# Table of Contents

## Refinance in a Rising-Rate Market
Homeowners more likely to choose cash-out and longer term...

## Top Five States for Home Price Appreciation All in the West
Home Price Index Highlights: June 2018

## 2018 Wildfire Season Outpacing 2017
Examining the Risk in Gulch and Redding

## The Foreclosure Rate Is Back to Its Pre-Crisis Level
Judicial States Continue to Have Higher Foreclosure and Serious Delinquency Rates

## In the News

## 10 Largest CBSA — Loan Performance Insights Report May 2018

## Home Price Index State-Level Detail — Combined Single Family Including Distressed June 2018

## Home Price Index

## Overview of Loan Performance

## CoreLogic HPI® Market Condition Overview
June 2018
June 2023 Forecast

## Variable Descriptions

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**Housing Statistics**

### June 2018

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>HPI® YOY Chg</td>
<td>6.8%</td>
</tr>
<tr>
<td>HPI YOY Chg XD</td>
<td>6.3%</td>
</tr>
<tr>
<td>NegEq Share (Q1 2018)</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

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**News Media Contact**

**Alyson Austin**
austin@corelogic.com
949.214.1414 (office)
Refinance in a Rising-Rate Market

Homeowners more likely to choose cash-out and longer term

By Frank E. Nothaft

Interest rates on fixed-rate mortgages hit 4.6 percent in May, the highest rates in seven years. The rise in rates triggered a significant slowdown in refinance but not a stoppage. The needs of homeowners who refinance in an environment of rising rates is different from the ‘rate-and-term’ borrower that dominates during a refinance boom triggered by low rates.

The share of refinance loans that cash-out some home equity is generally very small during a refinance boom. During 2012, when 30-year fixed-rates fell to an all-time low, the cash-out share of refinance fell to 10 percent, the lowest recorded in CoreLogic’s public records data during the last two decades (Figure 1).

Further, some homeowners who may have blemishes in their credit history, or had insufficient home equity to refinance when interest rates were lower, are additional refinance candidates when rates and home equity have increased. When refinance applications are less, lenders may have more resources to work with prime-credit applicants that require additional documentation. Generally, the average credit score dips about 10 points for refinance borrowers when mortgage rates have risen by 0.6 percentage points (Figure 3).

Continued on page 5

Dr. Frank Nothaft
Executive, Chief Economist, Office of the Chief Economist

Frank Nothaft holds the title executive, chief economist for CoreLogic. He leads the Office of the Chief Economist and is responsible for analysis, commentary and forecasting trends in global real estate, insurance and mortgage markets.

1 CoreLogic defines a refinance as a “cash-out” if the principal amount of the new loan is at least 5 percent or at least $5,000 greater than the origination principal of the paid-off loan.
National home prices increased 6.8 percent year over year.  
Home prices forecast to rise 5.1 percent over the next year.  
After adjusting for inflation, home prices were still 13.3 percent below the 2006 peak.

The overall HPI (all price tiers combined) has increased on a year-over-year basis every month since February 2012 and has gained 57.3 percent since hitting bottom in March 2011. As of June 2018 the overall HPI was 5.2 percent higher than its pre-crisis peak in April 2006. Adjusting for inflation, U.S. home prices increased 4.2 percent year over year in June 2018, and were 13.3 percent below their peak. Figure 2 shows the cumulative price movement since the inception of price declines for both the nominal HPI and the inflation-adjusted HPI, as well as the time in years since the first decrease in the indices.

Figure 3 shows the year-over-year HPI growth in June 2018 for the 25 highest-appreciating states along with their highest and lowest historical price changes. Four states showed double-digit year-over-year increases, all of them in the West. Nevada showed the largest HPI gain of all states in June 2018, increasing 12.6 percent year-over-year. Washington (+12.1), Idaho (+11.5), and Utah (+10.4)

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1 The four price tiers are based on the median sale price and are as follows: homes priced at 75 percent or less of the median (low price), homes priced between 75 and 100 percent of the median (low-to-middle price), homes priced between 100 and 125 percent of the median (middle-to-moderate price) and homes priced greater than 125 percent of the median (high price).

