
Risk Analysis Marketing Data

Wright County West - Area 29

\$325,000 to \$425,000 Price Range

The risk analysis rating is: 3.35

- 0 - 1.9 High Risk - Serious action recommended now**
- 2 - 3.9 Serious Risk - Much caution recommended**
- 4 - 5.9 Caution (Below 6 requires much caution). Must presell!**
- 6 - 7.9 Added Risk - Best for pre-sales, not specs**
- 8 - 8.8 Average Risk - Reasonable market for pre-sales**
- 8.9 - 9.3 Fairly Low Risk - Reasonable for specs and pre-sales**
- 9.4 - 10 Minimum Risk - Good Market!**

This risk analysis is subject to all exclusion disclaimers and is based on substantial data PLUS projections and forecasts which include:

- A. The fluctuating economic cycle**
- B. The employment-to-permit ratio review**
- C. MarketGraphics inventory audit and projections**
- D. MarketGraphics sales audit and projections**
- E. Other economic issues generally defined in the main MarketGraphics market research report.**

The substantial data in the MarketGraphics data base is updated every four months.

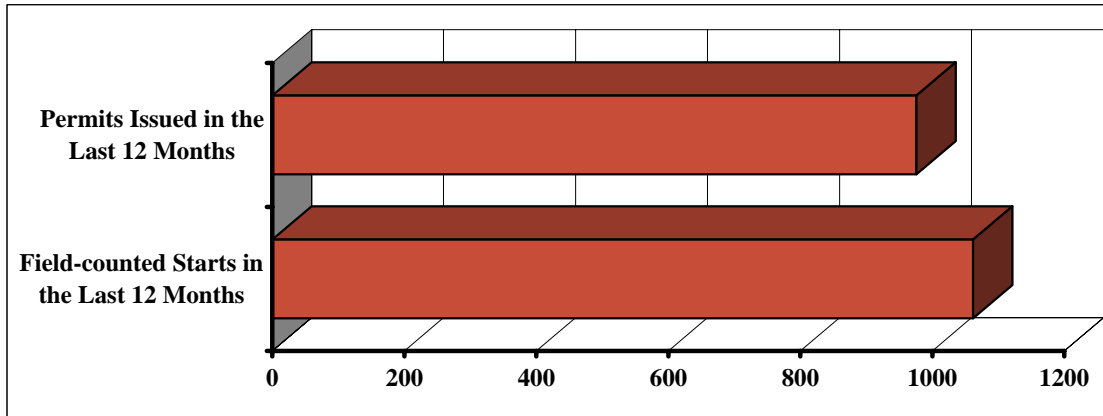
The primary consideration of this analysis is the current supply of new homes inventory as it is affected by the projected starts and sales, by area by price range, being absorbed into the market and also our projected future supply. The information does not apply to a subdivision which is located out of the normal higher sales areas or in more rural type markets.

Adding this evaluation to good management, marketing, merchandising, selling, and a quality product may help the builder generally lower the risk. However, neither the company, corporation, or any person affiliated with MarketGraphics nor MarketGraphics can nor does guarantee any builder's results, guarantee or imply profit or eliminate or have power to eliminate the risks inherent in any speculative or presale home-building or any and all construction ventures.

Minneapolis / St. Paul, MN 13-County Market

Wright County Market Analysis

1. Year-to-date Starts:



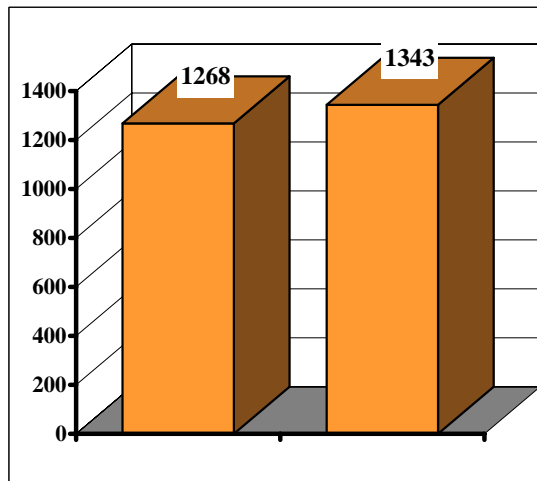
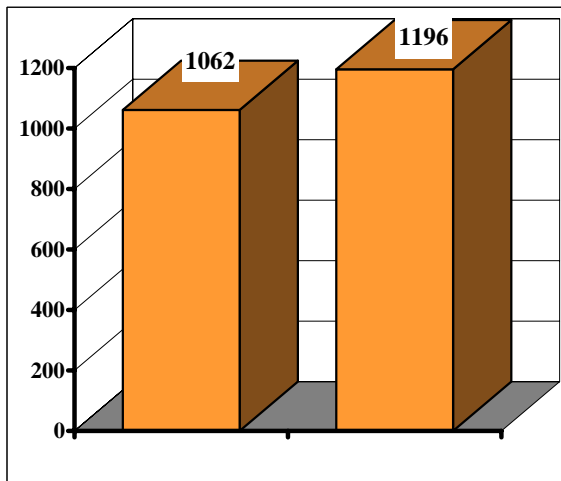
Area of County	MG Area	Field-counted Starts in the Last 12 Months	Permits Issued in the Last 12 Months
West	29	497	
East	30	565	
	Totals	1062	976

