6 in March from 29.5 in February, a negative indicator for pricing. In addition, the time needed to sell continued to lengthen as our index was essentially unchanged at 24.7 in March (from 25.0 in February). We expect sellers to become more anxious as the Spring season progresses.

Toll Brothers and Hovnanian have the greatest exposure. Toll Brothers and Hovnanian have the most exposure to the New York-Northern NJ area market and hold a significant supply of land to fuel their growth in the area. Toll Brothers and Hovnanian generated the largest percentage of 2005 sales in the area with 5% each.

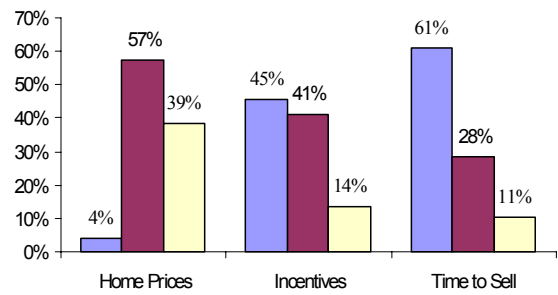
Buyers Looking For Further Price Concessions

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

There are still too many homes on the market to entice buyers with price reductions.

Orlando, FL – Buyer Interest Limited to Large Price Concessions

(23,948 single-family permits in 2006, 7th largest market in the country)

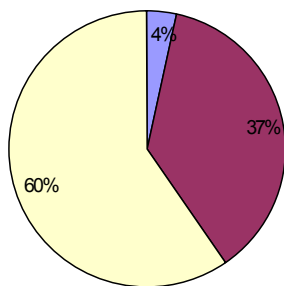
“No significant change in traffic”; a few “ridiculously low offers”. Buyer traffic remained below agents’ expectations in March. Our traffic index fell slightly to 21.9 in March from 25.8 in February (a 50.0 reading equates to traffic in-line to agents’ expectations). Hope for a decent Spring selling season is rapidly fading as agents say buyers are hesitant to enter the market due to the growing supply of homes for sale and declining prices. The sales activity appears to be limited to distressed sellers willing to accept sharply discounted offers from buyers. We think significant price reductions are needed to improve affordability, with price stability then helping to restore buyer confidence.

No signs of price stabilization. Our price index improved modestly to 22.8 in March from 15.6 in February, but still points to falling prices (any reading below 50 indicates sequentially lower prices). Unfortunately, we see no signs of stabilization at this time as traffic deteriorates, inventories rise, and time needed to sell a home lengthens. Our home listings index and time to sell index measured 19.6 (from 11.7) and 8.8 (from 11.3), respectively, as the vast majority of agents saw more listings and a longer time to sell in March.

Ryland, KB Home, and Lennar have the greatest exposure. Ryland has the largest percent of sales from Orlando at approximately 6%, followed by KB Home and Lennar with 4% each. We also expect Hovnanian to rapidly increase exposure to Orlando following its recent acquisition of Cambridge Homes.

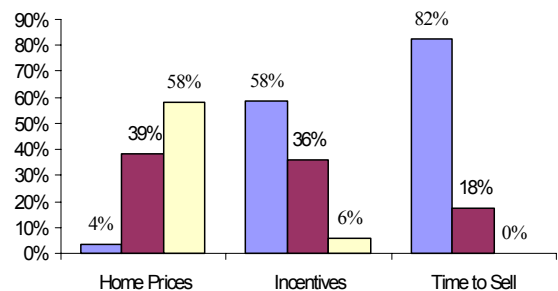
Significant Price Reduction Still Needed to Attract Buyers

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

“There is a lot of fear in the market.”

Competition among builders has picked up as more began offering steep incentives.

Phoenix, AZ – Buyers Waiting for Bottom to Fall Out

(35,740 single-family permits in 2006, 4th largest market in the country)

Buyer traffic stays below expectations. Home prices have declined but most buyers continue to wait. Traffic remained far below agents’ expectations with our index falling to 24.8 from 35.5 in February. Another month of modestly lower home price did not help, as agents said buyers have been trained that waiting leads to lower prices. There is a general lack of urgency given the high inventory of homes. In addition, agents noted that loan requirements are getting tougher, cutting off another segment of buyers.

Price declines continue. Home prices continued to decline in March with our price index measuring 27.8, up from 22.1 in February (any reading below 50.0 indicates sequentially lower prices). We see no sign of price stabilization in the near-term due to continued increase in the number of home listings and time needed to sell. Our home listings index fell to 25.0 from 31.6 in February, as inventories continue to rise. In addition, the time needed to sell lengthened in March, with our index at 19.3 (a level of 50 would suggest time to sell was unchanged). Larger inventories and a longer time needed to sell will reinforce buyers’ attitude that it’s better to wait.

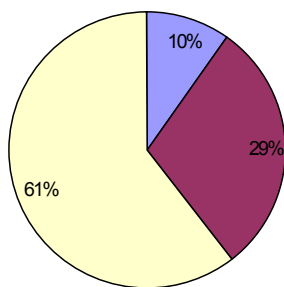
Additional comments from real estate agents:

- ▶ “Mortgage lenders under closer watch and are changing requirements for buyers to qualify.”

MDC Holdings, Standard Pacific, Meritage, Pulte Homes, D.R. Horton and Toll Brothers have the greatest exposure. MDC and Standard Pacific have the largest exposure to Phoenix, contracting approximately 19% of total 2005 unit sales in the area, followed by Meritage (18%), Pulte (16%), D.R. Horton (11%) and Toll (10%).

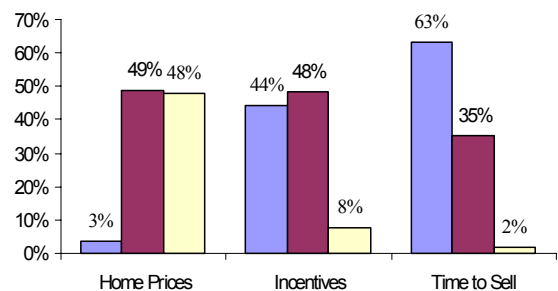
Further Price Declines Are Likely to Keep Buyers on Edge in the Coming Months

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

“More potential buyers are complaining about the high mortgage payments required to purchase a home.”

Riverside-San Bernardino, CA (Inland Empire) – Tighter Lending Will Be a Major Challenge

(33,508 single-family permits in 2006, 5th largest market in the country)

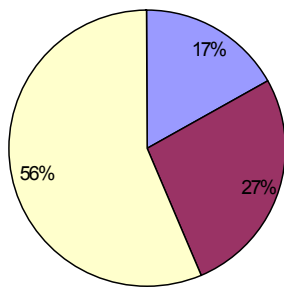
Agents expect tighter lending to be a major obstacle. Traffic remained far below agents’ expectations March as buyers stayed on the sidelines, expecting further price declines. In addition, agents said lenders began to tighten and foresee a major impact to sales in coming months. One agent said the tighter lending criteria will impact 50% of his customers. We think these changes will significantly reduce traffic in the Inland Empire, where a large portion of buyers likely rely on lower down payments and have lower FICO scores compared with more expensive, coastal areas. Our traffic index increased slightly to 30.3 from 26.5 in February, but was well below a neutral reading of 50.0.

Growing inventory problems should push prices lower. Prices fell further in March, as weak demand from stretched affordability and rising inventory levels pressured sellers. Our price index declined to 21.1, down from 26.9 in February (a reading below 50.0 indicates sequentially lower prices). In addition, our homes listed for sale index slipped to 16.7 in March from 20.5 in February, pointing to higher inventory levels, and time needed to sell a home lengthened with our index at 15.5 (from 11.7). We think prices will continue to be pressured in the coming months as stricter lending criteria curb demand and lead to even higher inventories.

Hovnanian, KB Home and Lennar have the greatest exposure. Hovnanian has the largest percent of sales at approx. 15%, followed by KB Home (7%), and Lennar (6%).