2 The Consumer Price Index (CPI) Less Shelter was used to create the inflation-adjusted HPI.

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Molly Boesel holds the title principal, economist for CoreLogic in the Office of the Chief Economist and is responsible for analyzing and forecasting housing and mortgage market trends.
2018 Wildfire Season Outpacing 2017
Examining the Risk in Gulch and Redding

By Tom Larson

Less than a year ago, California was ablaze with some of the most catastrophic fires the United States has seen. Over 10 million acres burned, and countless homes and lives were lost. Seven months later, and wildland fires have again made the news in California and nationally.

Cal Fire[1] is currently reporting 16 active fires within their jurisdiction with the Carr Fire outside the city of Redding presenting the current greatest risk to populated areas. The Carr Fire is currently burning outside French Gulch, a small community to the west of Redding. So far, these fires have taken 6 lives.

The 2018 California wildfire season is shaping up to continue at the same pace of fire generation seen in the last five years. Through July 29, Cal Fire reports 3,770 fires compared to 3,440 we saw at this time in 2017, and the burned acreage parallels that as well, with 292 thousand acres burned this year thus far compared to the 219 thousand at this time last year. With fires burning across Northern California and even a few in Texas this early in the year, 2018 is looking an awful lot like 2017.

The CoreLogic housing inventory quantifies the rural nature of this community but also highlights the risks should the wind direction changes and cause the wildfires to spread eastward towards Redding. The table below highlights the amount of homes at each risk level in the threatened counties as well as their associated dollar value for reconstruction.

French Gulch has 195 structures at a High or Very High Risk, and the total reconstruction cost for those associated areas is approximately $52 million. In comparison, Redding has 3,596 structures at either a High or Very High Risk, and the associated reconstruction cost value is around $1.3 billion for those areas.

These are big numbers, but to put this into perspective, the 2017 wildfires reconstruction costs were summer to around $10 billion. Still, it’s uncommon to see wildfires this early, and only time can tell what this means for the season to come.

CoreLogic is monitoring the wildfire in French Gulch, California and will provide updates as the situation progresses. To keep an eye out, please visit Hazard HQ.

The risk levels in this table are based on 4 basic variables which can greatly tip the scales one way or another in terms of risk: 1) the slope/elevation of a home, 2) the cardinal direction the slope faces, 3) the amount and type of vegetation available as fuel in the area, and 4) the area’s burn history.

Source: CoreLogic

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FIGURE 1.

<table>
<thead>
<tr>
<th>Home Counts</th>
<th>French Gulch, CA (ZIP Code: 96033)</th>
<th>Redding, CA (ZIP Code: 96001)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Risk (1–50)</td>
<td>–</td>
<td>6,946</td>
</tr>
<tr>
<td>Moderate Risk (51–60)</td>
<td>–</td>
<td>512</td>
</tr>
<tr>
<td>High Risk (61–80)</td>
<td>91</td>
<td>1,757</td>
</tr>
<tr>
<td>Very High Risk (81–100)</td>
<td>104</td>
<td>1,839</td>
</tr>
<tr>
<td>TOTAL</td>
<td>195</td>
<td>10,771</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reconstruction Values (Thousands)</th>
<th>French Gulch, CA (ZIP Code: 96033)</th>
<th>Redding, CA (ZIP Code: 96001)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Risk (1–50)</td>
<td>–</td>
<td>$1,984,017</td>
</tr>
<tr>
<td>Moderate Risk (51–60)</td>
<td>–</td>
<td>$159,639</td>
</tr>
<tr>
<td>High Risk (61–80)</td>
<td>$25,587</td>
<td>$583,979</td>
</tr>
<tr>
<td>Very High Risk (81–100)</td>
<td>$29,242</td>
<td>$711,647</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$52,829</td>
<td>$3,439,282</td>
</tr>
</tbody>
</table>

The risk levels in this table are based on 4 basic variables which can greatly tip the scales one way or another in terms of risk: 1) the slope/elevation of a home, 2) the cardinal direction the slope faces, 3) the amount and type of vegetation available as fuel in the area, and 4) the area’s burn history.

