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“Laughter and tears are both responses to frustration and exhaustion. I myself prefer to laugh, since there is less cleaning up to do afterward.”

~ Kurt Vonnegut

Last month I suggested here that due to the refinance boom the number of recorded mortgages in our market was headed towards 2004-2005 levels. My prediction was based upon a combination of real data—our order counts and market share—and anecdotal information gleaned from conversations with clients. In retrospect, this led to a faulty analysis of the type once characterized by Alan Greenspan as “irrational exuberance.”

I now believe that the local mortgage finance business is operating pretty close to full capacity. I included a chart this month that depicts recorded mortgages per working day for each month this year. (Since a month can be anywhere from 18 to 23 working days, some stats are useful to compare on an average per day basis.) The number of mortgages recorded each of the last three months has been nearly identical on a working day basis. This occurs despite the fact that according to many of our clients and national statistics, the number of new mortgage applications has increased substantially during this time frame. Within our own shop, the number of transactions that we close has barely changed over each of the last five months. This level of consistency for this long a period is unprecedented in my years in the business.

The nineteen or twenty mortgages closed on average each day is down considerably from the twenty-nine or thirty mortgages recorded daily during a similar period of refinance mania in 2004. During that year, our report included 51 mortgage lenders. Now our report includes only 35 lenders. The Indy Star reported that the number of licensed mortgage brokers and loan originators in Indiana has declined 73 percent since 2005. It’s clear to me that the capacity of the origination business is contracted. A few of our clients are adding to staff with limited term employees. As a result, production may increase some. No one though appears to be committing to additional permanent staff.

As for the purchase market, stories are now appearing in the media that home sales declined considerably since the expiration of the federal homebuyer tax credits. Why this is surprising to anyone completely escapes me. I included a couple of charts this month that show recorded deeds for each month this year and also recorded deeds for each of the last seven Julys. Unfortunately the performance of our local market is no better than what’s being reported nationally. Early August statistics that I checked confirm the trend.

So we’re all working near capacity but not producing nearly the results as in years past. Demand for mortgages is high but the regulatory overhead is retarding the process. Tighter and more arbitrary underwriting standards are also restricting production.

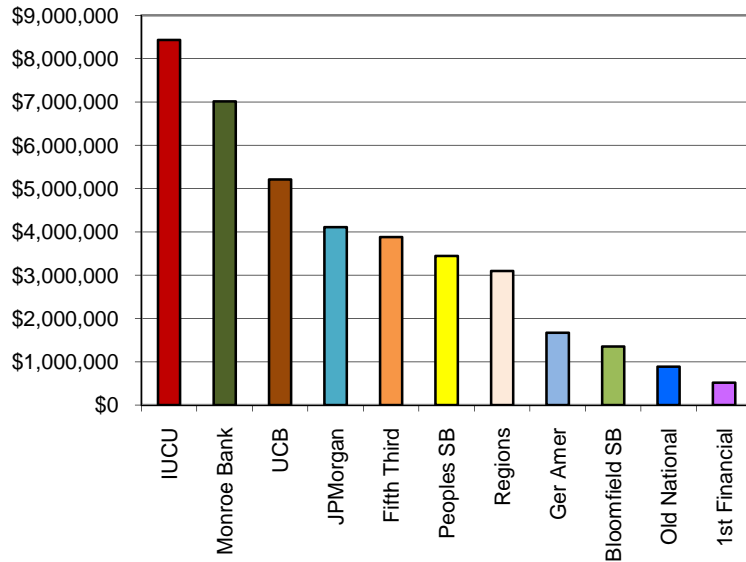
No doubt the talking heads will be genuinely surprised once that becomes clear to them.

~John Bethell



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Dollars - July 2010



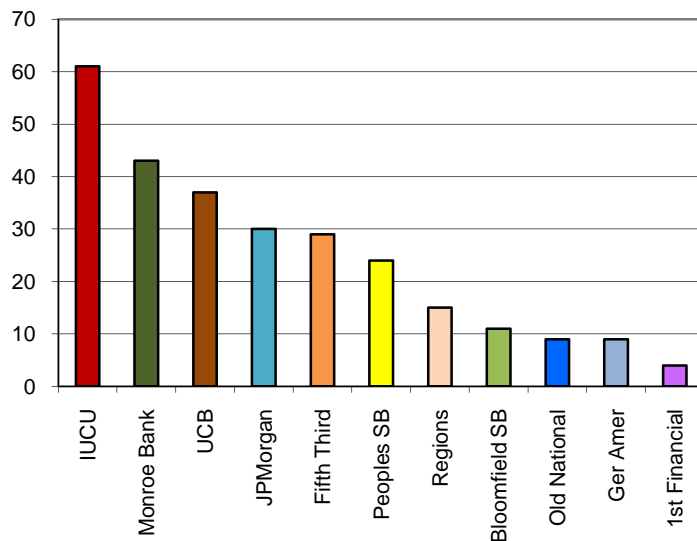
Residential and commercial property mortgages filed in Monroe County during July 2010.

