The MarketPulse™

Volume 1, Issue 7
July 16th, 2012
Data as of May 2012

Inside News

Housing Statistics (May 2012)

HPI YOY Chg	2.0%
HPI YOY Chg XD	2.7%
NegEq Share	24.0%
Shadow Inventory (04/2012)	1.5m
Distressed Clearing Ratio	0.81
Distressed Discount	34.6%
New Sales (ths)	28
Existing Sales (ths)	283
Mean Actv List Price	288,825
Active DOM Mean	169
Months' Supply Listings	6.63
Closed-to-List Price %Chg	-4.6%

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The Sisyphean Economy, House Price Appreciation, and the Impact on Negative Equity

By Sam Khater

In Greek mythology Sisyphus was a king condemned to roll a large boulder up a hill, only to watch it roll back down, and to repeat this same sequence eternally. Much like Sisyphus, for the last several years, just when the U.S. economy seems to be getting back on track, it sputters and begins to slide backward. Like previous years, the summer of 2012 began with either a deceleration or decline in consumer confidence, retail sales, hiring and manufacturing output. However, the big difference this time around is the return of housing price appreciation and its positive impact on negative equity.

But can home prices continue to recover even if the overall economy does not? The short answer is no, because prices are highly correlated to median incomes, which have not increased on an inflation adjusted basis since 1996. Recently, the Federal Reserve reached back into its play book and announced a continuation of its maturity extension program (commonly known as "Operation Twist") designed to lower long term interest rates to spur economic growth. The move was expected and did not substantially impact the financial markets. However, the large overhang of household debt prevents many households from taking advantage of the lower rate environment. As a result it's becoming clear that "Groundhog Day" monetary policy is only helping those who need it the least.

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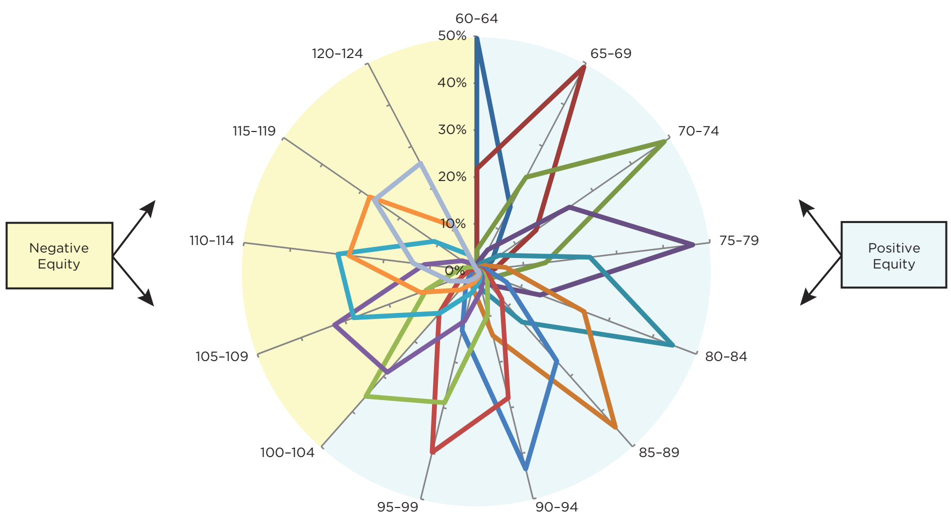
FIGURE 1. NEGATIVE EQUITY PROPERTIES ARE MIGRATING TO LOWER LTV SEGMENTS

Each Axis Represents Share of Loans That Remained in Same LTV Segment Between Quarters



How to Read Chart: Each axis represents LTV segments. The lines represent the percentage of loans that remained in the same LTV category between Q4 2011 to Q1 2012. The closer the line on each axis is to the outer ring, the less migration there is between quarters. The full distribution is not shown, only LTVs between 60 and 124% LTV.

Source: CoreLogic Q1 2012

Largest 3-month Spring Price Gain in 25 years...

In May, home prices according to the CoreLogic HPI increased two percent from a year ago, the third consecutive monthly increase. The CoreLogic Pending HPI indicates that June prices also increased 1.4 percent over May. While home prices have been improving, gradually, the most significant improvement has come over the last three months ended in May. After reaching a cyclical low in February 2012, home prices increased 5.6 percent through May 2012. This represents the largest nominal three-month price increase within this same period in the last 25 years. Moreover, the May 2012 year-over-year price increases are geographically broad-based. 71 out of the top 100 metropolitan areas exhibited increases, up from just 19 markets in December 2011 and representing the largest number of increasing metros since November 2006.

What's driving the increases? Of the largest 100 markets, the five fastest appreciating markets are in states with the highest shares of negative equity coupled with high demand for distressed properties. Negative equity is keeping many potential sellers out of the market, which keeps a lid on inventory and combined with the reduced flow of REO properties has led to much tighter market conditions for lower priced properties, particularly in the hardest hit markets. For example, Phoenix (+14.7 percent) and Miami (+9.7 percent) are the two fastest appreciating very large markets including distressed sales. But, even when excluding distressed sales, prices still increased 10.0 percent and 7.0 percent, respectively.

The influence of distressed sales can be seen more clearly by examining price tier trends. Home price appreciation in the lower segment, where distressed sales are prevalent, is rebounding at more than three times the rate of the upper end. National home prices below 75 percent of the median increased 5.7 percent from a year ago, compared to only a 1.8 percent increase for prices 125 percent or more of the national median. While prices are increasing in the majority of markets, areas where distressed inventories continue to be high have not yet staged a comeback due to heightened and ongoing distressed inventory levels such as Atlanta (-4.5 percent) and Chicago (-4.1 percent).

> "While the influence of home prices generally accrues to all properties, the much larger rise in prices for lower-priced homes helped improve the negative equity share more than it would have otherwise done, because negative equity is highly concentrated among lower-priced homes."

...Leads to Lower Negative Equity

In the first quarter of this year, we improved our negative equity methodology by utilizing an automated valuation model (AVM) cascade that chooses the most accurate AVM in each geography to measure negative equity for each property. The "cascading" approach significantly improves the accuracy of market value estimates, which results in more accurate estimates of negative equity. The impact of the revision in the methodology was that negative equity was higher than had been previously reported in Q4 2011 and prior quarters (see footnote[1]).

The negative equity share fell to 11.3 million or 23.7 percent of all borrowers in Q1 2012, down from a revised estimate of 12.1 million or 25.2 percent in Q4 2012. The average equity borrowers have in his or her home increased from 28.7 percent in Q4 2011 to 29.5 percent in Q1 2012. The large improvement in equity in Q1 was also cited by the Federal Reserve, which recently released Q1 2012 Flow of Funds data that indicated home equity increased at the largest quarterly rate in over 60 years.

While the influence of home prices generally accrues to all properties, the much larger rise in prices for lower-priced homes helped improve the negative equity share more than it would have otherwise done, because negative equity has been highly concentrated among lower-priced homes.

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Footnote

[1] This quarter the modeling methodology used to estimate market value was enhanced to use the CoreLogic GeoAVM Core™ cascade. This cascade, widely used across the mortgage industry, optimally selects the "best" AVM to predict current market value and is calibrated to market sales activity on a quarterly basis. The "cascading" approach significantly improves the accuracy of market value estimates, increasing the resulting accuracy of negative equity estimates. This enhanced methodology was adopted to ensure accurate reporting of negative equity as markets begin to transition and improve. CoreLogic has revised the entire negative equity time series to reflect the adoption of the improved AVM estimates. The impact of the revision led to an increase in the Q4 2011 negative equity share up to 25.2 percent or 12.1 million upside down borrowers, up from the old Q4 2011 methodology estimate of 22.8 percent or 11.1 million.

This clearly can be seen by looking at the share of properties that remained in the same LTV category or moved to a lower (better) LTV category between Q4 2011 and Q1 2012. In Q1 2012, only 26 percent of all properties with LTV ratios between 120 and 124 percent in Q4 remained in the same bucket in Q1. However, 50 percent of properties that had LTV ratios between 60 and 64 percent in Q4 remained in the same LTV bucket in Q1 (Figure 1).

