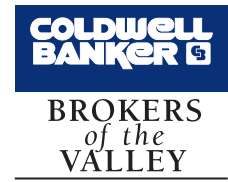
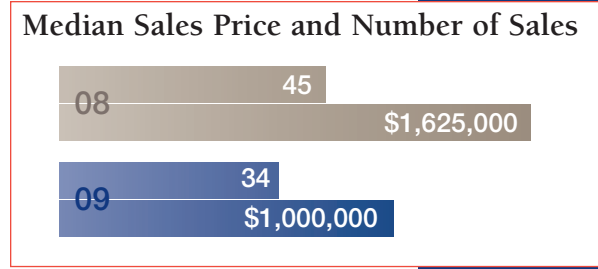


Country Property

The sales of country property (homes on at least 1 acre) lost steam in 2009 with a 24% drop in units sold and a 38% drop in median sales price when compared to the same period in 2008. The properties sold ranged from a fixer-upper on 2 acres in the Coombsville area in Napa that went for \$343,000, to a 4 house compound on 11 acres (9 acres planted in Cabernet) in St. Helena that closed for \$4,650,000.



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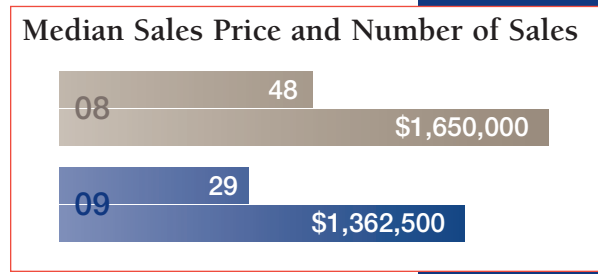
Napa Valley Real Estate Market

BI-ANNUAL REPORT



Million Dollar Plus Market

This segment of the market suffered a 40% decline in the number of sales and a 17% decline in the median sales price from the first 6 months of 2008. Just 2 years ago, there were 109 million dollar plus sales recorded during the first half of 2007. As of now, distressed sales have not become a factor in this price range with only one of the 29 sales appearing as a foreclosure. 17 of the reported million dollar plus sales were in Napa, 9 in St. Helena, 2 in Calistoga, and 1 in Yountville. Only 7 of the sales were in excess of \$2,000,000.



IN ITS 11TH SEASON - JOIN US FOR OUR GET SMART LECTURE SERIES

Classes will be held on Wednesdays from 7:00 - 8:20 P.M. at 1775 Lincoln Avenue (corner of Lincoln and California). Reservations are highly recommended and may be made at www.cbnapavalley.com or by calling 707-258-5200.

October 7, 2009
IT'S A NEW DAY FOR FHA

Changes in the FHA lending criteria combined with recent income tax incentives have contributed to a burst of residential market activity. If you are thinking about purchasing real estate or you are contemplating the sale of property you own, come learn about the "new" FHA loans and how they can help you accomplish your real estate objectives. You'll get reliable information and answers to your questions provided by *Gene Ciabattari of Mortgage Solutions, Inc.*

October 14, 2009
MEET JOHN TUTEUR, NAPA COUNTY ASSESSOR/RECORDER/CLERK

In an informal session, John Tuteur discusses declines in value, assessing sales of bank-owned properties, supplemental assessments and more, including how a change in ownership can impact property taxes. Time will be reserved for your questions and answers, too.

October 21, 2009
COUNTRY PROPERTY Q & A

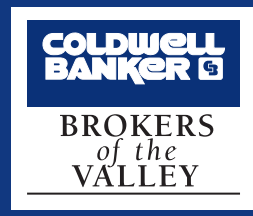
By popular demand, we've reconvened a panel of local experts who will discuss aspects of country property ownership. Topics include water wells, septic systems, boundary lines, easements and other survey related issues. The *CDF Napa County Fire Marshall* will speak about fire safety in rural areas and representatives of the *Napa County Conservation, Development and Planning Department* will talk about permits, fees, and the stream setback and view-shed ordinances.

