



FOR IMMEDIATE RELEASE  
January 17, 2013

**Media Contacts Below**

**CORELOGIC® REPORTS 1.4 MILLION BORROWERS RETURNED TO “POSITIVE EQUITY”  
YEAR TO DATE THROUGH THE END OF THE THIRD QUARTER 2012**

***—Number of Residential Properties in Negative Equity Declines Again in Q3 2012—***

**IRVINE, Calif., January 17, 2013**—CoreLogic (NYSE: CLGX), a leading provider of information, analytics and business services, today released new analysis showing approximately 100,000 more borrowers reached a state of positive equity during the third quarter of 2012, adding to the more than 1.3 million borrowers that moved into positive equity through the second quarter of 2012. This brings the total number of borrowers who moved from negative equity to positive equity September YTD to 1.4 million. 10.7 million, or 22 percent, of all residential properties with a mortgage were in [negative equity](#) at the end of the third quarter of 2012. This is down from 10.8 million properties, or 22.3 percent, at the end of the second quarter of 2012. An additional 2.3 million borrowers had less than 5 percent equity in their home, referred to as near-negative equity, at the end of the third quarter.

Negative equity, often referred to as “underwater” or “upside down,” means that borrowers owe more on their mortgages than their homes are worth. Negative equity can occur because of a decline in value, an increase in mortgage debt or a combination of both.

Together, negative equity and near-negative equity mortgages accounted for 26.8 percent of all residential properties with a mortgage nationwide in the third quarter of 2012, down from 27 percent at the end of the second quarter in 2012. Nationally, negative equity decreased from \$689 billion at the end of the second quarter in 2012 to \$658 billion at the end of the third quarter, a decrease of \$31 billion. This decrease was driven in large part by an improvement in house price levels. This dollar amount represents the total value of all homes currently underwater nationally.

“Through the third quarter, the number of underwater borrowers declined significantly,” said Mark Fleming, chief economist for CoreLogic. “The substantive gain in house prices made in 2012, partly due to tight inventory caused by negative equity’s lock-out effect, has paradoxically alleviated some of the pain.”



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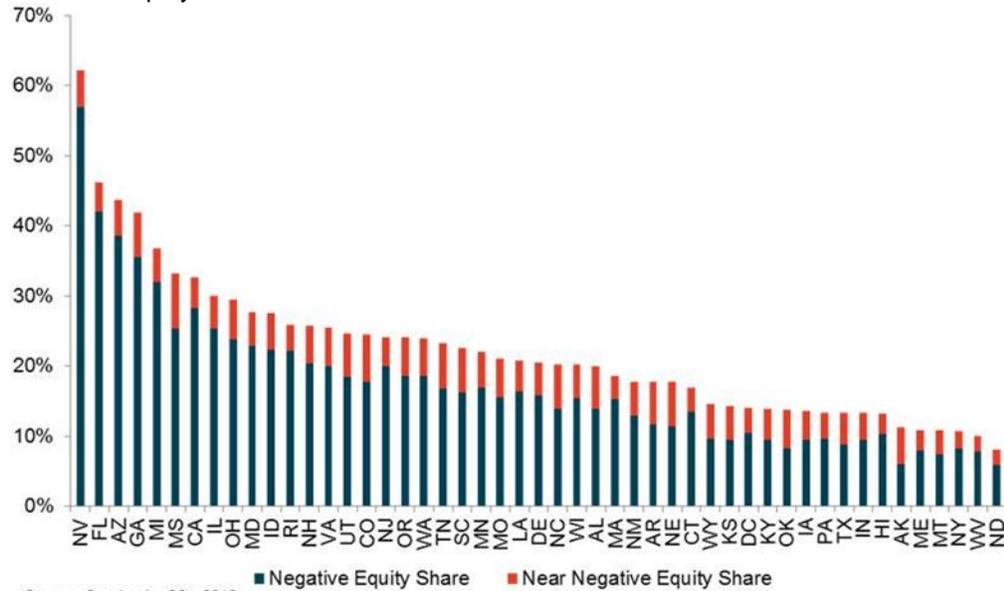
“There has been steady progress relative to reducing negative equity and its effects in 2012; but, with nearly one quarter of borrowers still underwater we have a long way to go,” said Anand Nallathambi, president and CEO of CoreLogic. “As we look ahead into 2013, we expect to continue to see more borrowers’ escape the negative equity trap and that will be a strong positive for the housing market specifically and the broader economy generally.”

