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“We demand rigidly defined areas of doubt and uncertainty!”

~ Doug Adams

Trying to figure out what’s in store the next few months for the local mortgage finance industry? Good luck with that! The only certainty is conflicting influences. The spring home purchase market is stronger but will it be offset by expiring federal homebuyer tax credits? A return to fifty-year low mortgage interest rates in the face of the Federal Reserve discontinuing its purchasing of mortgage backed securities? How does that happen? And let’s not forget that many mortgage borrowers who could benefit from refinancing no longer qualify for new loans due to more restrictive underwriting guidelines.

The purchase market through April (as measured by recorded deeds) improved by about thirty-three percent over the same four months of 2009—508 versus 382 last year. But that is well short of the 672 deeds in 2008. And we thought 2008 was weak! The federal homebuyer tax credits certainly accelerated home buying. There’s little evidence though that the credits actually increased the number of buyers in the market. The Mortgage Bankers Association reported that new purchase applications fell to their lowest weekly level in thirteen years just two weeks following the tax credit April 30th deadline. In our own shop, we have very few purchase orders in the pipeline with post June 30th closing dates. Let’s hope that all we experience is a mere slowdown and not a grinding halt.

Mortgage interest rates for 30-year fixed rate loans are returning yet again to sub-five percent levels. This contradicts all the conventional wisdom earlier this year. Most experts thought that rates would increase once the Federal Reserve got out of investing in mortgage backed securities. I’m guessing we can thank the European debt crisis for them actually declining. Somehow though, the phrase “flight to quality” doesn’t have the same ring to it as in years past, does it?

According to the Wall Street Journal® this week, larger markets are already seeing an increase in refinancing. Maybe we will too? Unfortunately there are still many borrowers diligently making their monthly payments on their mortgages at higher interest rates. These borrowers are not able to benefit from refinancing because they no longer qualify for the mortgage they have. Their equity is not enough, their credit score is no longer satisfactory, or their property will no longer appraise. This reality is clearly evidenced in the ten year low of local mortgage originations so far this year. There appears no solution. Fear of making a bad loan is stronger today than the benefits of making a good loan.

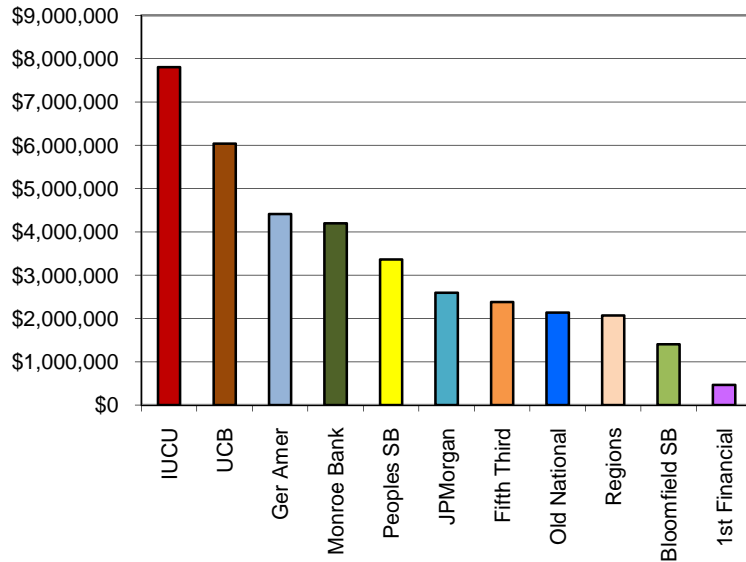
The market could turn in a lot of ways. I won’t be surprised to see purchase activity slow down significantly until people realize that even without a tax credit, low rates make it a great time to buy. I’m optimistic that refinancing will increase some.

The only thing that I’m sure of though is that I’m not sure of anything.