Low LTV properties were nearly twice as likely to remain in the same LTV category as high LTV properties. The lack of movement in low LTV segments, due to smaller price increases for higher priced homes, leads to a highly symmetrical distribution for LTV migration, where most properties remain in the same LTV segment and a small share of properties move up or down the LTV distribution in equal amounts (in Figure 1, the positive equity lines resemble snowflake triangles).

The price increases for lower priced, underwater properties are pushing these borrowers to lower LTV segments—or to extend the underwater analogy: closer to the surface. The symmetry of low LTV segments begins to change for properties beyond 100 percent LTV, where beyond that point, a much lower proportion of borrowers are in the same LTV category in Q1 relative to Q4. The majority or near majority of borrowers in high LTV segments moved to lower LTV segments between the two quarters (in Figure 1, the negative equity lines less resemble snowflake triangles and resemble squares, with nearly equal proportions of borrowers in the same LTV category or lower).

How long will this upward price trend continue? Given the economy's tendency to exhibit Sisyphean traits, lack of income growth, and the amount of shadow inventory still in the wings which could replenish the flow of distressed sales, it will be difficult for prices to sustain their recent rate of acceleration. But for the moment, at least there is some positive news about negative equity's impact on price increases in some markets.

End.

We're In-The-Money

By Molly Boesel and Katie Dobbyn

Even a casual observer of the mortgage market could tell you that mortgage interest rates are at historical lows and mortgage refinancing is booming. In fact, refinancing has been fueling the mortgage originations market at the same time purchase mortgage originations have remained low. CoreLogic estimates show that refinancing accounted for 70 percent of the total mortgage originations market in the past twelve months. But how long will the refinance boom last? Will it last long enough to keep the mortgage market afloat until the purchase-money market can recover?

The answers to these questions depend on the number of borrowers that are in-the-money to refinance. By in-the-money, we mean that the difference between current market mortgage interest rates and the interest rate on a borrower's current mortgage is large enough to make refinancing financially beneficial. CoreLogic analysis of mortgage rates on outstanding loans, current interest rates and other variables reveals that the in-the-money share of outstanding mortgages is still very high. This is due in part to low interest rates and government programs such as the Home Affordable Refinance Program (HARP) that help support a high refinance share which is expected to continue, at least in the near term.

A lot of in-the-money research focuses only on rate spreads as the primary determinant. The analysis in this article layers in eligibility requirements and analyzes the dollar amount saved by the borrower on a monthly payment. Therefore, in-the-money calculations shown in the report may look lower than those from other reports.

Though this article mainly discusses the share of refinancing, it should also be noted that while the refinance share of mortgage originations is high, the level of refinancing in terms of both

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the number of mortgages and dollar amount is low (see Figure 1). The largest number of refinances observed in this analysis was during the 2002-2003 refinance boom when the number of mortgages refinanced was four times what it is today. The favorability of today's interest rate environment suggests that other forces are keeping borrowers from refinancing now, including credit eligibility and employment status.

> "CoreLogic analysis of mortgage rates on outstanding loans, current interest rates and other variables reveals that the in-the-money share of outstanding mortgages is still very high."

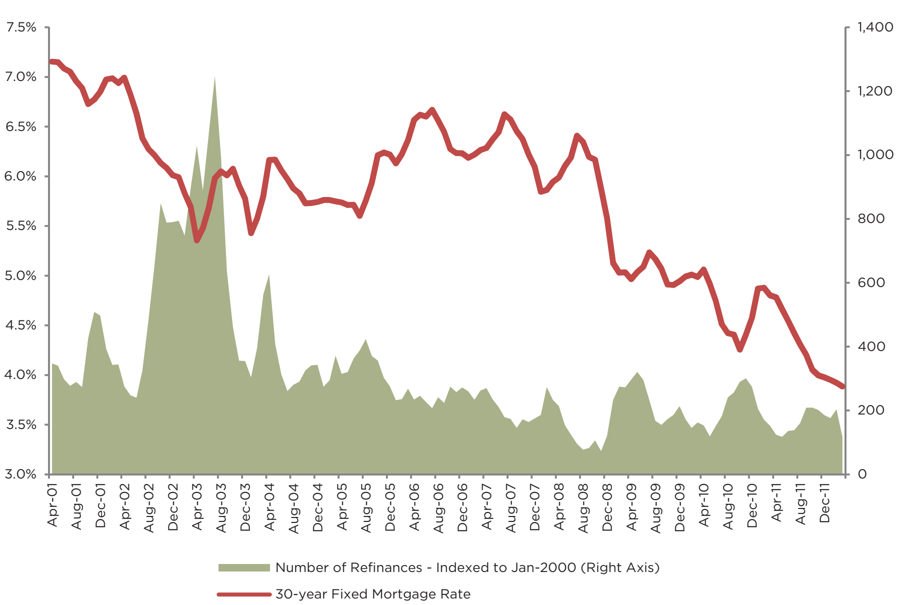
Record Low Rates

The financial crisis that began in 2008 had a profound impact on mortgage interest rates. At the time this article was written (a full week after the Federal Reserve announced an extension to Operation Twist) the Freddie Mac Primary Mortgage Market Survey (PMMS) reported the 30-year mortgage interest rate of 3.66 percent. This is 251 basis points below the 30-year mortgage interest rate for October 2008. Not only have many borrowers taken advantage of low interest rates, but continuously dropping rates provided multiple opportunities to refinance during this four year period. While previous refinance booms abruptly ended due to interest rates hikes by the Federal Reserve, this stretch of low interest rates continues today. Therefore, the end of this refinance boom will depend on how many borrowers are still in-the-money to refinance after taking advantage of lower rates.

In-The-Money Methodology

Using CoreLogic loan-level data, we analyzed a sample of loans active from 2000 forward, tracked borrower payment history, assessed the current interest rate on the outstanding mortgage and calculated a current loan-to-value ratio (LTV) with the current unpaid balance and a property value updated using the CoreLogic HPI. Initially, we determined the set of borrowers that could be considered in-the-money using traditional underwriting requirements. This means no recent delinquency for the past 12 months, an 80 percent LTV for conventional loans and a 97 percent LTV for FHA loans and a loan balance at or under the appropriate loan limit requirements. Since borrowers with recently originated loans would have little financial incentive to refinance, we also required that the loan be seasoned for at least one year. For loans that met either the FHA or conventional requirements, we calculated a new monthly mortgage payment using the PMMS 30-year fixed-rate mortgage rate and the current balance of the mortgage. While closing costs can vary depending on time period, loan size and geography, for this study we assumed an average $3,000 closing cost. A borrower was considered to be in-the-money if savings on the monthly payment on a new loan would be $200 or more, which would allow the borrower to recoup the closing costs in a little over a year. A dollar amount savings was used to determine in-the-money status rather than only a rate drop because low balance loans have less incentive for refinance. Using only a rate drop would bias in-the-money figures by including these loans. Using these "traditional in-the-money" criteria, we found the share of borrowers in-the-money to be around 25 percent for the past six to seven months.