IUCU	8,435,529
Monroe Bank	7,013,910
UCB	5,207,400
JPMorgan	4,109,323
Fifth Third	3,881,276
Peoples SB	3,444,712
Regions	3,095,375
Ger Amer	1,674,300
Bloomfield SB	1,353,627
Old National	886,876
1st Financial	518,125

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 - July 2010

IUCU	61
Monroe Bank	43
UCB	37
JPMorgan	30
Fifth Third	29
Peoples SB	24
Regions	15
Bloomfield SB	11
Old National	9
Ger Amer	9
1st Financial	4



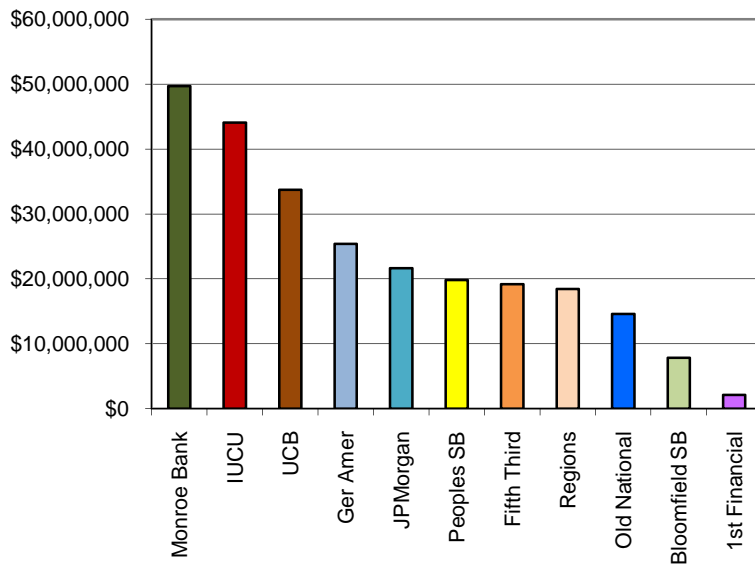
Mortgage Report covering all mortgages on Monre County property, both residential and commercial, filed with the Monroe County Recorder during the month of July 2010.

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	1	109,000	2	427,200	1	535,000	4	1	1,071,200	1.8
BAXTER CREDIT UNION	0	0	1	130,000	1	200,450	0	0	2	0.5	330,450	0.5
BANK OF AMERICA	0	0	4	668,002	2	631,017	1	880,000	7	1.7	2,179,019	3.6
BANK OF AMERICA HOME L	0	0	0	0	0	0	0	0	0	0	0	0
BLOOMFIELD STATE BANK	3	68,500	5	520,627	3	764,500	0	0	11	2.7	1,353,627	2.2
CRANE FEDERAL CREDIT U	1	15,000	3	299,500	0	0	0	0	4	1	314,500	0.5
CITIMORTGAGE	0	0	1	51,520	0	0	0	0	1	0.2	51,520	0.1
FARM CREDIT SERVICES M	1	40,460	0	0	1	422,597	0	0	2	0.5	463,057	0.8
FIRST FINANCIAL BANK	1	48,421	2	213,704	1	256,000	0	0	4	1	518,125	0.9
FARMERS AND MECHANICS	0	0	2	153,000	0	0	0	0	2	0.5	153,000	0.3
FIFTH THIRD BANK	2	35,100	2	157,660	0	0	0	0	4	1	192,760	0.3
FIFTH THIRD MORTGAGE	1	47,835	20	2,394,181	4	1,246,500	0	0	25	6.1	3,688,516	6.1
GERMAN AMERICAN BANCOR	0	0	6	827,800	3	846,500	0	0	9	2.2	1,674,300	2.7
HOOSIER HILLS CREDIT U	1	20,000	1	91,000	1	317,000	0	0	3	0.7	428,000	0.7
INDIANA UNIVERSITY CRE	16	367,609	30	3,311,820	14	4,156,100	1	600,000	61	14.8	8,435,529	13.9
JPMORGAN CHASE BANK	0	0	24	2,647,972	6	1,461,351	0	0	30	7.3	4,109,323	6.7
KEYBANK	0	0	1	68,400	0	0	0	0	1	0.2	68,400	0.1
MONROE BANK	6	168,570	24	3,040,149	12	3,205,191	1	600,000	43	10.4	7,013,910	11.5
METLIFE HOME LOANS	0	0	6	720,911	0	0	0	0	6	1.5	720,911	1.2
MORTGAGE MASTERS	0	0	3	254,735	0	0	0	0	3	0.7	254,735	0.4
NATIONAL CITY MORTGAGE	0	0	0	0	0	0	0	0	0	0	0	0
OWEN COMMUNITY BANK	0	0	0	0	0	0	0	0	0	0	0	0
OWEN COUNTY STATE BANK	1	18,500	2	248,000	1	255,500	0	0	4	1	522,000	0.9
OCEAN MIDWEST	0	0	0	0	0	0	0	0	0	0	0	0
OLD NATIONAL BANK	3	73,267	5	413,609	1	400,000	0	0	9	2.2	886,876	1.5
PROVIDENT FUNDING ASSO	0	0	3	272,000	1	279,000	0	0	4	1	551,000	0.9
PEOPLES STATE BANK	3	111,684	16	1,787,458	5	1,545,570	0	0	24	5.8	3,444,712	5.7
REGIONS BANK	0	0	0	0	0	0	0	0	0	0	0	0
REGIONS MORTGAGE	0	0	11	1,416,375	3	802,000	1	877,000	15	3.6	3,095,375	5.1
STONE CITY BANK	0	0	0	0	0	0	0	0	0	0	0	0
SUPREME LENDING	0	0	2	167,405	0	0	0	0	2	0.5	167,405	0.3
UNITED COMMERCE BANK	6	85,600	21	2,409,000	10	2,712,800	0	0	37	9	5,207,400	8.6
UNITED STATES OF AMERI	0	0	1	146,000	0	0	0	0	1	0.2	146,000	0.2
UNION SAVINGS BANK	0	0	9	1,219,150	1	270,000	0	0	10	2.4	1,489,150	2.4
WELLS FARGO BANK	2	91,500	19	2,428,755	3	851,825	0	0	24	5.8	3,372,080	5.5
All Others	9	143,000	41	4,933,298	10	2,749,994	1	1,160,000	61	14.8	8,986,292	14.8
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TOTALS	56	1,335,046	266	31,101,031	85	23,801,095	6	4,652,000	413	100	60,889,172	100