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Dollars - April 2010



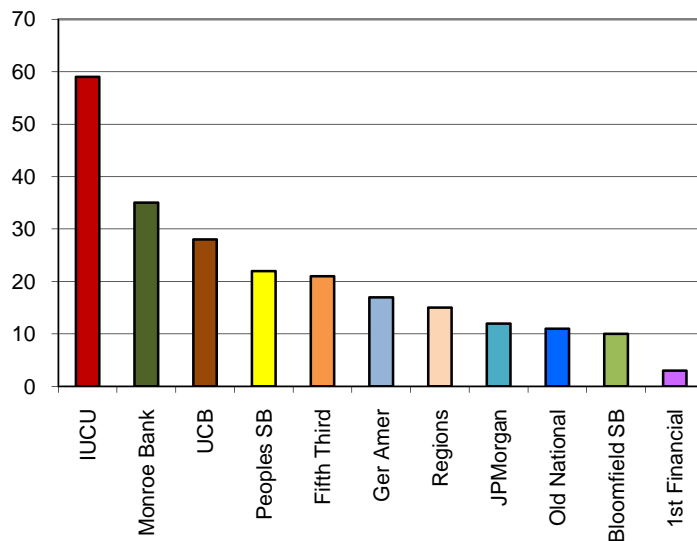
Residential and commercial property mortgages filed in Monroe County during April 2010.

IUCU	7,807,987
UCB	6,036,596
Ger Amer	4,410,419
Monroe Bank	4,199,342
Peoples SB	3,366,874
JPMorgan	2,594,789
Fifth Third	2,379,215
Old National	2,137,370
Regions	2,068,118
Bloomfield SB	1,404,424
1st Financial	463,000

Note- Charts & report do not include re-recordings, modifications, or those recorded without a property description. Fifth Third includes Fifth Third Bank & Fifth Third Mtg, Regions includes Regions Bank & Regions Mtg.

Transactions - April 2010

IUCU	59
Monroe Bank	35
UCB	28
Peoples SB	22
Fifth Third	21
Ger Amer	17
Regions	15
JPMorgan	12
Old National	11
Bloomfield SB	10
1st Financial	3





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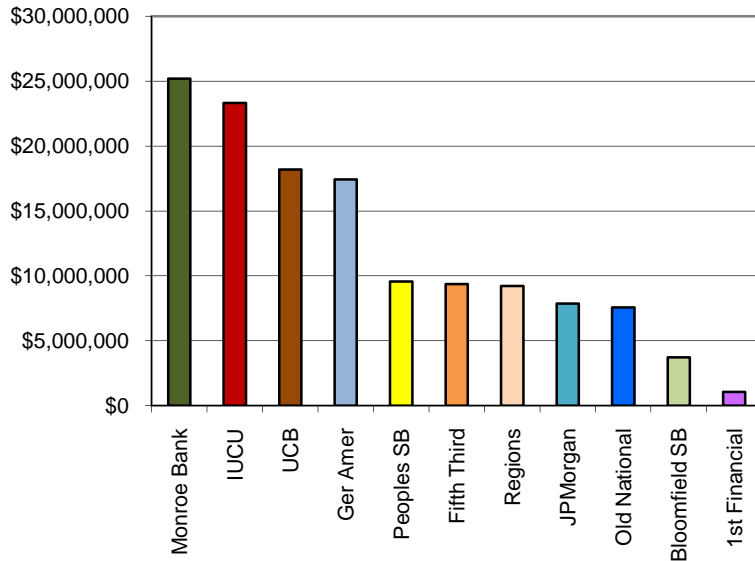
Mortgage Report covering all mortgages on Monre County property, both residential and commercial, filed with the Monroe County Recorder during the month of April 2010.