FIGURE 1. LOW INTEREST RATES, BUT LOW LEVEL OF REFINANCES



Source: CoreLogic March 2012

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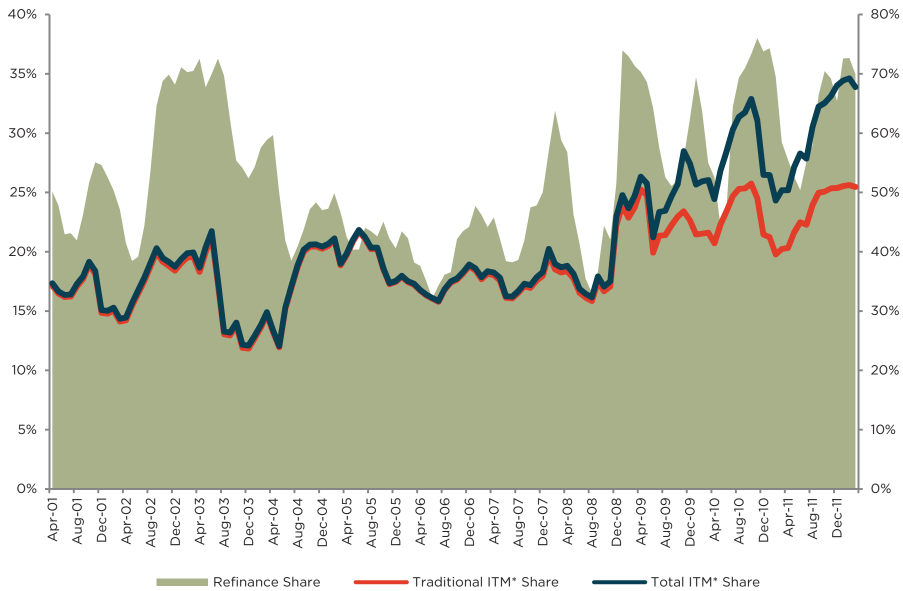
The aforementioned "traditional in-the-money" calculations did not account for HARP and the relaxation of equity levels required to refinance made possible through these programs. A full analysis of in-the-money borrowers should take the HARP programs into consideration because they open up the refinance market to those borrowers who were previously shut out due to insufficient equity to refinance. The first HARP program started in May 2009 and allowed GSE owned mortgages with LTVs between 80–105 percent to refinance. HARP extended qualifying equity in July 2009, allowing 80-125 percent LTV loans, and finally, the HARP 2.0 program announced in December 2011, further relaxed the equity requirements to greater than 80 percent LTV, with no top-end restriction. Figure 2 shows the in-the-money shares of active loans since 2001 for both the traditional and HARP revised standards along with the refinance share observed in the same period. The figure shows the increase in the in-the-money share as a result of these new programs, with the share about 13 percentage points higher including the HARP programs. Figure 2 also shows that in-the-money shares are historically very high, especially when layered over the HARP programs.

FIGURE 2. IN-THE-MONEY AT AN ALL-TIME HIGH



Source: CoreLogic March 2012
Note: ITM is short for "In-The-Money"

Why Doesn't Everyone Refinance?

A second look at Figure 2 reveals that there is a large wedge in the traditional in-the-money share and the HARP-boosted in-the-money share. While 34 percent of borrowers are in-the-money, it appears borrowers are not taking full advantage of the programs and that the refinance share of the market should be higher. As previously shown in Figure 1, the number of loans refinanced today is low compared with other refinance booms. In the 2003 refinance boom, in-the-money shares were ten percentage points lower than they are now, but refinance volumes were four times higher. What is holding borrowers back? The answer likely lies in the unobserved criteria for refinancing. Using CoreLogic data it is possible to assess payment history, current equity and mortgage rates of outstanding mortgages, but it is not possible to assess a borrower's current credit eligibility, employment status or new debt-to-income ratios (which may have changed if income curtailed). Furthermore, while HARP 2.0 began in December 2011, securitization of these mortgages began in May 2012, and therefore the program may not have been put to full use until this point.

Where is the Refinance Market Headed?

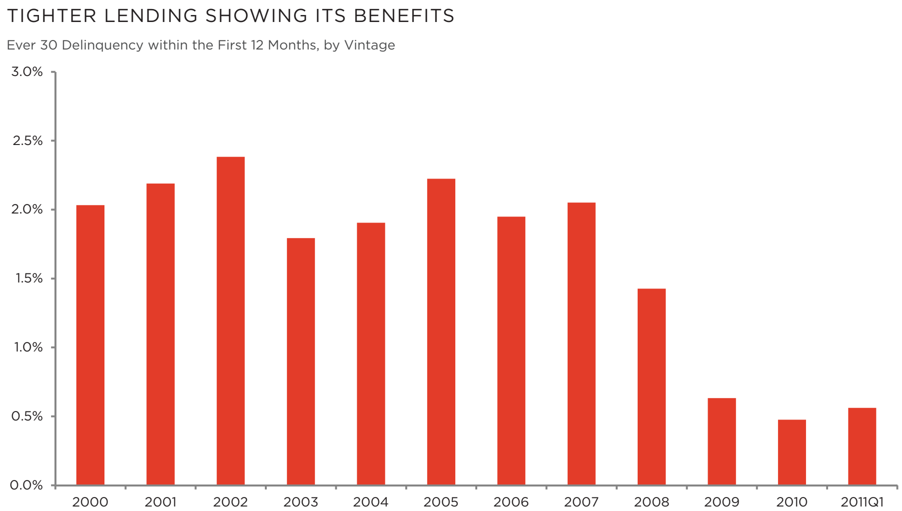
In-the-money calculations are extremely sensitive to interest rates, and at a going rate of 3.95 percent, 33 percent of outstanding mortgages are in-the-money using the HARP 2.0 requirements. Moving the going mortgage rate by 10-basis point increments adds or subtracts an additional percentage point to the in-the-money share until the going rate reaches five percent, at which point the in-the-money share flattens out.

It is clear that if rates remain in the four percent range, that a large portion of active mortgages will be in-the-money to refinance. But will refinances continue to drive the mortgage market? The short answer would appear to be yes. Even though home sales have begun to pick up and home prices are beginning to stabilize or even increase modestly, it is likely that refinances will make up the majority of mortgage originations at least through the end of 2012.

End.

Tighter Lending Showing Its Benefits

By Gilberto Mendez



Source: CoreLogic April 2012

This chart illustrates the percentage of loans by vintage that have ever been 30 days delinquent within the first 12 months after origination. Since 2009, less than 1 percent of all purchase originations have ever been delinquent within the first year—the lowest level since we entered the new millennium. Looking at more recent vintages, 2010 purchase originations have about 75 percent fewer loans that have ever been delinquent than those of 2007. Since 2009, originations are performing extremely well despite the country's slow economic growth and high unemployment. New lending practices show that newer loans have lower debt-to-income ratios and higher credit scores than those of the middle part of the decade. The combination of all these factors indicates that the new wave of purchase originations should continue to perform well as these vintages age.

End.

In the News

USA Today, July 3
Housing recovery hindered by negative equity
Negative equity, also known as being underwater, is a big part of the issue. Nationwide, almost three of 10 homeowners with mortgages have no equity in their homes or less than 5% equity, says market researcher CoreLogic…

National Mortgage News, July 2
CoreLogic HPI Registers Third Monthly Increase in May
CoreLogic chief economist Mark Fleming pointed out that price appreciation of lower-priced homes is rebounding more quickly than upper-end homes.

Reuters, June 29
Completed U.S. foreclosures edge up in May: report
More U.S. home foreclosures were completed in May than in April, though there were fewer done than a year ago, data analysis firm CoreLogic ...

Forbes, June 26
10 Million Underwater Mortgages and Shadow Inventory Worth $246B Mean Housing Trouble
Negative equity will continue to take its toll on consumption, while the shadow inventory, worth about $246 billion according to CoreLogic, will constrict lending ...

CNN Money, June 18
Where home prices are rising for the wrong reasons
For the past five years, underwater mortgages have been one of the biggest obstacles blocking the recovery of America's housing market. Now ...

Orange County Register, June 17
How reliable are home price indexes?
Mark Fleming, chief economist for Santa Ana-based data giant CoreLogic—producer of some of the most highly regarded U.S. housing reports—helps us sort through the most basic of reports: The home-price index.

Investor's Business Daily, June 14
Housing Flashes Bullish Signs
CoreLogic said "shadow inventory" of unlisted seriously delinquent or bank-owned properties fell 15% in April vs. a year ago. Both are helping stabilize prices. An annual report by Harvard's Joint Center for Housing Studies also signaled an improving ...