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Dollars - Year-to-Date through July 2010



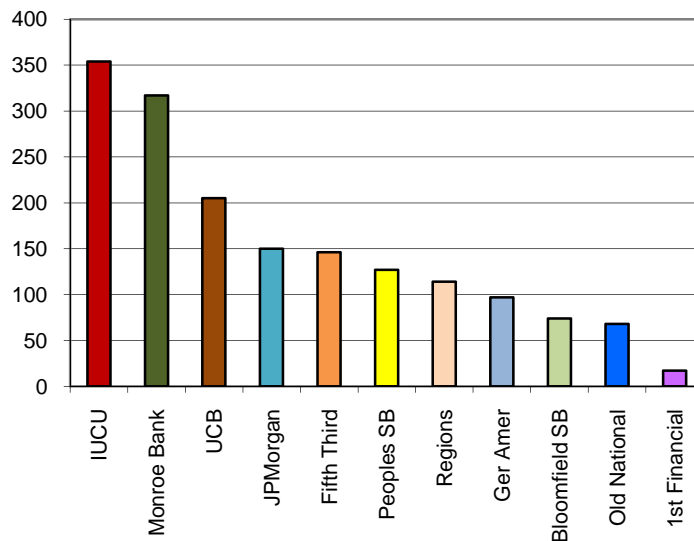
Residential and commercial property mortgages filed in Monroe County during 2010.

Monroe Bank	49,703,748
IUCU	44,041,855
UCB	33,707,112
Ger Amer	25,382,139
JPMorgan	21,637,366
Peoples SB	19,831,939
Fifth Third	19,194,367
Regions	18,462,244
Old National	14,615,747
Bloomfield SB	7,875,439
1st Financial	2,141,245

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 July 2010

IUCU	354
Monroe Bank	317
UCB	205
JPMorgan	150
Fifth Third	146
Peoples SB	127
Regions	114
Ger Amer	97
Bloomfield SB	74
Old National	68
1st Financial	17



