

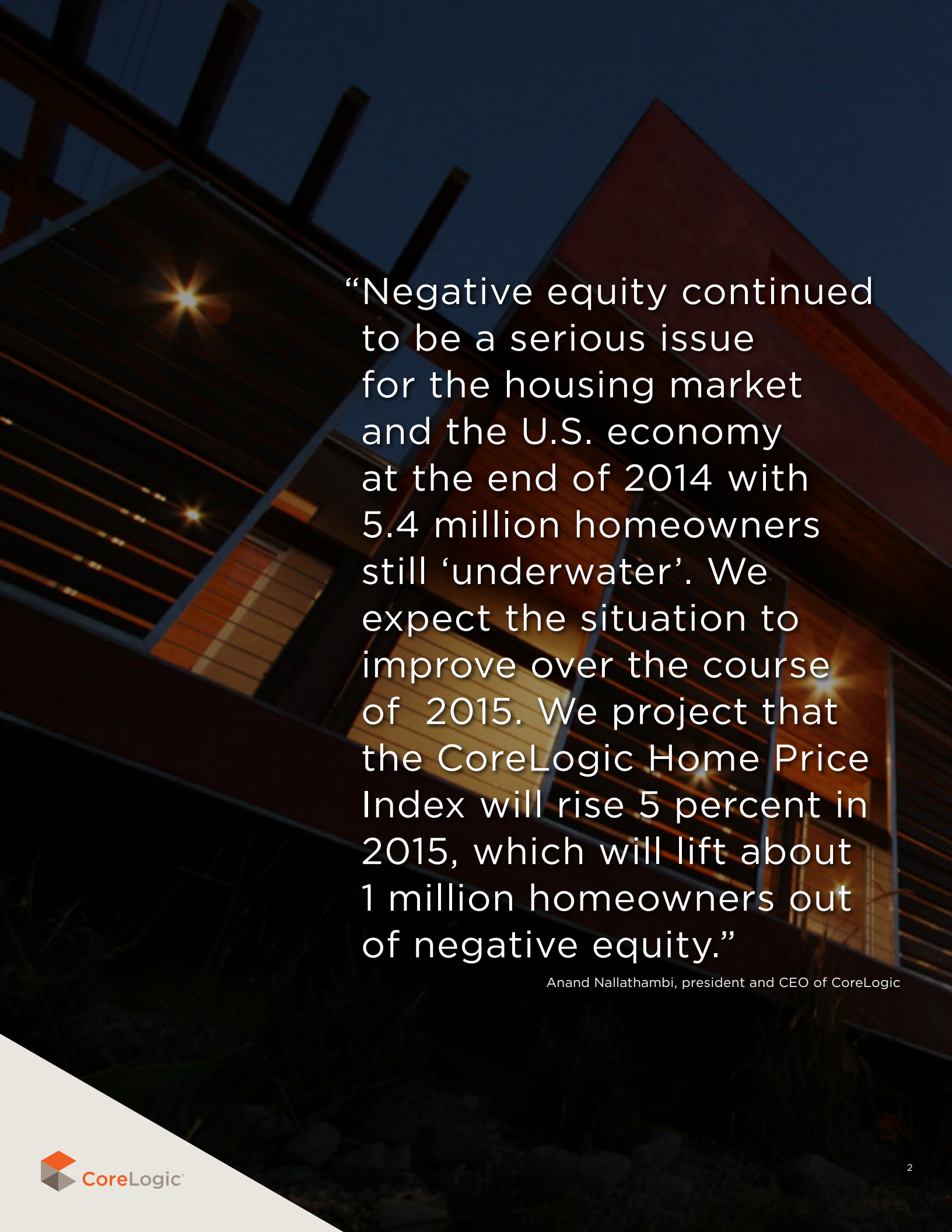


CoreLogic®



# Equity Report

FOURTH QUARTER 2014



“Negative equity continued to be a serious issue for the housing market and the U.S. economy at the end of 2014 with 5.4 million homeowners still ‘underwater’. We expect the situation to improve over the course of 2015. We project that the CoreLogic Home Price Index will rise 5 percent in 2015, which will lift about 1 million homeowners out of negative equity.”

Anand Nallathambi, president and CEO of CoreLogic

# Equity Report – National Overview

- ▶ Nearly 1.2 Million US Borrowers Regained Equity in 2014
- ▶ Approximately 5.4 Million Homes with a Mortgage Still in Negative Equity
- ▶ Almost 10 Million Mortgaged Properties Have Positive Equity But Are Considered Under-Equited With Less Than 20 Percent Equity



## 10.8%

of mortgaged homes have negative equity

CoreLogic analysis indicates that approximately 5.4 million homes, or 10.8 percent of all residential properties with a mortgage, were still in negative equity at the end of the fourth quarter of 2014. Negative equity means that a borrower owes more on a home than it is worth. These properties may be referred to as underwater or upside down.



## \$7.0B

increase in aggregate value of negative equity

For the homes in negative equity status, the national aggregate value of negative equity was \$348.8 billion for fourth quarter 2014, compared to \$341.8 billion for third quarter 2014\*, an increase of \$7 billion.

---

An additional 1.0 million properties would regain equity if home prices rose another 5 percent.

\* Q3 2014 data was revised. Revisions with public records are standard, and to ensure accuracy, CoreLogic incorporates the newly released public data to provide updated results.