NATIONAL SUMMARY MAY 2012

	Jun 2011	Jul 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	2010	2011	2012
Total Sales*	384	338	370	327	303	293	302	260	294	362	334	400	4,079	3,834	1,650
— New Sales*	27	23	25	23	21	22	23	17	20	26	22	28	335	268	113
— Existing Sales*	259	230	250	220	201	190	196	165	188	240	231	283	2,631	2,490	1,107
— REO Sales*	67	57	63	55	53	54	53	52	57	61	49	51	796	744	270
— Short Sales*	28	25	28	26	25	25	27	24	26	32	30	36	273	298	148
Distressed Sales Share	24.9%	24.4%	24.7%	24.9%	26.0%	27.0%	26.5%	29.2%	28.2%	25.8%	23.6%	21.8%	26.2%	27.2%	25.3%
HPI MoM	1.3%	0.8%	-0.2%	-0.7%	-1.2%	-1.1%	-0.9%	-0.9%	-0.5%	1.2%	2.5%	1.8%	-0.3%	-0.3%	0.8%
HPI YoY	-5.2%	-4.3%	-3.7%	-3.1%	-3.2%	-3.5%	-3.4%	-2.3%	-1.2%	0.5%	1.7%	2.0%	-0.3%	-4.4%	0.1%
HPI MoM Excluding Distressed	0.6%	0.3%	-0.4%	-0.7%	-1.1%	-1.0%	-0.8%	-0.2%	0.0%	1.3%	2.3%	2.3%	-0.3%	-0.4%	1.2%
HPI YoY Excluding Distressed	-4.2%	-4.2%	-4.2%	-4.1%	-4.1%	-4.4%	-4.2%	-3.4%	-2.4%	-0.6%	1.1%	2.7%	-1.7%	-4.1%	-0.5%
90 Days + DQ Pct	7.2%	7.2%	7.2%	7.2%	7.2%	7.3%	7.3%	7.3%	7.1%	6.9%	6.9%	6.7%	8.1%	7.4%	7.0%
Foreclosure Pct	3.5%	3.5%	3.4%	3.5%	3.5%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.2%	3.5%	3.4%
REO Pct	0.6%	0.5%	0.5%	0.5%	0.6%	0.5%	0.6%	0.6%	0.5%	0.5%	0.4%	0.4%	0.6%	0.6%	0.5%
Pre-foreclosure Filings*	119	111	139	126	129	126	111	122	118	131	130	129	2,097	1,511	630
Completed Foreclosures*	79	68	74	82	68	70	68	69	60	55	62	63	1,124	897	309
Negative Equity Share	24.5%	24.4%	24.3%	24.1%	24.5%	24.9%	25.2%	24.7%	24.2%	23.7%	24.2%	24.0%	25.1%	24.6%	24.2%
Negative Equity*	11,545	11,488	11,432	11,378	11,624	11,862	12,108	11,858	11,624	11,374	11,619	11,540	11,641	11,611	11,603
Months Supply SDQ Homes	7.97	9.02	8.18	9.24	9.98	10.34	9.98	11.55	9.93	7.87	8.44	6.89	10.45	9.92	8.94

*Thousands of Units
NOTE: Data may be light in some jurisdictions.
NOTE: For all sales data the most recent four months are adjusted upwards in order to take into account lags in data reporting.

LARGEST 25 CBSA SUMMARY MAY 2012

	Total Sales 12-month sum	REO Sales 12-month sum	Short Sales 12-month sum	Distressed Sales Share (sales 12-month sum)	Total Sales YOY 12-month sum	Cumulative Dom Mean YoY Change	Cumulative Sold Dom Mean YoY Change	HPI MoM	HPI YoY	90 Days+ DQ Pct	Pre-Foreclosure Filings*	Completed Foreclosures*	Negative Equity Share	Months' Supply Distressed Homes
Chicago-Joliet-Naperville, IL	72,976	17,044	8235	34.60%	12.40%	18.70%	-14.20%	3.20%	-4.10%	10.30%	58,120	17,031	32.20%	20.6
Los Angeles-Long Beach-Glendale, CA	82,960	21,122	13131	41.30%	4.50%	5.70%	3.80%	1.50%	0.90%	6.40%	51,999	22,355	23.70%	10.9
Atlanta-Sandy Springs-Marietta, GA	64,282	15,966	7461	36.40%	13.40%	15.50%	-10.50%	2.70%	-4.50%	7.90%	100,066	39,034	42.90%	13.9
New York-White Plains-Wayne, NY-NJ	63,740	2,904	3228	9.60%	-2.70%	22.10%	12.70%	1.40%	1.70%	8.60%	11,674	932	11.90%	15.1
Washington-Arlington-Alexandria, DC-VA-MD-WV	59,216	7,966	6897	25.10%	-4.10%	N/A	N/A	1.20%	2.80%	5.60%	29,863	6,338	26.90%	9.1
Houston-Sugar Land-Baytown, TX	89,810	12,931	3821	18.70%	0.40%	7.50%	-6.80%	1.20%	3.50%	4.50%	15,206	16,962	11.80%	4.8
Phoenix-Mesa-Glendale, AZ	107,377	25,423	19947	42.30%	5.10%	-4.10%	-32.60%	3.00%	14.70%	5.90%	57,820	36,137	48.20%	4.6
Riverside-San Bernardino-Ontario, CA	72,756	25,553	12907	52.90%	-0.90%	12.20%	-2.00%	1.20%	-0.20%	8.70%	44,382	26,579	44.30%	9.6
Dallas-Plano-Irving, TX	66,053	9,291	3945	20.00%	-0.30%	-2.60%	-14.20%	1.20%	2.60%	4.60%	38,840	11,586	12.10%	5.1
Minneapolis-St. Paul-Bloomington, MN-WI	38,431	7,273	2092	24.40%	-0.40%	8.30%	-3.50%	2.80%	1.10%	4.30%	24,257	12,141	19.70%	8.1
Philadelphia, PA	N/A	N/A	N/A	N/A	N/A	12.00%	1.20%	2.80%	2.00%	5.50%	9,140	4,057	9.30%	N/A
Seattle-Bellevue-Everett, WA	33,380	5,651	3922	28.70%	11.90%	20.00%	-8.80%	2.00%	2.20%	6.40%	10,335	6,851	20.30%	11.4
Denver-Aurora-Broomfield, CO	44,673	8,936	3966	28.90%	10.70%	N/A	N/A	2.70%	6.50%	3.70%	24,241	9,668	23.30%	4.8
San Diego-Carlsbad-San Marcos, CA	39,306	8,214	7794	40.70%	8.20%	1.60%	4.70%	1.90%	-0.10%	5.30%	18,276	8,267	28.60%	7.4
Santa Ana-Anaheim-Irvine, CA	30,535	4,964	5907	35.60%	5.00%	4.70%	-0.70%	1.30%	-0.60%	4.80%	16,512	6,194	19.30%	8.4
Tampa-St. Petersburg-Clearwater, FL	51,652	7,852	7505	29.70%	-1.70%	21.20%	-19.00%	0.70%	4.60%	16.70%	24,538	11,994	48.60%	17.2
Baltimore-Towson, MD	30,273	3,006	2545	18.30%	-0.40%	N/A	N/A	1.30%	1.80%	7.60%	4,468	1,386	20.00%	13.1
St. Louis, MO-IL	40,857	8,655	2152	26.40%	1.50%	20.00%	-6.20%	2.00%	-2.10%	4.50%	14,445	9,524	16.50%	5.8
Oakland-Fremont-Hayward, CA	36,408	9,368	6843	44.50%	7.90%	N/A	N/A	3.20%	1.40%	5.60%	18,571	10,032	31.80%	8
Nassau-Suffolk, NY	22,006	911	347	5.70%	-3.70%	31.60%	23.80%	-0.30%	-0.90%	10.40%	9,311	716	8.10%	24.5
Warren-Troy-Farmington Hills, MI	40,159	11,937	2062	34.90%	5.60%	N/A	N/A	3.80%	9.90%	4.90%	17,907	13,692	40.20%	6.1
Portland-Vancouver-Hillsboro, OR-WA	28,395	4,822	3279	28.50%	8.90%	N/A	N/A	2.70%	3.60%	5.40%	9,900	5,794	21.70%	8.9
Sacramento--Arden-Arcade--Roseville, CA	38,270	12,451	8070	53.60%	7.90%	0.90%	-9.60%	1.50%	0.50%	6.50%	21,563	13,104	40.10%	7.8
Edison-New Brunswick, NJ	23,549	949	1841	11.90%	-1.30%	29.20%	24.50%	1.80%	-0.80%	9.00%	3,415	521	15.80%	16.4
Orlando-Kissimmee-Sanford, FL	42,309	7,824	8697	39.10%	-7.20%	-2.60%	-29.70%	1.70%	8.50%	17.20%	19,039	11,300	53.40%	17.3

*12 month sum
NOTE: Data may be light in some jurisdictions.
NOTE: For all sales data the most recent four months are adjusted upwards in order to take into account lags in data reporting.