Mortgage Report covering all mortgages on Monroe 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	
	Docs	Amount	Docs	Amount	Docs	Amount	Docs	Amount			Amount	%
ALLY BANK	0	0	8	1,080,919	7	1,808,402	1	535,000	16	0.6	3,424,321	0.7
BAXTER CREDIT UNION	4	149,740	8	950,150	7	1,820,075	0	0	19	0.8	2,919,965	0.6
BANK OF AMERICA	0	0	38	5,182,560	15	3,993,107	2	1,610,000	55	2.2	10,785,667	2.3
BANK OF AMERICA HOME L	0	0	0	0	0	0	0	0	0	0	0	0
BLOOMFIELD STATE BANK	20	510,830	43	4,344,009	10	2,450,600	1	570,000	74	3	7,875,439	1.7
CRANE FEDERAL CREDIT U	6	113,000	10	1,287,100	0	0	0	0	16	0.6	1,400,100	0.3
CITIMORTGAGE	1	26,800	4	377,931	3	815,000	0	0	8	0.3	1,219,731	0.3
FARM CREDIT SERVICES M	1	40,460	4	539,000	7	2,496,917	0	0	12	0.5	3,076,377	0.7
FIRST FINANCIAL BANK	5	153,421	8	1,000,824	4	987,000	0	0	17	0.7	2,141,245	0.5
FARMERS AND MECHANICS	0	0	14	1,424,500	1	204,000	0	0	15	0.6	1,628,500	0.3
FIFTH THIRD BANK	9	231,787	18	1,758,441	0	0	2	1,000,000	29	1.2	2,990,228	0.6
FIFTH THIRD MORTGAGE	4	182,235	100	12,392,857	13	3,629,047	0	0	117	4.7	16,204,139	3.4
GERMAN AMERICAN BANCOR	8	267,000	45	5,342,091	34	10,515,354	10	9,257,694	97	3.9	25,382,139	5.4
HOOSIER HILLS CREDIT U	4	95,400	3	240,200	1	317,000	0	0	8	0.3	652,600	0.1
INDIANA UNIVERSITY CRE	96	2,592,766	194	22,272,049	61	16,977,040	3	2,200,000	354	14.3	44,041,855	9.3
JPMORGAN CHASE BANK	3	88,878	118	13,407,989	28	7,140,499	1	1,000,000	150	6	21,637,366	4.6
KEYBANK	0	0	2	240,357	2	548,870	0	0	4	0.2	789,227	0.2
MONROE BANK	47	1,275,980	204	24,354,722	58	16,110,935	8	7,962,111	317	12.8	49,703,748	10.5
METLIFE HOME LOANS	0	0	25	2,956,927	3	725,048	0	0	28	1.1	3,681,975	0.8
MORTGAGE MASTERS	0	0	16	1,605,682	1	321,900	0	0	17	0.7	1,927,582	0.4
NATIONAL CITY MORTGAGE	0	0	1	100,000	0	0	0	0	1	0	100,000	0
OWEN COMMUNITY BANK	0	0	6	621,500	0	0	0	0	6	0.2	621,500	0.1
OWEN COUNTY STATE BANK	2	58,016	8	1,262,044	1	255,500	0	0	11	0.4	1,575,560	0.3
OCEAN MIDWEST	0	0	0	0	0	0	0	0	0	0	0	0
OLD NATIONAL BANK	12	261,261	38	4,046,178	14	4,549,763	4	5,758,545	68	2.7	14,615,747	3.1
PROVIDENT FUNDING ASSO	0	0	15	1,882,400	9	2,814,800	0	0	24	1	4,697,200	1
PEOPLES STATE BANK	26	746,069	70	8,420,741	29	8,127,870	2	2,537,259	127	5.1	19,831,939	4.2
REGIONS BANK	4	80,000	11	943,149	1	250,000	0	0	16	0.6	1,273,149	0.3
REGIONS MORTGAGE	3	132,000	70	8,943,941	22	6,192,154	3	1,921,000	98	3.9	17,189,095	3.6
STONE CITY BANK	0	0	0	0	0	0	0	0	0	0	0	0
SUPREME LENDING	0	0	18	2,078,832	3	716,424	0	0	21	0.8	2,795,256	0.6
UNITED COMMERCE BANK	26	536,750	126	15,026,778	50	14,934,338	3	3,209,246	205	8.3	33,707,112	7.1
UNITED STATES OF AMERI	1	39,900	9	1,045,583	0	0	0	0	10	0.4	1,085,483	0.2
UNION SAVINGS BANK	0	0	31	3,821,336	6	1,714,100	0	0	37	1.5	5,535,436	1.2
WELLS FARGO BANK	6	177,219	61	7,621,357	13	3,386,151	1	550,500	81	3.3	11,735,227	2.5
All Others	47	801,077	281	34,082,056	79	22,542,154	17	99,206,412	424	17.1	156,631,699	33.1
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TOTALS	335	8,560,589	1607	190,654,203	482	136,344,048	58	137,317,767	2482	100	472,876,607	100