# Under Equity

Properties with less than 20 percent equity



20.0%

2.8%

of mortgaged residential properties are under-equited

of residential properties are near-negative equity

UNDERWRITING CONSTRAINTS MAY MAKE IT MORE DIFFICULT FOR UNDER-EQUITIED BORROWERS TO OBTAIN NEW HOME FINANCING.

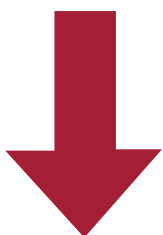
Borrowers with less than 20-percent home equity are referred to as under-equited. Of the 49.9 million properties with a mortgage currently with equity, approximately 10 million, or 20 percent, have less than 20-percent equity.

Additionally, at the end of the fourth quarter, 1.4 million homes, or 2.8 percent, had less than 5 percent equity. This is referred to as near-negative equity, which puts these properties at risk should home prices fall.

“The share of homeowners that had negative equity increased slightly in the fourth quarter of 2014, reflecting the typical weakness in home values during the final quarter of the year. Our CoreLogic HPI dipped 0.7 percent from September to December, and the percent of owners ‘underwater’ increased to 10.8 percent. However, from December-to-December, the CoreLogic index was up 4.8 percent, and the negative equity share fell by 2.6 percentage points.”

**Dr. Frank Nothaft**, chief economist for CoreLogic

# Equity Snapshot



## 59.7%

Average Loan to Value

The average loan-to-value ratio for all mortgaged homes is 59.7 percent. Of residential properties with a mortgage, 1.0 million, or 2.1 percent, have a loan-to-value ratio of 100 percent to 105 percent. Another 2 million, or 4 percent, have a loan-to-value ratio greater than 125 percent.



## 3.2M

Underwater borrowers hold a first lien without a home equity loan

Approximately 3.2 million upside-down borrowers hold first liens without home equity loans. With an average balance of \$228,000, these borrowers are underwater \$57,000 on average. An additional 2.1 million upside-down borrowers hold both first and second liens. The average balance for this group is \$295,000. Their average underwater amount is \$77,000.



## 94.0%

of more expensive homes have positive equity position

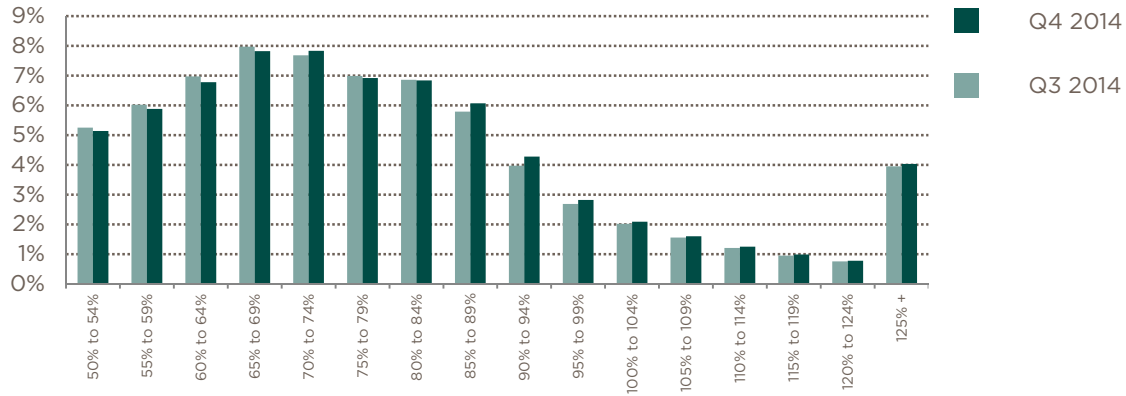
Home equity is concentrated at the higher end of the market. For example, 94 percent of homes valued at greater than \$200,000 have equity compared with 84 percent of homes valued at less than \$200,000.