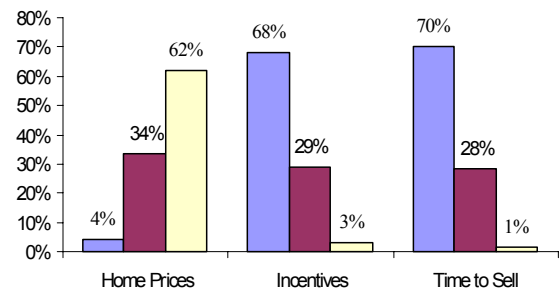
Tougher Lending Criteria Will Further Strain Affordability

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	↔
Home Prices	👍
Incentives	👎

There is still a sense of urgency to buy, especially at lower price points, due to a tight supply of inventory.

Seattle, WA – Signs of Price Stability Lead to Improved Buyer Confidence

(15,091 single-family permits in 2006, 14th largest market in the country)

Traffic in-line with expectations; buyers retain urgency from low inventory.

Traffic remained in-line with agents' expectations in March, as our index declined modestly to 46.3 from 50.0 in February. Agents said buyer confidence remained high and still retained a sense of urgency because inventory levels were manageable. So far, Seattle has largely remained immune to the national housing troubles, likely due to limited new supply.

Prices rise modestly – the third consecutive month. Home prices rose for the third consecutive month, according to agents. Our price index improved to 62.7 from 57.0 in February (a level of 50 suggests flat prices). However, the rising inventories may hold prices in check. Our home listings index measured 20.3 (from 14.9), indicating growing inventory levels. The time to sell also worsened in March with our index down to 28.0 from 32.0.

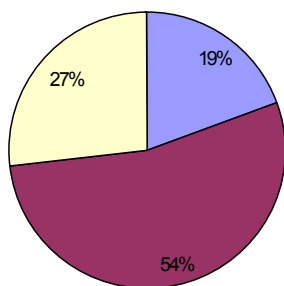
Additional comments from real estate agents:

- ▶ “We are now seeing our typical first quarter surge, which was delayed this year because of really bad weather.”

D.R. Horton has the best footprint in the local market. D.R. Horton generated approximately 1% of its 2005 sales in Seattle, with a 5.5% market share. We expect larger, publicly traded homebuilders to further consolidate the market in the next several years.

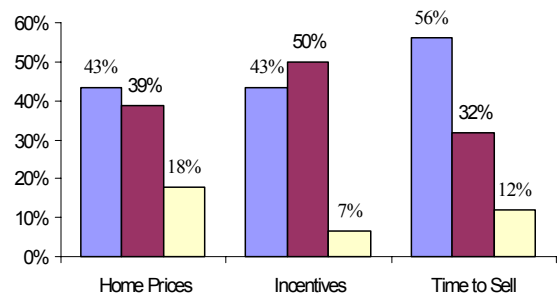
Conditions Remain Stable – In-Line Traffic and Price Appreciation

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

“There are few lookers and even fewer buyers.”

“There is still too much inventory and housing costs are too high.”

Tampa, FL – Lower Prices Not Enough to Entice Buyers

(18,306 single-family permits in 2006, 11th largest market in the country)

Traffic far below agents’ expectations. Our traffic index was essentially unchanged at 15.3 in March (from 16.4 in February). Traffic remained depressed despite price reductions. Agents said that buyers feel that prices have not been lowered enough, pointing to the glut of supply. In addition, buyers are concerned about higher property taxes and rising insurance costs.

Most agents continue to see price declines; bottom does not appear close. Our price index fell slightly to 17.6 in March from 20.9 in February, with lower prices relative to February according to 66% of agents, flat prices according to 32%, and higher prices according to just 1%. In addition, builders increased incentives to remain competitive. We do not sense that a bottom is near as home listings and the time needed to sell continue to deteriorate, typically a leading indicator for home prices. We think prices will remain under pressure throughout ’07 as sellers must become more aggressive in order to bring buyers back into the market.

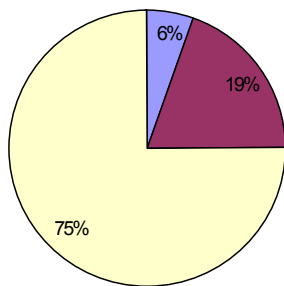
Additional comments from real estate agents:

- ▶ “I believe buyers are afraid of rising property taxes and insurance. It’s had a huge impact on buyer confidence.”

Standard Pacific Homes, Ryland, and Lennar have the most exposure. Tampa contributes approximately 10% of Standard Pacific’s net sales, followed by 7% each for Ryland and Lennar.

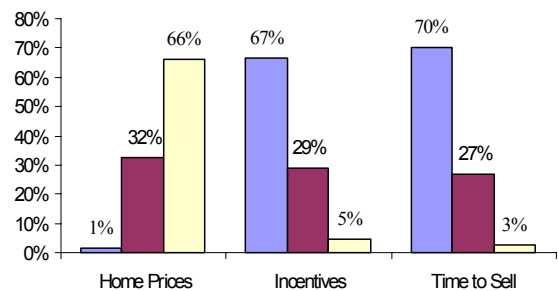
Higher Traffic or Stable Inventory Levels and Time to Sell Would Be an Early Indicator that the Market Has Found a Bottom

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	↔
Home Prices	👎
Incentives	👎

Buyer confidence is building as more people feel the bottom is near.

Washington, D.C. – Traffic Met Expectations; Buyers Sense Floor on Pricing is Near

(18,457 single-family permits in 2006, 10th largest market in the country)

Lower prices and confidence that bottom is near. Our traffic index slipped from last month to 48.3 in March from 60.3 in February, but was still in-line with agents' expectations. Buyers were confident to step in because they believe downside to pricing is limited. One agent said, "People who were waiting for the market to bottom are now making decisions and purchasing." However, another leg down in pricing would likely shake buyers' confidence.

Prices declining modestly, but stable time to sell points to potential stabilization. Our price index inched up to 38.3 from 36.0 in February, closer to a neutral reading of 50. Lower prices have been the main driver of traffic so far, but sellers will likely be less willing to lower prices since the time to sell has stabilized. In the past two months, the time needed to sell a home has been stable with index readings close to 50.0 (a reading of 44.0 in March and 45.0 in February). We think continued strength in traffic and a stable time to sell will help to reach a floor on pricing in Washington, D.C.

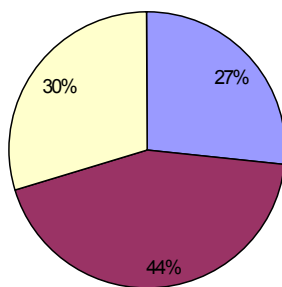
Additional comments from real estate agents:

- ▶ "Buyers are ready... they think prices have come down enough and want to buy."

NVR, Toll Brothers and Hovnanian have the greatest exposure. NVR has the most exposure to the Washington, D.C. market, as it represented approximately 25% of the company's 2005 sales. Washington represented 11% of Toll Brothers' sales and 8% of Hovnanian's sales.

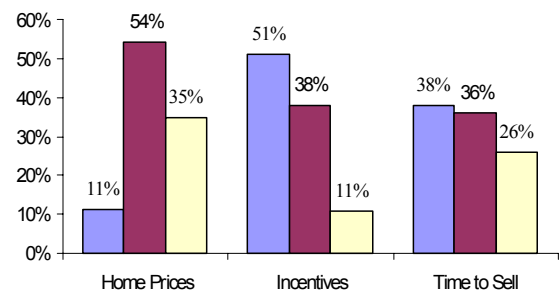
Market Beginning to Firm as Traffic Holds Steady, Prices Look For a Floor

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

Additional Key Housing Markets

March Market Trends	
Traffic	
Home Prices	
Incentives	

Baltimore, MD

(6,331 single-family permits in 2006, 44th largest market in the country)

Traffic exceeds expectations. Our traffic index increased to 65.0 in March from 50.0 in February, indicating traffic above agents' expectations (the third consecutive month traffic has been in-line or above expectations). 50% of agents said traffic exceeded expectations, 30% said it was in-line with expectations, and 20% said it fell short of expectations.