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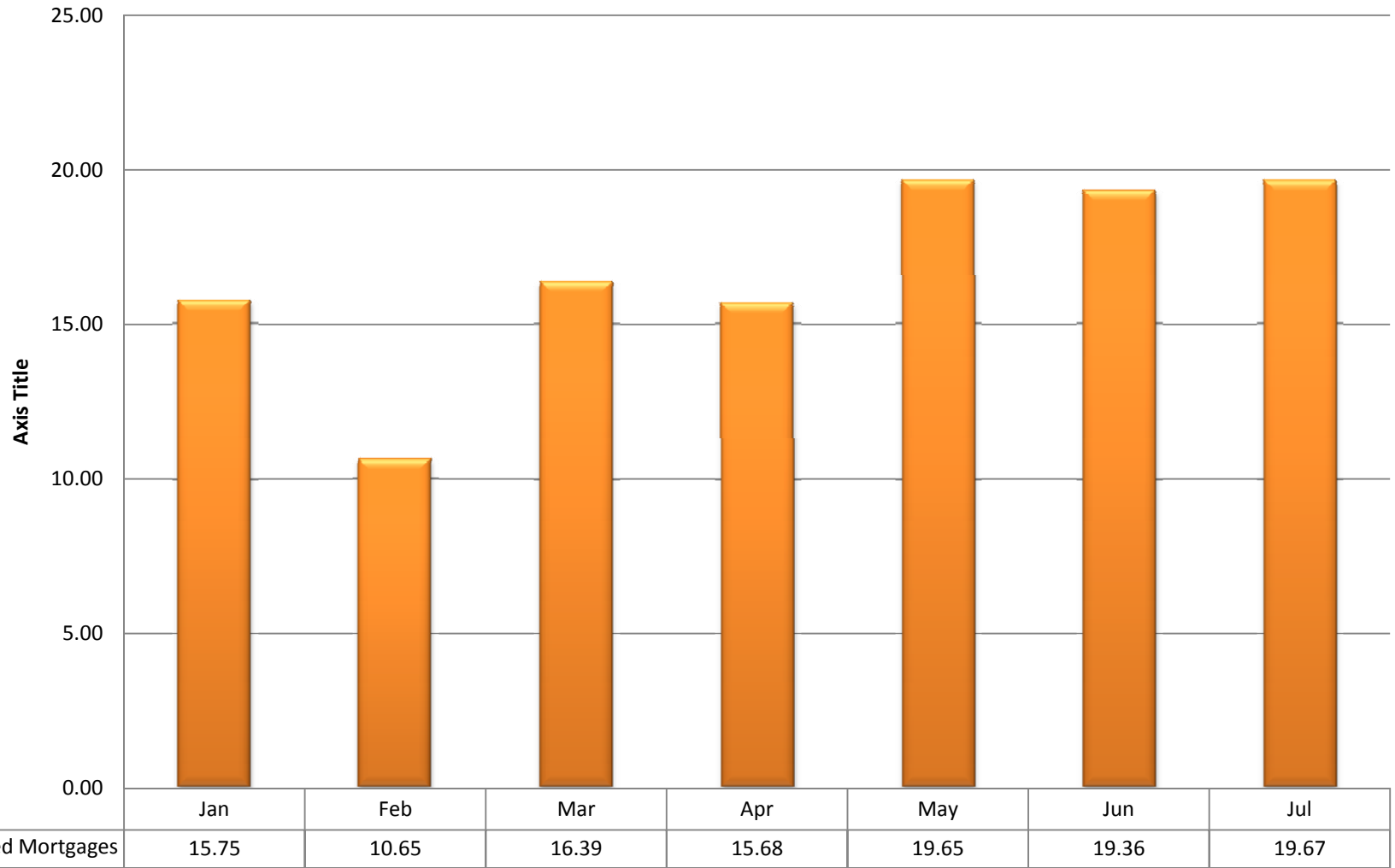
Mortgage Report covering all mortgages on Monre County property, both residential and commercial, filed with the Monroe County Recorder during the month of July 2010.

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	109,000	2	427,200	1	535,000	4	1	1,071,200	1.8
BAXTER CREDIT UNION	0	0	1	130,000	1	200,450	0	0	2	0.5	330,450	0.5
BANK OF AMERICA	0	0	4	668,002	2	631,017	1	880,000	7	1.7	2,179,019	3.6
BANK OF AMERICA HOME L	0	0	0	0	0	0	0	0	0	0	0	0
BLOOMFIELD STATE BANK	3	68,500	5	520,627	3	764,500	0	0	11	2.7	1,353,627	2.2
CRANE FEDERAL CREDIT U	1	15,000	3	299,500	0	0	0	0	4	1	314,500	0.5
CITIMORTGAGE	1	51,520	0	0	0	0	0	0	1	0.2	51,520	0.1
FARM CREDIT SERVICES M	1	40,460	0	0	0	0	1	422,597	2	0.5	463,057	0.8
FIRST FINANCIAL BANK	1	48,421	2	213,704	1	256,000	0	0	4	1	518,125	0.9
FARMERS AND MECHANICS	1	72,000	1	81,000	0	0	0	0	2	0.5	153,000	0.3
FIFTH THIRD BANK	2	35,100	2	157,660	0	0	0	0	4	1	192,760	0.3
FIFTH THIRD MORTGAGE	2	109,635	19	2,332,381	4	1,246,500	0	0	25	6.1	3,688,516	6.1
GERMAN AMERICAN BANCOR	0	0	6	827,800	3	846,500	0	0	9	2.2	1,674,300	2.7
HOOSIER HILLS CREDIT U	1	20,000	1	91,000	1	317,000	0	0	3	0.7	428,000	0.7
INDIANA UNIVERSITY CRE	21	695,859	25	2,983,570	14	4,156,100	1	600,000	61	14.8	8,435,529	13.9
JPMORGAN CHASE BANK	2	113,720	22	2,534,252	6	1,461,351	0	0	30	7.3	4,109,323	6.7
KEYBANK	1	68,400	0	0	0	0	0	0	1	0.2	68,400	0.1
MONROE BANK	11	491,070	19	2,717,649	12	3,205,191	1	600,000	43	10.4	7,013,910	11.5
METLIFE HOME LOANS	1	63,745	5	657,166	0	0	0	0	6	1.5	720,911	1.2
MORTGAGE MASTERS	1	60,000	2	194,735	0	0	0	0	3	0.7	254,735	0.4
NATIONAL CITY MORTGAGE	0	0	0	0	0	0	0	0	0	0	0	0
OWEN COMMUNITY BANK	0	0	0	0	0	0	0	0	0	0	0	0
OWEN COUNTY STATE BANK	2	78,500	1	188,000	1	255,500	0	0	4	1	522,000	0.9
OCEAN MIDWEST	0	0	0	0	0	0	0	0	0	0	0	0
OLD NATIONAL BANK	6	281,376	2	205,500	1	400,000	0	0	9	2.2	886,876	1.5
PROVIDENT FUNDING ASSO	1	62,000	2	210,000	1	279,000	0	0	4	1	551,000	0.9
PEOPLES STATE BANK	6	297,267	13	1,601,875	5	1,545,570	0	0	24	5.8	3,444,712	5.7
REGIONS BANK	0	0	0	0	0	0	0	0	0	0	0	0
REGIONS MORTGAGE	0	0	11	1,416,375	3	802,000	1	877,000	15	3.6	3,095,375	5.1
STONE CITY BANK	0	0	0	0	0	0	0	0	0	0	0	0
SUPREME LENDING	1	63,900	1	103,505	0	0	0	0	2	0.5	167,405	0.3
UNITED COMMERCE BANK	9	286,600	18	2,208,000	10	2,712,800	0	0	37	9	5,207,400	8.6
UNITED STATES OF AMERI	0	0	1	146,000	0	0	0	0	1	0.2	146,000	0.2
UNION SAVINGS BANK	1	58,950	8	1,160,200	1	270,000	0	0	10	2.4	1,489,150	2.4
WELLS FARGO BANK	4	212,448	17	2,307,807	3	851,825	0	0	24	5.8	3,372,080	5.5
All Others	17	671,550	33	4,404,748	10	2,749,994	1	1,160,000	61	14.8	8,986,292	14.8
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTALS	97	3,966,021	225	28,470,056	84	23,378,498	7	5,074,597	413	100	60,889,172	100