# National Equity Distribution

A look at loan-to-value ratios

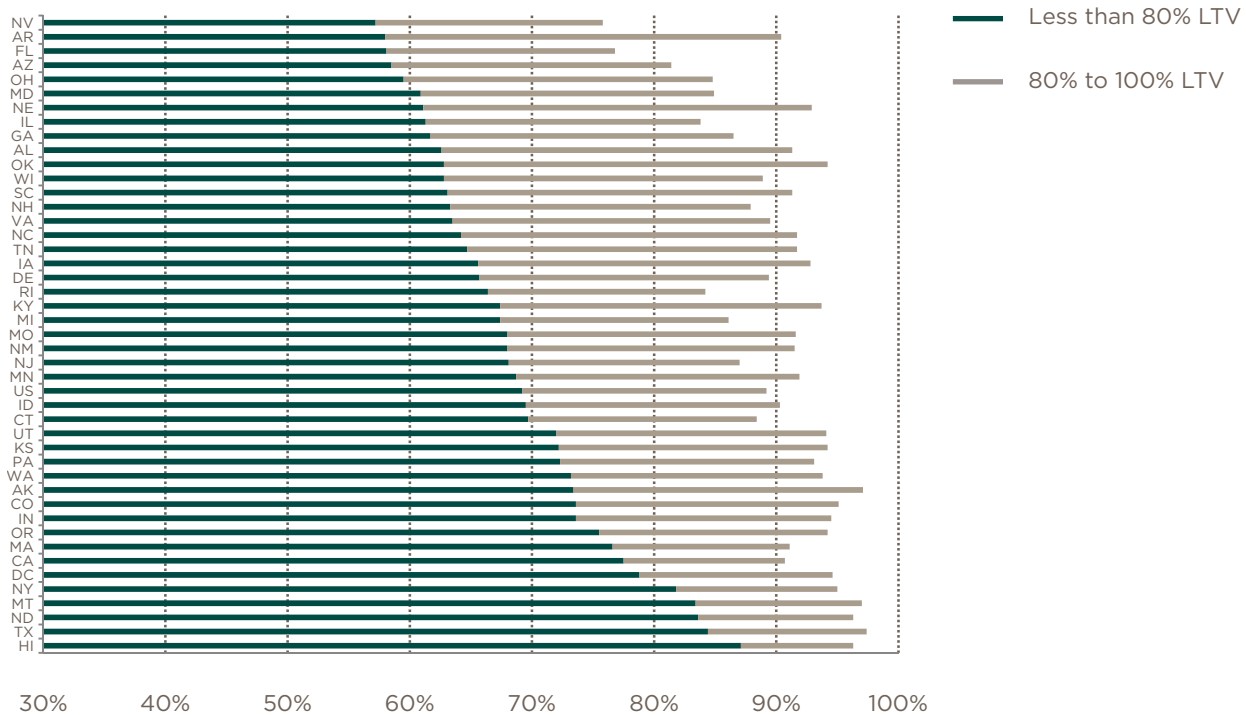
## Loan-to-Value Segment

National Equity Distribution by LTV Segment



Source: CoreLogic Q4 2014

## Equity Share by State and Equity Cohorts



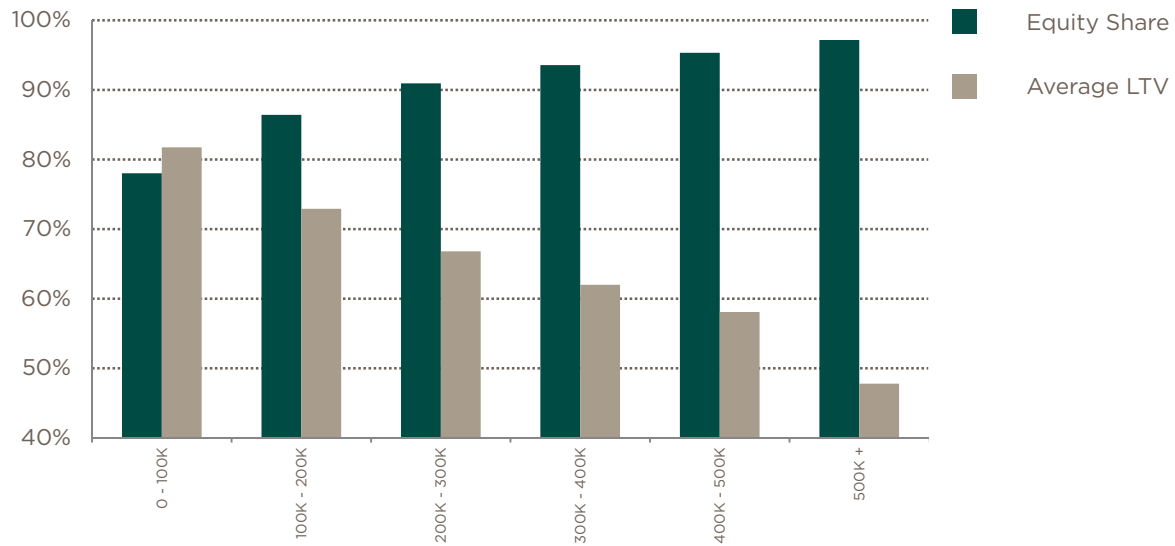
Source: CoreLogic Q4 2014



# National Equity Distribution

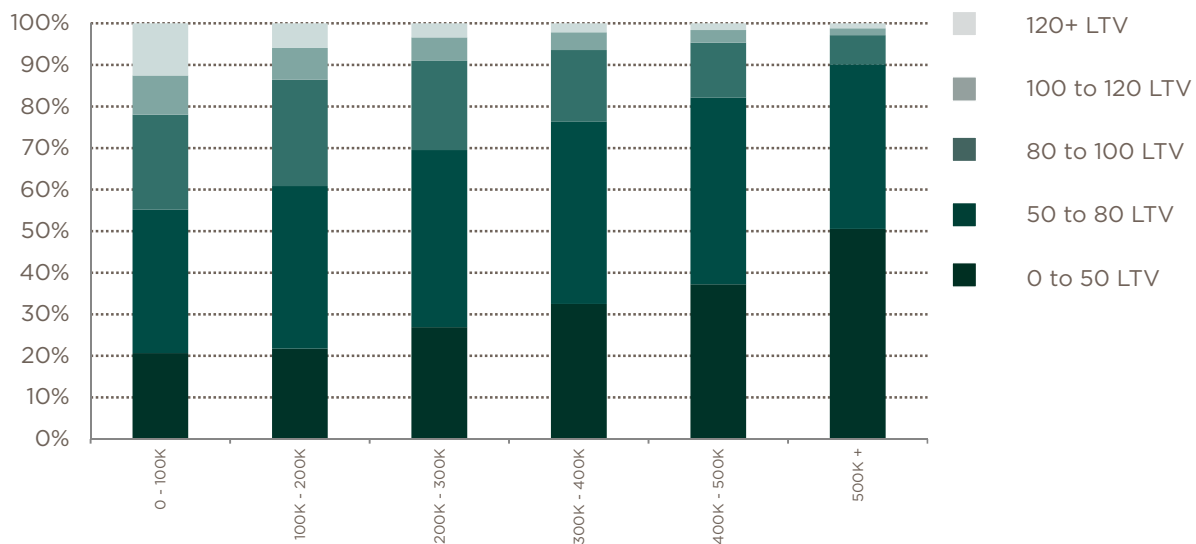
A look at loan-to-value ratios

## Equity Share with Average LTV by Property Value



Source: CoreLogic Q4 2014

## Cumulative Distribution of Equity by Loan Value

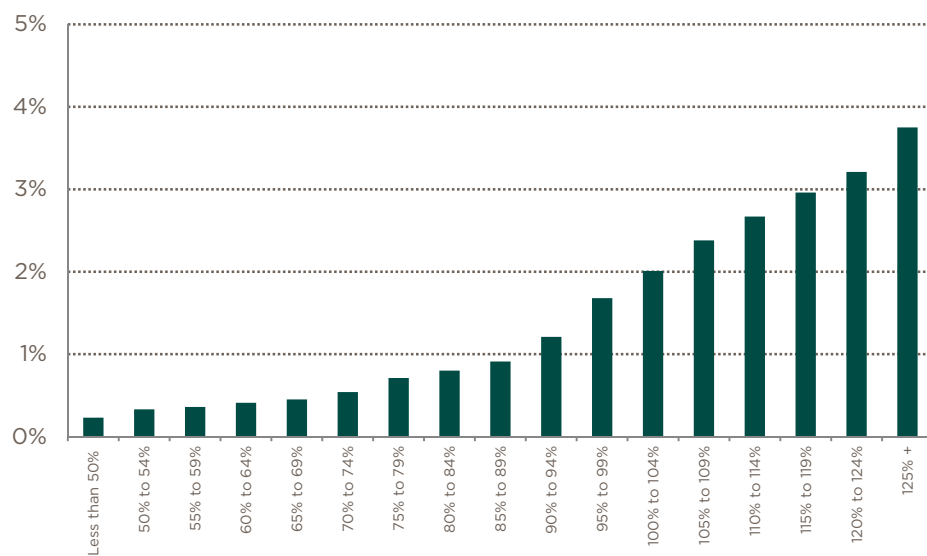


Source: CoreLogic Q4 2014

# National Equity Distribution

A look at loan-to-value ratios

## Default Rate by LTV



Source: CoreLogic Q4 2014



# National Level Detail

## National Residential Equity

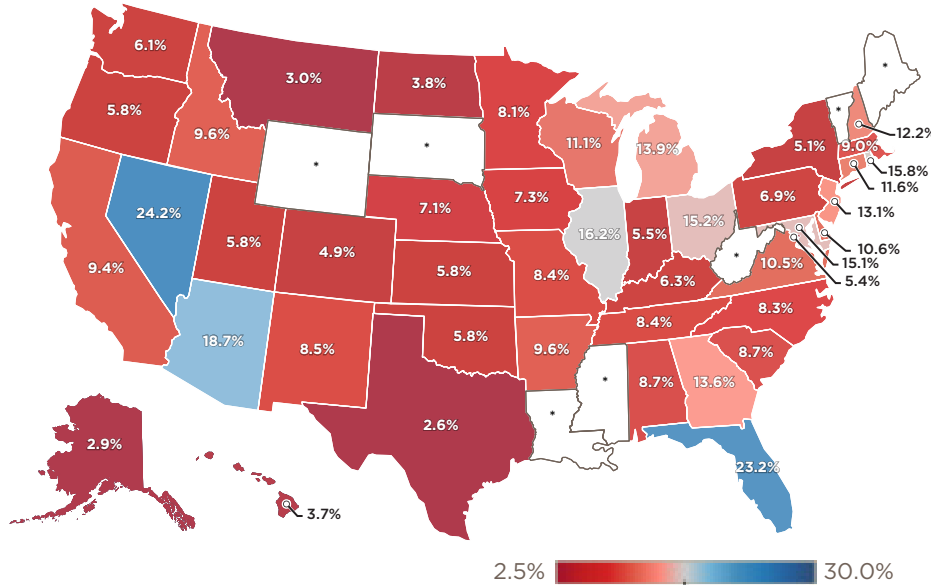
	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
<b>Positive Equity Position</b>													
LTV > 0 to < 100	74.8%	76.3%	77.7%	78.0%	78.4%	79.8%	85.1%	86.7%	86.6%	87.1%	89.0%	89.6%	89.2%
> 0 to < 80	52.4%	53.5%	54.9%	55.0%	55.2%	56.7%	63.7%	65.9%	65.3%	66.2%	69.7%	70.2%	69.2%
