The MarketPulse

Volume 2, Issue 2
February 12th, 2013
Data as of December 2012

Inside News

Overview Article 1–2
In the News 2
Feature Article 3–5
Chart of the Month 6
National Statistics 7
CBSA Statistics 7
State Statistics 8
Graphs and Charts 9–11
Variable Descriptions 12

Housing Statistics (December 2012)

HPI YOY Chg	8.3%
HPI YOY Chg XD	7.5%
NegEq Share (Q3 2012)	22.0%
Shadow Inventory (10/2012)	2.3m
Distressed Discount	47.0%
New Sales (ths, ann.)	307
Existing Sales (ths, ann.)	2,601
Average Sales Price	$229,608
HPI Peak-to-Current (PTC)	-26.9%
Foreclosure Stock PTC	-25.7%

News Media Contacts

Real estate and mortgage industry trades:

Bill Campbell
bill@campbelllewis.com
(212) 995.8057 (office)
(917) 328.6539 (mobile)

Business and consumer:

Lori Guyton
lguyton@crosbyvolmer.com
(901) 277.6066

Making the Most of 2013

By Mark Fleming

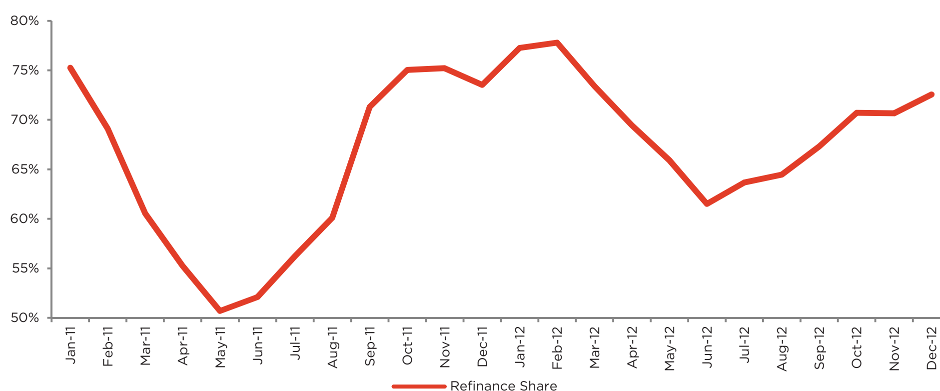
While economic uncertainty was one of the major factors cited for holding back the economic recovery, much has been clarified since the end of December. Importantly, the fiscal cliff was temporarily averted and Consumer Financial Protection Bureau (CFPB) regulation announcements are beginning to arrive in earnest. In this rapidly evolving environment knowing where we are now is critical for figuring out where we're headed.

Early indications are that the fiscal cliff deal done on New Year's Day is having a modest impact on economic sentiment. The University of Michigan Consumer Sentiment Index, one of the earliest indicators, declined slightly this month, driven by a large decline in the personal finance subcomponent. While broad-based marginal tax rate changes were avoided, the payroll tax holiday was allowed to expire, returning rates to their pre-holiday level. As a result, this year's first paycheck was just that little bit smaller. Consumer spending, which is released later in the month, is likely to reflect this reduction in income. Of course, this doesn't mean the overall economy will turn south. In fact, recent research[1] shows that the wealth effect of rising home values helps stimulate consumption. This partly explains the slow pace of the recovery. While the optimism that springs from housing wealth gains can fuel consumption, it is a long process when prices are rising slowly and the starting point for so many homeowners is negative equity. Fortunately, the rise in housing wealth appears to be providing some counter to the reduction in consumer income, a small adjustment relative to the larger downsides that could have been triggered by the fiscal cliff.

We now face the prospect of multiple mini-cliffs in the coming months which could strain confidence levels and create economic drag regardless of their outcomes. The housing market, and in particular demand to buy homes, could be significantly impacted.

Cont...

FIGURE 1. REFINANCES TAKE 2012 BY STORM



Source: CoreLogic December 2012

Footnote

[1] Wealth Effects Revisited 1975-2012, Karl E. Case, John M. Quigley and Robert J. Shiller, December 2012.

© 2013 CoreLogic
Proprietary and confidential. This material may not be reproduced in any form without express written permission.

Consumer sentiment and housing demand both reacted negatively to the debt ceiling debate in 2011. Nonetheless, to the extent uncertainty was removed until the debt ceiling debate heats up again, most economists continue to believe there will be positive economic growth in 2013.

On a potentially brighter note, the CFPB recently announced the much anticipated qualified mortgage (QM) regulation. It contained both a safe harbor and a rebuttable presumption, drew an ability-to-pay line in the sand at 43 percent for a back-end ratio, and excluded exotic loan products. Because GSE and FHA loans are exempted from QM, the regulation likely won't restrict credit significantly in 2013, an important factor as the nascent housing recovery gains strength. GSE and FHA loans make up the majority of the current market, so the QM regulation is likely to influence only the small prime jumbo market and phase in more broadly as government-backed lending draws down over time. Increasing GSE guarantee fees, FHA insurance premiums, and decreasing loan limits are key steps to reducing government involvement.

While 2012 was a stronger year for mortgage originations, volume wasn't based on normal demand for new mortgages, but on refinances. In fact, the dominance of refinance originations is troubling for the long run. Much of the refinance activity during the last few years comes from serial refinancers who are well qualified under today's underwriting standards. They are responding to rate drops driven by the Fed's quantitative easing (QE) initiatives (Figure 1). Assuming that a new round of QE is unlikely to drop rates further, participation by these borrowers will subside and demand for refinances will slowly decline over the next two years.

The purchase mortgage market is expected to rise slowly as consumer confidence and household formation increase. In fact, full year 2012 U.S. Census Bureau data indicates that household formations increased by nearly 1 million, or 0.9 percent, the highest rate since 2006. But given that the purchase market is rising from a very low bottom, it will take some time to replace the substantial amount of current refinance demand.

"While 2012 was a stronger year for mortgage originations, volume wasn't based on normal demand for new mortgages, but on refinances."

In addition, the interest rates that borrowers who are refinancing are able to lock in now likely mean a reduced incentive to sell, move, or refinance again in the longer term. Therefore, it is reasonable to assume that turnover of the mortgage stock will slow and the importance of purchase mortgages will rise. In the intermediate term, this will likely stimulate competitive pressure among lenders to squeeze profits and relax credit standards.

While it is important to recognize the improvements to the mortgage market during 2012, we should continue to be vigilant in 2013. This year we will begin to transition to a more normal balance in the mortgage market. It's a year that will also create more regulatory certainty. The path forward is not without risks and challenges, but these challenges can be met and are not nearly as dire as those faced by the industry just a few short years ago.

End.

In the News

Reuters, *February 5*

Home prices post biggest jump in over six years: CoreLogic

Home prices rose for a tenth consecutive month on a year-over-year basis in December, posting their biggest gain in more than six years, CoreLogic reported ....

ABC News, *February 5*

Home Prices Show Biggest Rise in 6 Years

Home prices are accelerating in most local markets. CoreLogic, a real estate data provider, says average home prices rose 8.3 percent in December compared with a year earlier ...

MarketWatch, *February 1*

Foreclosures fall in December: CoreLogic

U.S. foreclosures fell 21% in December from the same period in the prior year ...

MortgageOrb.com, *February 1*

CoreLogic: Foreclosure Inventory Continues To Decrease

"The most encouraging foreclosure trend reported here is that the inventory of foreclosed properties is almost 20 percent smaller than a year ago," says Mark Fleming, chief economist for CoreLogic.

CNN Money, *January 25*

Why Americans still feel poor

During the third quarter of 2012, 100,000 underwater borrowers returned to positive equity, owing less on their mortgages than what their homes are worth, according a report released last week by CoreLogic.

Wall Street Journal, *January 18*

With New Rules, Prepare for More Paperwork

Low-documentation mortgages account for about 12% of the private mortgages borrowers signed up for from January through October 2012, according to the latest data from CoreLogic.

© 2013 CoreLogic
Proprietary and confidential. This material may not be reproduced in any form without express written permission.

