



Insight beyond the rating.

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DBRS Releases Report Comparing U.S. HPA Rates for Key Metropolitan Areas

Industry: Sec.--RMBS

DBRS has today released a report called "Comparison of OFHEO and Case-Shiller HPA Rates for Key Metropolitan Areas." Home price appreciation (HPA) rates based on the two series are compared for 118 metropolitan statistical areas (MSAs) for the past seven and half years (2000 through June 2007). Approximately 58% of the U.S. population resides in the areas reviewed. Based on data from both series, the decline in home prices continues to expand to more areas, with a greater portion of the U.S. population living in areas experiencing negative HPA trends in 2007 versus 2006.

Several factors can account for the differences in HPA rates between the two series. A key factor for recent periods appears to be the inclusion of refinancing transactions, where an appraisal value is relied upon to estimate a property's fair market value, in the OFHEO data. In general, the inclusion of refinancings in the OFHEO series appears to bias the OFHEO HPA rates upward at the MSA level.

A copy of this commentary is available by contacting us at info@dbrs.com.

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