**Highlights as of Q3 2012:**

- Nevada had the highest percentage of mortgaged properties in negative equity at 56.9 percent, followed by Florida (42.1 percent), Arizona (38.6 percent), Georgia (35.6 percent) and Michigan (32 percent). These top five states combined account for 34 percent of the total amount of negative equity in the U.S.
- Of the total \$658 billion in aggregate negative equity, first liens without home equity loans accounted for \$323 billion aggregate negative equity, while first liens with home equity loans accounted for \$334 billion.
- 6.6 million upside-down borrowers hold first liens without home equity loans. The average mortgage balance for this group of borrowers is \$214,000. The average underwater amount is \$49,000.
- 4.1 million upside-down borrowers possess both first and second liens. The average mortgage balance for this group of borrowers is \$298,000. The average underwater amount is \$82,000.
- Approximately 41 percent of borrowers with first liens without home equity loans had loan-to-value (LTV) ratios of 80 percent or higher and approximately 61 percent of borrowers with first liens and home equity loans had combined LTVs of 80 percent or higher.
- At the end of the third quarter 2012, 17.1 million borrowers possessed qualifying LTVs between 80 and 125 percent for the Home Affordable Refinance Program (HARP) under the original requirements first introduced in March 2009. The lifting of the 125 percent LTV cap via HARP 2.0 opens the door to another 4.6 million borrowers.
- The bulk of negative equity is concentrated in the low end of the housing market. For example, for low- to mid-value homes (less than \$200,000), the negative equity share is 28.7 percent, almost twice the 14.6 percent for borrowers with home values greater than \$200,000.
- As of Q3 2012, there were 1.8 million borrowers who were only 5 percent underwater, who if home prices continue increasing over the next year, could return to a positive equity position.

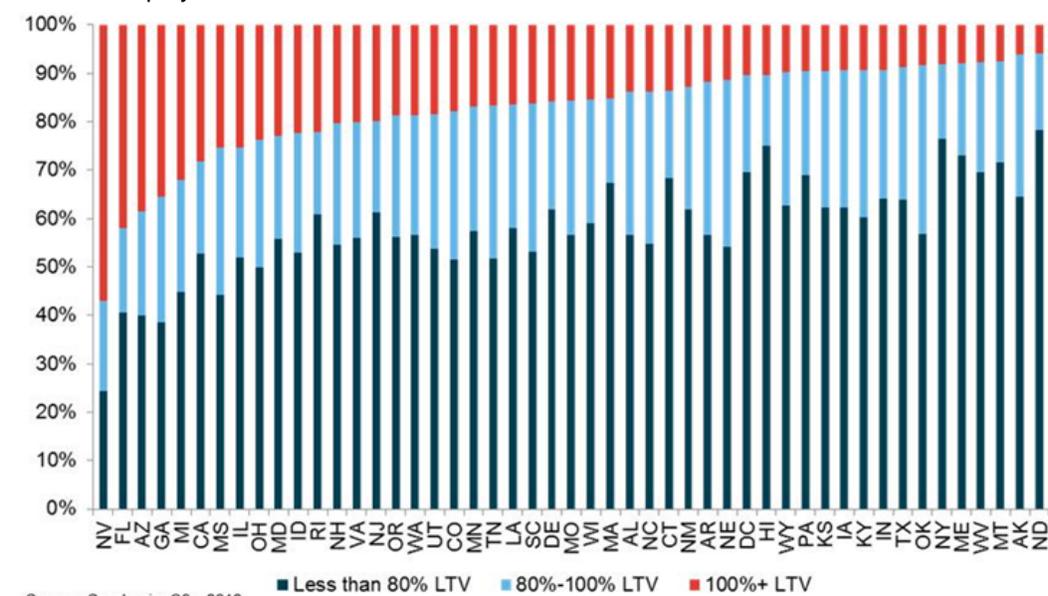
**Figure 1 - Negative Equity Concentrated Mostly in Sand States**