Pricing and incentives worsened, however. Our price index fell to 30.0 in March from 40.0 in February indicating falling prices for the tenth consecutive month (any reading below 50 suggests falling prices). 50% of agents said prices were lower than in February, 40% said they were unchanged, and 10% said they were higher. Incentives also deteriorated, as our incentive index fell to 6.3 in March from 35.0 in February. 88% of agents said incentives were higher, and 13% said they were unchanged.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 45.0 in March (from 30.0 in February), but remains shy of a neutral reading of 50. 40% of agents said it took longer to sell a home, 30% said the time to sell was unchanged, and 30% said it took less time to sell a home.

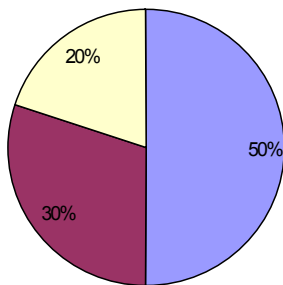
Comments from real estate agents:

- ▶ “Things are slowly improving. Calls on my listings have increased dramatically over the past week.”
- ▶ “Interest rates have remained favorable and sellers are continuing to provide concessions, allowing buyers a chance to get a better deal.”

NVR, Ryland, and MDC have the greatest exposure. NVR has the most exposure to Baltimore, as it represented approximately 14% of the company's 2005 sales. Baltimore represented 6% of Ryland's sales and 2% of MDC's sales.

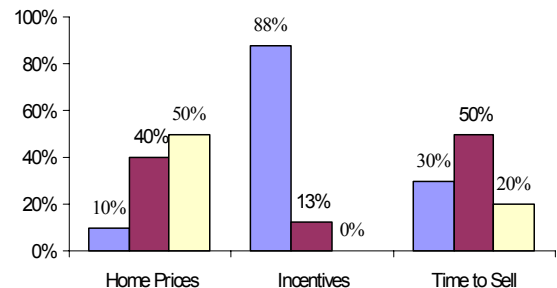
Traffic Exceeds Expectations, Bur Prices and Incentives Worsen, and Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Charleston, SC

(7,305 single-family permits in 2006, 37th largest market in the country)

Traffic below agents' expectations. Our traffic index fell to 34.6 in March from 46.0 in February, as traffic came in below agents' expectations. 50% of agents said traffic was below expectations, 31% said it was in-line with expectations and 19% said it exceeded expectations.

Prices and incentives worsen. Our price index was unchanged at 34.0 in March from 35.4 in February, pointing to sequentially lower prices (a level of 50 suggests flat prices). 52% of agents said prices were unchanged, 40% said prices declined, and 8% said prices increased. Incentives also worsened in March, as our incentive index fell to 16.7 from 22.9 in February. 67% of agents said incentives were higher, while 33% said incentives were flat.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index fell to 14.6 in March from 36.0 in February as 71% of agents said it took longer to sell a home and 29% said it took the same length of time.

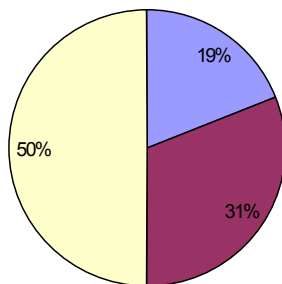
Comments from real estate agents:

- ▶ “Buyers seem to be taking longer to make a decision, and sellers are getting impatient.”

Ryland and Centex have the greatest exposure. Ryland has the most exposure to the Charleston market, as it represented approximately 3% of the company's 2005 sales. Charleston represented 2% of Centex's sales.

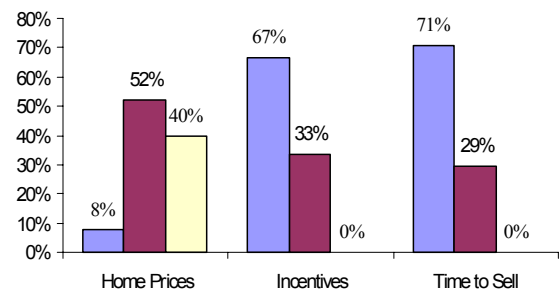
Traffic Below Expectations, Prices and Incentives Worsen, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Cincinnati, OH

(7,525 single-family permits in 2006, 35th largest market in the country)

Traffic below expectations. Our traffic index improved to 40.0 in March from 31.0 in February, but still suggests traffic short of expectations (a reading of 50). 44% of agents said traffic fell short of expectations, 32% said it was in-line with expectations, and 24% said it was above expectations. Agents noted a recent pick-up in traffic but appear concerned that demand will slip as lending standards tighten.

Pricing and incentives deteriorate further. Our price index improved modestly to 35.4 in March from 31.0 in February, still indicating sequentially lower prices (any reading below 50 points to falling prices). 54% of agents said prices were unchanged, 38% said prices declined, and just 8% said prices were higher. Our incentive index came in at 21.7 in March, as 61% of agents said incentives increased, 35% said incentives were unchanged, and just 4% said incentives were lower.

Longer time to sell should pressure home prices. Our time to sell index measured 28.0 in March, as 60% of agents said it took longer to sell a home, 24% said the time to sell was unchanged, and 16% said it took less time to sell a home as compared with February. We view the longer time needed to sell as a negative indicator of future pricing trends, as sellers are pressured to reduce prices in order to attract buyers.

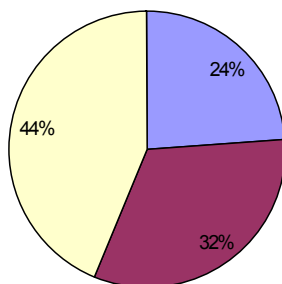
Comments from real estate agents:

- “Much of the first time buyer, sub-prime market has been eliminated.”

NVR and Ryland have the greatest exposure. Ryland has the most exposure to the Cincinnati market, as it represented approximately 2% of the company’s 2005 sales.

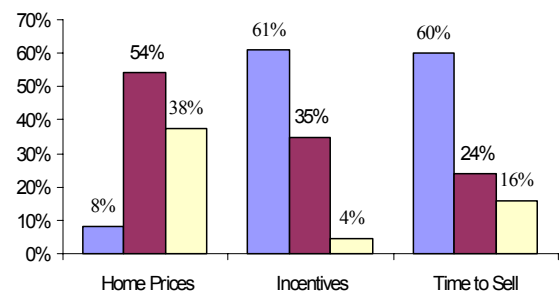
Traffic Below Expectations, Pricing and Incentives Worsen, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days..



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Columbus, OH

(5,711 single-family permits in 2006, 52nd largest market in the country)

Traffic falls short of expectations. Traffic slipped in March and fell short of agents' expectations, with our traffic index at 38.1 (from 50.0 in February). 57% of agents said traffic met expectations, 33% said it was below expectations, and 10% said it exceeded expectations.

Pricing and incentives worsened. Our price index improved to 30.0 in March from 25.9 in February, but still indicates falling prices (readings below 50 suggest sequentially lower prices). 60% of agents said prices were unchanged, while 40% said prices were lower. Incentives also worsened, as our index came in at 21.1 in March. 63% of agents said incentives were higher, 32% said they were unchanged, and just 5% said they were lower than in February.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index measured 30.0 in March, as 55% of agents said it took longer to sell a home, 30% said it took the same length of time and 15% said it took less time. We think the longer time needed to sell will continue to pressure home prices in coming months.

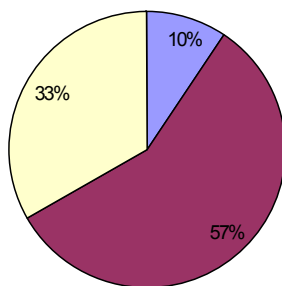
Comments from real estate agents:

- ▶ "The rate of calls has increased compared to mid-2006 and early-2007."