STATE SUMMARY MAY 2012

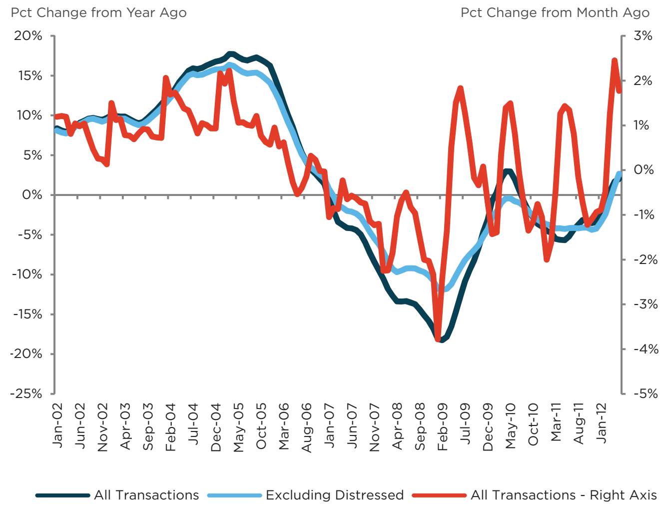
State	Total Sales 12-month sum	REO Sales 12-month sum	Short Sales 12-month sum	Distressed Sales Share (sales 12-month sum)	Total Sales YOY 12-month sum	Cumulative Dom Mean YoY Change	Cumulative Sold Dom Mean YoY Change	HPI MoM	HPI YoY	90 Days+ DQ Pct	Pre-Foreclosure Filings*	Completed Foreclosures*	Negative Equity Share	Months' Supply Distressed Homes
AK	9,808	841	344	12.1%	-5.3%	N/A	N/A	2.4%	4.2%	2.2%	1,505	959	5.7%	2.2
AL	32,575	4,281	1,068	16.4%	-16.8%	22.1%	-6.4%	1.1%	-4.1%	5.3%	7,237	6,495	13.9%	10.5
AR	40,590	2,138	1,564	9.1%	-0.1%	8.6%	2.5%	-0.1%	2.4%	5.2%	7,245	7,048	12.5%	4.5
AZ	145,362	35,502	23,878	40.8%	6.3%	3.2%	-4.2%	2.5%	12.0%	5.6%	78,855	48,571	45.1%	4.8
CA	460,752	126,354	80,817	45.0%	5.7%	7.3%	0.0%	1.8%	1.8%	6.1%	251,991	133,003	30.8%	8.5
CO	89,102	17,708	7,531	28.3%	7.6%	8.3%	-8.5%	2.4%	5.7%	3.6%	46,862	19,289	21.2%	4.4
CT	33,849	3,141	3,290	19.0%	-3.5%	21.6%	7.5%	3.8%	-2.9%	7.2%	1,289	3,319	14.8%	12.3
DC	6,802	418	210	9.2%	-1.3%	N/A	N/A	2.4%	6.7%	5.6%	648	74	12.7%	9.0
DE	8,594	1,406	459	21.7%	-0.2%	20.7%	-7.2%	0.5%	-9.0%	6.6%	1,932	3,107	17.4%	14.3
FL	395,688	65,934	55,478	30.7%	-0.6%	15.3%	-1.5%	1.4%	5.0%	16.6%	154,584	92,405	45.6%	14.8
GA	111,067	24,524	9,315	30.5%	9.2%	17.4%	-10.4%	2.6%	-4.0%	7.1%	140,358	56,701	37.9%	11.0
HI	15,848	1,578	1,385	18.7%	-2.5%	25.2%	1.5%	1.8%	1.7%	6.5%	3,608	623	10.9%	8.3
IA	N/A	N/A	N/A	N/A	N/A	13.1%	-2.4%	0.6%	-0.8%	3.8%	6,199	3,844	10.5%	4.4
ID	33,062	6,992	2,077	27.4%	7.5%	15.0%	-7.0%	1.9%	9.2%	4.7%	13,292	5,961	27.0%	4.0
IL	124,548	24,166	11,370	28.5%	9.1%	18.8%	-7.0%	2.8%	-4.2%	8.8%	76,871	25,086	27.7%	15.3
IN	95,851	15,709	2,530	19.0%	4.8%	N/A	N/A	1.9%	1.5%	6.0%	15,860	15,035	10.8%	6.3
KS	26,697	3,336	1,187	16.9%	0.8%	N/A	N/A	1.3%	0.0%	4.1%	3,430	2,994	9.9%	5.7
KY	35,935	3,798	1,498	14.7%	-28.1%	N/A	N/A	0.2%	-1.2%	5.3%	6,530	2,039	10.2%	7.5
LA	50,750	6,304	1,439	15.3%	-3.6%	18.4%	2.5%	1.8%	2.6%	5.7%	13,337	8,941	14.5%	6.0
MA	85,321	9,404	825	12.0%	27.9%	N/A	N/A	2.7%	1.1%	5.4%	8,136	8,417	16.9%	6.6
MD	66,565	7,818	7,526	23.1%	-1.9%	38.9%	-4.2%	1.6%	1.4%	7.9%	10,915	3,175	25.3%	13.9
ME	7,292	623	251	12.0%	-0.3%	N/A	N/A	0.3%	0.9%	6.9%	1,729	699	9.5%	16.9
MI	138,021	44,504	5,642	36.3%	1.6%	16.8%	1.2%	3.5%	7.9%	5.4%	53,366	59,701	36.2%	6.3
MN	59,940	9,638	2,478	20.2%	0.8%	17.4%	-4.4%	2.8%	0.4%	4.0%	26,668	14,068	18.7%	6.9
MO	81,097	16,996	3,380	25.1%	9.8%	19.4%	-8.7%	2.0%	-1.2%	4.2%	22,773	18,069	15.7%	4.9
MS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.9%	4.4%	7.0%	4,578	877	26.6%	35.6
MT	13,478	1,568	534	15.6%	3.0%	N/A	N/A	2.1%	8.2%	2.8%	3,785	1,730	8.3%	3.2
NC	107,362	9,931	6,856	15.6%	0.3%	17.7%	-5.0%	1.6%	1.2%	5.4%	50,393	26,712	15.0%	7.8
ND	13,335	277	241	3.9%	19.6%	N/A	N/A	1.0%	5.1%	1.5%	232	547	5.6%	0.7
NE	27,400	1,706	1,437	11.5%	11.0%	N/A	N/A	1.2%	1.0%	2.6%	4,524	2,686	12.0%	2.5
NH	16,510	2,984	1,152	25.0%	6.6%	20.3%	7.5%	1.6%	-0.8%	4.2%	N/A	2,927	21.9%	5.8
NJ	76,589	3,906	6,805	14.0%	-3.7%	29.3%	16.7%	1.2%	0.1%	10.9%	16,498	2,246	19.0%	20.7
NM	20,886	2,634	1,326	19.0%	-7.8%	N/A	N/A	-0.1%	0.1%	5.6%	7,359	1,829	14.3%	8.1
NV	73,798	28,659	12,833	56.2%	6.8%	-6.2%	-7.0%	2.1%	-0.2%	12.0%	9,495	28,177	62.0%	8.8
NY	157,527	5,909	3,672	6.1%	2.6%	26.6%	36.8%	2.6%	3.7%	7.9%	24,983	3,571	7.8%	11.4
OH	141,086	27,116	9,357	25.9%	3.8%	12.3%	2.6%	2.2%	-1.0%	6.5%	57,787	26,832	25.0%	7.9
OK	53,027	4,610	1,486	11.5%	-13.3%	-7.8%	3.2%	0.3%	0.0%	4.9%	17,480	8,564	8.4%	4.3
OR	49,818	9,156	5,005	28.4%	5.3%	N/A	N/A	2.8%	3.0%	5.5%	17,057	10,056	20.8%	8.0
PA	127,258	12,059	4,011	12.6%	0.0%	11.9%	1.2%	2.0%	1.8%	5.6%	23,419	12,256	9.6%	7.5
RI	11,086	1,539	1,204	24.7%	2.1%	21.3%	8.8%	1.5%	-4.4%	7.2%	4,168	3,276	23.5%	10.1
SC	59,208	9,305	3,943	22.4%	-0.1%	23.4%	1.1%	2.6%	5.2%	6.2%	7,545	9,504	19.3%	7.7
SD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.8%	8.7%	2.4%	203	48	N/A	N/A
TN	101,756	16,631	4,731	21.0%	8.2%	N/A	N/A	0.8%	1.4%	5.6%	25,397	25,772	16.9%	5.0
TX	381,315	47,200	15,185	16.4%	0.7%	5.6%	-7.2%	1.0%	3.2%	4.2%	114,084	57,926	10.1%	3.9
UT	47,412	8,374	3,895	25.9%	9.7%	N/A	N/A	1.1%	5.7%	4.5%	30,020	6,963	21.7%	4.9
VA	90,808	14,759	7,569	24.6%	-6.4%	25.0%	7.8%	1.9%	2.9%	3.8%	67,085	15,392	22.6%	6.2
VT	10,173	424	N/A	N/A	22.2%	35.3%	13.0%	5.0%	-1.0%	3.9%	N/A	N/A	N/A	3.7
WA	81,110	13,942	7,666	26.6%	5.5%	24.6%	-6.6%	2.2%	1.2%	6.3%	23,761	16,898	21.0%	10.7
WI	72,106	8,616	2,833	15.9%	10.7%	32.5%	4.1%	2.9%	-1.8%	4.3%	21,011	13,561	16.9%	5.4
WV	N/A	N/A	N/A	N/A	N/A	2.0%	-5.3%	8.5%	7.5%	3.7%	4,359	620	6.9%	8.1
WY	5,820	586	200	13.5%	13.7%	N/A	N/A	2.6%	7.1%	2.2%	765	734	10.7%	3.3