Q3 2012 Equity Share

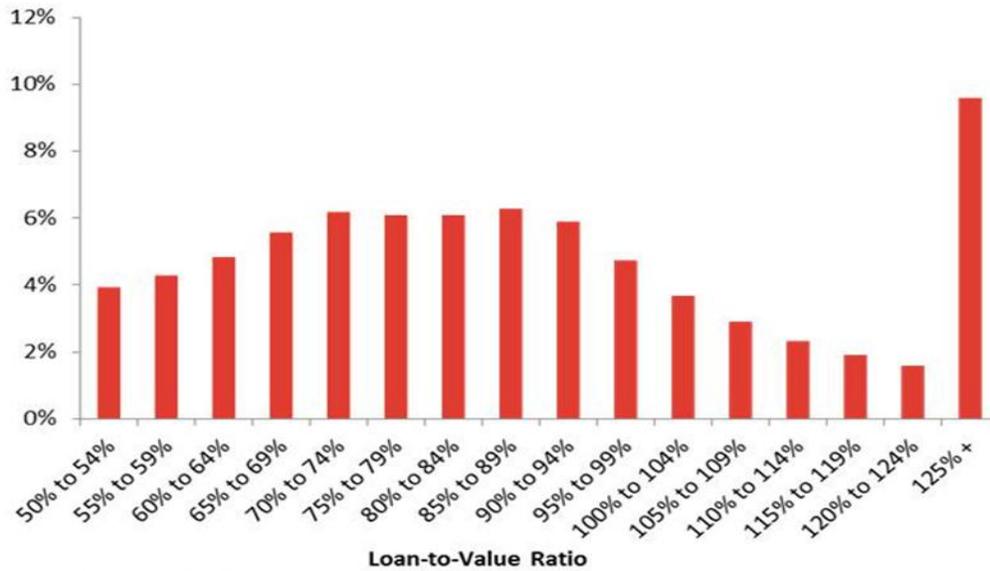


**Figure 2 - Distribution of Equity Widely Varies by State**

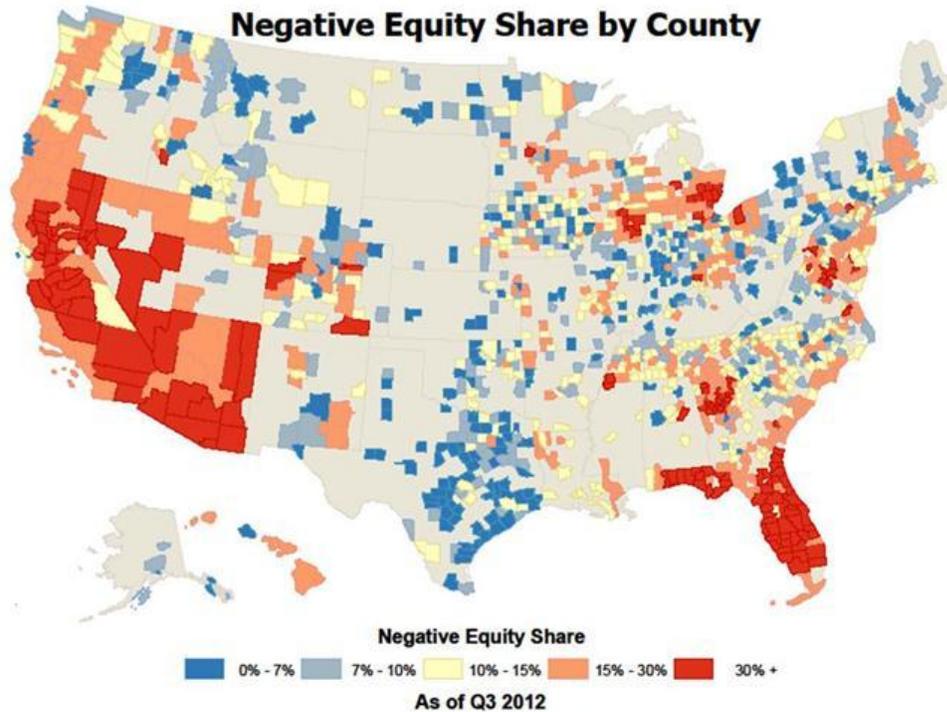
Q3 2012 Equity Distribution



**Figure 3 – National Distribution of Home Equity**  
Negative Equity Share by LTV Segment



Source: CoreLogic Q3 - 2012



Source: CoreLogic Negative Equity Report



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Q3 2012 Negative Equity by State*									
STATE	Properties With a Mortgage Outstanding					\$ Outstanding			
	Mortgages	Negative Equity Mortgages	Near** Negative Equity Mortgages	Negative Equity Share	Near** Negative Equity Share	Total Property Value	Mortgage Debt Outstanding	Net Homeowner Equity	Loan-to-Value Ratio
US	48,526,831	10,673,550	2,306,978	22.0%	4.8%	12,470,101,021,700	8,660,391,398,347	3,809,709,623,353	69.4%
Alabama	347,273	48,255	20,832	13.9%	6.0%	63,974,698,800	44,948,448,110	19,026,250,690	70.3%
Alaska	88,672	5,386	4,598	6.1%	5.2%	24,980,203,900	16,585,294,140	8,394,909,760	66.4%
Arizona	1,320,712	509,184	67,775	38.6%	5.1%	258,814,079,100	220,816,282,202	37,997,796,898	85.3%
Arkansas	258,449	30,326	15,552	11.7%	6.0%	41,717,947,300	30,339,866,271	11,378,081,029	72.7%
California	6,784,724	1,917,721	302,070	28.3%	4.5%	2,724,856,501,500	1,893,906,704,641	830,949,796,859	69.5%
Colorado	1,153,354	205,511	76,553	17.8%	6.6%	308,753,986,000	219,368,753,073	89,385,232,927	71.0%
Connecticut	827,449	111,959	28,439	13.5%	3.4%	284,105,206,600	168,969,715,553	115,135,491,047	59.5%
Delaware	188,873	29,855	8,860	15.8%	4.7%	48,640,509,800	32,884,769,627	15,755,740,173	67.6%
Florida	4,203,696	1,768,532	173,302	42.1%	4.1%	790,080,828,400	675,457,344,317	114,623,484,083	85.5%
Georgia	1,614,579	574,490	101,233	35.6%	6.3%	294,543,642,900	246,008,669,257	48,534,973,643	83.5%
Hawaii	234,996	24,301	6,806	10.3%	2.9%	123,557,499,300	65,945,949,798	57,611,549,502	53.4%
Idaho	247,881	55,183	13,048	22.3%	5.3%	47,027,871,900	34,756,013,517	12,271,858,383	73.9%
Illinois	2,231,876	566,910	103,604	25.4%	4.6%	490,962,952,100	366,017,587,438	124,945,364,662	74.6%
Indiana	668,784	62,923	25,849	9.4%	3.9%	105,374,841,500	71,135,720,499	34,239,121,001	67.5%
Iowa	379,012	35,707	15,750	9.4%	4.2%	58,533,416,300	39,856,363,796	18,677,052,504	68.1%
Kansas	309,216	29,240	14,859	9.5%	4.8%	56,046,898,800	38,773,999,600	17,272,899,200	69.2%
Kentucky	304,072	28,630	13,777	9.4%	4.5%	52,369,547,700	35,301,780,771	17,067,766,929	67.4%
Louisiana	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maine	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maryland	1,350,922	309,244	64,662	22.9%	4.8%	420,975,302,400	291,982,827,747	128,992,474,653	69.4%
Massachusetts	1,490,409	228,315	49,558	15.3%	3.3%	530,706,087,700	323,232,577,007	207,473,510,693	60.9%
