The MarketPulse

Volume 1, Issue 10

October 12th, 2012

Data as of August 2012

Inside News

Housing Statistics (August 2012)

HPI YOY Chg	4.6%
HPI YOY Chg XD	4.9%
NegEq Share	22.6%
Shadow Inventory (07/2012)	2.3m
Distressed Clearing Ratio	0.78
Distressed Discount	37.5%
New Sales (ths)	28
Existing Sales (ths)	279
Mean Actv List Price	270,260
Active DOM Mean	172
Months' Supply Listings	6.41
Closed-to-List Price %Chg	-4.3%

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The Durability of the Housing Recovery

By Mark Fleming

The most recent data on economic growth shows that the U.S. economy grew at a seasonally adjusted annualized pace of only 1.3 percent in the second quarter of 2012, down from the previous estimate of 1.7 percent. This is well below longer-run target growth rates of approximately 2.5 percent and troubling because it was a downward revision[1]. Nonetheless, the economy had very sluggish first and third quarters in 2011, followed by a very strong fourth quarter. The observed sluggishness can partly be traced to drought conditions affecting farm inventories. While in the long run, falling inventory levels are a good thing for economic growth because they need to be replenished by increased economic activity, in the near term, damaged crops and low yields due to drought conditions are not easily replaced.

While the economy is slowing, consumer confidence remains more bullish. The Conference Board survey jumped nine points in September, a traditionally weak month, and its Expectations Index rose by 12 points[2]. While confidence levels are well below historic standards, they are showing a consistent improving trend.

A More Durable Housing Recovery

While the broader economy is sluggish, the housing market is not. Housing is now a significant positive contributing sector to GDP growth and its recovery is growing more geographically diverse. In August 2012, the CoreLogic Home Price Index (HPI) showed a 4.6 percent year-over-year increase and, more importantly, prices increased in all but six states. Major markets like Phoenix, Houston, Washington and New York all experienced strong year-over-year gains.

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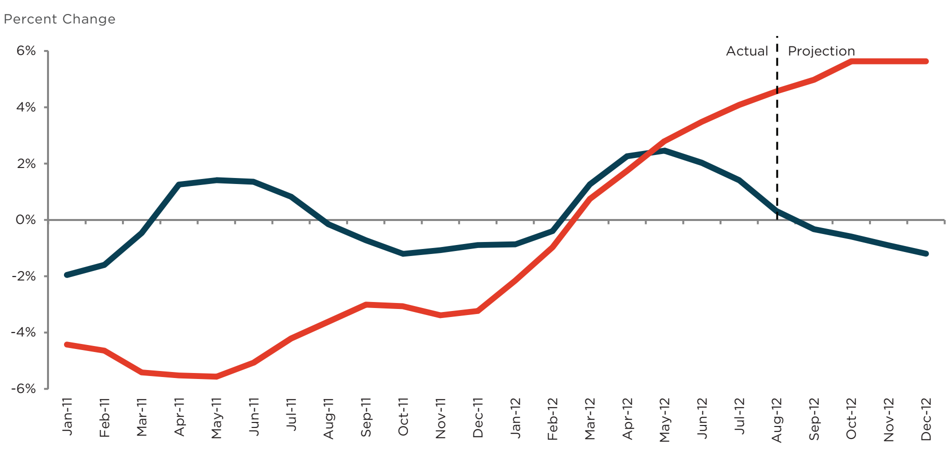
FIGURE 1. PENDING HOME PRICE INDEX SINGLE FAMILY COMBINED



Source: CoreLogic August 2012

Footnotes

[1] U.S. Department of Commerce, Bureau of Economic Analysis. "National Income and Product Accounts. Gross Domestic Product: Second Quarter 2012 (third estimate); Corporate Profits: Second Quarter 2012 (revised estimate)." Sept. 27, 2012. Web. Oct. 3, 2012. < www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm >

[2] Franco, Lynn. "The Conference Board Consumer Confidence Index® Increases in September. Index Improves Nine Points." The Conference Board. Sept. 25, 2012. Web. Oct. 3, 2012. < www.conference-board.org/data/consumerconfidence.cfm >

This housing recovery is in large part more durable than in prior years because of an improved balance between supply and demand. The current supply nationally is 6.4 months, and is much tighter in many large markets. Demand is slowly increasing. According to CoreLogic estimates, new home sales are up 24 percent over a year ago and existing home sales are up 11 percent over a year ago. This demand is not policy intervention driven, but more fundamentally driven by institutional investor interest in single-family residential properties as an asset class, pent up demand returning to the market, and increasing consumer confidence in housing.

Supply is constrained in large part by negative equity, a unique feature of this housing recovery compared to past regional housing recoveries. A large segment of homebuyers are existing home owners. We estimate that 45 percent of all mortgaged homeowners can be characterized as under-equitied, meaning they have insufficient levels of equity to provide a down payment on a traditional conventional mortgage (less than 20 percent equity or underwater). Therefore, while potential home buyers could get a more expensive loan with less than a 20 percent down payment, for example an FHA loan, there is a significant disincentive to participate in the real estate market.

> "Given the solid performance of home prices in the spring of 2012, even a stronger-than-projected decline in the fourth quarter is unlikely to wipe away all the gains made."

In each of the last three years, we have experienced significant price appreciation in the spring and summer only to see the gains fade away in the fall and winter. Will the gains made this spring and summer have the durability to yield gains by the end of 2012?

The CoreLogic single-family combined national HPI indicates that month-over-month growth in prices is slowing significantly, down 0.3 percent for August 2012, which is to be expected as housing markets enter the fall and winter months. Last year, the average of the month-over-month growth rates for the last four months of 2011 was -1 percent. The pending HPI[3] month-over-month growth rate is -0.3 percent for September 2012 and -0.6 percent for October 2012. If we use the absolute change in the month-over-month growth rates indicated by our pending index through the end of the year (the month-over-month change decelerates by 0.3 percent between September 2012 and October 2012), prices will decline by 0.9 percent in November and by 1.2 percent in December (Figure 1). Using these month-over-month growth rates yields an implied growth rate of 5.5 percent for 2012. Why? Price gains observed on a month-over-month basis between February and May were the strongest we have seen since the beginning of the series in 1976 and were driven by the uniqueness of this recovery. Given the solid performance of home prices in the spring of 2012, even a stronger-than-projected decline in the fourth quarter is unlikely to wipe away all the gains made.

While the economy is slowing again as it did last year, consumer expectations continue to improve. The housing market is now a contributing sector to economic growth, and the gains made in prices nationally this spring have been impressive. Simply trending out the fall and winter fade in growth still results in a housing market that has appreciated by more than 5 percent in 2012. Indeed, a durable housing recovery in 2012.

End.