Source: CoreLogic

---

The foreclosure rate is the share of mortgages in some stage of the foreclosure process. In judicial foreclosure states, lenders must provide evidence of delinquency to the courts to move a borrower into foreclosure. In non-judicial foreclosure states, lenders can issue notices of default directly to the borrower without court intervention. This is an important distinction since judicial foreclosure states have longer foreclosure timelines, thus affecting foreclosure statistics.

As of April 2018, the national foreclosure rate was 0.6 percent, down from almost 4 percent at its peak. The judicial states, which are states that require lenders to use a judicial procedure when foreclosing, continue to have a higher foreclosure rate.

Figure 1 shows that judicial states continued to have a much higher average foreclosure rate (0.9 percent) than non-judicial states (0.3 percent) in April 2018. While the foreclosure rate was back to the pre-crisis level for non-judicial states, the rate in judicial states was slightly higher than the pre-crisis level. Judicial states had 42 percent of the nation’s mortgages outstanding, but 68 percent of all loans in foreclosure.

With the unemployment rate at an 18-year low, home prices above the pre-recession peak, and lenders producing high quality mortgage underwriting, more homeowners are remaining current with their mortgage payments. As a result, the number of foreclosures nationwide have been decreasing dramatically, and the foreclosure rate is back to its pre-crisis level.

More than half of the loans in foreclosure in April 2018 were originated between 2004 and 2008 (Figure 2). Fourteen percent of the nation’s mortgages outstanding were originated during this period while 58 percent of all loans currently in foreclosure were originated during this time. A higher proportion of loans outstanding from judicial states were in foreclosure compared with non-judicial state loans. Of the loans made in judicial states between 2004 and 2008, 16 percent were still outstanding. Sixty percent of loans currently in foreclosure from these states were originated during this time. For non-judicial states, 13 percent of mortgages and 53 percent of loans in foreclosure were originated between 2004 and 2008.

1 The foreclosure rate is the share of mortgages in some stage of the foreclosure process.

2 In judicial foreclosure states, lenders must provide evidence of delinquency to the courts to move a borrower into foreclosure. In non-judicial foreclosure states, lenders can issue notices of default directly to the borrower without court intervention. This is an important distinction since judicial foreclosure states have longer foreclosure timelines, thus affecting foreclosure statistics.

Archana Pradhan
Economist

Archana Pradhan is an economist for CoreLogic in the Office of the Chief Economist and is responsible for analyzing housing and mortgage markets trends.
The MarketPulse | August 2018 | Volume 7, Issue 8 | Articles

Foreclosure Rate continued from page 4

The serious delinquency rate—the share of loans 90 days or more past due including loans in foreclosure—was 1.9 percent in April 2018, slightly down from 2 percent the previous year. The serious delinquency rate fell year over year for both judicial states and non-judicial states. The collective serious delinquency rate in non-judicial states returned to the pre-crisis rate of 1.3 percent, while the serious delinquency rate in judicial states was 2.6 percent, which is 1.5 times the pre-crisis rate of 1.7 percent. While judicial states may still have higher foreclosure rates than non-judicial, the gap between both continues to narrow.

Refinance continued from page 7

In contrast to the ‘rate-and-term’ refi typical during a refi boom, refinance borrowers in a rising rate environment often choose to cash-out some home equity, obtain a longer term, and may have somewhat lower credit scores.

FIGURE 3. WHEN RATES RISE, REFI CREDIT SCORES FALL
Refi Credit Scores Dip 10 points For Each 0.6% Rise in Mortgage Rates

30-Year FRM Rates (percent) Refinance Credit Score (mean) – Inverse Scale

6 715
5 725
4 735
3 745
2 755

Jan 2009 Jan 2012 Jan 2015 Jan 2018
Source: CoreLogic TrueStandings Servicing, Freddie Mac (monthly average 30-year FRM led one month)

Top Five States continued from page 2

followed closely. Prices in 38 states (including the District of Columbia) have risen above their pre-crisis peaks. Of the seven states that had larger peak-to-trough declines than the national average, California, Idaho, and Michigan have surpassed their pre-crisis peaks as of June 2018. Connecticut home prices in June 2018 were the farthest below their all-time HPI high, still 17.6 percent below the July 2006 peak.