The Mortgage Market Impact of Qualified Mortgage Regulation

By Sam Khater
Article updated as of 2 :00 p.m. ET, February 12, 2013.

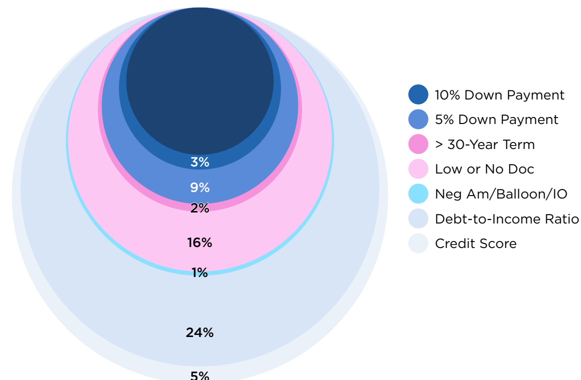
In more typical years, mortgage originations are driven by fundamentals such as income, mortgage rates and home prices. But since 2008, monetary and policy levers have been used to ignite and sustain large segments of the housing finance market. While the housing finance market continues to rely heavily on these levers as we head towards the spring selling season we believe the issuance of final Dodd-Frank related regulations now underway represent a watershed moment that will impact the size of mortgage market and performance for many years to come.

In the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, Congress required that creditors make a reasonable, good faith determination of the borrower's ability to repay. It established a presumption of compliance for a category of loans called qualified mortgage, or QM. Beyond the QM ability-to-repay standard, the Qualified Residential Mortgage (QRM) created additional underwriting standards (notably a down payment requirement) in order to avoid risk retention requirements for mortgage securitizations.

In January 2013, the final QM rule prescribed limits on debt-to-income (DTI) ratios, prohibited low- and no-documentation lending, negative amortizations, balloons, and interest-only loans. One important caveat of the rule is that it allows temporary (up to seven years) exclusion to loans that otherwise meet GSE and FHA underwriting guidelines[2]. The irony of the exemption is that it reinforces the role that the GSE's play in the market, making it harder to enact GSE reform. Jumbo loans do not qualify for the exclusion since they cannot be financed by the GSEs and FHA.

FIGURE 1. QM AND QRM HAVE LARGE IMPACT ON ORIGINATIONS

Impact of Each Slice



Source: CoreLogic

The short-term impact of the regulations will be minor due to the seven year GSE and FHA exemption, but longer-term only half of all of today's originations meet the eligibility requirements for the QM rule and it is lower for the purchase market. The impact will be felt most in the boom-bust states and some Southern and Midwestern states. The impact on the jumbo market next year is moderate relative to the conforming market.

Methodology

To analyze the impact of the rules on mortgage originations and performance, 2010 was chosen as the base year. The rationale is that 2010 represents the earliest vintage with a full year's worth of underwriting similar to today's standards and provides enough time to estimate the impact on performance. In order to ensure that CoreLogic analysis is not anchored to peculiarities in originations during 2010, the same analysis was done on the total originations market in 2009. The results were very similar.

The analysis used a waterfall approach on more than 2.2 million loans, where loans that do not qualify for QM were sequentially removed. The loan features that do not meet the QM requirements include loans with back-end DTI above 43 percent, negative amortizations, interest only, balloons, low or no documentation, and loans with more than a 30 year term[3]. After all the ineligible slices were removed, the remaining pool of loans was QM eligible. We also replicated the analysis on purchase and jumbo subsets of the market.

In addition to the QM layers, two other non-QM layers were included in the waterfall: credit scores and

Cont...

Footnotes

[2] As long as the GSEs are in conservatorship; otherwise, they will no longer retain the exclusion.

[3] The rule also disqualifies loans with fees beyond 3 percent. However, due to the lack of loan-level data on fees, we could not add this layer into the analysis.

© 2013 CoreLogic
Proprietary and confidential. This material may not be reproduced in any form without express written permission.

down payments. CoreLogic removed loans with credit scores below 640 because they resemble subprime loans. The market has primarily adjusted and removed most of them, but the few loans that were left in the data were also removed. Loans with a down payment of less than 10 percent were removed because it is anticipated that the QRM rule, to be released by the end of Q2 2013, will impose a minimum down payment restriction of 10 percent. CoreLogic analysis distinguishes between QM and QRM to highlight their individual impacts.

The data presented below are cumulative. The waterfall begins by first removing loans with credit scores below 640. Next, it removes features that do not meet the QM requirement. Lastly, the waterfall removes loans with less than a 10 percent down payment (QRM).

The order in which layers are removed is important. The impact of QRM would be much greater were it not for the fact that QM already removed many loans with risky features (i.e., high DTIs and low- or no-documentation loans with low down payments).

> "While QM and QRM remove 60 percent of loans, they remove more than 90 percent of the risk."

Impact of QM Is Large on Originations and Risk

Loans financed or guaranteed by both the GSEs and FHA combined account for roughly 90 percent of originations. Thus, given that the loans approved by an automated underwriting system operated by Fannie, Freddie or FHA/VA are waived during a transition period, the near- and intermediate-term impacts of the rule are very small. When the exclusion expires in seven years (or prior[4]), it is estimated that only 52 percent of originations will meet the eligibility requirements of the QM rule.

By far the largest impact is the DTI threshold, which removed 24 percent of all originations. The second largest category is low- or no-documentation lending, which removed 16 percent of originations[5]. The remaining QM rules only removed 8 percent of originations[6] (Figure 1). The cumulative impact of the above non-qualifying layers resulted in the removal of more than 48 percent of all originations.

As mentioned earlier, down payment is not a part of QM; however, it is a part of QRM and it will have an impact once it is specified. If it is assumed that QRM will impose a 10 percent down payment requirement, then the combined impact of QM and QRM would be to remove 60 percent of the markets, leaving just 40 percent of the market QM- and QRM-eligible.

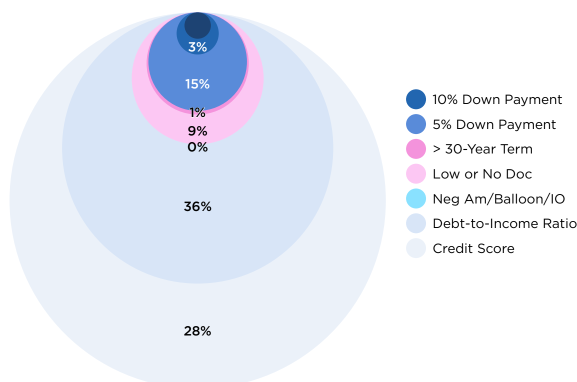
QM was implemented to minimize risk layering, which magnifies risk in unexpected ways. Will it succeed? In CoreLogic's view, the answer is a resounding yes[7]. While QM and QRM remove 60 percent of loans, they remove more than 90 percent of the risk[8] (Figure 2). In risk space, the DTI rule removes 36 percent of all serious delinquencies (SDQs), followed by loans with credit score of less than 640 (28 percent of SDQs) and the 10 percent down payment (18 percent of SDQs).

Clearly, the rule will have an enormous positive impact on future performance. From a cost-benefit perspective, the largest impact on performance is from credit scores and down payment, as a 1 percent reduction in originations of loans with credit score of less than 640 and loans with less than 10 percent down payment will reduce

Cont...

FIGURE 2. QM AND QRM WILL REMOVE OVERWHELMING MAJORITY OF RISK

Serious Delinquency Impact Slice



Source: CoreLogic

Footnotes

[4] If the GSEs are removed from conservatorship, they are no longer eligible for the exclusion.

[5] The reason low- or no-documentation share is so high is due to the high number of refinances in the current environment.

[6] These include loans with credit scores less than 640, terms more than 30 years, balloons, negative amortization or interest only.

[7] The issue of at what cost and whether it will limit new product innovations, which typically contain the greatest risk, is beyond the scope of this article.

[8] Over 90 percent of serious delinquencies are removed by removing 60 percent of originations.

© 2013 CoreLogic
Proprietary and confidential. This material may not be reproduced in any form without express written permission.

serious delinquencies by 6 percent and 2 percent, respectively.