Lender	\$0 to \$49,999		\$50,000 to \$199,999		\$200,000-\$499,999		\$500,000 & up		Total Docs	%	Total		
	Docs	Amount	Docs	Amount	Docs	Amount	Docs	Amount			Amount	%	
ALLY BANK	0	0	1	116,347	1	300,602	0	0	0	2	0.6	416,949	0.7
BANK OF AMERICA HOME L	0	0	0	0	0	0	0	0	0	0	0	0	0
BLOOMFIELD STATE BANK	3	80,500	3	301,024	4	1,022,900	0	0	10	2.9	1,404,424	2.4	
CRANE FEDERAL CREDIT U	0	0	3	392,000	0	0	0	0	3	0.9	392,000	0.7	
CITIMORTGAGE	0	0	1	64,000	2	575,800	0	0	3	0.9	639,800	1.1	
FARM CREDIT SERVICES M	0	0	0	0	1	450,000	0	0	1	0.3	450,000	0.8	
FIRST FINANCIAL BANK	1	30,000	1	184,000	1	249,000	0	0	3	0.9	463,000	0.8	
FARMERS AND MECHANICS	0	0	1	60,000	0	0	0	0	1	0.3	60,000	0.1	
FIFTH THIRD BANK	3	63,500	2	169,986	0	0	0	0	5	1.4	233,486	0.4	
FIFTH THIRD MORTGAGE	1	48,000	13	1,637,229	2	460,500	0	0	16	4.6	2,145,729	3.6	
GERMAN AMERICAN BANCOR	0	0	9	1,126,640	7	2,137,274	1	1,146,505	17	4.9	4,410,419	7.5	
HOOSIER HILLS CREDIT U	1	30,400	0	0	0	0	0	0	1	0.3	30,400	0.1	
INDIANA UNIVERSITY CRE	14	327,687	34	4,040,600	11	3,439,700	0	0	59	17.1	7,807,987	13.3	
JPMORGAN CHASE BANK	0	0	9	1,081,332	2	513,457	1	1,000,000	12	3.5	2,594,789	4.4	
KEYBANK	0	0	0	0	1	223,870	0	0	1	0.3	223,870	0.4	
MONROE BANK	4	128,959	28	3,181,383	3	889,000	0	0	35	10.1	4,199,342	7.1	
METLIFE HOME LOANS	0	0	5	688,138	1	206,068	0	0	6	1.7	894,206	1.5	
MORTGAGE MASTERS	0	0	1	125,661	0	0	0	0	1	0.3	125,661	0.2	
NATIONAL CITY MORTGAGE	0	0	0	0	0	0	0	0	0	0	0	0	0
OWEN COMMUNITY BANK	0	0	4	457,500	0	0	0	0	4	1.2	457,500	0.8	
OWEN COUNTY STATE BANK	0	0	2	305,798	0	0	0	0	2	0.6	305,798	0.5	
OCEAN MIDWEST	0	0	0	0	0	0	0	0	0	0	0	0	0
OLD NATIONAL BANK	1	12,000	5	562,170	5	1,563,200	0	0	11	3.2	2,137,370	3.6	
PROVIDENT FUNDING ASSO	0	0	2	249,500	2	540,000	0	0	4	1.2	789,500	1.3	
PEOPLES STATE BANK	7	224,375	8	1,167,915	7	1,974,584	0	0	22	6.4	3,366,874	5.7	
REGIONS BANK	0	0	0	0	0	0	0	0	0	0	0	0	0
REGIONS MORTGAGE	0	0	12	1,323,418	3	744,700	0	0	15	4.3	2,068,118	3.5	
STONE CITY BANK	0	0	0	0	0	0	0	0	0	0	0	0	0
UNITED COMMERCE BANK	1	15,000	20	2,421,063	5	1,751,287	2	1,849,246	28	8.1	6,036,596	10.2	
UNITED STATES OF AMERI	0	0	2	173,583	0	0	0	0	2	0.6	173,583	0.3	
UNION SAVINGS BANK	0	0	4	404,716	0	0	0	0	4	1.2	404,716	0.7	
WELLS FARGO BANK	0	0	7	654,539	1	272,000	0	0	8	2.3	926,539	1.6	
All Others	6	133,655	45	5,645,283	17	4,453,953	1	5,520,000	69	20	15,752,891	26.7	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTALS	42	1,094,076	222	26,533,825	76	21,767,895	5	9,515,751	345	100	58,911,547	100	



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Dollars - Year-to-Date through April 2010