Centex has the most exposure to the Columbus market, as it represented approximately 2% of the company's 2005 sales.

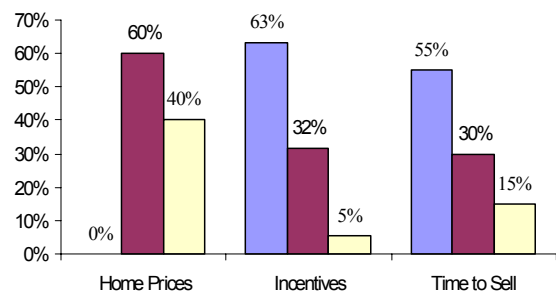
Traffic Short of Expectations, Pricing and Incentives Deteriorate, Time to Sell Worsens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Detroit, MI

(7,355 single-family permits in 2006, 36th largest market in the country)

Traffic remains well below agents' expectations. Our traffic index improved slightly to 25.0 in March from 18.8 in February, but remains far short of a neutral reading of 50. 65% of agents said traffic was below expectations, 21% said it was in-line with expectations, and 14% said it exceeded their expectations.

Pricing and incentives continue to worsen. Our price index fell to an extremely low 7.1 in March from 18.4 in February, as nearly every agent said prices are falling in Detroit. 86% of agents said that prices declined, while 14% of agents said prices were unchanged. In addition, incentives also increased in March, with our index coming in at 30.4. 52% of agents said incentives increased, 35% said incentives were unchanged, and 13% said incentives decreased.

Nearly all agents note longer time needed to sell. Our time to sell index was unchanged at 5.6 in March from 6.8 in February, as 93% of agents said it took longer to sell a home, 4% said time to sell was unchanged, and 4% said it took less time. We view the longer time needed to sell a home as a negative indicator of future pricing.

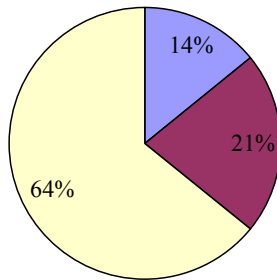
Comments from real estate agents:

- ▶ "Appraisals are tightening up and value is falling due to foreclosures."

Pulte, Toll Brothers, and Centex have the greatest exposure. Pulte has the most exposure to the Detroit market, as it represented approximately 5% of the company's 2005 sales. Detroit represented 5% of Toll Brother's sales and 2% of Centex's sales.

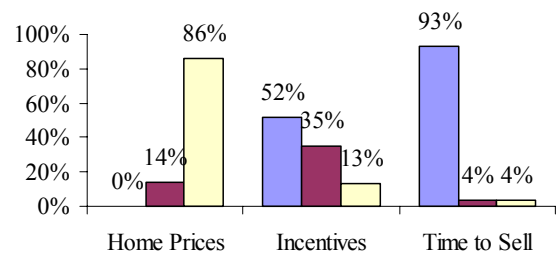
Traffic Below Expectations, Pricing and Incentives Worsen, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Nashville, TN

(13,771 single-family permits in 2006, 18th largest market in the country)

Traffic improves, exceeds expectations. Our traffic index jumped to 58.3 in March from 33.3 in February, indicating traffic above agents' expectations as good weather and the start of the selling season drew buyers out. 50% of agents said traffic met expectations, 33% said it exceeded expectations, and 17% said it fell short of expectations.

Prices flat, incentives rise. Home prices continue to hold steady in Nashville (prices have now been flat or higher for the past four months), as our price index fell modestly to 54.5 in March from 66.7 in February. However, we see risk that rising inventories and a longer time needed to sell will pressure pricing in the coming months. 73% of agents said prices were flat compared with February, 18% said prices increased and 9% said prices declined. Incentives increased in March, as our incentive index measured 25.0 (down from 50.0 in February). 58% of agents said incentives were higher, 33% said they were unchanged, and 9% said they were lower.

Time to sell continues to lengthen – a negative indicator for future pricing. Our time to sell index fell to 25.0 in March from 33.3 in February, as 58% of agents said it took longer to sell a home, 33% said the time to sell was unchanged, and 9% said it took less time to sell a home.

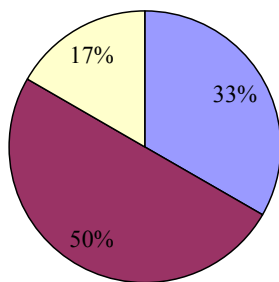
Comments from real estate agents:

- "I am seeing a good start to the selling season."

Centex has the greatest exposure. Centex has the most exposure to the Nashville market, but only represented approximately 1% of the company's 2005 sales.

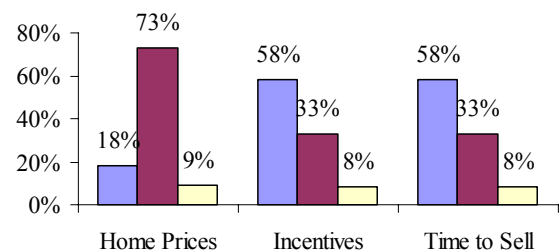
Traffic Above Expectations, Prices Flat, Incentives Up, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	↔
Home Prices	👎
Incentives	👎

Philadelphia, PA-Southern NJ

(11,269 single-family permits in 2006, 24th largest market in the country)

Traffic in-line with expectations. Traffic met agents' expectations for the fourth consecutive month in March, as our traffic index was unchanged at 48.6 from 50.0 in February. 49% of agents said traffic met expectations, 27% said it fell short of expectations, and 24% said it exceeded expectations. Agents attributed the improving traffic to a seasonal up-tick and attractive price levels.

Prices and incentives worsened. Our price index improved to 35.9 in March from 25.0 in February, but still points to lower prices (any reading below 50 suggests falling pricing). However, we would expect prices to begin to stabilize if traffic remains healthy and excess inventories are reduced. 60% of agents said prices were unchanged, 34% said prices were lower, and 6% said prices were higher as compared with February. Incentives also worsened in March, as our index was at 18.9 from 20.5 in February. 64% of agents said incentives increased, 34% said incentives were unchanged, and just 2% said incentives decreased.

Length of time needed to sell a home increased. Our time to sell index came in at 24.6 in March (a reading of 50 suggests the time to sell was unchanged), as 62% of agents said it took longer to sell a home, 27% said the time to sell was unchanged, and 11% said it took less time. While the longer time needed to sell a home is likely to pressure home prices in the coming months, we think continued improvement in traffic should begin to lead to stabilization in the time to sell.

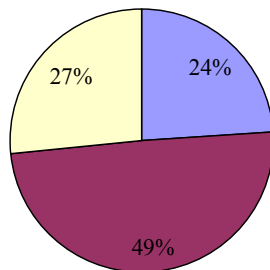
Comments from real estate agents:

- ▶ "It seems there is still demand, just at lower price points."
- ▶ "The activity level seems to be picking up, but it usually does at this time of year."

Toll Brothers, NVR, and Hovnanian have the greatest exposure. Toll Brothers has the most exposure to the Philadelphia-Southern NJ market, as it represented approximately 9% of the company's 2005 sales, followed by NVR and Hovnanian at 6% and 3% of sales, respectively.

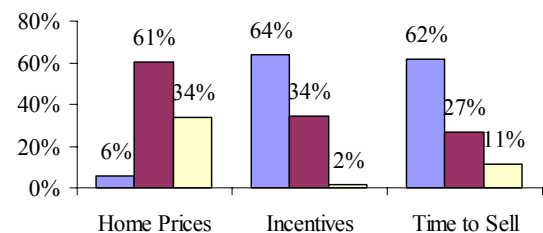
Traffic Meets Expectations, But Prices and Incentives Worsen, and Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Port St. Lucie, FL

(5,562 single-family permits in 2006, 53rd largest market in the country)

Traffic below expectations. Our traffic index measured 20.8 in March (from 16.7 in February), indicating traffic below agents' expectations. 67% of agents said traffic fell short of expectations, 25% said it was in-line with expectations, and 8% said it exceeded expectations. Agents said buyers are struggling with stretched affordability and confidence remains low as prices fall.