QRM Impact Larger on Purchase Market

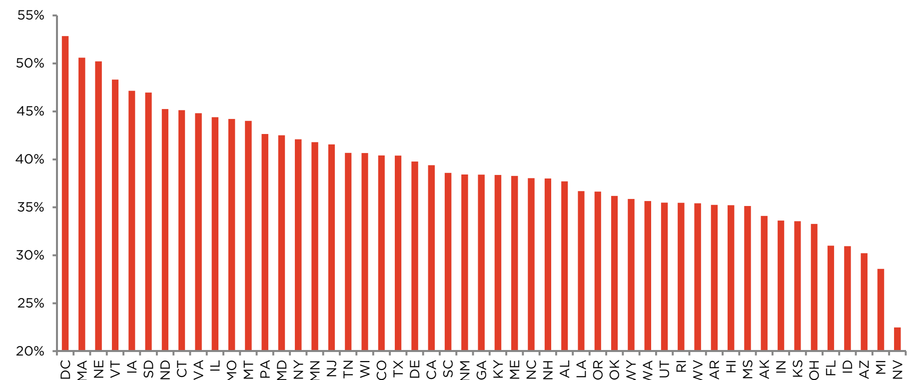
The impact of the QM rule on the purchase originations market is very similar to the total market that includes refinance loans. In the purchase market, 53 percent of the loans would meet the eligibility requirements of the QM rule, compared to 52 percent for the total market. However, the forthcoming QRM rule will have a proportionally larger negative impact on the purchase market than on the overall market because of its down payment requirement. Using a 10-percent down payment rule eliminates an additional 27 percent of the purchase market versus only 13 percent of the overall market. The combined impact of QM and QRM is that only 25 percent of purchase originations would meet the eligibility requirements of the QM rule. Therefore, the QRM rule will be very important for the purchase market and longer-term mortgage production because, despite tighter lending standards in certain dimensions such as credit scores and DTI, the average LTVs for purchase loans has increased and the purchase market has remained heavily leveraged today.

Moderate Impact on Jumbo

The jumbo market, which accounts for about 10 percent of all financed transactions, does not receive the exemption that the conforming market receives, so the impact of the QM rule will be felt beginning January 2014. More than 62 percent of total jumbo originations would meet the eligibility

FIGURE 3. IMPACT OF QM/QRM RULES BY STATE

Percent of Originations that Comply with QM/QRM



Source: CoreLogic October 2012

requirements of the QM rule, which is larger than the overall market. Similar to the overall market, DTI and low or no documentation combined have the largest impact, accounting for 30 percent of the jumbo market. Since down payment requirements are much higher for jumbo loans than conforming loans, the impact of minimum down payment requirement (QRM) is smaller for jumbo loans than for conforming loans. For example, imposing a 10 percent down payment requirement only impacts 2 percent of jumbo versus 13 percent for the total market. The impact is relatively smaller because underwriting in the private non-conforming market has already responded and is already tighter than the government conforming market.

Market Impact by Geography

While we often speak of a national mortgage market, the impacts of QM and QRM are not uniform and can vary significantly by geography. For example, Texas and Colorado typically have high FHA shares, while California and Florida have high jumbo shares.

Reproducing the overall originations market impact analysis at the state level reveals that more than 67 percent of South Dakota's originations will be compliant with QM, the highest of any state (Figure 3). Other states with high QM compliance include Nebraska (67 percent) and North Dakota (63 percent). Overall, the states least impacted by QM are primarily more rural in character and in the Midwest.

Nevada is the state most impacted by QM, with only 42 percent of loans meeting the requirements of the QM rule. Other states heavily impacted include Hawaii (43 percent) and Alaska (44 percent). In addition to these, states most impacted by the QM rule are primarily boom-bust states such as California, Arizona and Florida.

The state-level impact of the QRM layer conforms to income and wealth trends. The largest impact of QRM occurs in Arkansas, where it impacts 25 percent of all loans. Seven of the top 10 states with the largest impacts from QRM are in the South or Midwest, which have lower incomes and wealth

Cont...

© 2013 CoreLogic
Proprietary and confidential. This material may not be reproduced in any form without express written permission.

Cont. from page 5

than the rest of the U.S. The QRM rule has the least impact in Massachusetts, where it impacts only 6 percent of all loans. Not surprisingly, the other states with minimal impact include New Jersey, New York, Hawaii and D.C.—all of which have above-average household incomes.

Conclusion

While the QM and QRM rules assist in carving bright lines to delineate "safe" products and provide consumer and investor protections, clearly they are not a panacea. Based on our reading, QM and QRM do not apply to certain segments of loans such as HELOCs and balance sheet mortgages, respectively. Moreover, many of these rules don't address the conflicts of interest in securitizations, limitations on senior/subordinate structures, etc. Lastly, many investors are currently using cash to finance purchases. This is already causing fairly large swings in home prices, which increases collateral risk and has a spillover impact on the mortgage market but is not addressed in any regulations.

The impact of QM in the short-to-medium term will be small and ironically reinforces the role the GSE's play in the market. The impact on the jumbo market next year is moderate, as the jumbo market has already adjusted to the risk environment and it accounts for only 10 percent of the total market[9]. However, longer term the impact for the mortgage market is large—roughly impacting half of all originations for both the overall and purchase markets. Moreover, the impact of QRM will be sequentially much larger for the purchase market than the overall market. The geographical impact of QM will be most felt in the boom-bust states. The QM impact on performance is very large because it should remove the most significant risks. The impact of QRM will be most felt in Southern and Midwestern states, which typically carry lower income and asset profiles.

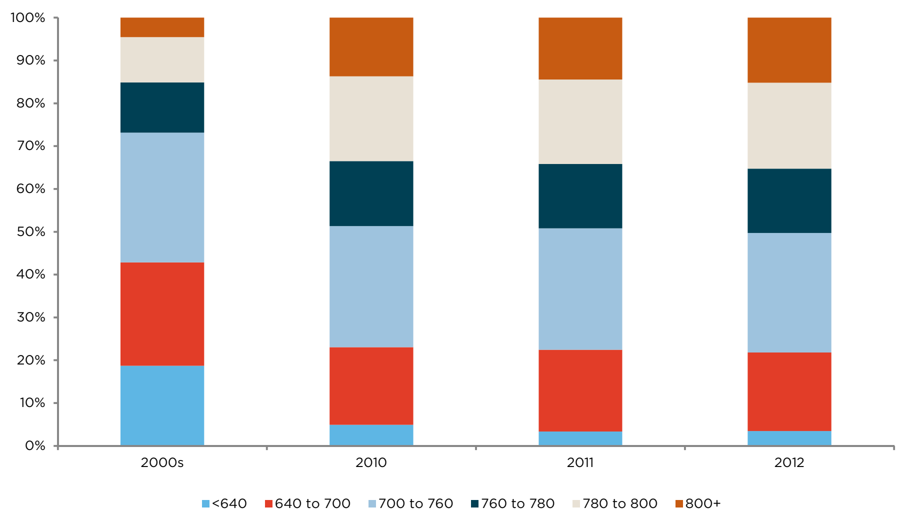
End.

Low Risk, High Reward

By Thomas M. Vitlo

From 2000 through 2009, the distribution of credit scores at origination was concentrated at the low end of the spectrum. This chart illustrates the shift in credit scores at mortgage issuance. In the 2000s, when the subprime market flourished, 19 percent of all originations went to borrowers with less than a 640 credit score. Now, it's about a fifth of that. On the other end, credit scores greater than 780 at origination now make up about 35 percent of all originations, up from about 15 percent in the last decade.

CREDIT SCORE AT ORIGINATION



Source: CoreLogic August 2012

The mortgage market impacts of QM and QRM are analyzed in this edition of The MarketPulse and lenders' preference for higher credit borrowers is a trend that will have positive impacts on delinquencies in the future.

End.

Footnote

[9] The jumbo impact is larger in more costly areas, but even in expensive markets, the jumbo share is not dominant.

© 2013 CoreLogic
Proprietary and confidential. This material may not be reproduced in any form without written permission.