80 to < 100	22.4%	22.8%	22.8%	23.0%	23.2%	23.1%	21.4%	20.8%	21.2%	20.9%	19.3%	19.3%	20.0%
Near Negative Equity (95 to < 100)	4.9%	4.9%	4.7%	4.8%	4.8%	4.5%	3.5%	3.3%	3.4%	3.3%	2.8%	2.7%	2.8%
<b>Negative Equity Position</b>													
LTV 100+	25.2%	23.7%	22.3%	22.0%	21.6%	20.2%	14.9%	13.3%	13.4%	12.9%	11.0%	10.4%	10.8%
100 to < 105	4.0%	3.9%	3.7%	3.7%	3.7%	3.5%	2.7%	2.5%	2.6%	2.5%	2.1%	2.0%	2.1%
105 to < 125	9.7%	9.3%	8.8%	8.7%	8.7%	8.3%	6.3%	5.7%	5.8%	5.6%	4.7%	4.5%	4.6%
125+	11.6%	10.6%	9.8%	9.6%	9.2%	8.4%	5.9%	5.1%	5.1%	4.9%	4.1%	3.9%	4.0%
Number of Negative Equity Properties (millions)	12.1	11.4	10.8	10.6	10.5	9.8	7.2	6.5	6.6	6.4	5.4	5.2	5.4
Amount of Negative Equity (\$B)	743	692	690	670	628	582	433	403	403	388	350	342	349
Net Homeowner Equity (\$B)	\$3,479	\$3,611	\$3,782	\$3,769	\$3,868	\$4,170	\$5,029	\$5,329	\$5,288	\$5,498	\$5,948	\$6,043	\$5,944
Mortgage Debt Outstanding (\$B)	\$8,655	\$8,635	\$8,666	\$8,606	\$8,631	\$8,643	\$8,484	\$8,574	\$8,606	\$8,636	\$8,685	\$8,751	\$8,799
Average LTV	71.3%	70.5%	69.6%	69.5%	69.1%	67.5%	62.8%	61.7%	61.9%	61.1%	59.4%	59.2%	59.7%