FIGURE 3. YEAR-OVER-YEAR HPI GROWTH FOR 25 HIGHEST APPRECIATING STATES
Min, Max, Current since January 1976

In the News

U.S. News – August 21, 2018
How to Maximize Increases in Your Home Value
U.S. homeowners with mortgages have seen their home equity increase nearly 12 percent year over year, according to CoreLogic’s recent home equity analysis. That represents a gain of almost $871 billion since the third quarter of 2016.

San Diego Union Tribune – August 21, 2018
You need to make $131K a year to afford San Diego home, study says
In June there were 3,927 home sales in the county, CoreLogic said, which is the lowest in four years. But, the median home price hit its highest in history, $575,000.

DSCNews – August 19, 2018
Florida: The Only State to Post Increased Delinquencies
In terms of the overall mortgage delinquency rate, the data doesn’t appear too sunny in the Sunshine State, according to the latest CoreLogic Loan Performance Insights Report. Not only did it log the third-highest delinquency rate at 6.2 percent, but Florida’s rate also climbed by 1 percentage point from the previous year because of hurricanes in late summer 2017.

Mortgage Professional America – August 16, 2018
CoreLogic: Foreclosure, delinquency rates sink to 12-year lows
CoreLogic found that 4.2% of mortgages were in some stage of delinquency in May. The delinquency rate, which represents mortgages 30 days or more past due including those in foreclosure, marked a 0.3 percentage-point decline from the 4.5% overall delinquency rate in May 2017.

MortgageOrb – August 14, 2018
California Wildfires Are Likely to Boost Mortgage Delinquencies
“While the strong economy has nudged serious delinquency rates to their lowest level in 12 years, areas hit by natural disasters have had increases,” Nothaft says in a statement. “The tragic wildfires in the West will likely lead to a spike in delinquencies in hard-hit neighborhoods.”
The rise in home prices and interest rates over the past year have eroded affordability and are beginning to slow existing home sales in some markets. For June, we found in CoreLogic public records data that home sales in the San Francisco Bay Area and Southern California were down 9 and 12 percent, respectively, from one year earlier. Further increases in home prices and mortgage rates over the next year will likely dampen sales and home-price growth.”

Dr. Frank Nothaft, chief economist for CoreLogic

Source: CoreLogic June 2018
Serious delinquency rates continue to remain lower than a year earlier except in Florida and Texas, the hardest-hit states during last year’s hurricane season. We have observed continued challenges for families to make mortgage payments in regions impacted during the 2017 Hurricane season. For the coming months, we will monitor mortgage and housing trends in areas now plagued by wildfires, particularly in California, Montana, and Arizona."