Footnote

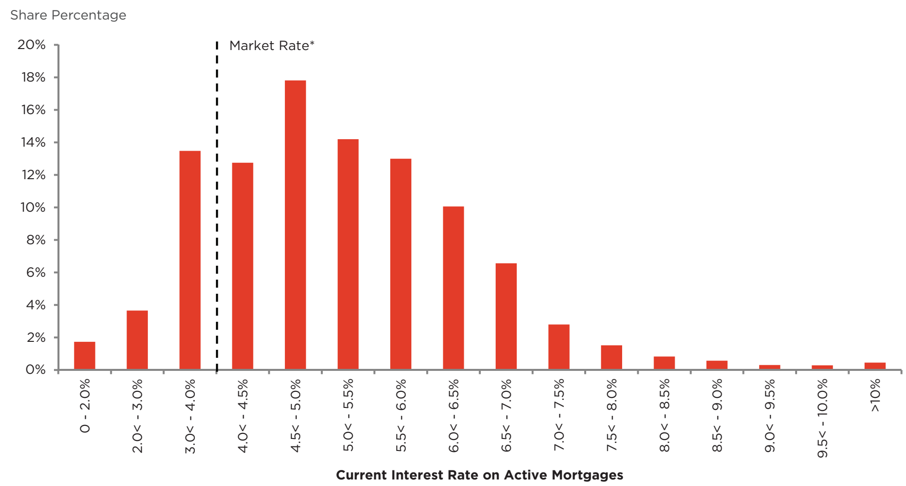
[3] The CoreLogic Pending HPI uses MLS prices to predict short-term HPI movements.

Sharpening the Tools

By Sam Khater and Molly Boesel

Since the start of the housing recession, the Federal Reserve and administration's housing policies attempted to lessen the mortgage debt burden on struggling borrowers and revive the housing market and the economy. They used a three-pronged approach to achieve their goal. First, the Federal Reserve lowered the federal funds rate target to nearly zero and subsequently adopted non-traditional monetary policy tools such as asset purchases, commonly referred to as quantitative easing, to help reduce mortgage rates. Second, they created the Home Affordable Modification Program (HAMP) to reduce the monthly mortgage payment to a more sustainable level for qualifying borrowers. Third, they created the Home Affordable Refinance Program (HARP) to allow borrowers with insufficient equity access to refinancing opportunities at lower interest rates. While each of these policies had beneficial impacts, none were sufficient enough to significantly impact the housing recession.

FIGURE 1. THE MAJORITY OF OUTSTANDING MORTGAGES HAVE ABOVE MARKET RATES



*As of October 11th, 2012
Source: CoreLogic July 2012

At this stage, the first two approaches are reaching diminishing returns. Mortgage rates are at historic lows and the marginal impact of even lower rates is small. New HAMP modification activity is low and sequentially declining. Moreover, the Federal Housing Finance Agency's recent decision to not allow principal reductions by the GSEs means that HAMP activity will not increase. However, the expansion of HARP 2.0 in 2011, which further expanded the LTV barrier (and removed other barriers) to refinancing resulted in much more refinancing over the past few months than under the original HARP program. Even with the burst of HARP 2.0 success, activity seems to have peaked and is beginning to drop despite the fact that the majority of outstanding borrowers have above market rates (Figure 1).

Several members of Congress have proposed various ways to further reduce refinance frictions or expand HARP eligibility further[4]. However, none of these potential expansions currently address a small but growing problem. Currently, borrowers are not eligible for HARP if their mortgages were acquired by the GSEs after May 31, 2009. The HARP programs have helped more than 1.5 million

Cont...

Footnote

[4] Senators Barbara Boxer (D-CA), Robert Menendez (D-NJ), Jeff Merkley (D-OR) and Dianne Feinstein (D-CA)

borrowers refinance since inception in 2009, but many eligible borrowers are not taking advantage of HARP, and about a million borrowers are still blocked from refinancing programs simply because they originated their loans after May 2009.

Negative Equity and Refinancing

The creation of HARP in 2009 was intended to allow borrowers to refinance despite having insufficient equity. It was created to help lift the refinance share in the hardest hit markets to be on par with the remaining states which had lower negative equity shares (Figure 2). It is clear that the original HARP did not work as intended because the refinance share gap between high negative equity states and remaining states remained after the initial creation of HARP. However, the implementation of HARP 2.0 in 2012 has made a difference and, as of May of 2012, the refinance share gap fell to zero. This means the refinance share in high negative equity states is now on par with the remaining states.

> "...the overall level of refinancing is still very low given current mortgage rates, and there are still many homeowners nationwide with above market rates."

However, while the refinance share gap between the highest negative equity share states and the remaining states has disappeared, the overall level of refinancing is still very low given current mortgage rates, and there are still many homeowners nationwide with above market rates. The decline in mortgage rates during the last two years has led to a widening spread between rates on new loans and rates on outstanding loans (Figure 3) to over 100 basis points, the largest spread in more than 10 years, and it is rapidly rising. The spread reflects the inability of borrowers with loans to take advantage of the lower rate environment. See the chart of the month on page 6 of this report for more detail on the depth of negative equity by origination rate bucket.

The July 2012 issue of MarketPulse featured an article called *"We're-in-the-Money,"* which delved into in-the-money eligibility requirements, and showed that a third of borrowers were in-the-money and eligible to refinance. We showed that the HARP programs further expand in-the-money eligibility, but also noted that while in-the-money shares were high, many borrowers were not taking advantage of low rates.

We have further investigated the pool of borrowers within the in-the-money and eligible group who are not taking advantage of lower rates. This subset of in-the-money borrowers makes up 4.5 percent of all outstanding mortgages, or about 2.4 million borrowers[5]. Half of these borrowers are in negative equity, and their median LTV is 100 percent. CoreLogic data shows that the average interest rate of the outstanding mortgages is 5.96 percent, 257 basis points above the going rate of 3.39 percent reported in the Primary Mortgage Market Survey (PMMS) as of October 11,

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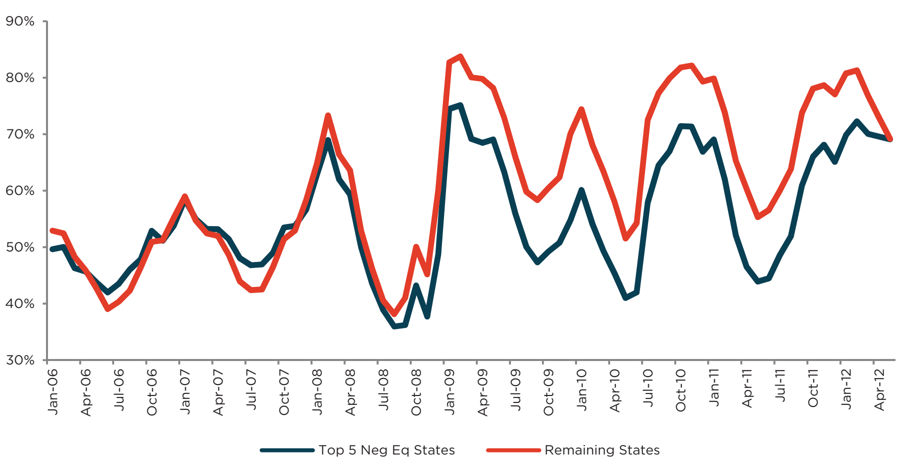
FIGURE 2. REFINANCE SHARE OF ALL MORTGAGE ORIGINATIONS TOP NEGATIVE EQUITY STATES VS REMAINING STATES