NATIONAL SUMMARY DECEMBER 2012

	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	2010	2011	2012
Total Sales*	3,097	3,477	4,284	4,288	4,838	4,899	4,547	5,069	4,138	4,464	3,923	3,911	4,155	3,982	4,245
— New Sales*	210	248	312	292	329	338	301	348	300	315	289	307	345	288	299
— Existing Sales*	1,972	2,229	2,836	2,927	3,376	3,475	3,242	3,622	2,912	3,111	2,645	2,601	2,685	2,594	2,912
— REO Sales*	604	664	736	678	701	645	584	627	502	554	561	562	801	758	618
— Short Sales*	278	300	362	358	396	405	392	438	396	451	398	412	274	303	382
Distressed Sales Share	28.5%	27.7%	25.6%	24.2%	22.7%	21.4%	21.5%	21.0%	21.7%	22.5%	24.4%	24.9%	25.9%	26.6%	23.6%
HPI MoM	-0.7%	-0.3%	1.2%	2.2%	2.4%	2.0%	1.2%	0.5%	-0.2%	-0.6%	0.0%	0.4%	-0.3%	-0.3%	0.7%
HPI YoY	-1.9%	-0.7%	1.0%	1.9%	2.9%	3.5%	3.9%	4.6%	5.1%	5.8%	6.9%	8.3%	-0.3%	-4.2%	3.5%
HPI MoM Excluding Distressed	-0.4%	-0.3%	0.9%	1.5%	1.8%	1.6%	1.0%	0.4%	-0.2%	-0.4%	0.5%	0.9%	-0.3%	-0.3%	0.6%
HPI YoY Excluding Distressed	-3.5%	-2.9%	-1.5%	-0.7%	0.4%	1.4%	2.1%	2.9%	3.3%	4.1%	5.6%	7.5%	-1.7%	-4.0%	1.6%
90 Days + DQ Pct	7.4%	7.2%	7.0%	7.0%	6.9%	6.9%	6.9%	6.8%	6.7%	6.5%	6.5%	6.4%	8.1%	7.4%	6.8%
Foreclosure Pct	3.5%	3.5%	3.5%	3.5%	3.5%	3.4%	3.4%	3.4%	3.3%	3.1%	3.0%	2.9%	3.2%	3.5%	3.3%
REO Pct	0.6%	0.5%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.6%	0.6%	0.4%
Pre-foreclosure Filings**	124	120	134	122	133	130	125	123	113	117	115	117	2,097	1,518	1,473
Completed Foreclosures**	75	66	65	60	69	65	61	66	75	52	58	56	1,128	917	767
Negative Equity Share	N/A	N/A	23.7%	N/A	N/A	22.3%	N/A	N/A	22.0%	N/A	N/A	N/A	25.3%	24.9%	22.8%
Negative Equity**	11,858	11,624	11,374	11,178	10,975	10,779	10,710	10,641	10,574	10,641	10,619	10,612	11,904	11,820	10,965
Months Supply SDQ Homes	12.00	10.37	8.22	8.13	7.12	6.99	7.52	6.63	8.03	7.23	8.12	8.00	10.30	9.81	8.20

*Thousands of Units, Annualized **Thousands of Units
NOTE: Data may be light in some jurisdictions.

†December Data

LARGEST 25 CBSA SUMMARY DECEMBER 2012

	Total Sales 12-month sum	Total Sales YOY 12-month sum	Distressed Sales Share (sales 12-month sum)	Distressed Sales Share (sales 12-month sum) A Year Ago	SFC HPI YoY	SFCXD HPI YoY	HPI Percent Change from Peak	90 Days + DQ Pct	Stock of 90+ Delinquencies YoY Chg	Percent Change Stock of Foreclosures from Peak	Negative Equity Share**	Months' Supply Distressed Homes (total sales 12-month sum)
Chicago-Joliet-Naperville, IL	84,092	21.7%	35.2%	35.8%	-2.3%	1.1%	-35%	10.0%	-11.4%	-22.2%	29.7%	17.5
Los Angeles-Long Beach-Glendale, CA	90,919	13.2%	35.0%	42.0%	9.8%	9.6%	-33%	5.2%	-29.4%	-57.0%	22.2%	8.1
Atlanta-Sandy Springs-Marietta, GA	75,096	27.3%	35.8%	37.2%	6.3%	7.1%	-27%	7.1%	-23.7%	-41.9%	40.6%	10.7
New York-White Plains-Wayne, NY-NJ	63,939	1.5%	9.5%	10.4%	8.5%	8.6%	-11%	8.8%	-0.2%	-5.5%	11.9%	15.5
Washington-Arlington-Alexandria, DC-VA-MD-WV	61,217	2.6%	21.4%	28.1%	7.5%	7.1%	-23%	5.4%	-10.7%	-27.2%	23.6%	8.6
Houston-Sugar Land-Baytown, TX	99,098	9.1%	18.6%	20.9%	3.8%	6.6%	-6%	4.2%	-22.7%	-41.6%	10.3%	4.0
Phoenix-Mesa-Glendale, AZ	108,879	1.8%	31.5%	49.5%	22.9%	19.4%	-41%	4.4%	-44.7%	-74.6%	41.1%	3.4
Riverside-San Bernardino-Ontario, CA	72,998	-0.4%	45.1%	55.0%	11.3%	13.0%	-48%	7.0%	-33.8%	-67.8%	40.7%	7.6
Dallas-Plano-Irving, TX	76,502	11.0%	19.0%	21.6%	3.9%	6.6%	-9%	4.3%	-18.8%	-35.7%	10.8%	4.2
Minneapolis-St. Paul-Bloomington, MN-WI	44,850	9.7%	20.7%	27.9%	7.6%	7.9%	-24%	3.9%	-23.3%	-50.7%	18.0%	6.3
Philadelphia, PA	N/A	N/A	N/A	N/A	-1.3%	-0.9%	-17%	5.9%	0.0%	-12.7%	9.2%	N/A
Seattle-Bellevue-Everett, WA	37,735	16.0%	23.1%	29.1%	9.2%	8.8%	-26%	6.0%	-8.1%	-5.3%	18.4%	9.4
Denver-Aurora-Broomfield, CO	52,880	23.0%	22.6%	33.3%	9.5%	8.3%	-5%	3.2%	-28.9%	-54.6%	18.9%	3.5
San Diego-Carlsbad-San Marcos, CA	42,920	15.8%	34.6%	43.2%	7.9%	10.2%	-33%	4.2%	-32.0%	-63.0%	27.7%	5.4
Santa Ana-Anaheim-Irvine, CA	35,545	22.6%	30.1%	35.7%	9.2%	8.5%	-31%	3.6%	-35.2%	-58.2%	17.7%	5.4
Baltimore-Towson, MD	31,438	5.6%	17.6%	23.1%	1.8%	2.4%	-24%	7.9%	0.1%	-27.0%	18.1%	13.5
Tampa-St. Petersburg-Clearwater, FL	58,146	5.2%	29.8%	34.1%	5.7%	6.8%	-43%	15.4%	-13.8%	-20.0%	45.3%	14.0
Nassau-Suffolk, NY	22,285	0.4%	6.7%	7.2%	0.0%	-0.4%	-25%	10.7%	1.7%	-6.0%	9.2%	25.1
Oakland-Fremont-Hayward, CA	37,967	10.4%	37.6%	46.8%	12.8%	13.9%	-37%	4.3%	-34.3%	-61.8%	29.8%	5.9
St. Louis, MO-IL	44,027	6.9%	26.4%	27.2%	3.2%	3.1%	-20%	4.3%	-16.4%	-37.6%	16.3%	5.1
Warren-Troy-Farmington Hills, MI	N/A	N/A	N/A	N/A	10.4%	9.8%	-35%	4.4%	-30.5%	-64.0%	35.9%	N/A
Portland-Vancouver-Hillsboro, OR-WA	32,202	13.9%	25.0%	29.7%	4.9%	5.0%	-26%	5.1%	-10.2%	-17.4%	18.2%	7.4
Sacramento--Arden-Arcade--Roseville, CA	40,067	7.8%	44.8%	56.2%	13.2%	14.2%	-45%	5.1%	-35.9%	-62.2%	36.6%	5.7
Edison-New Brunswick, NJ	23,168	-3.1%	12.2%	12.1%	-3.8%	-3.5%	-29%	9.6%	6.4%	-3.1%	14.9%	17.8
Orlando-Kissimmee-Sanford, FL	44,433	-1.4%	38.2%	43.8%	10.8%	12.0%	-47%	15.5%	-19.0%	-27.6%	48.6%	14.7

NOTE: * Data may be light in some jurisdictions.
** Negative Equity Data through Q3 2012

†December Data

© 2013 CoreLogic
Proprietary and confidential. This material may not be reproduced in any form without express written permission.