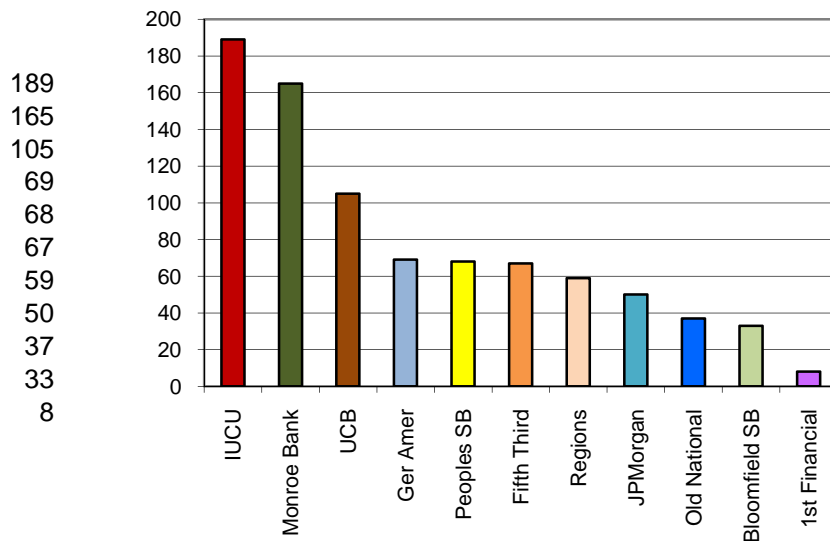
Residential and commercial property mortgages filed in Monroe County during 2010.

Monroe Bank	25,176,949
IUCU	23,317,681
UCB	18,200,915
Ger Amer	17,413,869
Peoples SB	9,565,257
Fifth Third	9,381,781
Regions	9,224,662
JPMorgan	7,860,566
Old National	7,562,794
Bloomfield SB	3,723,769
1st Financial	1,070,200

Note- Charts and report do not include re-recordings, modifications, or those recorded without a legal description. Fifth Third includes Fifth Third Bank & Fifth Third Mtg, Regions includes Regions Bank & Regions Mtg.

Transactions - Year-to-Date through April 2010

IUCU	189
Monroe Bank	165
UCB	105
Ger Amer	69
Peoples SB	68
Fifth Third	67
Regions	59
JPMorgan	50
Old National	37
Bloomfield SB	33
1st Financial	8





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Mortgage Report covering all mortgages on Monre County property, both residential and commercial, filed with the Monroe County Recorder during 2010.