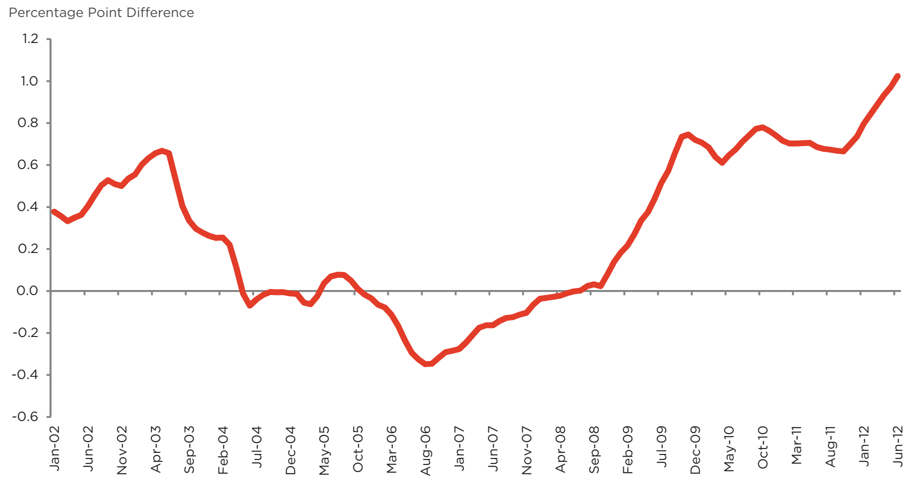
Source: CoreLogic May 2012

Footnote

[5] This assumes there are approximately 53 million outstanding mortgages.

2012. The average amount of monthly savings on these mortgages would be $349, or an annualized collective savings of almost $10 billion a year.

FIGURE 3. SPREAD BETWEEN MORTGAGE RATES ON EXISTING LOANS AND CURRENT MORTGAGE RATES AT 10-YEAR HIGHS



Source: CoreLogic, Freddie Mac June 2012

Impact of the HARP Origination Date Restriction

One aspect of in-the-money borrowers and refinancing that was not explored in the earlier article was the origination date requirement of HARP, which makes borrowers ineligible for the program if their mortgages were acquired by the GSEs after May 31, 2009. This also excludes earlier HARP participants because their new mortgages were originated after the cutoff date, even though the details of the program were expanded.

Our analysis reveals that lifting the restriction on origination date would expand the eligibility of HARP by an additional 2 percent of currently outstanding mortgages, or approximately one million borrowers. It would also help reduce the increasing mortgage rate spread between existing and new loans. Borrowers potentially excluded purely due to the eligibility date currently have an average mortgage rate of 5.22 percent, considerably higher than current mortgage rates. The average monthly cost savings for this group of borrowers is $333, or an annualized savings of more than $4 billion a year. The equity profile of this set of above market rate borrowers that are ineligible due to the HARP date restrictions is much better than the typical underwater borrower in need of a lower rate. They have a median LTV of 89 percent and only 14 percent are in a negative equity position.

"Our analysis reveals that lifting the restriction on origination date would expand the eligibility of HARP by an additional 2 percent of currently outstanding mortgages, or approximately one million borrowers."

Conclusion

Given the very low mortgage rate environment, the inability of borrowers to take advantage of lower mortgage rates reduces economic consumption and limits the economic recovery. Approximately 2.4 million borrowers are in-the-money and HARP eligible but have not taken advantage of lower rates and another 1 million would be eligible if the origination date restriction is lifted. These borrowers paid for the refinance pre-payment option, but cannot exercise it. This means they are paying above market rates for their mortgages, and the forgone savings from refinancing are a forgone economic stimulus. A concrete way in which more borrowers could benefit from low rates would be to lift the origination date restriction on HARP and extend the program to an additional million borrowers. Further outreach could also take place to borrowers eligible for HARP in its current form, but who are not taking advantage of the program.

End.

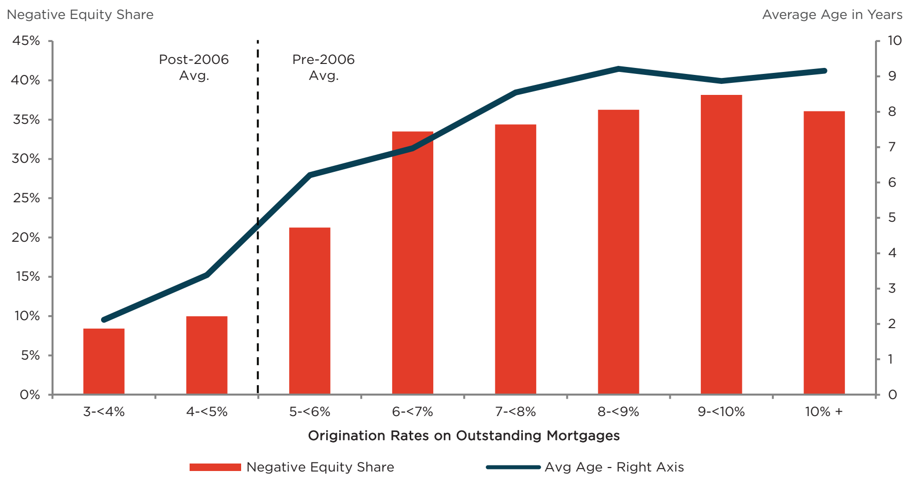
Market Curing for Unseasoned Mortgages

By Aurora Bristor

As home prices collapsed, the negative equity share for bubble-inducing low rate ARMs skyrocketed. However, the post-crash surge in low interest rate mortgage originations, combined with a high level of ARM foreclosure activity, led to a decline in the negative equity share for low interest rate loans. Borrowers with pre-2006 vintage loans have been unable to refinance or sell out from their higher interest rates and accumulated negative equity due to equity-limited refinancing opportunities and a weakened housing market. This is shown in the pre- and post-crash age split and negative equity (NE) share difference between the 3 percent to 5 percent range and 5 percent or higher mortgage rate buckets. Going forward, we expect to observe negative equity share tension within the lower interest rate band with upward pressure on share arising from HARP's expansion into more leveraged loans and overall downward pressure due to an improved housing market.

End.

MARKET CURING FOR UNSEASONED MORTGAGES



Source: CoreLogic Q2 2012

In the News

Orange County Register, *October 5*

Experts say 'shadow' homes won't crush housing

Santa Ana-based housing data giant CoreLogic estimated earlier this year that one out of every three potential homes for sale was part of the shadow inventory...

MarketWatch, *October 4*

Fewer foreclosures in August: CoreLogic

There were about 57,000 completed foreclosures in August, down from about 75,000 in the same month last year, according to CoreLogic...

DSNews, *October 4*

Recovery Finds 'Footing' as Foreclosures Fall: CoreLogic

Completed foreclosures continued their progressive decline, and foreclosure inventory fell to its lowest level since April 2010, CoreLogic reported…

Investor's Business Daily, *October 4*

Consumer Delinquencies Fall

57,000 foreclosures were completed in Aug., vs. 58,000 in July and 75,000 a year before, CoreLogic said. Improving household balance sheets may help support consumer spending and home sales.

Washington Post, *October 2*

CoreLogic Report Finds Largest Rise in Home Sale Prices in Six Years

A measure of U.S. home prices in August showed the largest year-over-year increase in more than six years, at 4.6 percent. CoreLogic, a private real estate data provider, also said prices rose 0.3 percent in August from July, the sixth straight month...

USA Today, *October 2*

Stocks end mixed as investors await earnings

Earlier in the session, stocks had been modestly higher on upbeat news about the housing market from CoreLogic, a private research group.