Prices fall, incentives rise. Home prices continued to fall in March, with our pricing index at 18.2 (from 0.0 in February), as 73% of agents said prices declined, 18% said prices were unchanged, and 9% said prices were higher. In addition, incentives worsened in March, as our index came in at 16.7. 75% of agents said incentives increased, 17% said they were unchanged, and 8% said builders used fewer incentives.

Longer time needed to sell a home should continue to pressure home prices. Our time to sell index measured 16.7 in March, as 75% of agents said it took longer to sell a home, 17% said time to sell was unchanged, and 8% said it took less time to sell a home. We view the longer time needed to sell a home as a negative indicator of future pricing.

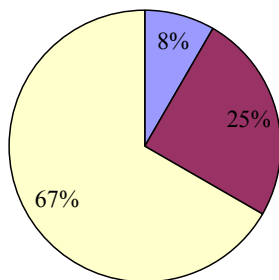
Comments from real estate agents:

- "Buyers continue to wait as prices fall."

Pulte and Standard Pacific have the greatest exposure. Pulte has the most exposure to the Port St. Lucie market, as it represented approximately 5% of the company's 2005 sales. Port St. Lucie represented 3% of Standard Pacific's sales.

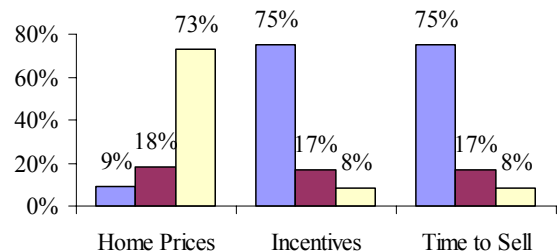
Traffic Fell Short of Expectations, Pricing and Incentives Deteriorate, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Portland, OR

(10,201 single-family permits in 2006, 25th largest market in the country)

Traffic improves; in-line with expectations. Traffic improved in March and is now in-line with agents' expectation, as our index increased to 50.0 from 40.2 in February. 54% of agents said traffic was in-line with expectations, 23% said it was above expectations, and 23% said it was below expectations.

Prices flat, incentives worsen. Prices were unchanged in March relative to February, as our price index improved to 50.7 from 46.1. 59% of agents said prices were unchanged, 21% of agents said prices increased, and 20% said prices declined. However, incentives continued to increase in March, as our incentive index was unchanged at 20.9 from 21.6 in February. 60% of agents said incentives increased, 38% said incentives were unchanged and just 2% said incentives were lower.

Time needed to sell lengthened – a negative indicator for future pricing. Our time to sell index measured 24.3 in March (from 16.7 in February), as 60% of agents said it took longer to sell a home, 31% said time to sell was unchanged, and 9% said it took less time to sell. We view the longer time needed to sell a home as a negative indicator of future pricing trends.

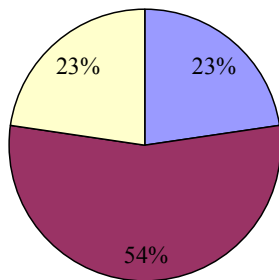
Comments from real estate agents:

- ▶ "Traffic is improving as buyers see prices getting more realistic."
- ▶ "Some buyers are still waiting to see if we've hit a bottom."

D.R. Horton and Centex have the greatest exposure. Portland represented approximately 1% of 2005 sales for both D.R. Horton and Centex.

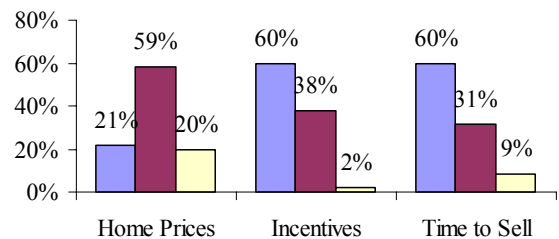
Traffic Meets Expectations, Prices Flat, Incentives Worsen, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Raleigh, NC

(13,471 single-family permits in 2006, 19th largest market in the country)

Traffic modestly below agents' expectations. Our traffic index fell modestly to 39.1 in March from 46.2 in February, as traffic came in shy of agents' expectations for the first time in three months. 48% of agents said traffic was below expectations, 26% said it was in-line with expectations, and 26% said it exceeded expectations. Despite the lower level, traffic has remained relatively healthy in recent months as the strong local economy spurs demand.

Prices flat, incentives rise. Home prices were flat in March, as our price index improved to 54.3 from 42.3 in February. 57% of agents said prices were unchanged, 26% said prices increased and 17% said prices were lower relative to February. However, incentives continued to deteriorate, as our index was unchanged at 31.0 in March from 31.8 in February. 52% of agents said incentives were unchanged, 43% said they increased, and 5% said incentives were lower as compared with February.

Length of time needed to sell a home increased – a negative indicator for future pricing. Our time to sell index fell to 28.3 in March from 33.3 in February, as 52% of agents said the time to sell lengthened, 39% of agents said it was unchanged, and 9% said it took less time to sell a home.

Comments from real estate agents:

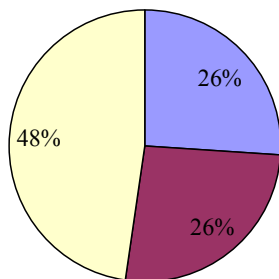
- ▶ "Traffic levels are supported by strong job creation."

Hovnanian, Standard Pacific, and KB Home have the greatest exposure.

Hovnanian has the most exposure to the Raleigh market, as it represented approximately 4% of the company's 2005 sales. Raleigh represented 3% and 2% of sales for Standard Pacific and KB Home, respectively.

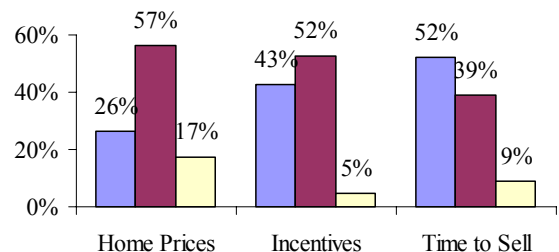
Traffic Shy of Expectations, Prices Flat, Incentives Worsen, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Richmond, VA

(7,526 single-family permits in 2006, 34th largest market in the country)

Traffic modestly below expectations. Our traffic index improved to 41.7 in March from 33.3 in February, indicating traffic modestly below agents' expectations. 50% of agents said traffic was in-line with expectations, 33% said it was below expectations, and 17% said it was above expectations.

Prices and incentives worsen. Our price index improved to 41.7 in March from 16.7 in February, as price declines continued (a level of 50 suggests flat prices). 50% of agents said prices declined, 33% said prices were higher, and 17% said they were lower. Incentives also worsened, with our index coming in at 25.0 in March. 50% of agents said incentives increased, and 50% said incentives were unchanged.

Time to sell lengthens. Our time to sell index fell to 25.0 in March from 58.3 in February as 50% of agents said it took longer to sell a home and 50% said the time to sell was unchanged. We view the longer time needed to sell a home as a negative indicator of future pricing trends.

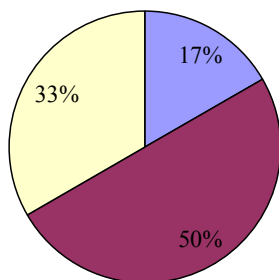
Comments from real estate agents:

- "Buyers are taking longer to decide."

NVR and Centex have the greatest exposure. NVR has the most exposure to the Richmond market, as it represented approximately 3% of the company's 2005 sales. Richmond represented 1% of sales for Centex.