Michigan	1,362,525	435,700	64,928	32.0%	4.8%	200,860,858,500	162,345,487,149	38,515,371,352	80.8%
Minnesota	616,774	103,987	31,932	16.9%	5.2%	134,264,531,500	91,234,621,751	43,029,909,749	68.0%
Mississippi	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Missouri	784,958	122,493	42,474	15.6%	5.4%	137,966,497,200	97,924,992,658	40,041,504,542	71.0%
Montana	119,338	8,858	4,063	7.4%	3.4%	29,291,429,300	17,750,497,198	11,540,932,102	60.6%
Nebraska	231,661	26,546	14,499	11.5%	6.3%	36,275,453,000	27,004,201,214	9,271,251,786	74.4%
Nevada	554,888	315,834	29,183	56.9%	5.3%	95,609,843,800	104,212,187,269	-8,602,343,469	109.0%
New Hampshire	223,457	45,378	12,099	20.3%	5.4%	52,819,073,200	37,828,774,113	14,990,299,087	71.6%
New Jersey	1,888,756	375,790	78,934	19.9%	4.2%	633,588,882,600	413,098,429,265	220,490,453,335	65.2%
New Mexico	248,743	32,040	12,210	12.9%	4.9%	56,081,264,200	37,557,694,865	18,523,569,335	67.0%
New York	1,923,074	157,020	49,218	8.2%	2.6%	815,891,665,200	408,303,419,374	407,588,245,826	50.0%
North Carolina	1,596,380	220,898	102,756	13.8%	6.4%	325,401,263,300	233,033,910,827	92,367,352,473	71.6%
North Dakota	65,003	3,866	1,419	5.9%	2.2%	12,506,092,300	7,326,599,759	5,179,492,541	58.6%
Ohio	2,152,771	511,426	121,965	23.8%	5.7%	306,664,840,600	232,438,024,460	74,226,816,140	75.8%
Oklahoma	426,033	35,065	23,659	8.2%	5.6%	62,936,867,200	45,190,010,508	17,746,856,692	71.8%
Oregon	709,278	132,233	38,462	18.6%	5.4%	175,270,764,200	123,031,353,401	52,239,410,799	70.2%
Pennsylvania	1,897,043	182,457	70,771	9.6%	3.7%	404,468,405,700	252,055,307,554	152,413,098,146	62.3%
Rhode Island	229,646	50,766	8,626	22.1%	3.8%	60,468,549,800	39,321,712,118	21,146,837,682	65.0%
South Carolina	646,969	105,449	40,560	16.3%	6.3%	136,222,061,800	97,588,440,509	38,633,621,291	71.6%
South Dakota	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tennessee	975,105	163,116	63,739	16.7%	6.5%	169,183,807,500	122,027,235,956	47,156,571,544	72.1%
Texas	3,395,392	298,571	152,869	8.8%	4.5%	649,254,406,100	429,472,664,954	219,781,741,146	66.1%
Utah	480,854	88,803	29,634	18.5%	6.2%	117,995,899,500	83,777,779,977	34,218,119,523	71.0%
Vermont	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Virginia	1,329,351	266,192	72,425	20.0%	5.4%	441,955,822,400	306,172,429,206	135,783,393,194	69.3%
Washington	1,427,607	265,232	76,605	18.6%	5.4%	421,347,205,300	290,054,648,448	131,292,556,852	68.8%
Washington, DC	100,108	10,384	3,591	10.4%	3.6%	51,245,055,900	28,902,719,875	22,342,336,025	56.4%
West Virginia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wisconsin	682,983	104,877	33,151	15.4%	4.9%	126,160,750,800	88,158,230,745	38,002,520,055	69.9%
Wyoming	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\*This data only includes properties with a mortgage. Non-mortgaged properties are by definition not included.