STATE SUMMARY DECEMBER 2012

State	Total Sales 12-month sum	Total Sales YOY 12-month sum	Distressed Sales Share (sales 12-month sum)	Distressed Sales Share (sales 12-month sum) A Year Ago	SFC HPI YoY	SFCXD HPI YoY	HPI Percent Change from Peak	90 Days + DQ Pct	Stock of 90+ Delinquencies YoY Chg	Percent Change Stock of Foreclosures from Peak	Negative Equity Share**	Months' Supply Distressed Homes (total sales 12-month sum)
AK	10,415	1.2%	11.3%	12.8%	2.9%	3.5%	-5.5%	2.0%	-12.5%	-30.8%	5.7%	1.9
AL	32,785	-11.6%	17.4%	16.8%	0.5%	-1.0%	-19.8%	5.4%	-9.0%	-34.7%	13.8%	10.6
AR	38,259	-8.4%	9.0%	8.8%	2.1%	1.0%	-3.9%	5.7%	4.0%	-7.3%	11.7%	5.2
AZ	147,956	3.6%	31.4%	47.0%	20.2%	16.4%	-39.8%	4.4%	-40.4%	-70.9%	38.9%	3.7
CA	487,660	9.4%	37.6%	46.9%	12.6%	12.8%	-35.4%	4.9%	-32.8%	-61.2%	28.5%	6.4
CO	102,091	17.6%	23.1%	31.0%	8.3%	6.8%	-6.5%	3.1%	-26.9%	-51.9%	18.0%	3.3
CT	37,344	14.2%	19.5%	19.0%	0.7%	1.4%	-24.9%	7.4%	-1.3%	-12.5%	13.6%	11.3
DC	7,373	9.2%	8.2%	12.9%	7.2%	6.5%	-0.6%	5.6%	-2.9%	-23.3%	10.4%	8.6
DE	8,821	-0.2%	22.0%	18.0%	-3.4%	-1.9%	-24.3%	6.8%	-0.6%	-22.8%	16.0%	14.4
FL	426,140	4.3%	29.6%	34.8%	9.2%	7.7%	-43.5%	15.1%	-17.8%	-26.0%	42.2%	12.3
GA	122,913	18.8%	30.5%	30.7%	5.0%	5.7%	-25.0%	6.6%	-21.3%	-40.4%	35.6%	9.2
HI	14,689	-7.1%	15.4%	20.6%	12.5%	11.7%	-19.1%	6.1%	-9.8%	-13.6%	10.1%	8.5
IA	42,087	-12.2%	9.4%	9.8%	0.8%	0.2%	-3.5%	3.7%	-12.8%	-21.7%	9.3%	3.7
ID	35,009	9.3%	20.5%	31.5%	14.6%	10.1%	-29.6%	4.3%	-20.3%	-30.0%	22.3%	3.4
IL	139,787	14.1%	29.2%	27.6%	-2.6%	0.5%	-32.8%	8.6%	-11.5%	-22.3%	25.5%	13.5
IN	107,256	4.6%	18.7%	18.8%	4.6%	2.5%	-11.2%	6.0%	-15.3%	-26.1%	9.4%	5.7
KS	33,387	16.4%	15.8%	17.9%	4.0%	3.8%	-9.1%	4.0%	-13.3%	-31.9%	9.2%	4.4
KY	40,630	-6.9%	15.5%	14.6%	0.1%	3.4%	-9.2%	5.2%	-12.1%	-29.7%	9.4%	6.6
LA	48,515	-8.0%	15.0%	13.4%	2.3%	4.1%	-5.6%	5.8%	-9.4%	-30.1%	15.0%	6.4
MA	93,417	22.9%	11.2%	13.6%	4.4%	5.5%	-20.4%	5.4%	-8.3%	-20.1%	15.4%	5.9
MD	68,456	3.4%	21.0%	27.9%	3.6%	4.1%	-28.3%	8.1%	-2.8%	-28.1%	23.0%	14.1
ME	12,473	16.3%	9.6%	10.2%	3.3%	2.7%	-18.7%	7.1%	-2.0%	-8.6%	7.9%	10.0
MI	169,733	15.6%	41.0%	38.4%	6.6%	6.7%	-36.5%	5.0%	-27.4%	-58.7%	32.2%	4.7
MN	66,393	0.7%	17.9%	22.9%	6.0%	6.4%	-22.5%	3.7%	-22.7%	-49.8%	17.0%	5.7
MO	85,083	9.0%	24.5%	26.3%	3.4%	3.2%	-19.7%	4.0%	-18.4%	-42.7%	15.7%	4.4
MS	N/A	N/A	N/A	N/A	7.9%	5.8%	-9.1%	7.0%	-10.3%	-32.9%	25.8%	N/A
MT	14,397	12.1%	14.3%	15.9%	7.7%	4.9%	-14.3%	2.5%	-20.5%	-40.7%	7.4%	2.7
NC	120,617	12.0%	15.6%	15.8%	3.4%	2.9%	-10.8%	5.3%	-12.0%	-27.2%	13.8%	6.9
ND	12,901	3.5%	3.5%	4.4%	10.8%	10.8%	-0.1%	1.4%	-19.0%	-16.0%	5.7%	0.7
NE	29,871	1.9%	9.7%	10.0%	3.6%	3.2%	-2.2%	2.7%	-15.3%	-37.1%	11.4%	2.3
NH	18,502	17.7%	24.1%	24.9%	5.2%	6.6%	-16.4%	4.1%	-15.3%	-34.7%	20.5%	5.0
NJ	77,609	-0.1%	14.4%	15.3%	-0.9%	-0.5%	-28.3%	11.4%	5.3%	-3.5%	18.3%	21.6
NM	22,453	0.4%	17.9%	18.8%	3.7%	3.3%	-20.4%	5.5%	-6.6%	-17.0%	12.9%	7.4
NV	68,855	-6.5%	47.0%	56.9%	15.3%	14.7%	-52.4%	11.0%	-22.2%	-50.7%	57.6%	8.6
NY	152,375	0.5%	6.1%	7.0%	7.0%	7.0%	-10.6%	8.4%	2.9%	-4.7%	8.2%	12.4
OH	150,234	5.9%	24.3%	27.7%	3.7%	2.5%	-17.3%	6.5%	-13.1%	-25.8%	23.9%	7.4
OK	68,260	7.0%	10.7%	10.6%	1.2%	0.6%	-3.0%	5.1%	-6.6%	-10.1%	8.1%	3.4
OR	56,529	15.1%	25.4%	29.4%	5.6%	4.9%	-26.2%	5.2%	-8.9%	-17.9%	18.7%	6.7
PA	133,807	3.8%	13.0%	13.0%	-0.5%	0.4%	-14.2%	6.0%	-1.1%	-11.7%	9.5%	7.8
RI	12,536	9.5%	23.3%	24.2%	2.9%	2.2%	-34.4%	7.3%	-7.3%	-22.5%	22.3%	9.0
SC	67,190	14.7%	21.9%	24.1%	7.6%	8.1%	-15.4%	5.9%	-14.0%	-24.4%	16.4%	6.6
SD	N/A	N/A	N/A	N/A	1.7%	3.1%	-0.1%	2.4%	-12.5%	-32.4%	N/A	N/A
TN	109,016	12.1%	20.8%	21.1%	2.7%	4.4%	-11.4%	5.4%	-16.6%	-43.3%	16.7%	4.4
TX	421,504	7.6%	16.3%	17.8%	4.2%	5.8%	-6.9%	4.0%	-19.0%	-36.1%	8.8%	3.3
UT	50,132	10.3%	19.5%	29.6%	10.7%	9.9%	-23.0%	4.2%	-20.3%	-48.7%	18.5%	4.2
VA	95,653	-1.0%	21.8%	24.8%	5.2%	4.9%	-21.3%	3.8%	-10.9%	-34.3%	19.8%	5.9
VT	10,930	31.6%	N/A	N/A	4.3%	4.0%	-10.6%	4.1%	-2.3%	-4.8%	N/A	3.6
WA	86,624	6.9%	22.4%	26.4%	6.8%	6.2%	-25.6%	6.3%	-3.2%	0.0%	18.7%	9.9
WI	66,948	0.5%	17.4%	15.8%	0.4%	1.2%	-16.8%	4.0%	-15.4%	-35.4%	15.3%	5.5
WV	5,887	4.0%	N/A	N/A	5.4%	4.2%	-29.1%	3.7%	-12.8%	-41.5%	7.5%	9.4
WY	6,850	10.8%	12.1%	14.5%	8.7%	8.1%	-12.2%	1.9%	-24.6%	-67.3%	9.5%	2.4

