

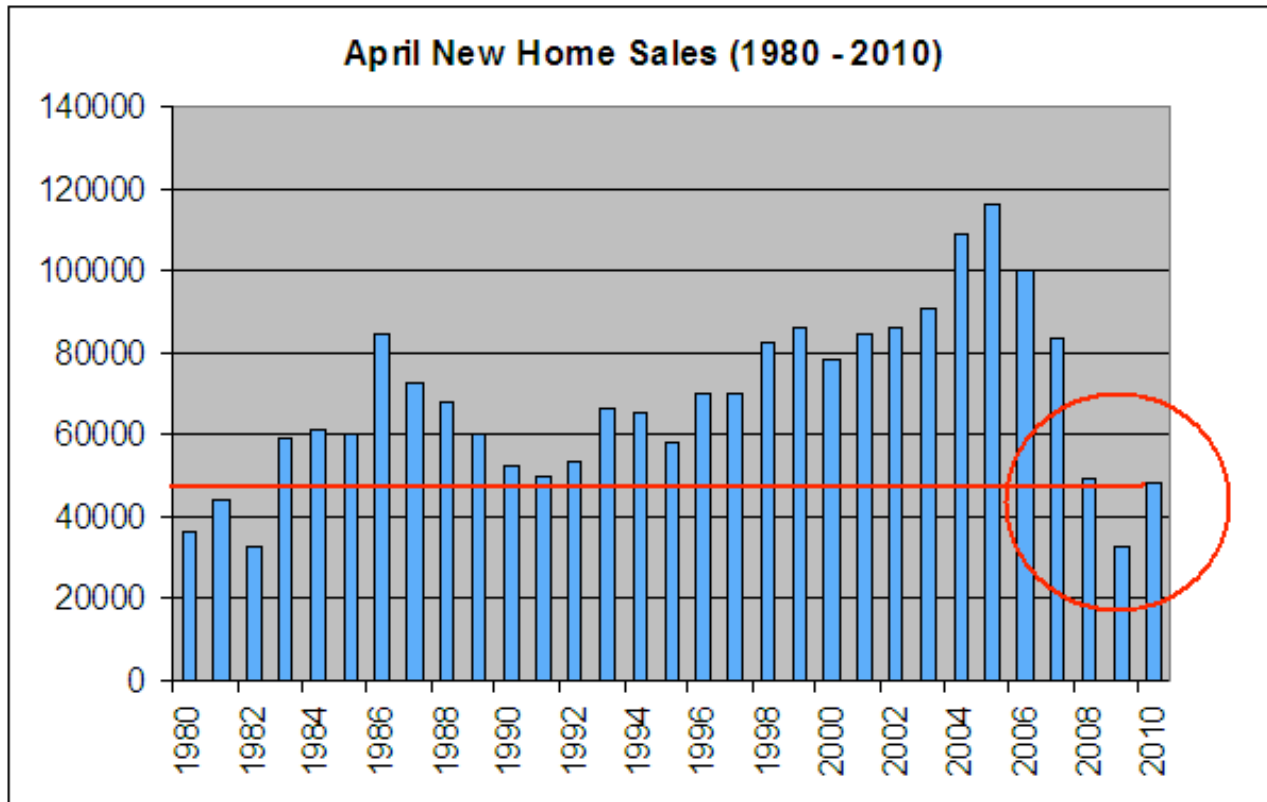
The average MoM April new home sales change for the past 30-years is -4.51%. Therefore, the stimulus-goosed April 2010 MoM gain of 26.32% really made the seasonally-adjusted headline numbers look fantastic this morning.

On a non-seasonally adjusted basis in April the Builders:

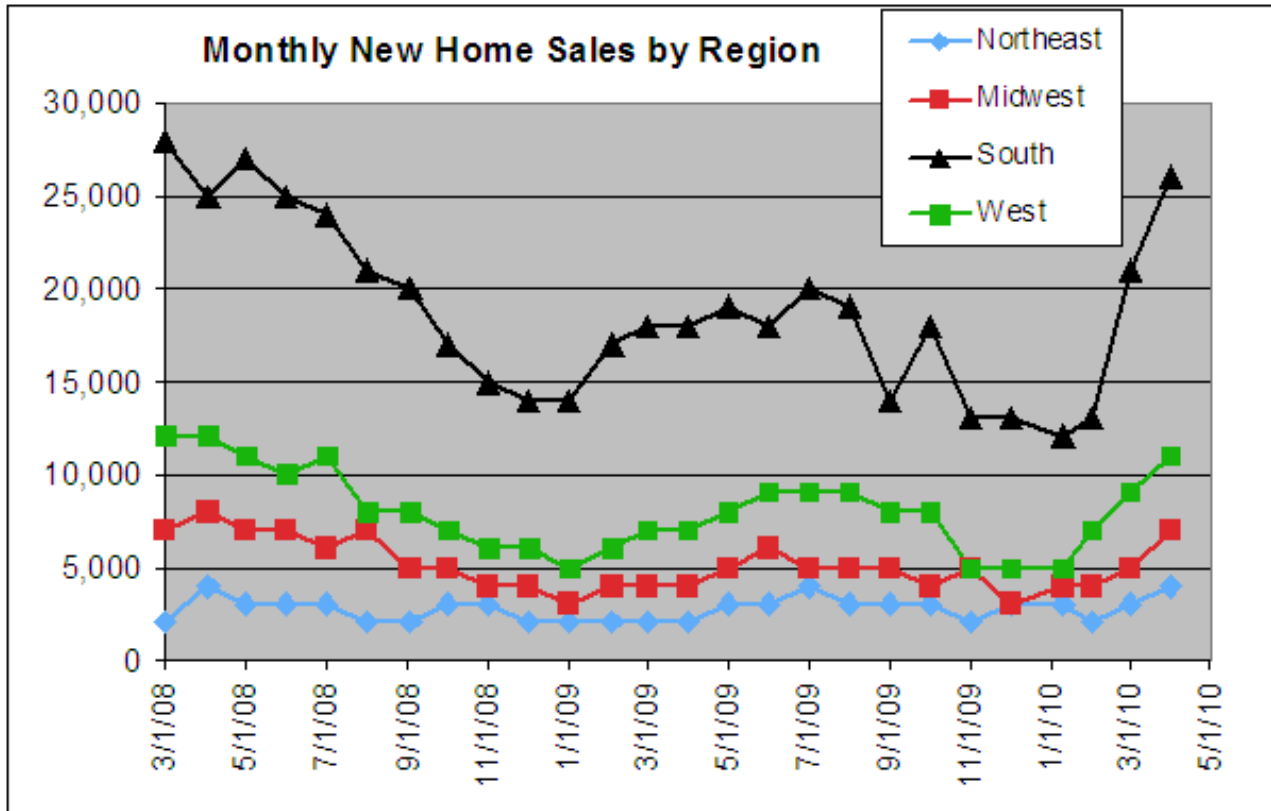
- 1) sold 48k houses
- 2) turned 9k more units MoM, of which 5k came from the South
- 3) turned 16k more units YoY, of which 8k came from the South
- 4) turned **1k less** units than April 2008
- 5) had their second slowest April since 1982...2009 the slowest.
- 6) at the median, saw prices drop 9.65% MoM, the largest on record
- 7) on average, dropped prices 4.77% MoM compared to the past three-year average of -0.3%

Bottom line: It is obvious the tax credit (and dumping prices) significantly helped the builders in April and March. If this is the best they can do with stimulus on and the best rates in history, the builders are in a lot of sales volume and margin trouble in the near-term.