\*Thousands of Units

# National Snapshot

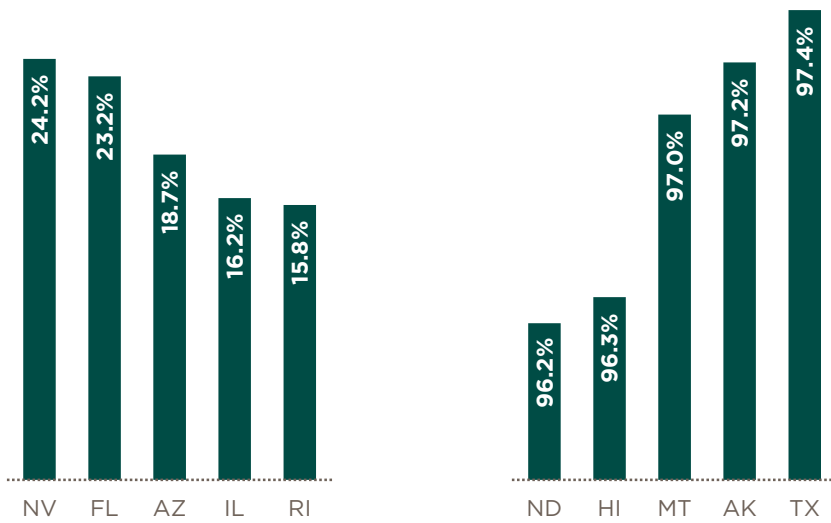
## Negative Equity Share by State Q4 2014

Negative Equity Share as of Q4 2014



\* Louisiana, Maine, Mississippi, South Dakota, Vermont, West Virginia and Wyoming have insufficient equity data to report.  
Source: CoreLogic