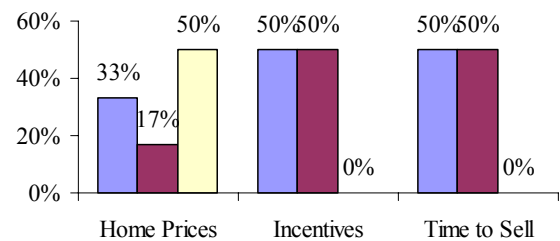
Traffic Below Expectations, Prices and Incentives Worsen, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Sacramento, CA

(8,701 single-family permits in 2006, 28th largest market in the country)

Traffic levels modestly below expectations. Traffic levels slipped in March, coming in modestly below agents' expectations. Our traffic index measured 37.5 (from 42.3 in February) as 44% of agents said traffic fell short of expectations, 38% said traffic was in-line with expectations, and 18% said it exceeded expectations. Agents noted buyers generally remain fearful of falling prices, but said the first-time homebuyer is out looking again, albeit at lower price points.

Pricing and incentives deteriorate. Our price index was unchanged at 19.4 in March from 16.7 in February, indicating lower prices (readings below 50 point to falling prices). 68% of agents said prices declined relative to February, 26% said prices were unchanged, and 6% said prices increased. In addition, incentives continued to deteriorate with our incentive index coming in at 35.2 (any reading below 50 indicates higher incentives). 56% of agents said incentives were unchanged, 37% said incentives were higher, and 7% said incentives were lower as compared with 30 days ago.

Longer time needed to sell should pressure home prices. Our time to sell index came in at 33.3 in March, indicating a longer time needed to sell a home. 53% of agents said it took longer to sell a home as compared with February, 27% said the time to sell was unchanged, and 20% said it took less time to sell a home. We think the longer time needed to sell will continue to pressure home prices in the coming months as sellers become more aggressive in order to move inventory.

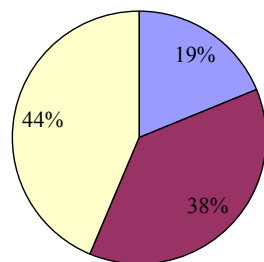
Comments from real estate agents:

- ▶ "A lot of buyers are still waiting for prices to come down further."
- ▶ "There is higher traffic in the lower price ranges."

Meritage, Hovnanian, and Lennar have the greatest exposure. Meritage has the most exposure to the Sacramento market, as it represented approximately 7% of the company's 2005 sales. Sacramento represented 6% of Hovnanian's sales and 5% of Lennar's sales.

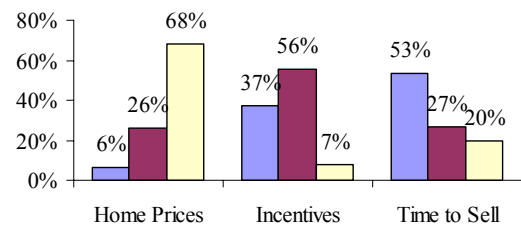
Traffic Below Expectations, Prices and Incentives Worsen, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	↔
Home Prices	👍
Incentives	👎

San Antonio, TX

(13,851 single-family permits in 2006, 17th largest market in the country)

Traffic in-line with agents' expectations. Traffic remained in-line with agents' expectations in March, as our index measured 50.0 (from 54.3 in February). 69% of agents said traffic was in-line with expectations, 16% said it was below expectations, and 15% said it exceeded expectations.

Prices increase, but so do incentives. Prices increased in San Antonio for the second consecutive month, as our index improved to 64.0 in March from 60.9 in February. However, we think future appreciation will be limited as inventories rise and time to sell lengthens. 72% of agents said prices were flat, while 28% said prices were unchanged. Also, incentives continued to deteriorate, as our incentive index fell to 31.3 in March from 37.0 in February. 54% of agents said incentives were unchanged, 42% said incentives were higher, and 4% said builders used fewer incentives.

Longer time needed to sell may limit price appreciation. Our time to sell index fell to 34.6 in March from 43.1 in February and indicates a longer time needed to sell a home (any reading below 50). 46% of agents said the time needed to sell was unchanged, 42% said it took longer to sell a home, and 12% said it took less time. We see continued risk that homebuilders may overbuild or sell too many homes to investors, especially as most homebuilders are not requiring significant deposits.

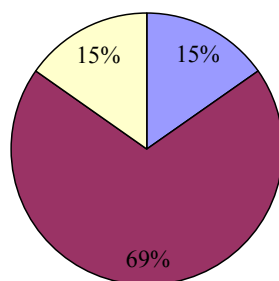
Comments from real estate agents:

- ▶ "Our steady economy and job growth continues to spur demand."

KB Home, D.R. Horton, and Ryland have the greatest exposure. KB Home has the most exposure to the San Antonio market, as it represented approximately 7% of the company's 2005 sales. San Antonio represented 6% of D.R. Horton's sales and 3% of Ryland's sales.

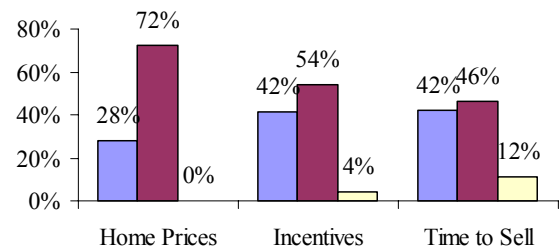
Traffic In-Line With Expectations, Prices Increase, Incentives Worsen, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	↔
Home Prices	👎
Incentives	👎

San Diego, CA

(4,746 single-family permits in 2006, 56th largest market in the country)

Traffic in-line with expectations. Traffic met agent's expectations in March, consistent with the prior three months, as our traffic index was unchanged at 46.0 from 46.9 in February. 40% of agents said traffic fell short of expectations, 32% said it was above expectations, and 28% said it was in-line with expectations. According to agents, higher traffic is being driven largely by lower prices, which leads to improved affordability and also attracts bargain hunters.

Pricing and incentives worsen. Prices continued to fall in March, as our price index was unchanged at 35.2 (from 34.4 in February). 64% of agents said prices were flat, 33% said prices were lower, and 3% said prices were higher than in February. Further, incentives continued to worsen, as our incentive index was unchanged at 23.6 in March from 22.1 in February. 60% of agents said incentives increased, 33% said they were unchanged and 7% said they were lower.

Length of time needed to sell a home increased – a negative indicator for future pricing. Our time to sell index came in at 35.6 in March (unchanged from 36.2 in February), as 46% of agents said time to sell was unchanged, 37% said it took longer to sell, and 17% said it took less time to sell a home.

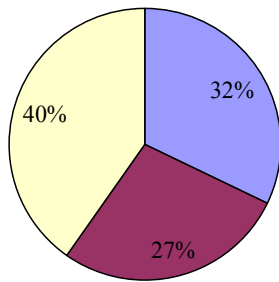
Comments from real estate agents:

- ▶ "There are lots of interested buyers shopping, enticed by low interest rates and favorable incentives and prices."
- ▶ "Lower prices are leading to higher traffic levels."

Standard Pacific, D.R. Horton, and Lennar have the greatest exposure. Standard Pacific has the most exposure to the San Diego market, as it represented approximately 15% of the company's 2005 sales. San Diego represented 5% of D.R. Horton's sales and 3% of Lennar's sales.