2. Past Starts and Closings:

MG Area	Field-counted Starts for Last 12 Months	Field-counted Closings for Last 12 Months	Field-counted Starts Previous Report	Field-counted Closings Previous Report
29 - West	497	558	541	624
30 - East	565	710	655	719
Total	1062	1268	1196	1343

Starts: Last 12 vs. Previous

Closings: Last 12 vs. Previous



Minneapolis / St. Paul, MN 13-County Market

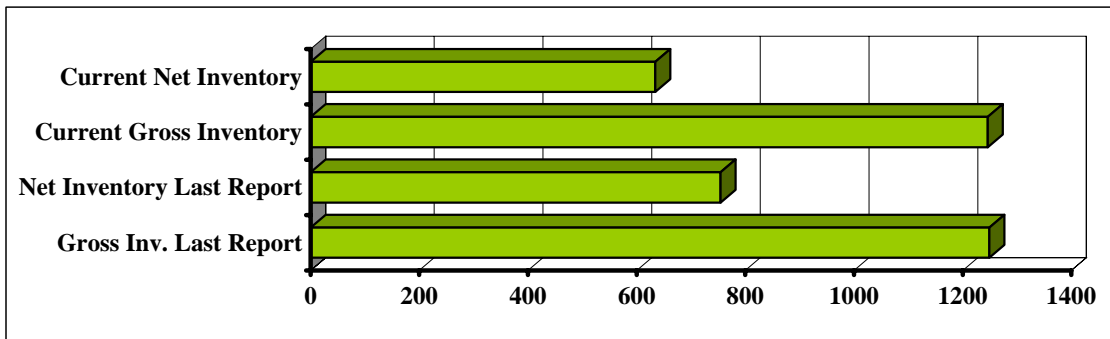
Wright County Market Analysis

Permit Comparison

County	2004 12-Month Total	2005 12-Month Total	2006 12-Month Total	Previous 12-month Totals
Wright	1809	1978	1463	976

Note: We are currently tracking 2148 subdivisions. In the last 12 months, these sites produced 10969 starts and 12342 closings by our site count method. However, 10766 permits have been issued in the last twelve months. Some of these permits never get built, some are for replacing homes torn down or burned down, and some are for homes built out in the country on odd lots or in older, nearly built-out sites. We believe that these are substantially pre-sold and therefore do not affect inventory to any degree, but their inclusion would increase closings and starts.

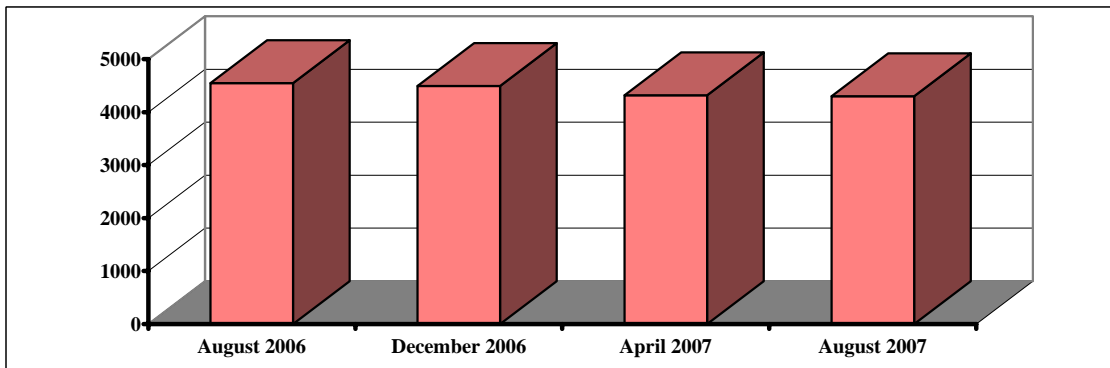
3. Inventory Change:



MG Area	Gross Inv. Last Report	Net Inventory Last Report	Current Gross Inventory	Current Net Inventory
29 - West	589	381	614	317
30 - East	660	374	632	317
Total	1249	755	1246	634

Historical Lot Inventory

August 2006	December 2006	April 2007	August 2007	Change From Aug. 2006 to Aug. 2007
1914	2214	2123	2288	374
2632	2276	2196	2010	-622
4546	4490	4319	4298	-248



Minneapolis / St. Paul, MN 13-County Market

Wright County Market Analysis

4. Inventory Analysis (tracked subdivisions only):

Price Range	12-month Demand	20% Inventory Range	30% Inventory Range	Current Net Inventory
Under \$175,000	312.0	62.4	93.6	140.9
\$175,000 to \$225,000	386.0	77.2	115.8	160.7
\$225,000 to \$275,000	410.0	82.0	123.0	205.6
\$275,000 to \$325,000	199.0	39.8	59.7	96.9
\$325,000 to \$425,000	82.0	16.4	24.6	23.2
\$425,000 to \$625,000	18.0	3.6	5.4	6.5
\$625,000 to \$925,000	3.0	0.6	0.9	0.4
Over \$925,000	2.0	0.4	0.6	0.0
Totals	1412.0	282.4	423.6	634.1

The 20% to 30% range reflects a reasonable yet cautious inventory range for a subdivision, market, or county. If inventory is less than 20% it tends to be less risky. If it is over 25% to 30%, it creates a risk level for the builder that requires caution. In the right-hand column we show the current net inventory and in the left-hand column the 12-month demand for tracked subdivisions. This provides a picture of net inventory next to the 20% to 30% range of good to caution.

For total demand, including odd lots, refer to our market "Forecast."

12-Month Demand