Frank Martell, president and CEO of CoreLogic
### Variable Descriptions

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>The total number of all home-sale transactions during the month.</td>
</tr>
<tr>
<td>Total Sales 12-Month sum</td>
<td>The total number of all home-sale transactions for the last 12 months.</td>
</tr>
<tr>
<td>Total Sales YoY Change 12-Month sum</td>
<td>Percentage increase or decrease in current 12 months of total sales over the prior 12 months of total sales</td>
</tr>
<tr>
<td>New Home Sales</td>
<td>The total number of newly constructed residential housing units sold during the month.</td>
</tr>
<tr>
<td>New Home Sales Median Price</td>
<td>The median price for newly constructed residential housing units during the month.</td>
</tr>
<tr>
<td>Existing Home Sales</td>
<td>The number of previously constructed homes that were sold to an unaffiliated third party. DOES NOT INCLUDE REO AND SHORT SALES.</td>
</tr>
<tr>
<td>REO Sales</td>
<td>Number of bank owned properties that were sold to an unaffiliated third party.</td>
</tr>
<tr>
<td>REO Sales Share</td>
<td>The number of REO Sales in a given month divided by total sales.</td>
</tr>
<tr>
<td>REO Price Discount</td>
<td>The average price of a REO divided by the average price of an existing-home sale.</td>
</tr>
<tr>
<td>REO Pct</td>
<td>The number of loans in REO as a percentage of the overall count of loans for the reporting period.</td>
</tr>
<tr>
<td>Short Sales</td>
<td>The number of short sales. A short sale is a sale of real estate in which the sale proceeds fail short of the balance owed on the property’s loan.</td>
</tr>
<tr>
<td>Short Sales Share</td>
<td>The number of Short Sales in a given month divided by total sales.</td>
</tr>
<tr>
<td>Short Sale Price Discount</td>
<td>The average price of a Short Sale divided by the average price of an existing-home sale.</td>
</tr>
<tr>
<td>Short Sale Pct</td>
<td>The count of loans in Short Sale as a percentage of the overall count of loans for the month.</td>
</tr>
<tr>
<td>Distressed Sales Share (sales 12-Month sum)</td>
<td>The sum of the REO Sales 12-month sum and the Short Sales 12-month sum divided by the total sales 12-month sum.</td>
</tr>
<tr>
<td>HPI MoM</td>
<td>Percent increase or decrease in HPI single family combined series over a month ago.</td>
</tr>
<tr>
<td>HPI YoY</td>
<td>Percent increase or decrease in HPI single family combined series over a year ago.</td>
</tr>
<tr>
<td>HPI MoM Excluding Distressed</td>
<td>Percent increase or decrease in HPI single family combined excluding distressed series over a month ago.</td>
</tr>
<tr>
<td>HPI YoY Excluding Distressed</td>
<td>Percent increase or decrease in HPI single family combined excluding distressed series over a year ago.</td>
</tr>
<tr>
<td>HPI Percent Change from Peak</td>
<td>Percent increase or decrease in HPI single family combined series from the respective peak value in the index.</td>
</tr>
<tr>
<td>90 Days + DQ Pct</td>
<td>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.</td>
</tr>
<tr>
<td>Stock of 90+ Delinquencies YoY Chg</td>
<td>Percent change year-over-year of the number of 90+ day delinquencies in the current month.</td>
</tr>
<tr>
<td>Foreclosure Pct</td>
<td>The percentage of the overall loan count that is currently in foreclosure as of the reporting period.</td>
</tr>
<tr>
<td>Percent Change Stock of Foreclosures from Peak</td>
<td>Percent increase or decrease in the number of foreclosures from the respective peak number of foreclosures.</td>
</tr>
<tr>
<td>Pre-foreclosure Filings</td>
<td>The number of mortgages where the lender has initiated foreclosure proceedings and it has been made known through public notice (NOD).</td>
</tr>
<tr>
<td>Completed Foreclosures</td>
<td>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.</td>
</tr>
<tr>
<td>Negative Equity Share</td>
<td>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.</td>
</tr>
<tr>
<td>Negative Equity</td>
<td>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 UPB value, not origination value.</td>
</tr>
<tr>
<td>Months’ Supply of Distressed Homes (total sales 12-Month avg)</td>
<td>The months it would take to sell off all homes currently in distress of 90 days delinquency or greater based on the current sales pace.</td>
</tr>
<tr>
<td>Price/Income Ratio</td>
<td>CoreLogic HPI™ divided by Nominal Personal Income provided by the Bureau of Economic Analysis and indexed to January 1976.</td>
</tr>
<tr>
<td>Conforming Prime Serious Delinquency Rate</td>
<td>The rate serious delinquency mortgages which are within the legislated purchase limits of Fannie Mae and Freddie Mac. The conforming limits are legislated by the Federal Housing Finance Agency (FHFA).</td>
</tr>
<tr>
<td>Jumbo Prime Serious Delinquency Rate</td>
<td>The rate serious delinquency mortgages which are larger than the legislated purchase limits of Fannie Mae and Freddie Mac. The conforming limits are legislated by the Federal Housing Finance Agency (FHFA).</td>
</tr>
</tbody>
</table>
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