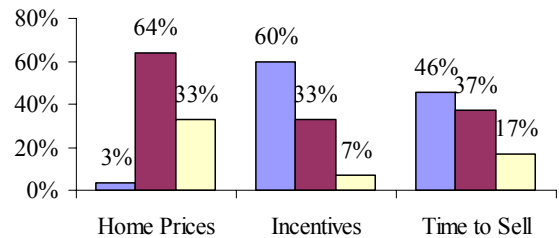
Traffic In-line With Expectations, Prices and Incentives Worsen, Time to Sell Lengthens in March

Traffic Levels Versus Expectations






■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

San Francisco, CA

(5,863 single-family permits in 2006, 51st largest market in the country)

Traffic in-line with expectations. Traffic remained in-line with agents' expectations in March as our index fell slightly to 51.4 from 56.9 in February. 37% of agents said traffic was in-line with expectations, 33% said it exceeded expectations, and 30% said it exceeded expectations. Agents noted that more buyers are interested as prices come down, but are concerned about being able to qualify for loans given the tightening lending standards.

Prices flat, incentives worsen. Our price index was unchanged at 49.3 in March from 47.7 in February, indicating flat prices for the second consecutive month. 49% of agents said prices were unchanged from February, 26% said prices declined, and 25% said prices increased. However, we would not be surprised to see further modest price declines in the coming months given the high inventory and low affordability in San Francisco. Also, incentives worsened in March as our index measured 30.5 (a reading of 50 suggests the level of incentives was unchanged). 51% of agents said incentives were unchanged, 44% said incentives were higher, and 5% said incentives decreased.

Stable time to sell should reduce pressure on prices. Our time to sell index was unchanged at 46.3 in March from 44.3 in February, indicating time needed to sell a home relative to last month was unchanged. 39% of agents said time to sell increased, 31% said it took less time, and 30% said time to sell was unchanged.

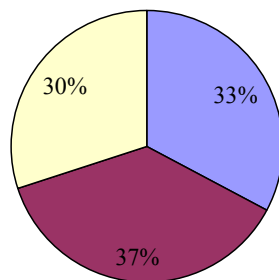
Comments from real estate agents:

- ▶ "Well priced houses are selling, some with multiple offers."
- ▶ "Lower prices are starting to attract buyers."

Toll Brothers, Standard Pacific, and Meritage have the greatest exposure. Toll Brothers has the most exposure to the San Francisco market, as it represented approximately 6% of the company's 2005 sales. San Francisco represented 6% of Standard Pacific's sales and 3% of Meritage's sales.

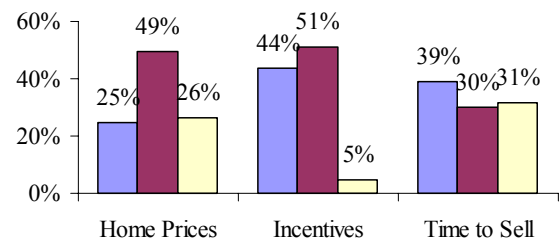
Traffic Meets Expectations, Prices Flat, Incentives Worsen, Time to Sell Stable in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Sarasota, FL

(6,331 single-family permits in 2006, 45th largest market in the country)

Traffic remains well below expectations. Our traffic index was unchanged at 26.6 in March from 28.6 in February as traffic remains far short of agents' expectations (a level of 50 suggests traffic in-line with expectations). 59% of agents said traffic was below expectations, 28% said it was in-line with expectations, and 13% said it exceeded expectations.

Prices down, incentives up. Our price index remained low at 10.9 in March (up from 3.8 in February) as 78% of agents said prices declined, and 22% said prices were unchanged from February. Incentives also worsened in March, as our index measured 19.0 (from 10.7 in February). 62% of agents said incentives increased, while 38% said they were unchanged.

Longer time needed to sell a home should continue to pressure prices. Our time to sell index was unchanged at 21.9 in March from 21.4 in February, as 59% of agents said it took longer to sell a home, 38% said time to sell was unchanged, and 3% said it took less time to sell.

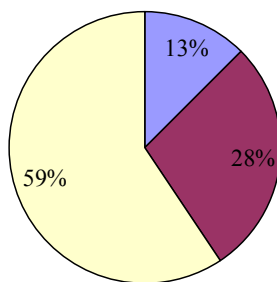
Comments from real estate agents:

- ▶ "Sellers are facing tough competition from builders lowering prices."
- ▶ "The market is very slow here and the housing supply is higher than ever."

WCI Communities, Standard Pacific, and Lennar have the greatest exposure. WCI has the most exposure to the Sarasota market, as it represented approximately 7% of the company's 2005 sales. Sarasota represented 3% of Standard Pacific's sales and 2% of Lennar's sales.

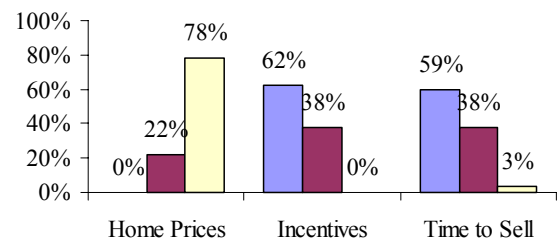
Traffic Below Expectations, Prices and Incentives Worsen, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations □ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same □ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Tucson, AZ

(7,638 single-family permits in 2006, 32nd largest market in the country)

Traffic below expectations. Our traffic index was virtually unchanged at 28.3 in March from 24.3 in February, suggesting traffic remains well below agents' expectations (a level of 50 points to traffic in-line with expectations). 63% of agents said traffic was below expectations, 20% said it exceeded expectations and 17% said it met expectations.

Pricing and incentives deteriorate. Our price index improved to 36.2 in March from 29.4 in February, but still points to falling prices (any reading below 50 indicates sequentially lower prices). 45% of agents said prices were unchanged, 41% said they declined, and 14% said prices increased relative to February. In addition, incentives continued to worsen, with our incentive index falling to 18.0 in March from 43.9 in February. 64% of agents said incentives increased, while 36% said they were unchanged.

Time needed to sell continues to lengthen – a negative indicator for future pricing. Our time to sell index fell to 20.7 in March from 30.0 in February, indicating a longer time needed to sell a home (a level of 50 would suggest the time needed to sell was unchanged). 72% of agents said it took longer to sell a home, 14% said it took the same length of time, and 14% said it took less time to sell a home.

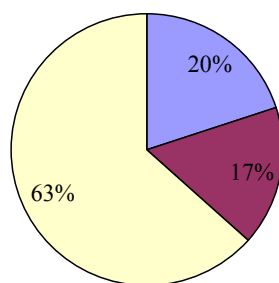
Comments from real estate agents:

- ▶ “Concerns with lending and foreclosures seem to have softened the market drastically.”
- ▶ “Buyers believe prices will continue to fall.”

Meritage, MDC, and KB Home have the greatest exposure. Meritage has the most exposure to the Tucson market, as it represented approximately 11% of the company's 2005 sales. Tucson represented 6% of MDC's sales and 5% of KB Home's sales.

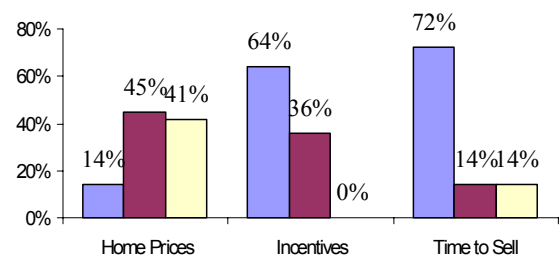
Traffic Below Expectations, Prices and Incentives Deteriorate, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	↔
Home Prices	👎
Incentives	👎

Virginia Beach, VA

(5,897 single-family permits in 2006, 50th largest market in the country)

Traffic exceeds expectations. Traffic remained healthy in March, exceeding agents' expectations for the third consecutive month. Our traffic index came in at 55.0 from 59.4 in February, as 45% of agents said traffic exceeded expectations, 35% said it was below expectations, and 20% said it was in-line with expectations.

Prices down, incentives up. Our price index was unchanged at 42.5 in March from 43.8 in February, pointing to modestly lower prices (any reading below 50) as 55% of agents said prices were unchanged, 30% said prices declined, and 15% said prices were higher. Incentives continued to worsen, as our incentive index fell to 20.0 in March from 37.5 in February. 30% of agents said incentives increased, while 40% said they were unchanged.