NATIONAL SUMMARY AUGUST 2012

	Sep 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Jul 2012	Aug 2012	2010	2011	2012**
Total Sales*	334	309	300	310	250	281	345	367	417	416	356	390	4,110	3,903	2,822
— New Sales*	24	21	22	24	16	19	24	24	28	28	24	28	338	271	191
— Existing Sales*	226	206	195	202	159	180	228	250	291	296	256	279	2,654	2,542	1,939
— REO Sales*	56	54	55	54	49	54	60	58	60	53	41	44	797	752	419
— Short Sales*	26	25	25	27	23	25	30	31	35	35	33	36	274	300	248
Distressed Sales Share	24.6%	25.7%	26.7%	26.1%	28.9%	28.1%	25.9%	24.5%	22.9%	21.3%	20.8%	20.7%	26.1%	27.0%	23.6%
HPI MoM	-0.7%	-1.2%	-1.1%	-0.9%	-0.9%	-0.4%	1.3%	2.3%	2.5%	2.0%	1.4%	0.3%	-0.3%	-0.3%	1.1%
HPI YoY	-3.0%	-3.1%	-3.4%	-3.2%	-2.2%	-1.0%	0.7%	1.7%	2.8%	3.5%	4.1%	4.6%	-0.3%	-4.3%	1.8%
HPI MoM Excluding Distressed	-0.7%	-1.1%	-1.0%	-0.8%	-0.3%	-0.1%	1.1%	1.6%	1.9%	1.7%	1.5%	1.0%	-0.3%	-0.4%	1.1%
HPI YoY Excluding Distressed	-4.0%	-4.0%	-4.3%	-4.2%	-3.5%	-2.6%	-0.9%	0.1%	1.3%	2.3%	3.5%	4.9%	-1.7%	-4.1%	0.6%
90 Days + DQ Pct	7.2%	7.3%	7.3%	7.3%	7.3%	7.1%	6.9%	6.9%	6.8%	6.8%	6.7%	6.7%	8.1%	7.4%	6.9%
Foreclosure Pct	3.5%	3.5%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.3%	3.3%	3.2%	3.2%	3.5%	3.3%
REO Pct	0.5%	0.6%	0.5%	0.6%	0.6%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.6%	0.6%	0.4%
Pre-foreclosure Filings*	127	129	127	112	123	120	133	121	131	124	132	138	2,098	1,517	1,022
Completed Foreclosures*	83	69	71	70	72	64	62	56	63	56	58	57	1,126	909	488
Negative Equity Share	24.4%	24.7%	24.9%	25.2%	24.7%	24.2%	23.7%	23.2%	22.7%	22.3%	22.7%	22.6%	25.3%	24.9%	23.3%
Negative Equity*	11,618	11,783	11,943	12,108	11,858	11,624	11,374	11,178	10,975	10,779	10,977	10,912	11,904	11,820	11,209
Months Supply SDQ Homes	9.07	9.81	10.13	9.75	12.05	10.42	8.28	7.70	6.70	6.67	7.71	6.96	10.40	9.78	8.31

*Thousands of Units **Year-to-Date
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 AUGUST 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 12-month sum	Completed Foreclosures 12-month sum	Negative Equity Share	Months' Supply Distressed Homes
Chicago-Joliet-Naperville, IL	76,377	17,301	8883	34.3%	15.3%	15.5%	-22.0%	0.5%	-2.5%	10.2%	62,225	19,009	30.7%	19.4
Los Angeles-Long Beach-Glendale, CA	86,350	20,187	13731	39.3%	9.0%	1.0%	-1.0%	0.7%	4.0%	6.0%	50,496	18,190	22.7%	9.7
Atlanta-Sandy Springs-Marietta, GA	69,773	16,733	7989	35.4%	23.7%	20.3%	-17.4%	0.8%	1.0%	7.6%	103,160	37,055	41.2%	12.3
New York-White Plains-Wayne, NY-NJ	64,147	2,683	3310	9.3%	1.3%	18.2%	8.4%	2.0%	3.4%	8.7%	14,456	1,013	11.9%	15.3
Washington-Arlington-Alexandria, DC-VA-MD-WV	59,086	6,849	6820	23.1%	-1.7%	N/A	N/A	-0.1%	4.8%	5.6%	28,069	5,309	24.5%	9.1
Houston-Sugar Land-Baytown, TX	90,970	12,947	3871	18.5%	2.3%	0.5%	-13.5%	0.2%	6.3%	4.5%	15,570	16,771	10.7%	4.6
Phoenix-Mesa-Glendale, AZ	105,730	18,492	20414	36.8%	0.6%	-9.4%	-37.8%	1.4%	21.8%	5.3%	55,959	31,059	42.9%	4.2
Riverside-San Bernardino-Ontario, CA	72,863	22,622	14041	50.3%	-0.3%	6.9%	-3.9%	1.3%	4.0%	8.1%	44,180	22,088	42.0%	8.8
Dallas-Plano-Irving, TX	70,911	9,932	4039	19.7%	8.9%	-2.6%	-14.1%	0.8%	4.3%	4.5%	39,862	11,637	11.1%	4.7
Minneapolis-St. Paul-Bloomington, MN-WI	36,950	6,493	2083	23.2%	-5.2%	6.5%	-10.8%	1.6%	4.6%	4.1%	26,071	13,095	18.4%	8.0
Philadelphia, PA	N/A	N/A	N/A	N/A	N/A	9.6%	-4.4%	1.1%	1.0%	5.8%	8,289	4,325	9.3%	N/A
Seattle-Bellevue-Everett, WA	35,318	4,648	4312	25.4%	15.6%	7.7%	-10.2%	0.0%	5.8%	6.5%	9,808	5,842	19.0%	10.9
Denver-Aurora-Broomfield, CO	48,467	8,282	4192	25.7%	16.3%	N/A	N/A	0.7%	8.6%	3.6%	23,910	8,789	20.1%	4.2
San Diego-Carlsbad-San Marcos, CA	40,582	7,340	8282	38.5%	11.3%	21.8%	14.5%	0.1%	0.8%	4.9%	17,831	6,857	28.1%	6.6
Santa Ana-Anaheim-Irvine, CA	32,332	4,643	6296	33.8%	11.1%	-6.5%	-12.2%	1.0%	3.1%	4.3%	15,968	5,082	18.4%	7.2
Tampa-St. Petersburg-Clearwater, FL	53,263	7,629	7861	29.1%	-2.4%	22.3%	-21.0%	-0.3%	5.8%	16.4%	25,807	13,094	46.4%	16.3
Baltimore-Towson, MD	30,941	2,593	2770	17.3%	2.8%	N/A	N/A	0.5%	1.1%	7.9%	4,306	1,412	18.6%	13.4
Nassau-Suffolk, NY	21,804	847	449	5.9%	-1.4%	21.8%	14.2%	3.5%	2.4%	10.6%	8,391	628	8.9%	25.2
St. Louis, MO-IL	41,798	8,665	2290	26.2%	4.3%	16.6%	-7.9%	1.6%	1.7%	4.5%	16,099	9,511	16.2%	5.5
Oakland-Fremont-Hayward, CA	37,455	8,405	7291	41.9%	10.7%	N/A	N/A	0.3%	6.5%	5.1%	17,394	8,116	30.7%	7.1
Warren-Troy-Farmington Hills, MI	38,208	11,383	1921	34.8%	-2.3%	N/A	N/A	1.0%	6.8%	4.7%	15,616	13,583	37.1%	6.2
Portland-Vancouver-Hillsboro, OR-WA	29,972	4,570	3618	27.3%	12.0%	N/A	N/A	1.1%	4.0%	5.4%	9,433	5,489	19.1%	8.3
Sacramento--Arden-Arcade--Roseville, CA	39,020	10,807	8711	50.0%	7.7%	N/A	N/A	1.5%	6.3%	6.1%	20,595	10,591	38.0%	7.0
Edison-New Brunswick, NJ	24,361	928	2011	12.1%	6.1%	19.9%	4.9%	-0.5%	-2.2%	9.3%	4,027	675	15.2%	16.3
Orlando-Kissimmee-Sanford, FL	43,342	7,826	8921	38.6%	-2.8%	0.3%	-28.7%	1.7%	8.2%	16.8%	19,996	11,463	50.0%	16.3

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.
NOTE: Largest CBSAs are based on active loan count.