NOTE: * Data may be light in some jurisdictions.
** Negative Equity Data through Q3 2012

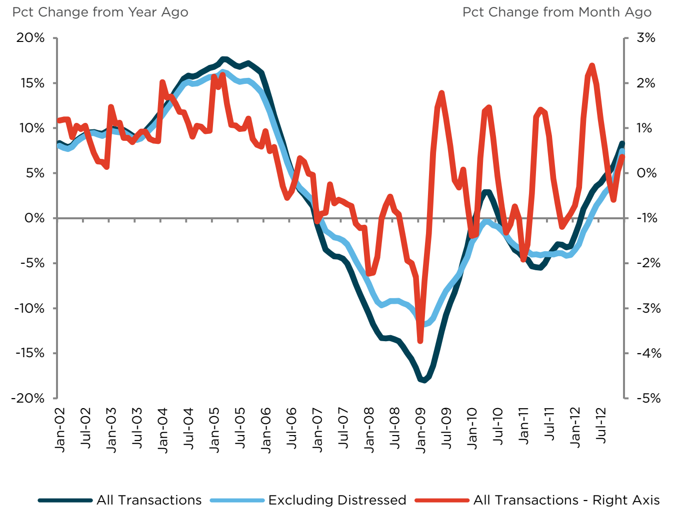
†December Data

© 2013 CoreLogic
Proprietary and confidential. This material may not be reproduced in any form without express written permission.

Home Prices

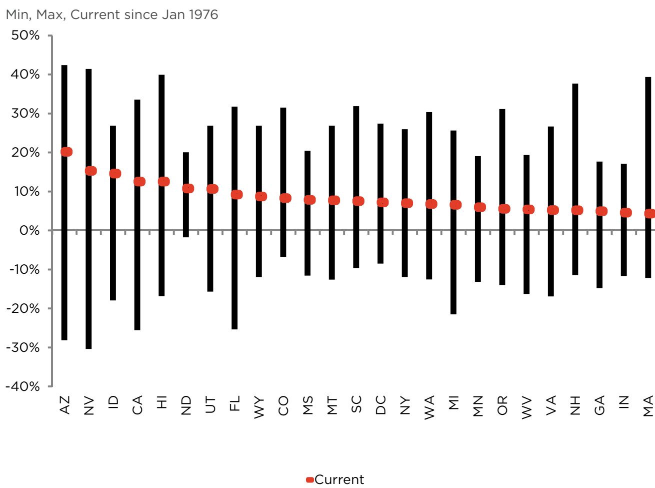
- Home prices nationwide, including distressed sales, increased on a year-over-year basis by 8.3 percent in December 2012 compared to December 2011. This change represents the biggest increase since May 2006 and the 10th consecutive increase in home prices nationally on a year-over-year basis. On a month-over-month basis, including distressed sales, home prices increased by 0.4 percent in December 2012 compared to November 2012. All but four states are experiencing year-over-year price gains. For the full year, home prices increased 3.5 percent in 2012, the highest rate since 2006 when home prices increased 6.7 percent.
- Including distressed transactions, the peak-to-current change in the national Home Price Index (HPI) from April 2006 to December 2012, was -26.9 percent. Excluding distressed transactions, the peak-to-current change in the HPI for the same period was -20.8 percent. Of the top 100 Core Based Statistical Areas (CBSAs) measured by population, only 16 are showing year-over-year declines in December 2012.