October 28, 2009
TAX CONSEQUENCES OF SHORT SALES AND FORECLOSURES

Distressed sellers of real property face potential income tax ramifications. *Tony Ganze, CPA, of Ganze and Company*, discusses possible adverse tax consequences arising from forgiveness of debt from short payoffs to lenders and loss of property via foreclosure. Attend this seminar and get answers to your questions from a professional tax advisor.

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FACT:

The number of active residential listings in Napa County in the first half of 2009 was down almost 13% over the same period in 2008.

What does Median Mean?

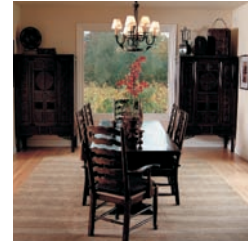
The median is the middle, so in terms of sales price, it is that sales price that has an equal number of higher priced and lower-priced sales on either side of it.

FACT:

Existing-home sales rose for the third month in a row in June.

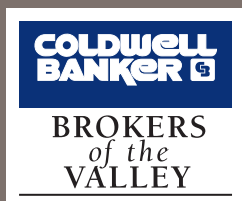
Napa Valley Real Estate Market Report

A comparison of the first 6 months of 2008 and 2009



NAPA	AMERICAN CANYON	YOUNTVILLE	ST. HELENA	ANGWIN/ DEER PARK	CALISTOGA
<p>First half sales surged 35% over the same period last year as buyers took advantage of distressed sales. Over 60% of the sales in Napa involved a short sale or foreclosure. As a result, the median sales price continued its downward trend by slipping 27% to \$344,000. There were only 87 sales in excess of \$500,000. The frenzied buying in the lower price ranges cut the median days on the market for properties sold to a mere 72.</p>	<p>American Canyon boasted the hottest market in Napa County during the first 6 months of 2009 as the number of homes sold more than doubled over the same period in 2008. Distressed inventory flooded the market as 82% of 172 sales were either short sales or REO's, accounting for a 24% drop in median sales price down to \$325,750. Conditions continue to be favorable for investors and first time home buyers.</p>	<p>Activity slowed to a crawl in Yountville during the first 6 months of 2009, with only 4 homes closing escrow. The median sales price remained relatively steady and days on the market dropped from 140 days to 80 days. The lowest priced sale was for a 524 square foot cottage that went for \$400,000, while the only sale to break one million was a large 4 bedroom, 3 bath home in Yountville Square that closed at \$1,100,000.</p>	<p>A strong second quarter resulted in a relatively modest 21% reduction in the number of sales compared to the same period in 2008 in St. Helena. The median sales price also slipped about 26% to \$772,500, but there were 9 sales in excess of \$1,000,000. The lowest priced sale was a 1,400 square foot home off Crystal Springs for \$485,000. The highest was a 4 house compound on 11 acres south of town that fetched \$4,650,000.</p>	<p>After experiencing 12 sales in all of 2008, these areas had only 2 sales during the first half of 2009, both were distressed sales - one a short sale and one a bank-owned property. As a result, the median sales price tumbled 43% to \$780,600 compared to the same period in 2008. The properties sold were a 2 bedroom, 2 bath home on one acre in the Summit Lake area that went for \$605,000, while a view home at the west end of White Cottage went for \$956,200.</p>	<p>The number of sales in Calistoga held fairly steady during the first 6 months of 2009, but the median price of homes sold plunged 44% from \$715,000 recorded during the same period in 2008. One reason for the decline in median price was that distressed properties accounted for 9 of the 17 sales. There were only 4 sales in excess of \$500,000. Sales ranged from a 3 bedroom, 2 bath condominium selling for \$171,000 to a 31 acre building site with guest home that went for \$1,750,000.</p>
MEDIAN SALES PRICE					
08 \$469,500 09 \$344,000	08 \$430,000 09 \$325,750	08 \$630,000 09 \$602,500	08 \$1,043,000 09 \$772,500	08 \$1,362,300 09 \$780,600	08 \$715,000 09 \$400,000
MEDIAN SALES PRICE PER SQUARE FOOT					
08 311 09 240	08 195 09 155	08 525 09 611	08 573 09 468	08 521 09 325	08 418 09 326
NUMBER OF SALES					
08 260 09 351	08 73 09 172	08 11 09 4	08 28 09 22	08 7 09 2	08 22 09 17
DAYS ON THE MARKET					
08 80 09 72	08 67 09 62	08 140 09 80	08 127 09 94	08 360 09 96	08 224 09 122

The statistics provided were obtained by BAREIS Multiple Listing Service including defined areas, which may not include all sales.