# State Highlights

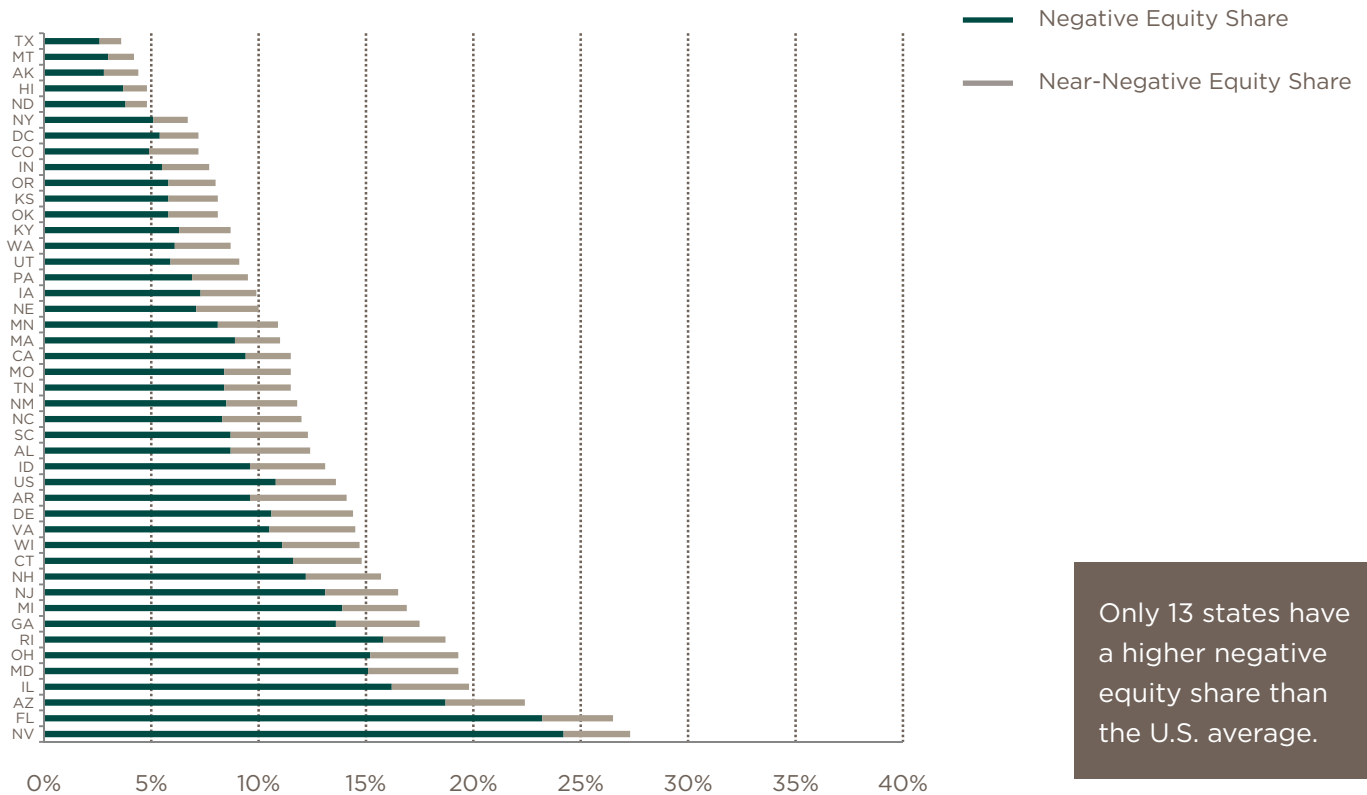


Top five states where mortgaged residential properties have negative equity

Top five states where mortgaged residential properties have equity

Nevada, Florida, Arizona and Illinois account for 31.7 percent of negative equity in the United States.

## Near and Negative Equity Share



Only 13 states have a higher negative equity share than the U.S. average.

Source: CoreLogic Q4 2014

# State Detail

## Q4 2014 Negative Equity by State\*

### Equity All U.S.

Average Loan to Value: **59.7%**

Equity Share: **89.0%**

Loan to Value Share >0 to <80%: **69.2%**

Loan to Value Share 80% to <100%: **20.0%**

Negative Equity Share: **10.8%**

Near-Negative Equity Share (95% to <100% Loan to Value): **2.8%**

Near-Negative Equity Share (100% to 105% Loan to Value): **2.1%**

Total Mortgaged Property Count (ths.): **49,898**

States with Negative Equity Share Higher Than the National Average: **13**

Homes with Negative Equity: **5.4 million**

STATE	AVERAGE LTV	EQUITY SHARE	LTV SHARE >0 TO <80%	LTV SHARE 80% TO <100%	NEGATIVE EQUITY SHARE	NEAR-NEGATIVE EQUITY SHARE (95% TO <100% LTV)	NEAR-EQUITY SHARE (100% TO <105% LTV)	TOTAL MORTGAGED PROPERTY COUNT (THS.)
Alaska	63.2%	97.2%	73.4%	23.7%	2.9%	1.6%	0.9%	96
Alabama	66.6%	91.3%	62.6%	28.7%	8.7%	3.7%	2.4%	392
Arkansas	71.9%	90.4%	58.0%	32.4%	9.6%	4.6%	2.7%	284
Arizona	70.0%	81.3%	58.5%	22.9%	18.7%	3.7%	3.0%	1,324
California	52.7%	90.6%	77.5%	13.2%	9.4%	2.1%	1.7%	6,726
Colorado	61.6%	95.1%	73.6%	21.5%	4.9%	2.3%	1.3%	1,175
Connecticut	58.9%	88.4%	69.7%	18.7%	11.6%	3.2%	2.5%	838
District of Columbia	53.4%	94.6%	78.8%	15.8%	5.4%	1.8%	1.2%	101
Delaware	64.0%	89.4%	65.7%	23.7%	10.6%	3.8%	2.6%	204
Florida	68.2%	76.8%	58.1%	18.7%	23.2%	3.3%	2.9%	3,987
Georgia	68.3%	86.4%	61.7%	24.8%	13.6%	3.9%	2.9%	1,669
Hawaii	45.6%	96.3%	87.1%	9.2%	3.7%	1.1%	0.8%	250
Iowa	67.6%	92.7%	65.6%	27.2%	7.3%	2.6%	1.6%	424
Idaho	65.7%	90.4%	69.5%	20.8%	9.6%	3.5%	2.3%	259
Illinois	67.8%	83.8%	61.3%	22.5%	16.2%	3.6%	2.8%	2,221
Indiana	64.5%	94.5%	73.6%	21.0%	5.5%	2.2%	1.4%	791
Kansas	65.8%	94.2%	72.2%	22.0%	5.8%	2.3%	1.4%	331
Kentucky	65.0%	93.7%	67.4%	26.3%	6.3%	2.4%	1.4%	349
Massachusetts	53.6%	91.1%	76.6%	14.5%	9.0%	2.1%	1.7%	1,526
Maryland	65.1%	84.9%	60.9%	24.0%	15.1%	4.2%	3.2%	1,373
Michigan	65.8%	86.1%	67.4%	18.7%	13.9%	3.1%	2.5%	1,399
Minnesota	62.7%	91.9%	68.7%	23.2%	8.1%	2.8%	2.0%	699

\*Only those properties with mortgages are included.