Time needed to sell a home lengthened – a negative indicator for future pricing. Our time to sell index fell to 27.5 in March from 46.9 in February, indicating a longer time needed to sell as compared with 30 days ago. 55% of agents said the time needed to sell increased, 35% said it was unchanged, and 10% said it took less time to sell a home. We view the longer time needed to sell as a negative indicator for future pricing, as sellers will be pressured to reduce pricing the longer their homes are on the market.

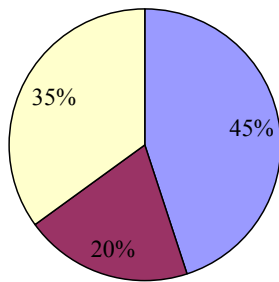
Comments from real estate agents:

- ▶ “Bargain hunters are coming out with interest rates low and prices falling.”

Centex has the greatest exposure. Centex has the most exposure to the Virginia Beach market, as it represented approximately 1% of the company's 2005 sales.

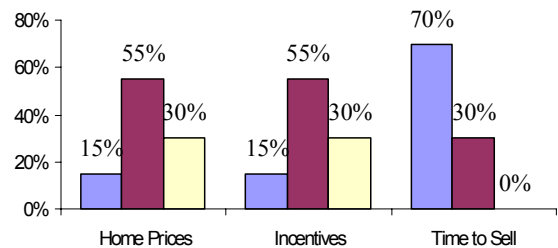
Traffic Exceeds Expectations, Prices and Incentives Worsen, Time to Sell Lengthens in March

Traffic Levels Versus Expectations




■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Banc of America Securities LLC.

March Market Trends	
Traffic	
Home Prices	
Incentives	

Wilmington, NC

(6,097 single-family permits in 2006, 47th largest market in the country)

Traffic slips, falls short of expectations. Traffic deteriorated in March, falling short of expectations after beating them in the prior two months. Our traffic index fell to 38.9 from 59.4 in February, as 56% of agents said traffic was in-line with expectations, 33% said it was below expectations, and 11% said it exceeded expectations.

Prices fall, but incentives decrease. Our price index was unchanged at 38.9 in March from 37.5 in February, pointing to sequentially lower prices (any reading below 50 suggests falling prices). 78% of agents said prices were unchanged, while 22% said prices declined. However, agents said builders used fewer incentives in March, as our index improved to 56.3 from 46.4 in February. 38% of agents said incentives were unchanged, 38% said incentives decreased, and 24% said incentives were higher.

Time needed to sell a home continues to lengthen. Our time to sell index was unchanged at 36.1 in March from 36.7 in February, indicating a longer time needed to sell a home. 50% of agents said it took longer to sell a home, 28% said the time to sell was unchanged, and 22% said it took less time to sell.

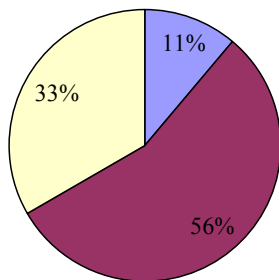
Comments from real estate agents:

- ▶ “Traffic has not picked up to the level I would have expected for this time of year. Listing inventory is up and people can’t sell their house to buy a new one. Resale prices need to soften further as buyers are very value conscious now and will not overpay.”

The Wilmington market represented less than 1% of sales for all homebuilders in our coverage universe.

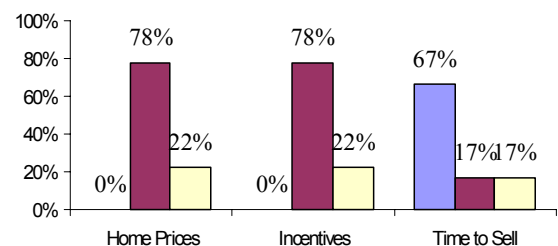
Traffic Below Expectations, Prices Fall, Incentives Decrease, Time to Sell Lengthens in March

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Banc of America Securities LLC.

Homebuilding Industry Comparative Valuation

Ticker	Company Name	Rating	Price 4/4/2007	Market Cap. (Millions)	BAS Estimates				P/E				P/BV	Target Price	Dividend Yield	Total Return Potential
					2005	2006	2007	2008	2005	2006	2007	2008				
CHCI	Comstock Homebuilding	Neutral	3.77	\$51	\$2.12	(0.60)	(1.67)	n/a	1.8	NM	NM	N/A	0.5	\$5.00	0.0%	32.6%
CTX	Centex Corp.	Neutral	41.70	4,981	9.50	3.05	0.03	0.49	4.4	13.7	NM	NM	1.0	45.00	0.4%	8.3%
DHI	D.R. Horton	Neutral	21.62	6,785	4.82	3.27	(0.03)	0.41	4.5	6.6	NM	NM	1.0	23.00	2.8%	9.2%
HOV	Hovnanian Enterprises	Buy	23.96	1,134	7.05	2.07	(0.80)	0.40	3.4	11.6	NM	NM	0.8	31.00	0.0%	29.4%
KBH	KB Home	Neutral	42.05	3,758	9.34	5.82	0.50	0.50	4.5	7.2	NM	NM	1.1	46.00	2.4%	11.8%
LEN	Lennar Corp.	Neutral	41.90	5,337	8.32	3.64	0.22	0.05	5.0	11.5	NM	NM	1.2	46.00	1.5%	11.3%
MDC	MDC Holdings Inc	Neutral	48.06	2,175	10.74	4.67	(1.45)	(1.00)	4.5	10.3	NM	NM	1.0	53.00	2.1%	12.4%
MTH	Meritage Homes Corp	Neutral	30.93	809	9.30	8.26	(0.18)	0.15	3.3	3.7	NM	NM	0.8	36.00	0.0%	16.4%
NVR	NVR Inc	Neutral	692.00	3,928	86.29	88.05	35.10	7.00	8.0	7.9	19.7	NM	3.9	700.00	0.0%	1.2%
PHM	Pulte Homes	Neutral	26.53	6,792	5.49	2.66	(0.21)	0.45	4.8	10.0	NM	NM	1.0	26.00	0.6%	(1.4)%
RYL	Ryland	Neutral	41.25	1,756	9.06	7.84	2.00	0.75	4.6	5.3	20.6	NM	1.2	44.00	1.2%	7.8%
SPF	Standard Pacific	Buy	19.96	1,289	6.30	1.76	(2.00)	(0.35)	3.2	11.3	NM	NM	0.7	27.00	0.8%	36.1%
TOL	Toll Brothers	Neutral	27.54	4,259	4.77	4.17	0.47	1.20	5.8	6.6	NM	23.0	1.3	31.00	0.0%	12.6%
WCI	WCI Communities Inc	Neutral	21.45	898	3.93	0.86	(2.60)	(0.75)	5.5	24.9	NM	NM	0.9	22.00	0.0%	2.6%
	Average			\$3,139					5.0	9.4	NM	NM	1.1		1.1%	9.0%

Source: Company reports, Banc of America Securities LLC estimates.

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Volatility		Ratings		
		Buy	Neutral	Sell
Low	0%-25%	11%+	10.9%-0.1%	0% or worse
Medium	25%-35%	15%+	14.9%-(2.9)%	(3)% or worse
High	35%-55%	20%+	19.9%-(6.9)%	(7)% or worse
Extreme	55%+	32%+	31.9%-(14.9)%	(15)% or worse

Source for volatility: Bloomberg.

Rating Distribution***Global Coverage**

Coverage Universe	Companies	Pct.	Investment Banking Clients	Companies	Pct.**
Buy	366	41	Buy	302	83
Hold	493	55	Hold	365	74
Sell	36	4	Sell	30	83

Consumer Sector

Coverage Universe	Companies	Pct.	Investment Banking Clients	Companies	Pct.**
Buy	72	37	Buy	66	92
Hold	122	62	Hold	90	74
Sell	3	2	Sell	3	100

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