Mortgage Report covering all mortgages on Monre 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	%	Total	%
	Docs	Amount	Docs	Amount	Docs	Amount	Docs	Amount	Docs		Amount	
ALLY BANK	0	0	8	1,080,919	7	1,808,402	1	535,000	16	0.6	3,424,321	0.7
BAXTER CREDIT UNION	4	149,740	8	950,150	7	1,820,075	0	0	19	0.8	2,919,965	0.6
BANK OF AMERICA	1	59,650	37	5,122,910	14	3,543,107	3	2,060,000	55	2.2	10,785,667	2.3
BANK OF AMERICA HOME L	0	0	0	0	0	0	0	0	0	0	0	0
BLOOMFIELD STATE BANK	30	1,175,970	33	3,678,869	10	2,450,600	1	570,000	74	3	7,875,439	1.7
CRANE FEDERAL CREDIT U	6	113,000	10	1,287,100	0	0	0	0	16	0.6	1,400,100	0.3
CITIMORTGAGE	3	142,320	2	262,411	3	815,000	0	0	8	0.3	1,219,731	0.3
FARM CREDIT SERVICES M	2	112,460	3	467,000	4	1,174,320	3	1,322,597	12	0.5	3,076,377	0.7
FIRST FINANCIAL BANK	5	153,421	8	1,000,824	4	987,000	0	0	17	0.7	2,141,245	0.5
FARMERS AND MECHANICS	3	192,000	11	1,232,500	1	204,000	0	0	15	0.6	1,628,500	0.3
FIFTH THIRD BANK	16	678,787	11	1,311,441	0	0	2	1,000,000	29	1.2	2,990,228	0.6
FIFTH THIRD MORTGAGE	12	733,368	92	11,841,724	13	3,629,047	0	0	117	4.7	16,204,139	3.4
GERMAN AMERICAN BANCOR	15	703,940	38	4,905,151	32	9,595,760	12	10,177,288	97	3.9	25,382,139	5.4
HOOSIER HILLS CREDIT U	5	145,400	2	190,200	1	317,000	0	0	8	0.3	652,600	0.1
INDIANA UNIVERSITY CRE	129	4,670,716	161	20,194,099	61	16,977,040	3	2,200,000	354	14.3	44,041,855	9.3
JPMORGAN CHASE BANK	19	1,056,623	102	12,440,244	28	7,140,499	1	1,000,000	150	6	21,637,366	4.6
KEYBANK	1	68,400	1	171,957	2	548,870	0	0	4	0.2	789,227	0.2
MONROE BANK	83	3,432,580	168	22,198,122	58	16,110,935	8	7,962,111	317	12.8	49,703,748	10.5
METLIFE HOME LOANS	1	63,745	24	2,893,182	3	725,048	0	0	28	1.1	3,681,975	0.8
MORTGAGE MASTERS	1	60,000	15	1,545,682	1	321,900	0	0	17	0.7	1,927,582	0.4
NATIONAL CITY MORTGAGE	0	0	1	100,000	0	0	0	0	1	0	100,000	0
OWEN COMMUNITY BANK	1	74,000	5	547,500	0	0	0	0	6	0.2	621,500	0.1
OWEN COUNTY STATE BANK	3	118,016	7	1,202,044	1	255,500	0	0	11	0.4	1,575,560	0.3
OCEAN MIDWEST	0	0	0	0	0	0	0	0	0	0	0	0
OLD NATIONAL BANK	25	1,068,973	25	3,238,466	12	3,663,007	6	6,645,301	68	2.7	14,615,747	3.1
PROVIDENT FUNDING ASSO	1	62,000	14	1,820,400	9	2,814,800	0	0	24	1	4,697,200	1
PEOPLES STATE BANK	37	1,406,088	59	7,760,722	28	7,640,370	3	3,024,759	127	5.1	19,831,939	4.2
REGIONS BANK	10	387,149	5	636,000	1	250,000	0	0	16	0.6	1,273,149	0.3
REGIONS MORTGAGE	4	195,000	69	8,880,941	22	6,192,154	3	1,921,000	98	3.9	17,189,095	3.6
STONE CITY BANK	0	0	0	0	0	0	0	0	0	0	0	0
SUPREME LENDING	2	138,900	16	1,939,932	3	716,424	0	0	21	0.8	2,795,256	0.6
UNITED COMMERCE BANK	46	1,860,952	106	13,702,576	47	13,599,088	6	4,544,496	205	8.3	33,707,112	7.1
UNITED STATES OF AMERI	2	106,483	8	979,000	0	0	0	0	10	0.4	1,085,483	0.2
UNION SAVINGS BANK	3	178,950	28	3,642,386	6	1,714,100	0	0	37	1.5	5,535,436	1.2
WELLS FARGO BANK	11	511,434	56	7,287,142	13	3,386,151	1	550,500	81	3.3	11,735,227	2.5
All Others	77	2,752,404	251	32,130,729	78	22,053,654	18	99,694,912	424	17.1	156,631,699	33.1
TOTALS	558	22,572,469	1384	176,642,323	469	130,453,851	71	143,207,964	2482	100	472,876,607	100