Lender	\$0 to \$49,999		\$50,000 to \$199,999		\$200,000-\$499,999		\$500,000 & up		Total Docs	%	Total Amount	%
	Docs	Amount	Docs	Amount	Docs	Amount	Docs	Amount				
ALLY BANK	0	0	5	663,812	3	838,602	0	0	8	0.6	1,502,414	0.6
BANK OF AMERICA HOME L	0	0	0	0	0	0	0	0	0	0	0	0
BLOOMFIELD STATE BANK	11	304,230	17	1,826,639	4	1,022,900	1	570,000	33	2.6	3,723,769	1.4
CRANE FEDERAL CREDIT U	3	65,000	4	527,000	0	0	0	0	7	0.6	592,000	0.2
CITIMORTGAGE	1	26,800	3	326,411	3	815,000	0	0	7	0.6	1,168,211	0.4
FARM CREDIT SERVICES M	0	0	3	377,500	5	1,821,520	0	0	8	0.6	2,199,020	0.8
FIRST FINANCIAL BANK	3	60,000	2	279,200	3	731,000	0	0	8	0.6	1,070,200	0.4
FARMERS AND MECHANICS	0	0	5	476,000	1	204,000	0	0	6	0.5	680,000	0.3
FIFTH THIRD BANK	4	112,995	7	856,941	0	0	2	1,000,000	13	1	1,969,936	0.7
FIFTH THIRD MORTGAGE	3	134,400	43	5,236,898	8	2,040,547	0	0	54	4.3	7,411,845	2.7
GERMAN AMERICAN BANCOR	8	267,000	32	3,662,872	21	6,481,322	8	7,002,675	69	5.5	17,413,869	6.4
HOOSIER HILLS CREDIT U	2	70,400	2	149,200	0	0	0	0	4	0.3	219,600	0.1
INDIANA UNIVERSITY CRE	54	1,499,097	101	11,639,314	32	8,579,270	2	1,600,000	189	15.1	23,317,681	8.6
JPMORGAN CHASE BANK	3	88,878	37	4,420,568	9	2,351,120	1	1,000,000	50	4	7,860,566	2.9
KEYBANK	0	0	1	171,957	1	223,870	0	0	2	0.2	395,827	0.1
MONROE BANK	27	724,704	115	13,661,210	20	6,031,035	3	4,760,000	165	13.2	25,176,949	9.3
METLIFE HOME LOANS	0	0	8	974,511	1	206,068	0	0	9	0.7	1,180,579	0.4
MORTGAGE MASTERS	0	0	6	656,233	0	0	0	0	6	0.5	656,233	0.2
NATIONAL CITY MORTGAGE	0	0	1	100,000	0	0	0	0	1	0.1	100,000	0
OWEN COMMUNITY BANK	0	0	6	621,500	0	0	0	0	6	0.5	621,500	0.2
OWEN COUNTY STATE BANK	1	39,516	3	493,798	0	0	0	0	4	0.3	533,314	0.2
OCEAN MIDWEST	0	0	0	0	0	0	0	0	0	0	0	0
OLD NATIONAL BANK	8	167,994	17	1,794,080	10	3,042,200	2	2,558,520	37	3	7,562,794	2.8
PROVIDENT FUNDING ASSO	0	0	9	1,205,400	5	1,448,800	0	0	14	1.1	2,654,200	1
PEOPLES STATE BANK	18	519,385	33	3,840,101	16	4,688,950	1	516,821	68	5.4	9,565,257	3.5
REGIONS BANK	2	25,000	7	608,149	1	250,000	0	0	10	0.8	883,149	0.3
REGIONS MORTGAGE	1	48,000	35	4,283,673	11	2,965,840	2	1,044,000	49	3.9	8,341,513	3.1
STONE CITY BANK	0	0	0	0	0	0	0	0	0	0	0	0
UNITED COMMERCE BANK	14	320,050	65	7,605,528	23	7,066,091	3	3,209,246	105	8.4	18,200,915	6.7
UNITED STATES OF AMERI	0	0	4	423,083	0	0	0	0	4	0.3	423,083	0.2
UNION SAVINGS BANK	0	0	18	2,079,966	4	1,138,100	0	0	22	1.8	3,218,066	1.2
WELLS FARGO BANK	2	35,700	29	3,675,754	4	1,075,000	1	550,500	36	2.9	5,336,954	2
All Others	24	392,546	173	21,210,614	50	13,668,343	9	82,392,500	256	20.5	117,664,003	43.3
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTALS	189	4,901,695	791	93,847,912	235	66,689,578	35	106,204,262	1250	100	271,643,447	100



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Mortgage Report covering all mortgages on Monre County property, both residential and commercial, filed with the Monroe County Recorder during the month of April 2010.