STATE SUMMARY AUGUST 2012

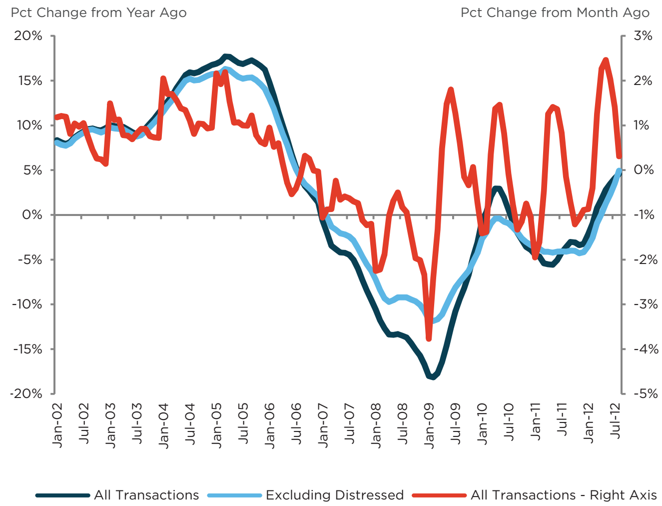
State	Total Sales 12-month sum	REO Sales 12-month sum	Short Sales 12-month sum	Distressed Sales Share (sales 12-month sum)	Total Sales YOY 12-month sum	Cumulative Dom Mean YoY Change	Cumulative Sold Dom Mean YoY Change	HPI MoM	HPI YoY	90 Days+ DQ Pct	Pre-Foreclosure Filings 12-month sum	Completed Foreclosures 12-month sum	Negative Equity Share	Months' Supply Distressed Homes
AK	9,878	790	322	11.3%	-4.4%	N/A	N/A	0.1%	4.1%	2.2%	1,540	920	5.2%	2.2
AL	29,136	3,813	1,102	16.9%	-25.2%	26.2%	-10.0%	2.0%	-0.7%	5.5%	8,983	6,339	13.7%	11.5
AR	37,488	1,872	1,581	9.2%	-7.5%	5.6%	-7.2%	0.3%	3.1%	5.5%	6,830	6,816	11.8%	4.9
AZ	144,050	27,269	24,675	36.1%	2.5%	-0.2%	11.2%	1.2%	18.2%	5.2%	78,010	43,397	40.5%	4.6
CA	471,650	113,690	85,627	42.3%	7.4%	11.8%	-2.0%	0.3%	5.5%	5.7%	244,529	109,809	29.4%	8.1
CO	95,264	16,672	7,919	25.8%	12.4%	3.1%	-6.7%	0.4%	6.9%	3.5%	46,179	17,788	18.8%	4.1
CT	35,097	3,203	3,576	19.3%	5.2%	22.3%	6.9%	0.9%	-0.5%	7.4%	1,919	3,578	13.9%	12.2
DC	7,053	376	256	9.0%	5.1%	N/A	N/A	1.0%	5.4%	5.7%	571	113	11.0%	9.5
DE	8,664	1,475	466	22.4%	4.1%	19.5%	-8.5%	-1.2%	1.5%	6.8%	1,589	2,488	16.5%	15.1
FL	401,853	63,666	56,715	30.0%	-0.5%	18.1%	6.8%	0.6%	6.9%	16.2%	165,146	91,899	43.3%	14.3
GA	117,142	25,448	10,026	30.3%	16.3%	21.0%	-5.6%	0.5%	0.8%	6.9%	143,800	55,321	36.1%	10.5
HI	15,651	1,273	1,381	17.0%	-1.1%	14.5%	-12.4%	0.7%	8.0%	6.4%	4,403	435	10.3%	8.6
IA	29,624	1,793	1,253	10.3%	-37.2%	13.4%	-2.2%	0.8%	1.1%	3.8%	6,006	3,319	9.6%	5.2
ID	33,284	5,934	2,090	24.1%	5.3%	8.9%	-13.0%	0.0%	10.4%	4.6%	13,498	4,907	23.4%	3.9
IL	133,282	24,642	12,415	27.8%	13.6%	17.8%	-8.4%	0.1%	-2.3%	8.8%	83,213	27,587	26.3%	14.4
IN	109,603	18,478	2,827	19.4%	10.9%	N/A	N/A	0.5%	2.6%	6.1%	16,243	17,079	9.7%	5.5
KS	31,195	3,502	1,485	16.0%	14.2%	N/A	N/A	1.3%	3.9%	4.1%	3,044	2,798	8.6%	5.1
KY	35,621	3,643	1,563	14.6%	-22.1%	11.0%	-6.7%	-0.6%	-0.3%	5.3%	7,038	2,245	9.7%	7.8
LA	46,463	5,968	1,420	15.9%	-12.0%	12.9%	15.6%	1.8%	4.6%	5.8%	14,621	9,593	14.7%	6.4
MA	92,174	9,491	766	11.1%	31.0%	N/A	N/A	-0.3%	3.4%	5.5%	7,873	8,039	15.9%	6.2
MD	67,569	6,486	8,060	21.5%	0.7%	29.4%	3.4%	0.6%	2.5%	8.2%	10,760	3,316	23.5%	14.2
ME	10,790	741	265	9.3%	-0.1%	N/A	N/A	0.9%	2.8%	7.1%	1,735	612	8.3%	17.1
MI	143,049	46,367	5,597	36.3%	3.2%	18.1%	3.9%	1.0%	5.3%	5.3%	53,642	61,833	33.5%	6.0
MN	60,233	8,847	2,425	18.7%	-3.2%	12.3%	-12.6%	1.6%	4.7%	3.8%	28,870	15,088	17.3%	6.7
MO	81,722	16,731	3,420	24.7%	8.6%	19.5%	-12.6%	1.6%	2.5%	4.1%	25,029	17,714	15.6%	4.8
MS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.1%	5.7%	7.1%	4,998	1,088	26.5%	N/A
MT	13,725	1,527	600	15.5%	6.0%	N/A	N/A	3.7%	7.4%	2.7%	3,717	1,695	7.5%	3.1
NC	111,952	10,035	7,579	15.7%	6.8%	7.0%	-6.4%	0.2%	1.5%	5.5%	52,233	27,813	14.0%	7.8
ND	13,983	276	258	3.8%	21.0%	N/A	N/A	1.3%	7.6%	1.5%	228	564	5.6%	0.7
NE	28,964	1,609	1,502	10.7%	4.1%	N/A	N/A	0.7%	1.9%	2.7%	4,324	2,372	11.6%	2.6
NH	17,448	3,046	1,312	25.0%	12.8%	20.1%	8.2%	1.8%	2.7%	4.3%	N/A	2,783	21.0%	5.6
NJ	78,986	3,713	7,221	13.8%	2.0%	21.0%	9.3%	0.1%	-1.4%	11.2%	20,021	2,767	18.4%	21.0
NM	21,781	2,564	1,410	18.2%	-0.8%	N/A	N/A	0.1%	2.2%	5.7%	7,504	2,221	13.3%	8.0
NV	69,891	22,675	14,420	53.1%	-1.8%	-11.2%	4.8%	2.3%	9.0%	11.8%	7,463	20,373	59.2%	9.1
NY	155,341	5,418	3,860	6.0%	3.2%	16.4%	8.9%	3.5%	5.8%	8.2%	26,171	4,312	8.0%	11.9
OH	137,951	24,863	9,644	25.0%	-0.7%	11.8%	-1.7%	0.4%	0.3%	6.5%	62,244	26,041	24.2%	7.9
OK	67,553	5,671	1,762	11.0%	9.9%	-2.0%	1.5%	-0.5%	1.2%	5.1%	17,152	10,145	8.1%	3.6
OR	52,040	9,116	5,440	28.0%	9.0%	10.6%	-20.2%	1.1%	4.0%	5.4%	17,039	9,933	19.1%	7.8
PA	134,465	12,268	4,458	12.4%	7.3%	10.1%	-4.9%	0.6%	1.4%	5.9%	22,979	12,207	9.4%	7.6
RI	11,959	1,588	1,337	24.5%	11.8%	20.5%	13.2%	-0.2%	-2.6%	7.4%	4,168	2,161	22.8%	9.7
SC	63,949	9,732	4,350	22.0%	10.0%	10.4%	-6.3%	0.9%	5.0%	6.2%	8,315	10,995	17.1%	7.3
SD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.6%	7.1%	2.4%	199	N/A	N/A	N/A
TN	105,457	17,552	4,962	21.3%	10.6%	N/A	N/A	-0.5%	0.4%	5.6%	26,851	25,057	16.7%	4.8
TX	395,552	48,557	15,885	16.3%	4.6%	0.8%	-16.4%	0.2%	4.8%	4.2%	116,674	57,512	9.1%	3.9
UT	47,974	7,349	3,866	23.4%	9.7%	N/A	N/A	0.5%	8.9%	4.4%	25,757	6,350	18.9%	4.8
VA	91,362	13,690	7,375	23.1%	-5.2%	23.4%	-15.2%	0.8%	4.4%	3.8%	64,136	13,382	20.6%	6.2
VT	N/A	N/A	N/A	N/A	N/A	30.2%	44.7%	0.9%	3.3%	4.1%	N/A	N/A	N/A	N/A
WA	84,828	12,022	8,720	24.5%	7.4%	18.2%	-7.4%	0.1%	4.1%	6.5%	22,821	14,875	19.4%	10.5
WI	71,531	8,337	3,015	15.9%	9.6%	16.9%	-8.3%	0.3%	0.1%	4.2%	21,824	12,723	15.7%	5.7
WV	N/A	N/A	N/A	N/A	N/A	17.5%	5.1%	0.9%	4.3%	3.8%	4,405	690	7.1%	9.0
WY	5,927	549	182	12.3%	11.1%	N/A	N/A	0.2%	2.2%	2.1%	797	784	9.7%	3.2