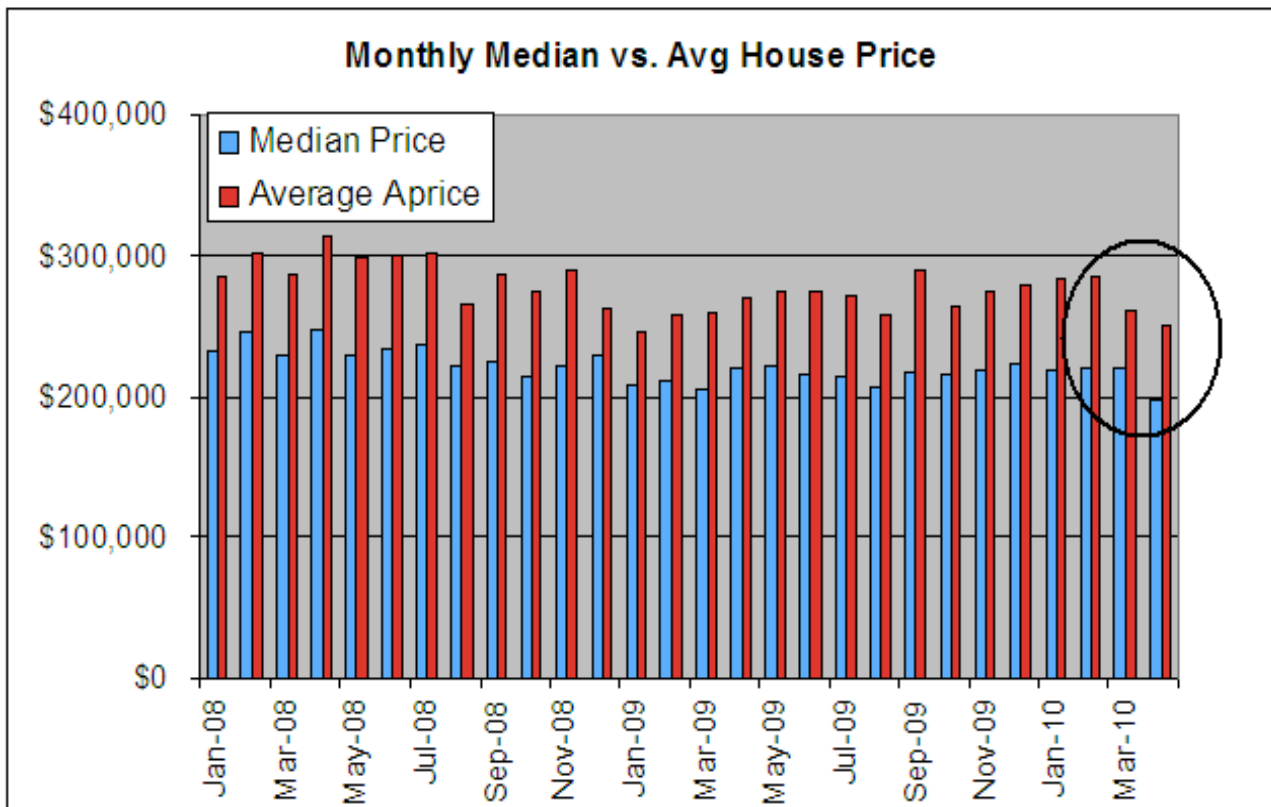
Second slowest April in 27 years



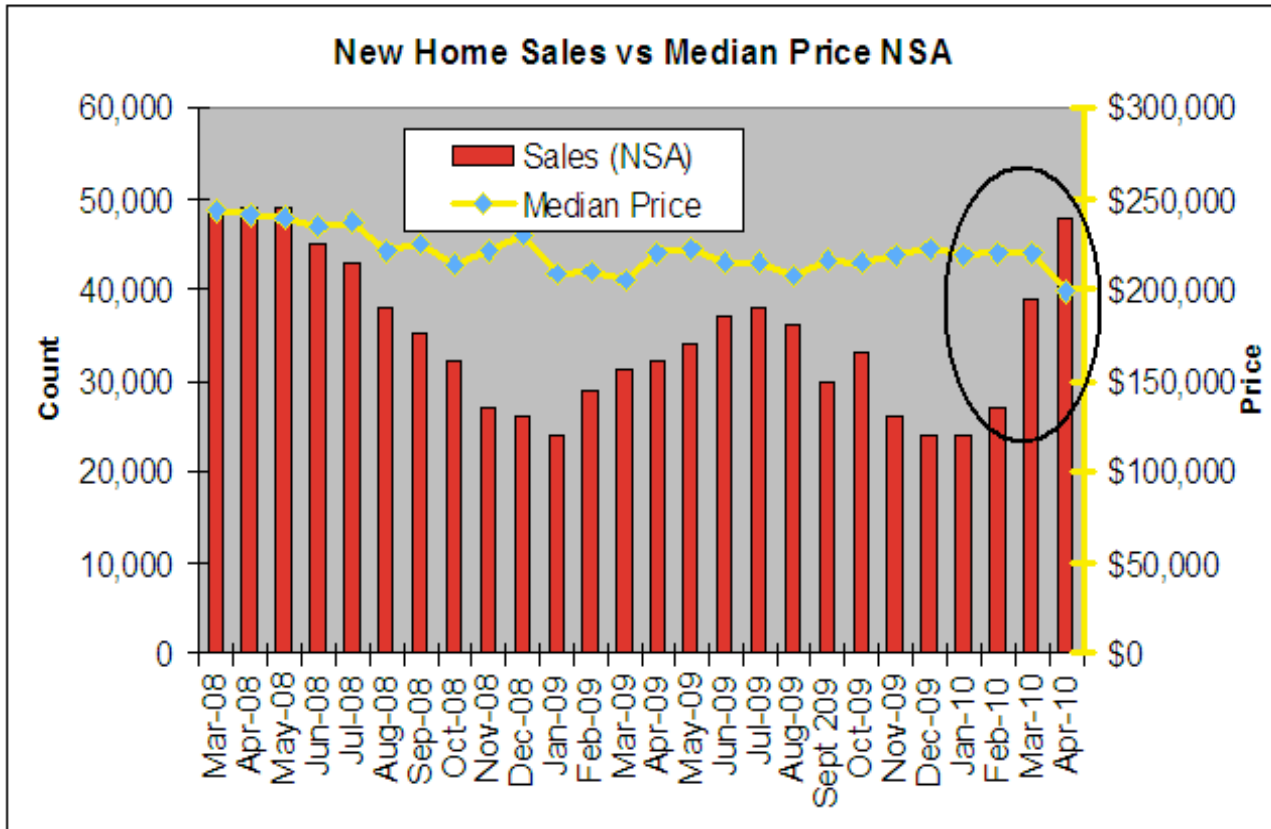
Saw slight gains in all regions but the South was the real driver like in March.



Median and Average prices dumped hard in March and April specifically (most important end of the stimulus months).



It is obvious what the stimulus and a coordinated price dump did to sales in March and April.



Best Regards,

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