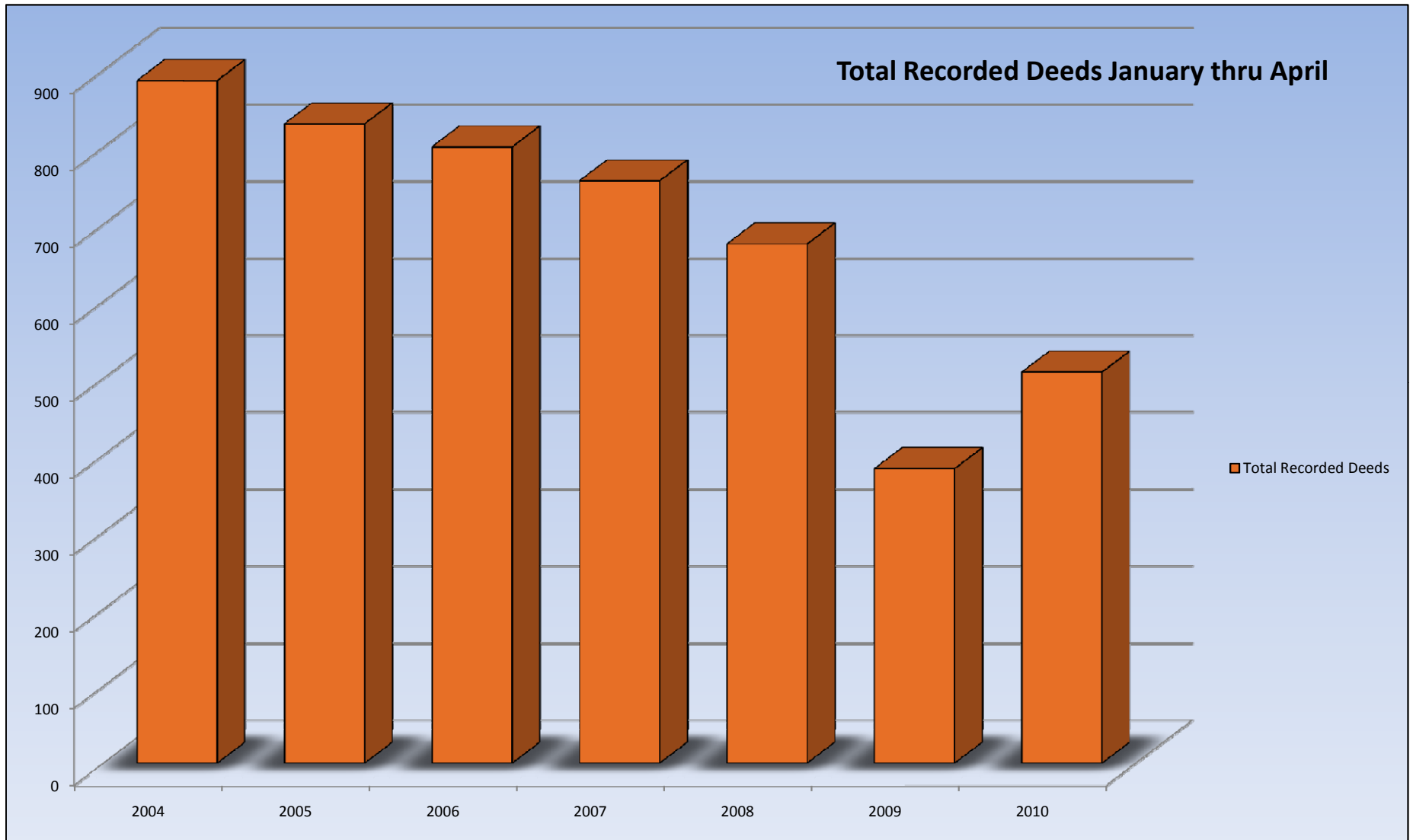
Lender	0 to \$75,000		\$75,001 to \$199,999		\$200,000-\$417,000		\$417,001 & up		Total Docs	%	Total Amount	%
	Docs	Amount	Docs	Amount	Docs	Amount	Docs	Amount				
ALLY BANK	0	0	1	116,347	1	300,602	0	0	2	0.6	416,949	0.7
BANK OF AMERICA HOME L	0	0	0	0	0	0	0	0	0	0	0	0
BLOOMFIELD STATE BANK	4	136,750	2	244,774	4	1,022,900	0	0	10	2.9	1,404,424	2.4
CRANE FEDERAL CREDIT U	0	0	3	392,000	0	0	0	0	3	0.9	392,000	0.7
CITIMORTGAGE	1	64,000	0	0	2	575,800	0	0	3	0.9	639,800	1.1
FARM CREDIT SERVICES M	0	0	0	0	0	0	1	450,000	1	0.3	450,000	0.8
FIRST FINANCIAL BANK	1	30,000	1	184,000	1	249,000	0	0	3	0.9	463,000	0.8
FARMERS AND MECHANICS	1	60,000	0	0	0	0	0	0	1	0.3	60,000	0.1
FIFTH THIRD BANK	4	138,500	1	94,986	0	0	0	0	5	1.4	233,486	0.4
FIFTH THIRD MORTGAGE	2	111,000	12	1,574,229	2	460,500	0	0	16	4.6	2,145,729	3.6
GERMAN AMERICAN BANCOR	2	121,640	7	1,005,000	7	2,137,274	1	1,146,505	17	4.9	4,410,419	7.5
HOOSIER HILLS CREDIT U	1	30,400	0	0	0	0	0	0	1	0.3	30,400	0.1
INDIANA UNIVERSITY CRE	19	641,587	29	3,726,700	11	3,439,700	0	0	59	17.1	7,807,987	13.3
JPMORGAN CHASE BANK	1	69,190	8	1,012,142	2	513,457	1	1,000,000	12	3.5	2,594,789	4.4
KEYBANK	0	0	0	0	1	223,870	0	0	1	0.3	223,870	0.4