STATE	AVERAGE LTV	EQUITY SHARE	LTV SHARE >0 TO <80%	LTV SHARE 80% TO <100%	NEGATIVE EQUITY SHARE	NEAR-NEGATIVE EQUITY SHARE (95% TO <100% LTV)	NEAR-EQUITY SHARE (100% TO <105% LTV)	TOTAL MORTGAGED PROPERTY COUNT (THS.)
Missouri	66.2%	91.6%	68.0%	23.6%	8.4%	3.1%	2.1%	827
Montana	55.6%	97.0%	83.4%	13.6%	3.0%	1.2%	0.7%	131
North Carolina	65.9%	91.7%	64.2%	27.5%	8.3%	3.7%	2.3%	1,713
North Dakota	56.3%	96.2%	83.6%	12.7%	3.8%	1.0%	0.7%	73
Nebraska	71.6%	92.9%	61.1%	31.8%	7.1%	2.9%	1.6%	247
New Hampshire	66.2%	87.8%	63.3%	24.6%	12.2%	3.5%	2.8%	248
New Jersey	60.3%	86.9%	68.1%	18.9%	13.1%	3.4%	2.7%	1,864
New Mexico	64.1%	91.5%	68.0%	23.5%	8.5%	3.3%	2.4%	259
Nevada	73.8%	75.8%	57.2%	18.6%	24.2%	3.1%	2.8%	541
New York	47.0%	94.9%	81.8%	13.2%	5.1%	1.6%	1.2%	2,006
Ohio	70.3%	84.8%	59.5%	25.3%	15.2%	4.1%	3.2%	2,147
Oklahoma	69.8%	94.2%	62.8%	31.4%	5.8%	2.3%	1.2%	475
Oregon	59.4%	94.2%	75.5%	18.7%	5.8%	2.2%	1.5%	722
Pennsylvania	59.7%	93.1%	72.3%	20.8%	6.9%	2.6%	1.7%	2,018
Rhode Island	60.7%	84.2%	66.4%	17.8%	15.8%	2.9%	2.4%	234
South Carolina	64.9%	91.3%	63.1%	28.2%	8.7%	3.6%	2.3%	704
Tennessee	65.8%	91.6%	64.7%	27.0%	8.4%	3.2%	2.0%	1,026
Texas	58.2%	97.4%	84.4%	13.0%	2.6%	1.0%	0.6%	3,587
Utah	62.5%	94.1%	72.0%	22.1%	5.9%	3.2%	1.8%	495
Virginia	63.5%	89.5%	63.5%	26.0%	10.5%	4.0%	2.6%	1,395
Washington	58.9%	93.9%	73.3%	20.6%	6.1%	2.6%	1.7%	1,458
Wisconsin	68.1%	88.9%	62.8%	26.1%	11.1%	3.6%	2.5%	739

\*Only those properties with mortgages are included.

## Equity All U.S.

Average Loan to Value: **59.7%**

Equity Share: **89.0%**

Loan to Value Share >0 to <80%: **69.2%**

Loan to Value Share 80% to <100%: **20.0%**

Negative Equity Share: **10.8%**

Near-Negative Equity Share (95% to <100% Loan to Value): **2.8%**

Near-Negative Equity Share (100% to 105% Loan to Value): **2.1%**

Total Mortgaged Property Count (ths.): **49,898**

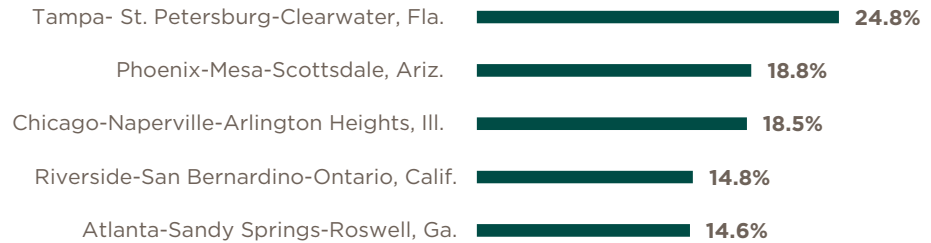
States with Negative Equity Share Higher Than the National Average: **13**