*12 month sum
NOTE: Data may be light in some jurisdictions.
NOTE: For all sales data the most recent four months are adjusted upwards in order to take into account lags in data reporting.

Prices

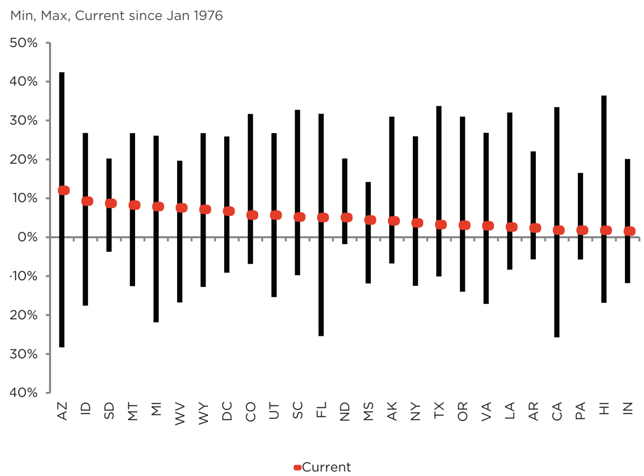
- Prices continued to show improvement in May. The Home Price Index (HPI) including distressed sales posted three consecutive months of year-over-year increases in May, posting a three-month appreciation rate of almost 6 percent. While much of this increase is most likely seasonal, the return to normal seasonal patterns is a welcome change. The HPI excluding distressed sales posted the second year-over-year increase 2012. Arizona and Idaho, two states hit hard by price declines, showed the highest year-over-year price appreciation in May, growing at 12 and 9 percent respectively. Phoenix, AZ has seen steady increases in the HPI for the past nine months, increasing 15 percent since August 2011.
- The discount from initial asking price to selling price has improved since February and now stands at about 11 percent. This measure typically narrows with the spring selling season. We are seeing the prices of new listing increase on a year-over-year basis, an indication that transaction prices should stay in positive territory in the near term.