MONROE BANK	11	532,159	21	2,778,183	3	889,000	0	0	35	10.1	4,199,342	7.1
METLIFE HOME LOANS	0	0	5	688,138	1	206,068	0	0	6	1.7	894,206	1.5
MORTGAGE MASTERS	0	0	1	125,661	0	0	0	0	1	0.3	125,661	0.2
NATIONAL CITY MORTGAGE	0	0	0	0	0	0	0	0	0	0	0	0
OWEN COMMUNITY BANK	0	0	4	457,500	0	0	0	0	4	1.2	457,500	0.8
OWEN COUNTY STATE BANK	0	0	2	305,798	0	0	0	0	2	0.6	305,798	0.5
OCEAN MIDWEST	0	0	0	0	0	0	0	0	0	0	0	0
OLD NATIONAL BANK	3	137,000	3	437,170	4	1,093,500	1	469,700	11	3.2	2,137,370	3.6
PROVIDENT FUNDING ASSO	0	0	2	249,500	2	540,000	0	0	4	1.2	789,500	1.3
PEOPLES STATE BANK	8	284,375	7	1,107,915	7	1,974,584	0	0	22	6.4	3,366,874	5.7
REGIONS BANK	0	0	0	0	0	0	0	0	0	0	0	0
REGIONS MORTGAGE	0	0	12	1,323,418	3	744,700	0	0	15	4.3	2,068,118	3.5
STONE CITY BANK	0	0	0	0	0	0	0	0	0	0	0	0
UNITED COMMERCE BANK	3	150,000	18	2,286,063	3	849,541	4	2,750,992	28	8.1	6,036,596	10.2
UNITED STATES OF AMERI	1	66,583	1	107,000	0	0	0	0	2	0.6	173,583	0.3
UNION SAVINGS BANK	0	0	4	404,716	0	0	0	0	4	1.2	404,716	0.7
WELLS FARGO BANK	1	73,115	6	581,424	1	272,000	0	0	8	2.3	926,539	1.6
All Others	8	260,695	43	5,518,243	17	4,453,953	1	5,520,000	69	20	15,752,891	26.7
TOTALS	71	2,906,994	193	24,720,907	72	19,946,449	9	11,337,197	345	100	58,911,547	100