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.

House Prices

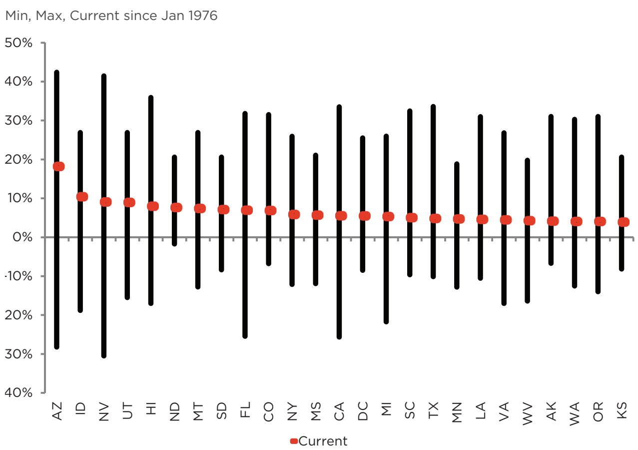
- Home prices nationwide, including distressed sales, increased on a year-over-year basis by 4.6 percent in August 2012 compared to August 2011. This was the biggest year-over-year increase since July 2006. Excluding distressed sales, home prices nationwide increased on a year-over-year basis by 4.9 percent in August 2012 compared to August 2011. On a month-over-month basis excluding distressed sales, home prices increased 1.0 percent in August 2012 compared to July 2012, also the sixth consecutive month-over-month increase.
- The discount from the initial asking price now stands at 3.1 percent. During August 2012, the months' supply of active listings was at 6.4 months, representing a 15.7 percent drop from a year ago. Active inventory of listed homes shows a 14.6 percent year-over-year drop from August 2011.