Recorded Mortgages per Working Day



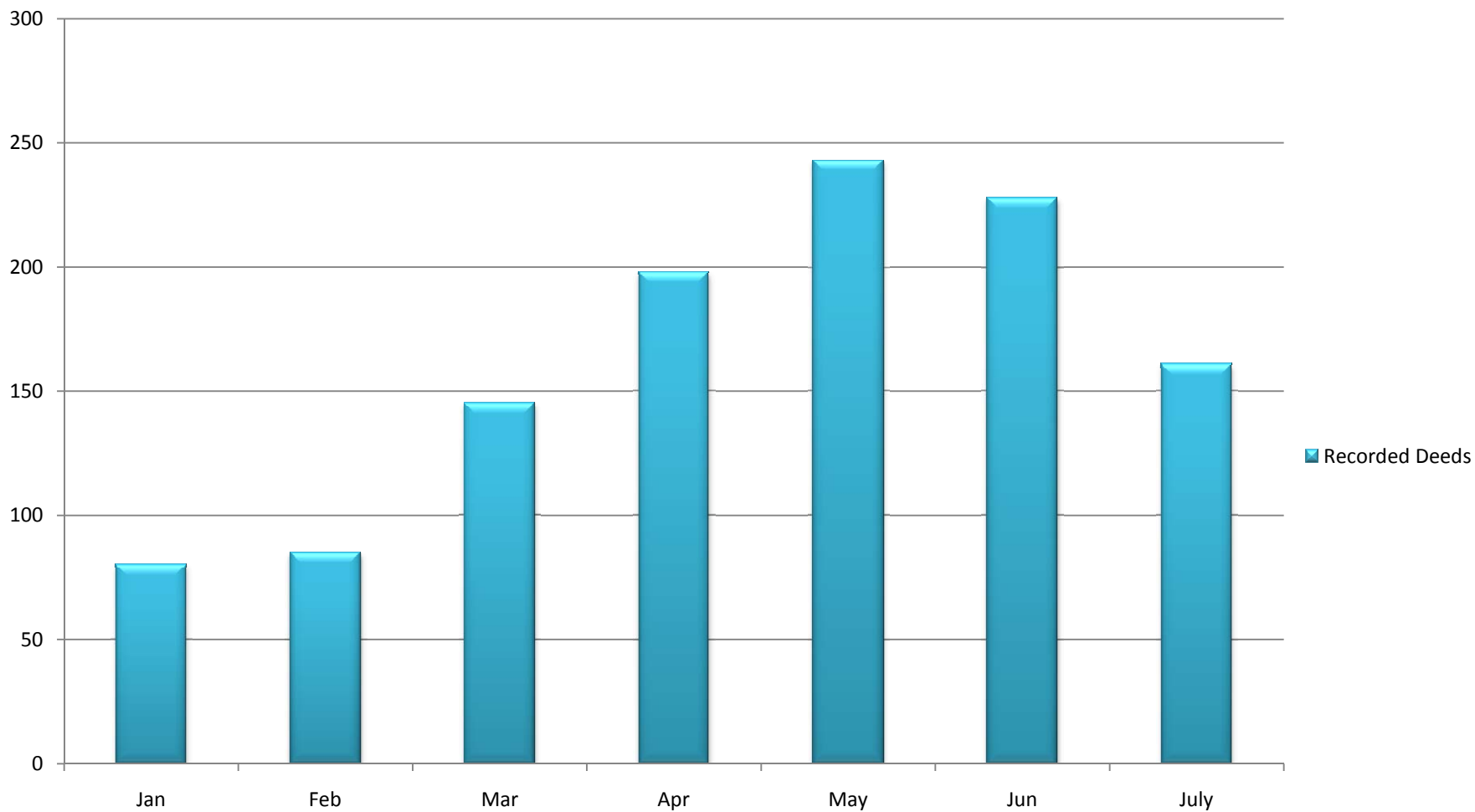
Mortgages between \$50K and \$500K - Monroe County