HOME PRICE INDEX



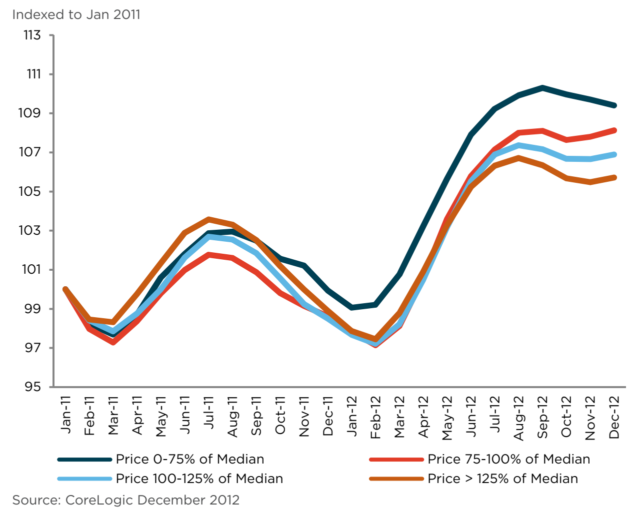
Source: CoreLogic December 2012

YoY HPI GROWTH FOR 25 HIGHEST RATE STATES



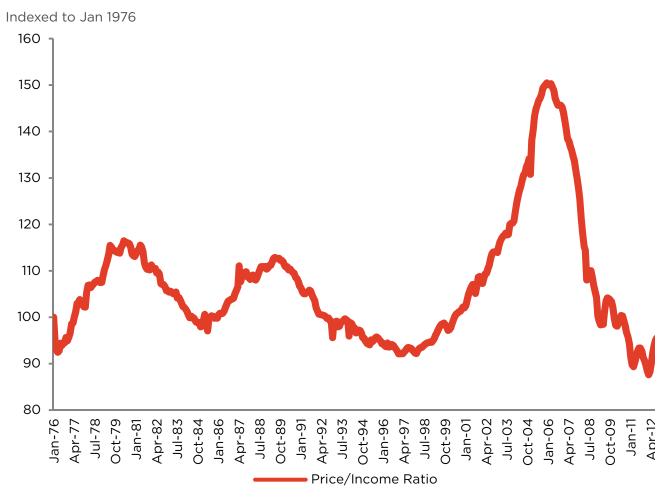
Source: CoreLogic December 2012

HPI BY PRICE SEGMENT



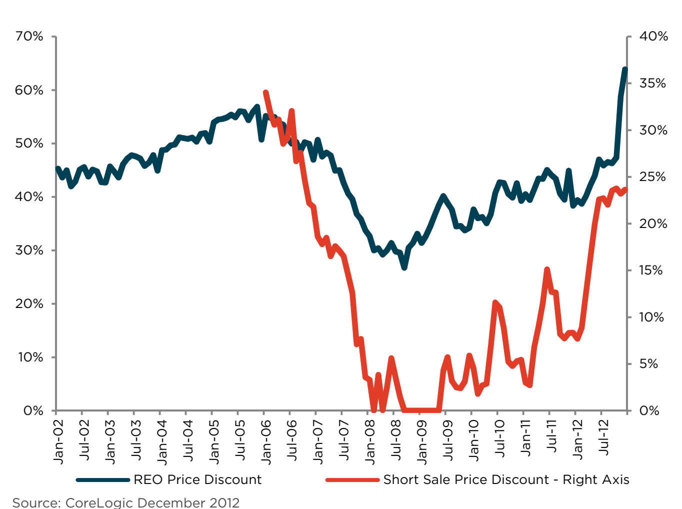
Source: CoreLogic December 2012

PRICE TO INCOME RATIO



Source: CoreLogic, BEA December 2012

DISTRESSED SALES DISCOUNT



Source: CoreLogic December 2012

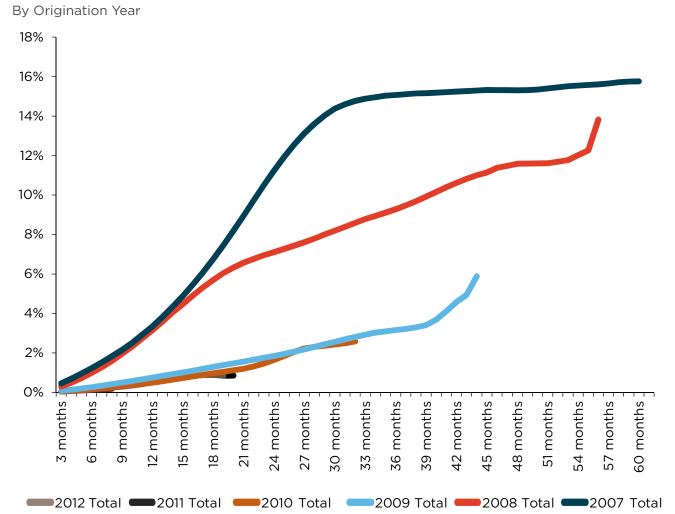
© 2013 CoreLogic
Proprietary and confidential. This material may not be reproduced in any form without express written permission.

Mortgage Performance

- At the end of December 2012, there were 2.6 million mortgages, or 3.45 percent, in serious delinquency (SDQ, defined as 90 days or more past due, including those in foreclosure or REO). On a year-over-year basis, the number of mortgages in the SDQ inventory decreased by 15.7 percent. This was the largest year-over-year percent decrease during the last 12 years. Florida (15.1 percent), New Jersey (11.4 percent) and Nevada (11 percent) stand out as large drivers of the SDQ rate. Of those three states, Nevada has shown the biggest improvement with a year-over-year decrease of 22.2 percent in SDQ mortgages.
- In December 2012, there were 56,000 completed foreclosures in the U.S., down from 71,000 in December 2011, representing a year-over-year decrease of 21 percent. In 2012, there were 767,000 completed foreclosures compared to 917,000 in 2011. Completed foreclosures in 2012 decreased 16 percent from the total in 2011. Since the financial crisis began in September 2008, there have been approximately 4.12 million completed foreclosures across the country. Pre-foreclosure filings, otherwise known as notices of default, also decreased, from a total of 1.52 million in 2011 to 1.47 million in 2012.

CONFORMING PRIME SERIOUS DELINQUENCY RATE

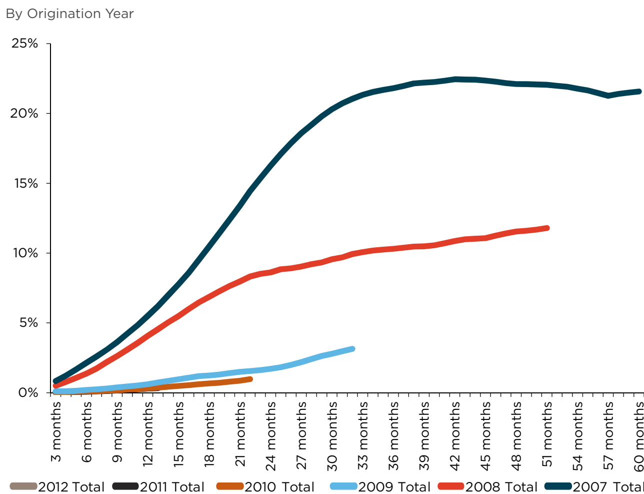
By Origination Year



Source: CoreLogic November 2012

JUMBO PRIME SERIOUS DELINQUENCY RATE

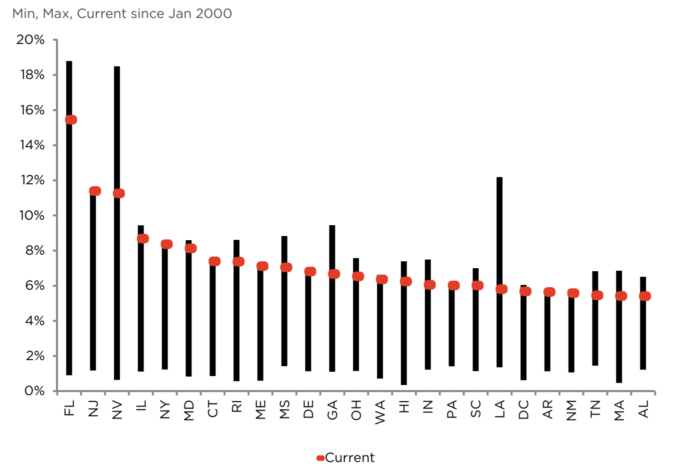
By Origination Year



Source: CoreLogic November 2012

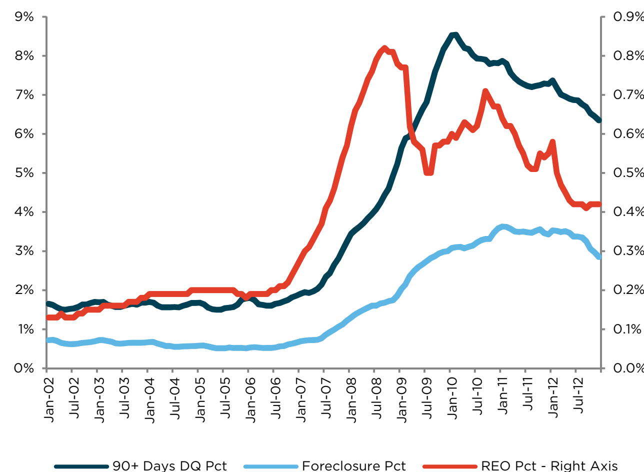
SERIOUS DELINQUENCIES FOR 25 HIGHEST RATE STATES

Min, Max, Current since Jan 2000



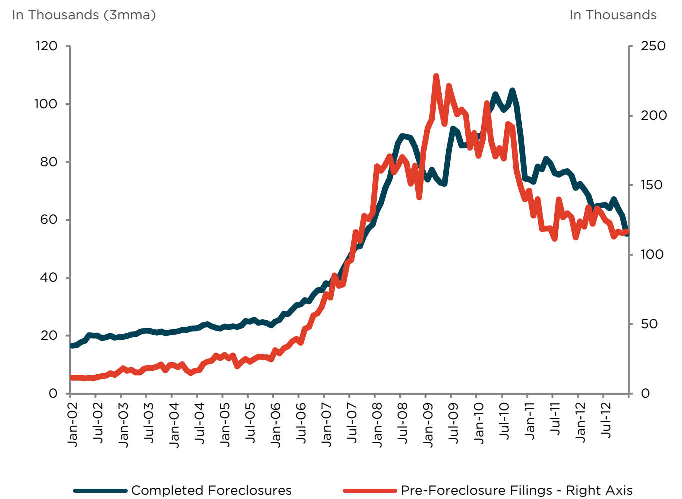
Source: CoreLogic December 2012

OVERALL MORTGAGE PERFORMANCE



Source: CoreLogic December 2012

PRE-FORECLOSURE FILINGS AND COMPLETED FORECLOSURES



Source: CoreLogic December 2012

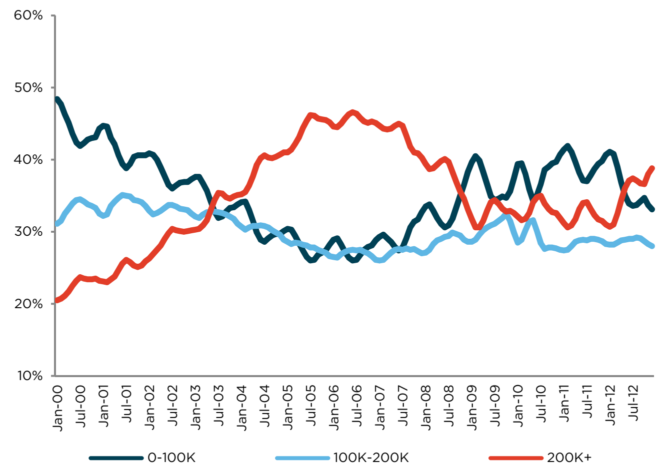
© 2013 CoreLogic
Proprietary and confidential. This material may not be reproduced in any form without express written permission.