NAPA
1775 Lincoln Avenue
(707) 258-5200

AMERICAN CANYON
6040 Main Street #146
(707) 554-2028

ST. HELENA
1289 Main Street
(707) 963-1152

COMMERCIAL
1775 Lincoln Avenue
(707) 224-8454

What does Days on the Market Mean?

Days on the Market can mean different things in different markets. BAREIS Multiple Listing Service, from which these statistics are derived, measures the number of days between the date the home is placed on the market and the date that it is reported a pending sale, which is often weeks after an agreement is reached between a buyer and seller.

Commercial Property

Over the first six months of 2009, the local commercial real estate market has experienced an increase in the number of vacancies in office, retail, and industrial sectors. The greater availability of commercial space can be attributed to overall economic conditions as businesses consolidate to increase their efficiencies and decrease their overhead. Some companies are now subleasing portions of their premises, while others are relocating their operations to smaller spaces.

With regard to commercial real estate sales, much of the financing for owner/users is now being obtained through the Small Business Administration. With SBA loans, the rates are good (currently less than six percent interest) and money (up to \$4 million per transaction) is readily available. The lack of available conventional financing has made the SBA option more attractive.

Here is a snapshot of commercial real estate around the Napa Valley:

Calistoga continues to offer exceptional price and value for office and retail space, especially for tenants and owner/users who wish to be located with easy access to Sonoma and Lake Counties.

St. Helena currently has a greater than usual number of rental options, including retail and office spaces along Main Street and its lateral arteries. In Yountville, commercial availabilities are nearly fully occupied, with retail space in the little town commanding \$3.50 per square foot on average. The recent additions of Bottega (Chef Michael Chiarello's place) and Bardessono Resort (a Leed Certified Platinum property) have further enhanced the desirability of Yountville and the Valley.

In Napa, restaurants and hotels are most of what's happening, while other local entrepreneurs appear to be snatching up small retail spaces for salons, galleries and shops. Heading south, the airport industrial area offers affordable buildings and space with great freeway access and a Napa address. American Canyon is bustling with commercial inventory to lease or purchase all along the Highway 29 corridor.

Commercial property update based on information obtained from Coldwell Banker Commercial Brokers of the Valley. Data for annualized rates were accumulated by Coldwell Banker Commercial Brokers of the Valley and may not include all leases.

Annualized Rates \$/sq. ft. New Leases/First Half of 2009

INDUSTRIAL	\$7.00 to \$16.00
RETAIL	\$22.00 to \$48.00
OFFICE	\$18.00 to \$35.00

Real Estate Money Report

The American Recovery and Reinvestment Act of 2009 authorizes a tax credit of up to \$8000 for qualified first time home buyers purchasing a principal residence on or after January 1, 2009 and before December 1, 2009. In addition, the Act revised loan limits upwards for high cost areas including Napa County. The loan limit for one unit properties in Napa County was increased to \$729,750.00.

In other positive news, the President announced the Making Home Affordable Program, which allows Freddie Mac and Fannie Mae to provide more attractive refinancing options for borrowers who currently have agency secured loans. Benefits of the program include a borrower's ability to refinance their Freddie Mac or Fannie Mae loan without having current equity in their property.

Interest rates remained competitive during the first half of the year, as evidenced by Freddie Mac's 5.05% (.7pts) average interest rate on conforming 30 year fixed mortgages for the first six months of 2009.

FACT:

Buyers utilizing FHA financing are required to have only 3.5% down payment. The maximum FHA loan amount for Napa County in 2009 is \$729,750.

FACT:

Per Freddie Mac, the average interest rate on 30 year fixed mortgages was 5.42% as of June, 2009, compared to 6.32% a year earlier.