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Working Day excludes Weekends and Holidays

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2010 Recorded Deeds

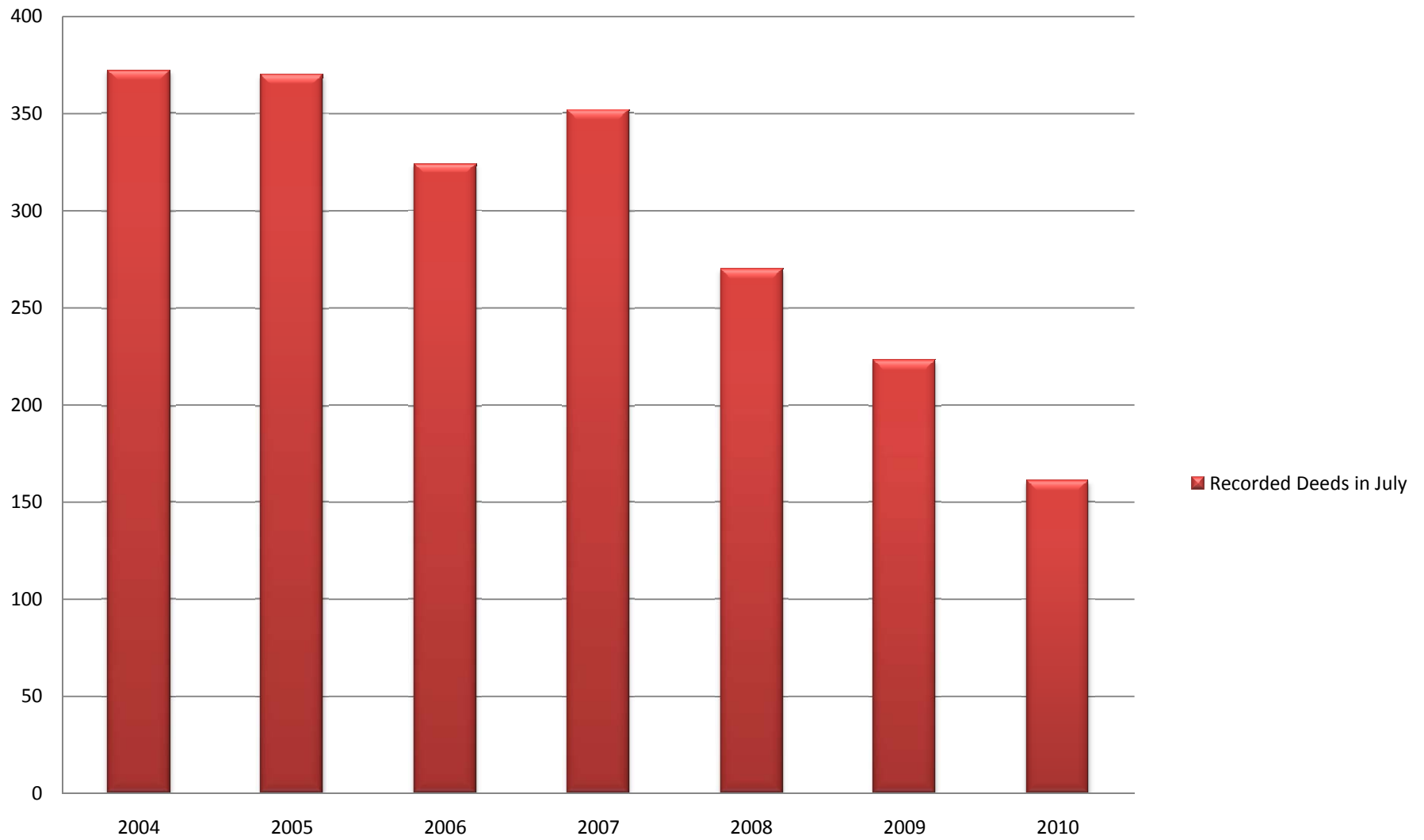


Monroe County Only
Excludes Quit-Claim, Sheriff's
and other deeds judged not to represent an arms-length sale.

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Recorded Deeds - July Year-to-Year Comparison



Monroe County only.

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