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Mortgage Report covering all mortgages on Monroe County property, both residential and commercial, filed with the Monroe County Recorder during 2010.

Lender	0 to \$75,000		\$75,001 to \$199,999		\$200,000-\$417,000		\$417,001 & up		Total Docs	%	Total Amount	%	
	Docs	Amount	Docs	Amount	Docs	Amount	Docs	Amount					
ALLY BANK	0	0	5	663,812	3	838,602	0	0	0	8	0.6	1,502,414	0.6
BANK OF AMERICA HOME L	0	0	0	0	0	0	0	0	0	0	0	0	0
BLOOMFIELD STATE BANK	15	570,830	13	1,560,039	4	1,022,900	1	570,000	33	2.6	3,723,769	1.4	
CRANE FEDERAL CREDIT U	3	65,000	4	527,000	0	0	0	0	7	0.6	592,000	0.2	
CITIMORTGAGE	2	90,800	2	262,411	3	815,000	0	0	7	0.6	1,168,211	0.4	
FARM CREDIT SERVICES M	1	72,000	2	305,500	3	921,520	2	900,000	8	0.6	2,199,020	0.8	
FIRST FINANCIAL BANK	3	60,000	2	279,200	3	731,000	0	0	8	0.6	1,070,200	0.4	
FARMERS AND MECHANICS	1	60,000	4	416,000	1	204,000	0	0	6	0.5	680,000	0.3	
FIFTH THIRD BANK	5	187,995	6	781,941	0	0	2	1,000,000	13	1	1,969,936	0.7	
FIFTH THIRD MORTGAGE	7	406,930	39	4,964,368	8	2,040,547	0	0	54	4.3	7,411,845	2.7	
GERMAN AMERICAN BANCOR	14	640,940	26	3,288,932	20	6,001,322	9	7,482,675	69	5.5	17,413,869	6.4	
HOOSIER HILLS CREDIT U	3	120,400	1	99,200	0	0	0	0	4	0.3	219,600	0.1	
INDIANA UNIVERSITY CRE	71	2,543,797	84	10,594,614	32	8,579,270	2	1,600,000	189	15.1	23,317,681	8.6	
JPMORGAN CHASE BANK	9	481,607	31	4,027,839	9	2,351,120	1	1,000,000	50	4	7,860,566	2.9	
KEYBANK	0	0	1	171,957	1	223,870	0	0	2	0.2	395,827	0.1	
MONROE BANK	49	2,010,804	93	12,375,110	20	6,031,035	3	4,760,000	165	13.2	25,176,949	9.3	
METLIFE HOME LOANS	0	0	8	974,511	1	206,068	0	0	9	0.7	1,180,579	0.4	
MORTGAGE MASTERS	0	0	6	656,233	0	0	0	0	6	0.5	656,233	0.2	
NATIONAL CITY MORTGAGE	0	0	1	100,000	0	0	0	0	1	0.1	100,000	0	
OWEN COMMUNITY BANK	1	74,000	5	547,500	0	0	0	0	6	0.5	621,500	0.2	
OWEN COUNTY STATE BANK	1	39,516	3	493,798	0	0	0	0	4	0.3	533,314	0.2	
OCEAN MIDWEST	0	0	0	0	0	0	0	0	0	0	0	0	
OLD NATIONAL BANK	14	532,094	11	1,429,980	9	2,572,500	3	3,028,220	37	3	7,562,794	2.8	
PROVIDENT FUNDING ASSO	0	0	9	1,205,400	5	1,448,800	0	0	14	1.1	2,654,200	1	
PEOPLES STATE BANK	25	923,501	26	3,435,985	15	4,201,450	2	1,004,321	68	5.4	9,565,257	3.5	
REGIONS BANK	5	182,149	4	451,000	1	250,000	0	0	10	0.8	883,149	0.3	
REGIONS MORTGAGE	2	111,000	34	4,220,673	11	2,965,840	2	1,044,000	49	3.9	8,341,513	3.1	
STONE CITY BANK	0	0	0	0	0	0	0	0	0	0	0	0	
UNITED COMMERCE BANK	25	1,050,452	54	6,875,126	20	5,730,841	6	4,544,496	105	8.4	18,200,915	6.7	
UNITED STATES OF AMERI	1	66,583	3	356,500	0	0	0	0	4	0.3	423,083	0.2	
UNION SAVINGS BANK	2	120,000	16	1,959,966	4	1,138,100	0	0	22	1.8	3,218,066	1.2	
WELLS FARGO BANK	4	181,015	27	3,530,439	4	1,075,000	1	550,500	36	2.9	5,336,954	2	
All Others	37	1,230,753	160	20,372,407	50	13,668,343	9	82,392,500	256	20.5	117,664,003	43.3	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTALS	300	11,822,166	680	86,927,441	227	63,017,128	43	109,876,712	1250	100	271,643,447	100	



Excludes Quit-Claim, Sheriff's and other deeds judged not to represent an arms-length sale.