HOME PRICE INDEX



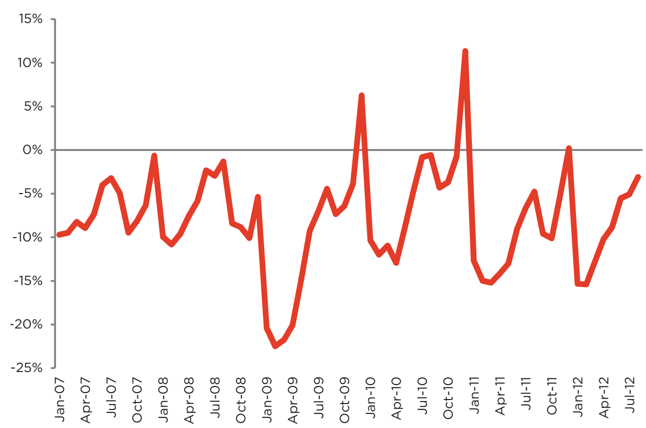
Source: CoreLogic August 2012

YoY HPI GROWTH FOR 25 HIGHEST RATE STATES



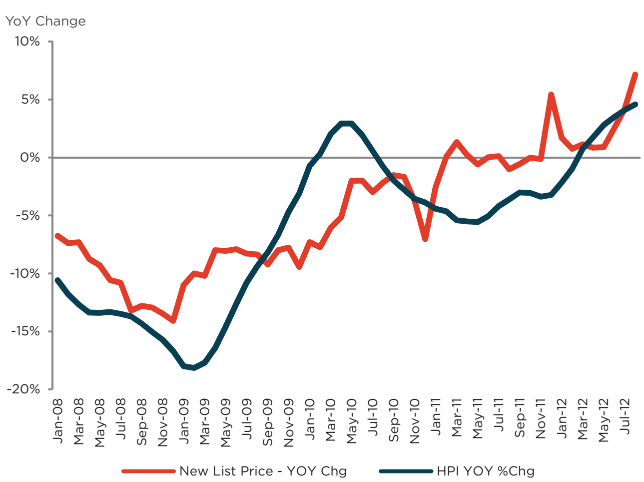
Source: CoreLogic August 2012

NEW LISTING/SOLD LISTING PRICE DISCOUNT



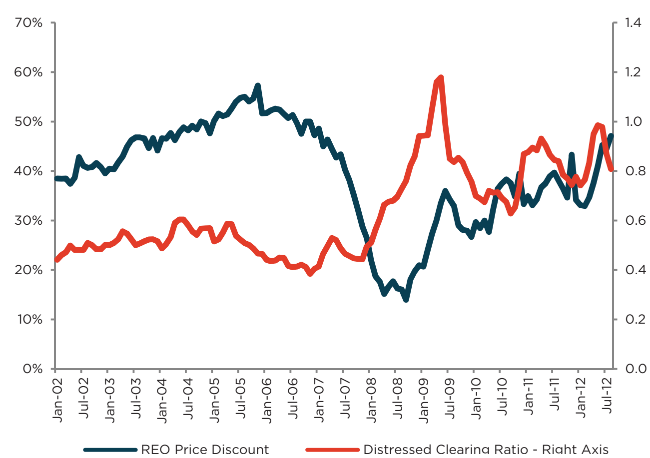
Source: CoreLogic August 2012

NEW LIST PRICE



Source: CoreLogic August 2012

REO DISCOUNT



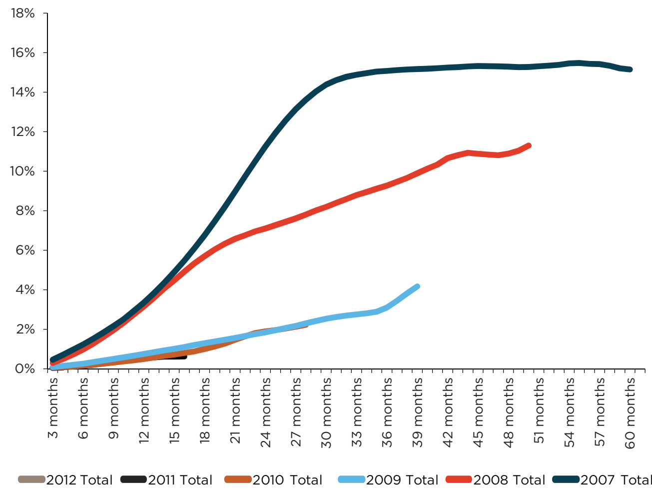
Source: CoreLogic August 2012

Mortgage Performance

- The share of borrowers who are seriously delinquent (90 days past due, in foreclosure or in REO) is approximately 6.7 percent of all outstanding loans. The level of serious delinquent loans is at the lowest point in three years and shows a 10.2 percent drop from a year ago. Florida continues to have the highest foreclosure rate of any state at 11 percent; however, the inventory of foreclosed homes in the state of Florida dropped 13.6 percent year-over-year.
- Approximately 1.3 million homes, or 3.2 percent of all homes with a mortgage, were in the inventory of foreclosed homes as of August 2012. This compares to 1.4 million, or 3.4 percent, in August 2011. Month-over-month, the national foreclosure inventory was unchanged from July 2012 to August 2012. The five states with the highest number of completed foreclosures for the 12 months ending in August 2012 were: California (110,000), Florida (92,000), Michigan (62,000), Texas (58,000) and Georgia (55,000). These five states account for 48 percent of all completed foreclosures nationally.