HOME PRICE INDEX



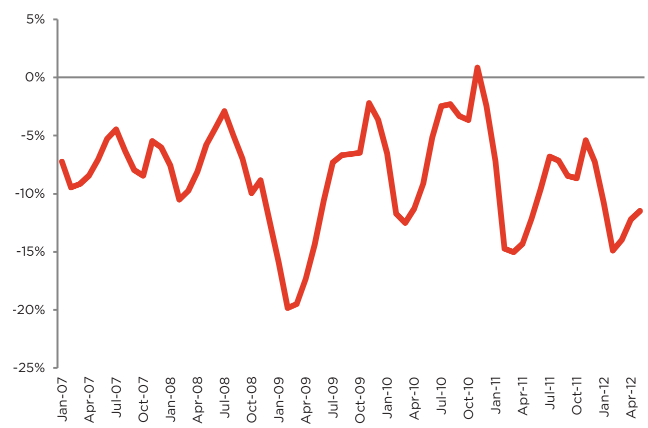
Source: CoreLogic May 2012

YoY HPI GROWTH FOR 25 HIGHEST RATE STATES



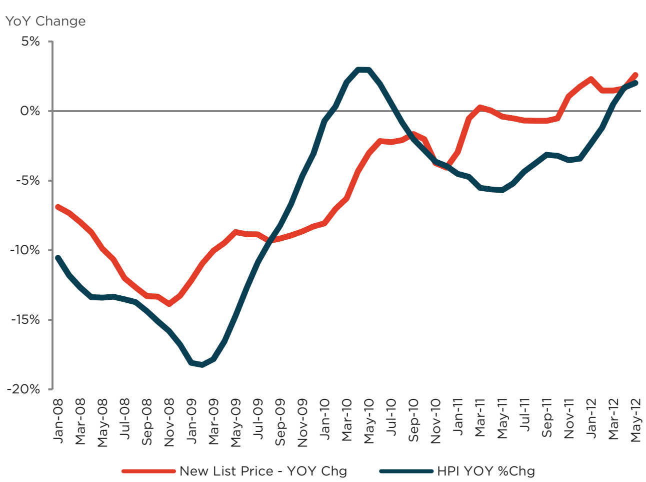
Source: CoreLogic May 2012

NEW LISTING/SOLD LISTING PRICE DISCOUNT



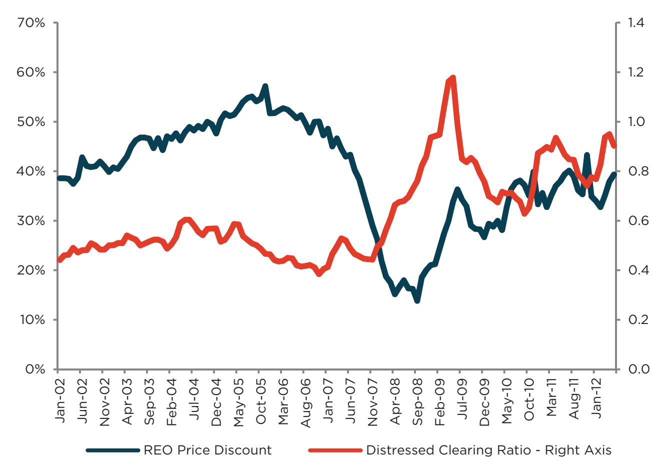
Source: CoreLogic May 2012

NEW LIST PRICE



Source: CoreLogic May 2012

REO DISCOUNT



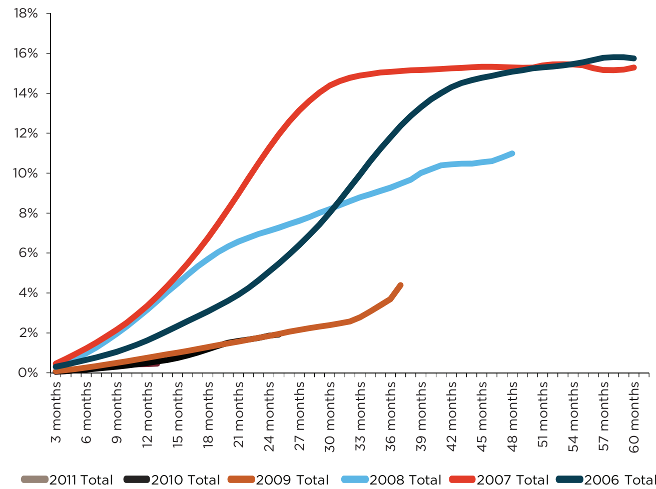
Source: CoreLogic May 2012

Performance

- Approximately 2.8 million homes, or 6.7 percent of all homes with a mortgage, were at least 90 days past due (and in foreclosure or REO) as of May 2012 compared to 3.1 million, or 7.3 percent, in May 2011. While the national level of 90 days past due or more was down by only 11 percent compared with a year ago, there were larger declines in some key states. Nevada, Arizona and Michigan experienced at least a 20 percent decline in number of loans 90 days past due or more. The decline in Arizona was 34 percent.
- Completed foreclosures were down 18 percent year-over-year to 63,000 in April. There were more than 800,000 completed foreclosures over the past year, which equates to one completed foreclosure for every 648 mortgaged homes. Nevada has the highest rate of completed foreclosures at one per every 16 mortgaged homes.

CONFORMING PRIME SERIOUS DELINQUENCY RATE

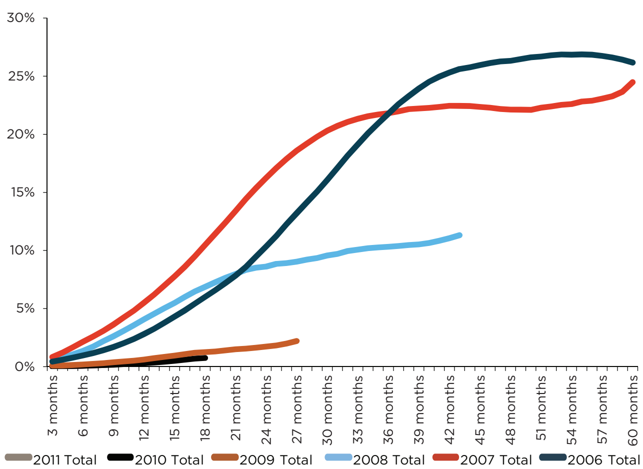
By Origination Year



Source: CoreLogic Apr 2012

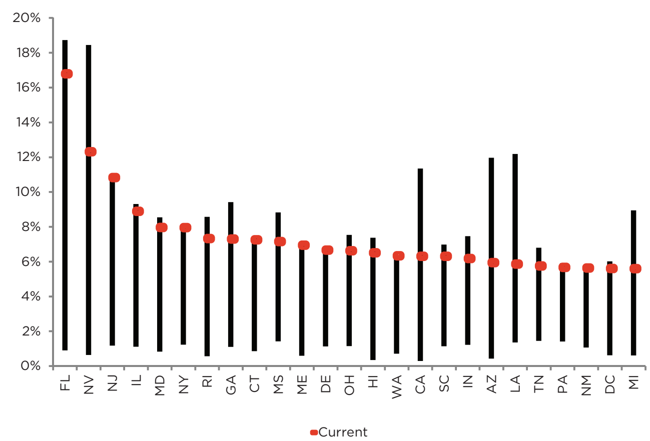
JUMBO PRIME SERIOUS DELINQUENCY RATE

By Origination Year



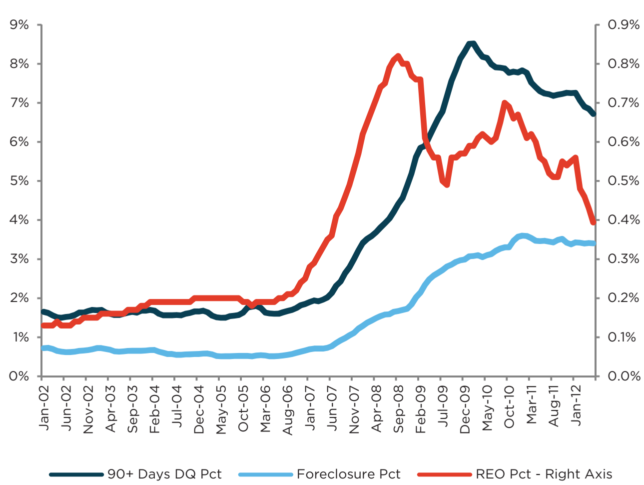
Source: CoreLogic Apr 2012

SERIOUS DELINQUENCIES FOR 25 HIGHEST RATE STATES



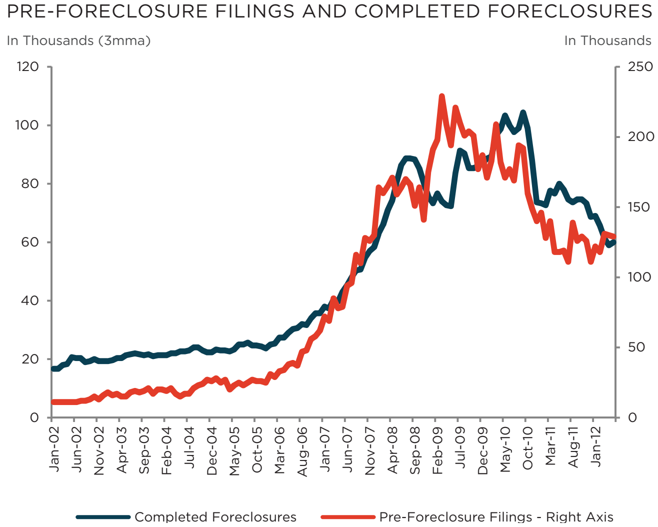
Source: CoreLogic May 2012

OVERALL MORTGAGE PERFORMANCE



Source: CoreLogic May 2012

PRE-FORECLOSURE FILINGS AND COMPLETED FORECLOSURES



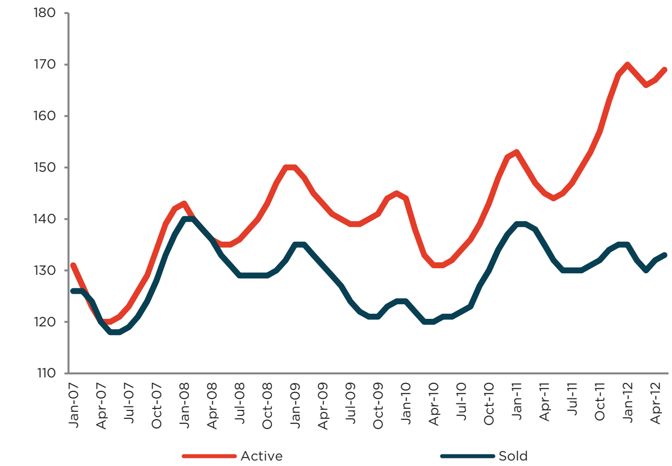
Source: CoreLogic May 2012

Sales

- The months' supply of active listings has been on the decline for the past year, falling from 9 months in May 2011 to just under 7 months in May 2012. In addition to the visible supply decreasing, the months' supply of distressed properties (those with mortgages that are seriously delinquent, in foreclosure and in REO) has been decreasing since January 2012, falling from around 12 months to just under seven months. This crude measure of shadow inventory has decreased as home sales have been increasing and the number of mortgages in distress have gone down.
- Home sales continue to show strong improvement, and were up 15 percent year-over-year in May. The distressed sales share decreased again in May, and is now at its lowest level since September 2008, the start of the financial crisis.