Home Sales

- Overall home sales ended up 6.6 percent in 2012 over 2011. Sales of previously owned homes grew 12.3 percent, while short sales grew 26.3 percent. Distressed sales accounted for a smaller share of the overall home sale market in 2012. Distressed sales made up 23.9 percent of all sales in 2012 compared to 26.9 percent in 2011. REO sales (a component of distressed sales) accounted for 14.8 percent of all sales in 2012 compared to 19.3 percent in 2011. This decrease in the sale of bank-owned properties is a strong indicator that the real estate industry is transitioning to a more stable, long-term recovery in 2013.
- Nationally, the months' supply of distressed homes is at 8 months, down from 9.7 months a year ago. December 2012 marks the 10th consecutive month where the months' supply of distressed homes is less than 10 months.

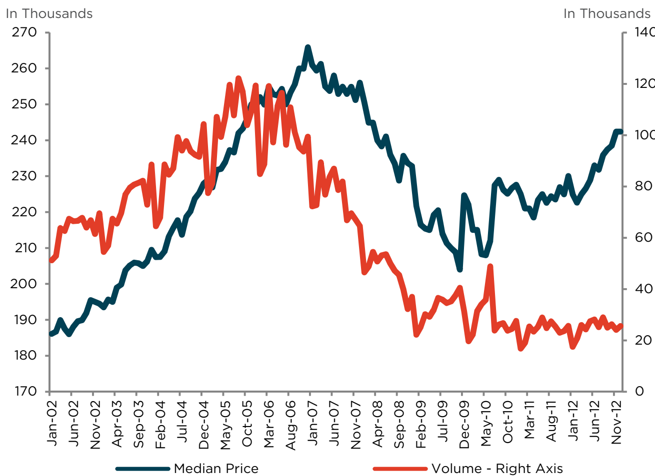
HOME SALES SHARE BY PRICE TIER

As a Percentage of Total Sales



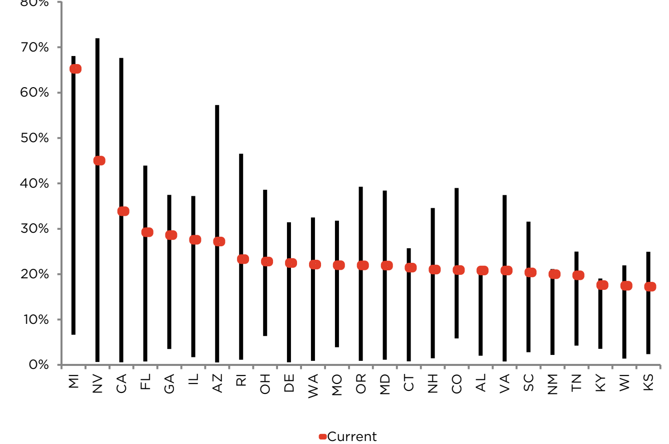
Source: CoreLogic December 2012

NEW HOME SALES TRENDS



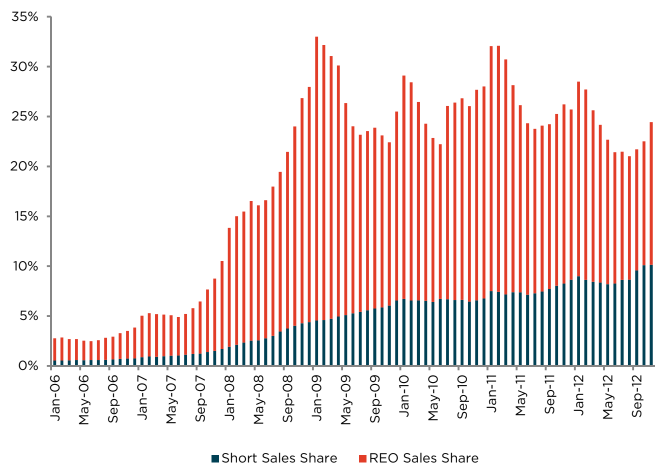
Source: CoreLogic December 2012

DISTRESSED SALE SHARE FOR 25 HIGHEST RATE STATES



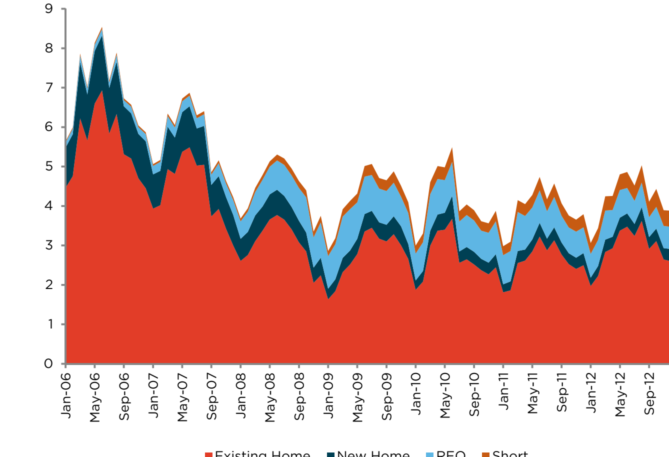
Source: CoreLogic December 2012

DISTRESSED SALES AS PERCENTAGE OF TOTAL SALES



Source: CoreLogic December 2012

SALES BY SALE TYPE



Source: CoreLogic December 2012

© 2013 CoreLogic
Proprietary and confidential. This material may not be reproduced in any form without express written permission.

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 is 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.
Price/Income Ratio	CoreLogic HPI divided by Nominal Personal Income provided by the Bureau of Economic Analysis.

Source: CoreLogic

The data provided is for use only by the primary recipient or the primary recipient's publication or broadcast. This data may not be re-sold, republished or licensed to any other source, including publications and sources owned by the primary recipient's parent company without prior written permission from CoreLogic. Any CoreLogic data used for publication or broadcast, in whole or in part, must be sourced as coming from CoreLogic, a data and analytics company. For use with broadcast or web content, the citation must directly accompany first reference of the data. If the data is illustrated with maps, charts, graphs or other visual elements, the CoreLogic logo must be included on screen or website. For questions, analysis or interpretation of the data, contact CoreLogic at newsmedia@corelogic.com. Data provided may not be modified without the prior written permission of CoreLogic. Do not use the data in any unlawful manner. This data is compiled from public records, contributory databases and proprietary analytics, and its accuracy is dependent upon these sources.

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

The MarketPulse is a newsletter published by CoreLogic, Inc. ("CoreLogic"). This information is made available for informational purposes only and is not intended to provide specific commercial, financial or investment advice. CoreLogic disclaims all express or implied representations, warranties and guaranties, including implied warranties of merchantability, fitness for a particular purpose, title, or non-infringement. Neither CoreLogic nor its licensors make any representations, warranties or guaranties as to the quality, reliability, suitability, truth, accuracy, timeliness or completeness of the information contained in this newsletter. CoreLogic shall not be held responsible for any errors, inaccuracies, omissions or losses resulting directly or indirectly from your reliance on the information contained in this newsletter.

This newsletter contains links to third-party websites that are not controlled by CoreLogic. CoreLogic is not responsible for the content of third-party websites. The use of a third-party website and its content is governed by the terms and conditions set forth on the third-party's site and CoreLogic assumes no responsibility for your use of or activities on the site.

CoreLogic®

corelogic.com

© 2013 CoreLogic, Inc. All rights reserved.

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

Proprietary and confidential. This material may not be reproduced in any form without express written permission.

17-MKTPLSE-0213-02