CONFORMING PRIME SERIOUS DELINQUENCY RATE

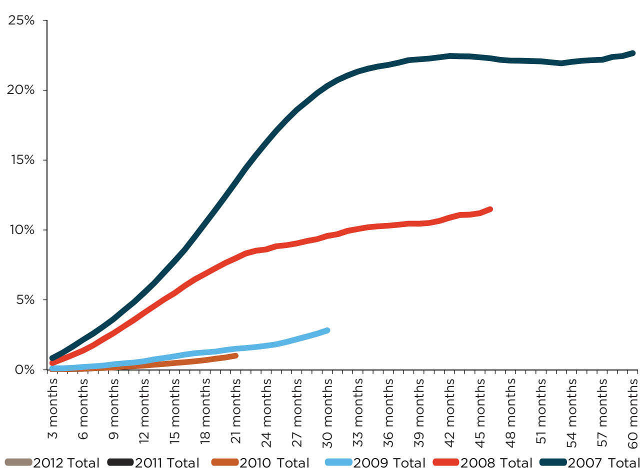
By Origination Year



Source: CoreLogic July 2012

JUMBO PRIME SERIOUS DELINQUENCY RATE

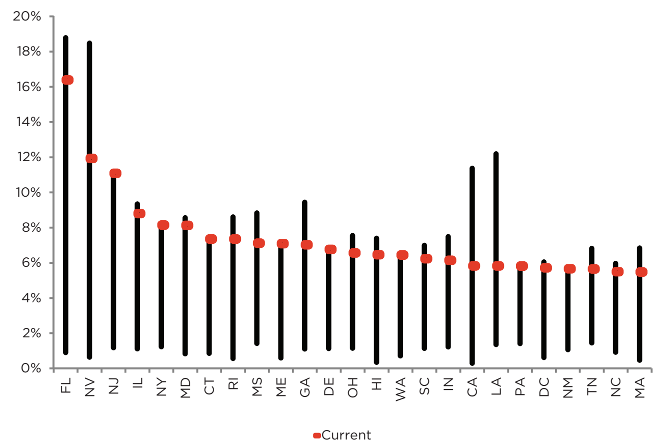
By Origination Year



Source: CoreLogic July 2012

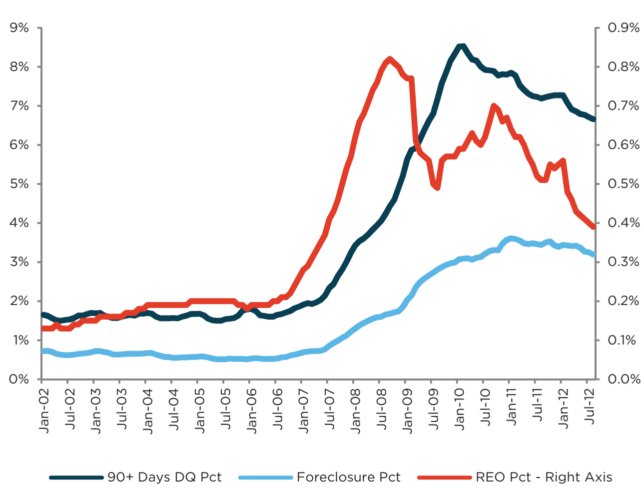
SERIOUS DELINQUENCIES FOR 25 HIGHEST RATE STATES

Min, Max, Current since January 2000



Source: CoreLogic August 2012

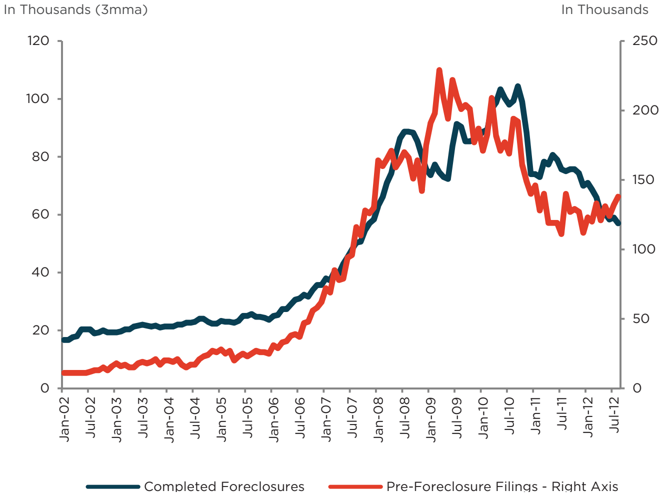
OVERALL MORTGAGE PERFORMANCE



Source: CoreLogic August 2012

PRE-FORECLOSURE FILINGS AND COMPLETED FORECLOSURES

In Thousands (3mma) In Thousands

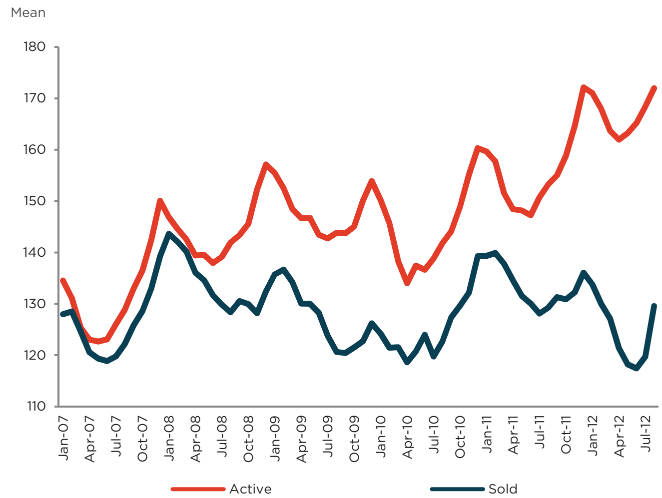


Source: CoreLogic August 2012

Home Sales

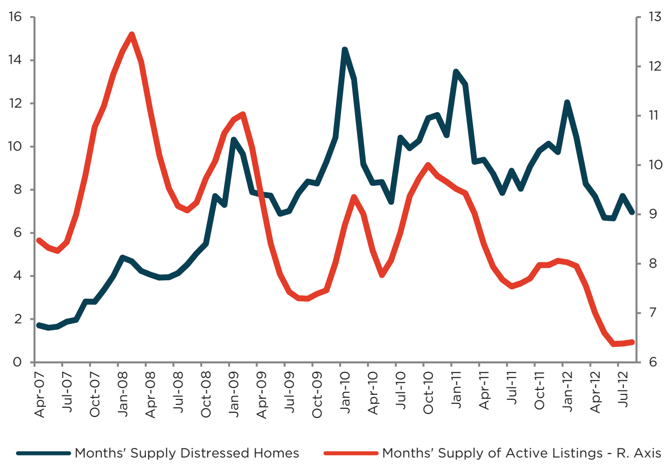
- Total year-over-year home sales for August 2012 increased by just over 3 percent. This marks eight consecutive months of positive year-over-over change in total sales. Both new and existing home sales saw an approximate 9 percent increase year-over-year in sales. Furthermore, 72 percent of all homes sold in August 2012 were re-sales, an improvement over a year ago when re-sales were at 68 percent of total home sales.
- The nationwide distressed sales share has remained at 21 percent. Short sales (a component of distressed sales) hover around 9 percent, up from 8 percent a year ago. The short sales share has been slowly increasing while the REO sales share has been falling. REOs sold at a 44 percent discount compared with healthy sales in July 2012, while short sales sold at a 14 percent discount. This new mix of distressed sales will have a beneficial impact on home prices.

CUMULATIVE DAYS ON MARKET



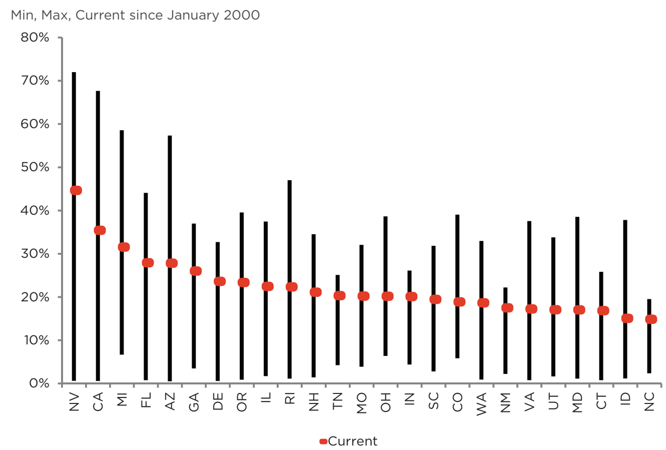
Source: CoreLogic August 2012

MONTHS' SUPPLY



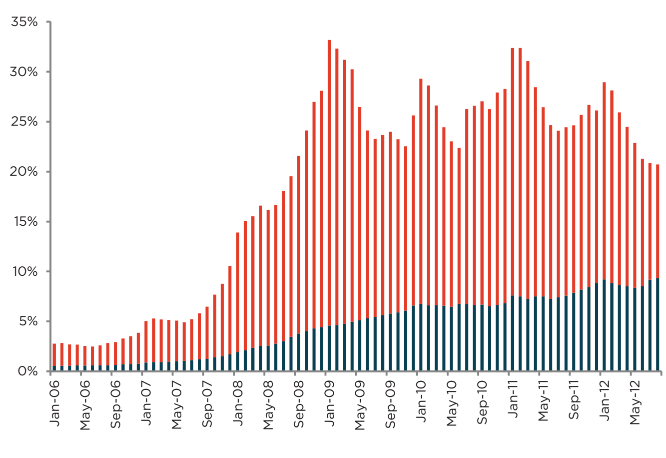
Source: CoreLogic August 2012

DISTRESSED SALE SHARE FOR 25 HIGHEST RATE STATES



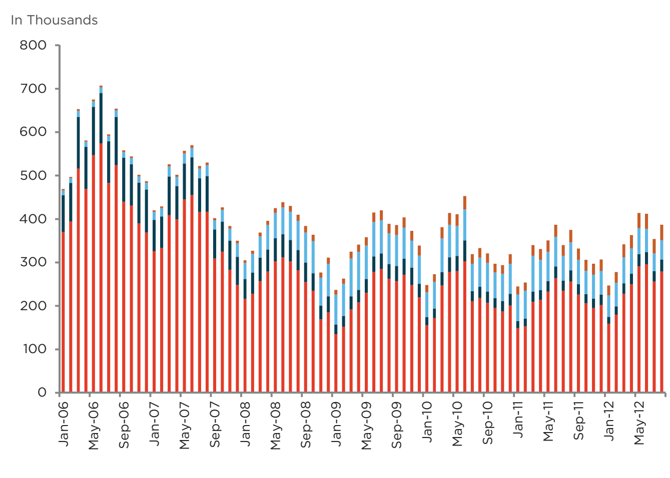
Source: CoreLogic August 2012

DISTRESSED SALES AS PERCENTAGE OF TOTAL SALES



Source: CoreLogic August 2012

SALES BY SALE TYPE



Source: CoreLogic August 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 estimated unpaid principal balance. If the mortgage debt is greater than the current value, the property is considered to be in a negative equity position.
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 12-month sum	Percent increase or decrease in current 12 months of total sales over prior 12 months of total sales.
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 listings active at the end of the month.
Cumulative Sold DOM Mean YoY Change	Percent increase or decrease in cumulative days on market (DOM) for listings 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

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