\*\* Defined as properties in negative equity or within 5% of being in a negative equity position.



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### **Methodology**

CoreLogic data includes 48 million properties with a mortgage, which accounts for over 85 percent of all mortgages in the U.S.\* CoreLogic uses its public record data as the source of the mortgage debt outstanding (MDO) which includes both first mortgage liens and second liens and is adjusted for amortization and home equity utilization in order to capture the true level of mortgage debt outstanding for each property. The calculations are not based on sampling, but use the full data set to avoid any potential adverse selection due to sampling. The current value of MDO is estimated using the CoreLogic GeoAVM Core™ Cascade, a suite of CoreLogic Automated Valuation Models (AVMs) for residential properties designed to select the most appropriate valuation model from a group of individual AVMs.\*\* The data is filtered to include only properties valued between \$30,000 and \$30 million because AVM accuracy tends to quickly worsen outside of this value range, which could yield either overly pessimistic or overly optimistic equity estimates.

The amount of equity for each property is determined by subtracting the estimated current value of the property from the mortgage debt outstanding. If the mortgage debt is greater than the estimated value, then the property is determined to be in a negative equity position. The data is first generated at the property level and aggregated to higher levels of geography.

\*Only data for mortgaged residential properties that have an AVM value is presented. There are several states where the public record, AVM or mortgage coverage is thin. Although coverage is thin, these states account for fewer than 5 percent of the total population of the U.S.

\*\*Beginning Q1 2012, the modeling methodology used to estimate market value was enhanced by introducing the CoreLogic GeoAVM Core Cascade. This cascade optimally selects the most appropriate AVM to predict current market value and is calibrated to market sales activity on a quarterly basis. The “cascading” approach helps achieve greater valuation accuracy, increasing the resulting precision of negative equity estimates. CoreLogic has revised the entire negative equity time series to reflect the adoption of the new methodology.

### **Source: CoreLogic**

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**About CoreLogic**

CoreLogic (NYSE: CLGX) is a leading property information, analytics and services provider in the United States and Australia. The company's combined data from public, contributory, and proprietary sources includes over 3.3 billion records spanning more than 40 years, providing detailed coverage of property, mortgages and other encumbrances, consumer credit, tenancy, location, hazard risk and related performance information. The markets CoreLogic serves include real estate and mortgage finance, insurance, capital markets, transportation and government. CoreLogic delivers value to clients through unique data, analytics, workflow technology, advisory and managed services. Clients rely on CoreLogic to help identify and manage growth opportunities, improve performance and mitigate risk. Headquartered in Irvine, Calif., CoreLogic operates in seven countries. For more information, please visit [www.corelogic.com](http://www.corelogic.com).

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