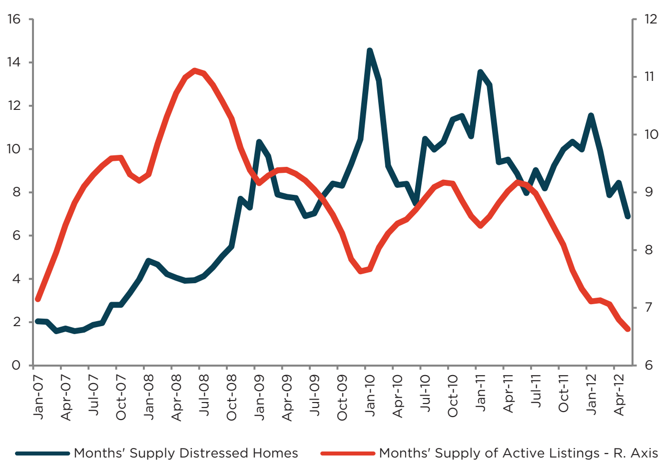
CUMULATIVE DAYS ON MARKET

Mean



Source: CoreLogic May 2012

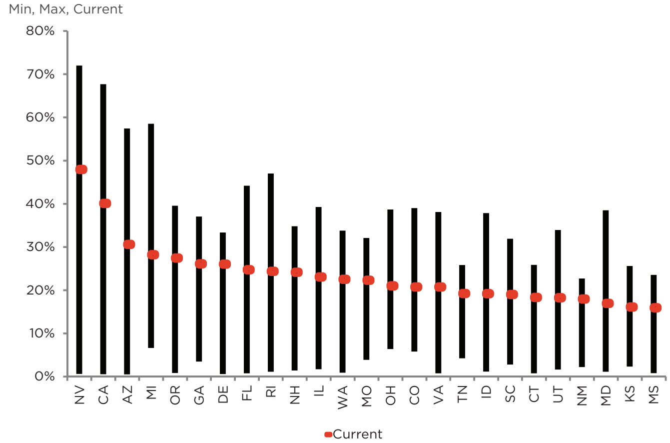
MONTHS' SUPPLY



Source: CoreLogic May 2012

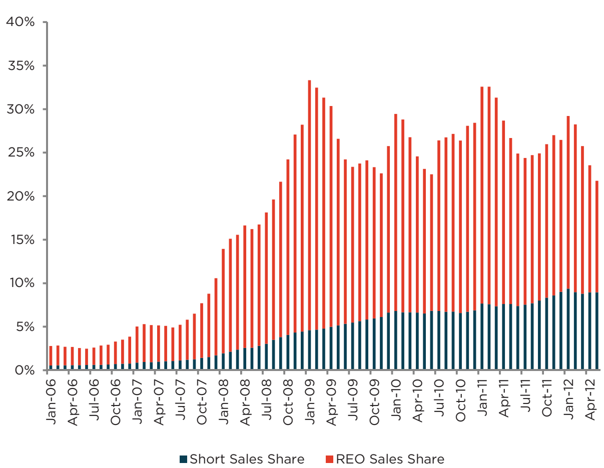
DISTRESSED SALE SHARE FOR 25 HIGHEST RATE STATES

Min, Max, Current



Source: CoreLogic May 2012

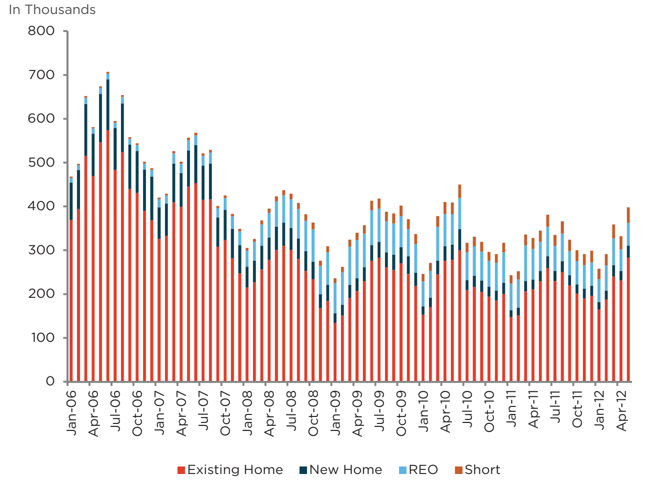
DISTRESSED SALES AS PERCENTAGE OF TOTAL SALES



Source: CoreLogic May 2012

SALES BY SALE TYPE

In Thousands



Source: CoreLogic May 2012

VARIABLE DESCRIPTIONS

Variable	Definition
Total Sales	The total number of all home-sale transactions during the month.
New Sales	The total number of newly constructed residential housing units sold during the month.
Existing Sales	The number of previously constructed homes that were sold to an unaffiliated third party. DOES NOT INCLUDE REO AND SHORT SALES.
REO Sales	Number of bank owned properties that were sold to an unaffiliated third party.
Short Sales	The number of short sales. A short sale is a sale of real estate in which the sale proceeds fall short of the balance owed on the property's loan.
Distressed Sales Share	The percentage of the total sales that were a distressed sale (REO or short sale).
HPI MoM	Percent increase or decrease in HPI single family combined series over a month ago.
HPI YoY	Percent increase or decrease in HPI single family combined series over a year ago.
HPI MoM Excluding Distressed	Percent increase or decrease in HPI single family combined excluding distressed series over a month ago.
HPI YoY Excluding Distressed	Percent increase or decrease in HPI single family combined excluding distressed series over a year ago.
90 Days + DQ Pct	The percentage of the overall loan count that are 90 or more days delinquent as of the reporting period. This percentage includes loans that are in foreclosure or REO.
Foreclosure Pct	The percentage of the overall loan count that is currently in foreclosure as of the reporting period.
REO Pct	The count of loans in REO as a percentage of the overall count of loans for the reporting period.
Pre-foreclosure Filings	The number of mortgages where the lender has initiated foreclosure proceedings and it has been made known through public notice (NOD).
Completed Foreclosures	A completed foreclosure occurs when a property is auctioned and results in either the purchase of the home at auction or the property is taken by the lender as part of their Real Estate Owned (REO) inventory.
Negative Equity Share	The percentage of mortgages in negative equity. The denominator for the negative equity percent is based on the number of mortgages from the public record.
Negative Equity	The number of mortgages in negative equity. Negative equity is calculated as the difference between the current value of the property and the origination value of the mortgage. If the mortgage debt is greater than the current value, the property is considered to be in a negative equity position. We estimate current unpaid principal balance, not origination value.
Months' Supply Distressed Homes	The number of months it would take to sell all homes currently in distress of 90 days past due or more based on the current sales pace.
Total Sales YoY Change	Percent increase or decrease in total sales over a year ago.
Distressed Clearing Ratio	Represents REO sales divided by Completed Foreclosures.
Listing Price Discount	Percentage calculated by dividing the mean new listing price by the mean sold listing price.
Cumulative DOM Mean YoY Change	Percent increase or decrease in cumulative days on market (DOM) for listing active at the end of the month.
Cumulative Sold DOM Mean YoY Change	Percent increase or decrease in cumulative days on market (DOM) for listing sold during the month.
Months' Supply of Active Listings	Active Listings divided by 12 month average of sold listings for a given month.

Source: CoreLogic

FOR MORE INFORMATION PLEASE CALL 1-415-536-3500

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