Homes with Negative Equity: **5.4 million**

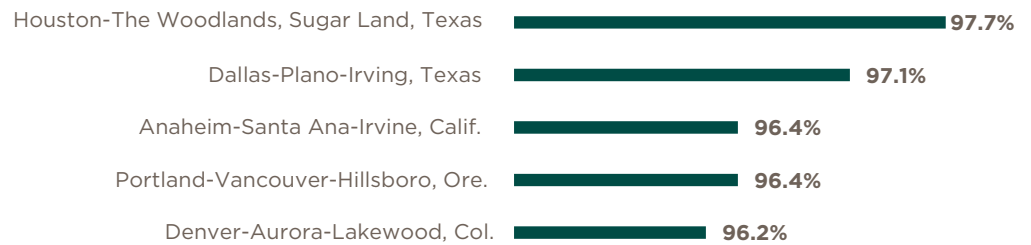
# Metropolitan Area Highlights

## Largest 25 Metros

Five metros with highest percentage of residences in negative equity



Five metros with highest percentage of residences with equity



# Metropolitan Area Highlights

Q4 2014 Negative Equity by CBSA\*

METROPOLITAN AREA **	AVERAGE LTV	EQUITY SHARE	LTV SHARE >0 TO <80%	LTV SHARE 80% TO <100%	NEGATIVE EQUITY SHARE	NEAR-NEGATIVE EQUITY SHARE (95% TO <100% LTV)	NEAR-EQUITY SHARE (100% TO <105% LTV)	TOTAL MORTGAGED PROPERTY COUNT (THS.)
New York-Jersey City-White Plains, NY-NJ	49.70%	92.66%	78.94%	13.72%	7.34%	2.14%	1.61%	1641
Los Angeles-Long Beach-Glendale, CA	49.83%	93.34%	82.11%	11.23%	6.66%	1.78%	1.43%	1511
Chicago-Naperville-Arlington Heights, IL	67.23%	81.48%	60.95%	20.53%	18.52%	3.51%	2.92%	1367
Atlanta-Sandy Springs-Roswell, GA	68.39%	85.41%	61.58%	23.83%	14.59%	3.73%	2.90%	1189
Washington-Arlington-Alexandria, DC-VA-MD-WV	63.79%	86.59%	62.57%	24.03%	13.41%	3.77%	2.64%	1053
Houston-The Woodlands-Sugar Land, TX	55.80%	97.65%	87.64%	10.01%	2.35%	0.79%	0.54%	984
Phoenix-Mesa-Scottsdale, AZ	70.35%	81.25%	58.79%	22.46%	18.75%	3.53%	2.89%	922
Riverside-San Bernardino-Ontario, CA	66.11%	85.22%	68.61%	16.61%	14.78%	2.80%	2.33%	824
Dallas-Plano-Irving, TX	58.86%	97.08%	85.15%	11.93%	2.92%	1.02%	0.68%	771
Baltimore-Columbia-Towson, MD	64.26%	86.78%	62.44%	24.35%	13.22%	4.30%	3.13%	643
Seattle-Bellevue-Everett, WA	55.06%	95.69%	80.23%	15.45%	4.31%	1.88%	1.24%	643
Denver-Aurora-Lakewood, CO	61.21%	96.22%	77.78%	18.44%	3.78%	1.59%	1.00%	640
Tampa-St. Petersburg-Clearwater, FL	72.26%	75.18%	54.45%	20.74%	24.82%	3.63%	3.21%	602
Minneapolis-St. Paul-Bloomington, MN-WI	63.05%	91.80%	67.97%	23.82%	8.20%	2.87%	2.15%	590
San Diego-Carlsbad, CA	55.35%	91.13%	75.90%	15.23%	8.87%	2.39%	1.83%	585
St. Louis, MO-IL	65.64%	90.71%	64.62%	26.09%	9.29%	3.62%	2.40%	562
Nassau County-Suffolk County, NY	47.21%	93.42%	81.15%	12.26%	6.58%	1.79%	1.36%	557
Anaheim-Santa Ana-Irvine, CA	50.62%	96.40%	86.05%	10.35%	3.60%	1.43%	1.00%	545
Oakland-Hayward-Berkeley, CA	52.73%	90.56%	79.77%	10.79%	9.44%	1.68%	1.42%	537
Cambridge-Newton-Framingham, MA	51.74%	92.57%	80.41%	12.16%	7.43%	1.62%	1.32%	513
Warren-Troy-Farmington Hills, MI	64.94%	86.27%	68.57%	17.70%	13.73%	3.07%	2.56%	505
Sacramento--Roseville--Arden-Arcade, CA	61.96%	88.66%	72.26%	16.40%	11.34%	2.54%	2.05%	479
Portland-Vancouver-Hillsboro, OR-WA	58.03%	96.35%	79.23%	17.13%	3.65%	1.80%	1.15%	478
Charlotte-Concord-Gastonia, NC-SC	67.16%	92.43%	63.44%	29.00%	7.57%	3.45%	2.10%	478
Newark, NJ-PA	59.38%	86.63%	69.38%	17.24%	13.37%	3.08%	2.39%	476

\* Metropolitan Areas used are CBSAs as defined by the Office of Management and Budget (OMB) or the Metropolitan Division of a CBSA where available.

\*\* This table represents the largest 25 Metropolitan Areas by mortgage count, sorted by highest equity share.



# CoreLogic Equity Report Methodology

The amount of equity for each property is determined by comparing the estimated current value of the property against the mortgage debt outstanding (MDO). If the MDO is greater than the estimated value, then the property is determined to be in a negative equity position. If the estimated value is greater than the MDO, then the property is determined to be in a positive equity position. The data is first generated at the property level and aggregated to higher levels of geography. CoreLogic data includes 49 million properties with a mortgage, which accounts for more than 85 percent of all mortgages in the U.S. CoreLogic uses its public record data as the source of the 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 MDO for each property. The calculations are not based on sampling, but rather on the full data set to avoid potential adverse selection due to sampling. The current value of the property is estimated using a suite of proprietary CoreLogic valuation techniques, including valuation models and the CoreLogic Home Price Index (HPI). Only data for mortgaged residential properties that have a current estimated value is included. There are several states or jurisdictions where the public record, current value or mortgage coverage is thin. These instances account for fewer than 5 percent of the total U.S. population.

## ABOUT CORELOGIC

CoreLogic (NYSE: CLGX) is a leading global property information, analytics and data-enabled services provider. The company's combined data from public, contributory and proprietary sources includes over 3.5 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, and the public sector. 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 North America, Western Europe and Asia Pacific. For more information, please visit [www.corelogic.com](http://www.corelogic.com).

CORELOGIC, the CoreLogic logo are trademarks of CoreLogic, Inc. and/or its subsidiaries.

## CONTACT

For more information, please call 415-536-3500 or email [tdahl@corelogic.com](mailto:tdahl@corelogic.com).

For an expanded perspective on housing economies and property markets, visit the **CoreLogic Insights Blog** and follow us on:

CoreLogic



CoreLogic Econ



[corelogic.com](http://corelogic.com)

© 2015 CoreLogic, Inc. All rights reserved.

CORELOGIC and the CoreLogic logo are trademarks of CoreLogic, Inc. and/or its subsidiaries.

All other trademarks are the property of their respective holders.

17-EQTYQ42014-0516-01