The MarketPulse™

Volume 1, Issue 8
August 9th, 2012
Data as of June 2012

Inside News

Housing Statistics (June 2012)

HPI YOY Chg	2.5%
HPI YOY Chg XD	3.2%
NegEq Share	24.0%
Shadow Inventory (04/2012)	1.5m
Distressed Clearing Ratio	0.88
Distressed Discount	37.7%
New Sales (ths)	31
Existing Sales (ths)	308
Mean Actv List Price	285,014
Active DOM Mean	166
Months' Supply Listings	7
Closed-to-List Price %Chg	-4.4%

Media Contacts

For real estate industry and trade media:

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

For general news media:

Lori Guyton
lguyton@crosbyvolmer.com
(901) 277.6066

This Time It Really Is Different

By Mark Fleming

Last month we wrote about 'Sisyphean' slides in the housing market that occurred each of the last three years. The name was borrowed from the Greek mythological character Sisyphus who was a king punished by being compelled to roll an immense boulder up a hill, only to watch it roll back down, and to repeat this action forever. Like Sisyphus, house price gains in the spring and early summer gave way to price declines later in the year, eroding much if not more than had been gained. Now it appears that while the overall economy is growing below-trend, the housing market provides a brighter outlook with much to be optimistic about.

Subdued Expectations of Economic Growth

The U.S. economy remains fundamentally weak and is growing below-trend in what is by far the slowest post-World War II recovery on record (Figure 1). There is a bifurcation between the two main segments of the economy: households and businesses. While household incomes and balance sheets are still very weak, business balance sheets are strong and include higher cash reserves. Fundamentally, the U.S. is still in the process of recovering from a credit bubble that began in the 1980s, just as household incomes started deteriorating from levels of the late 1970s and early 1980s. Consumer income stagnation was offset by a combination of financial market deregulation and innovation, a rising stock market from the early 1980s through the late 1990s, and falling interest rates in the mid-2000s. However, the bursting of both the stock market and housing market bubbles in the late 1990s and during the last decade severely weakened consumer balance sheets.

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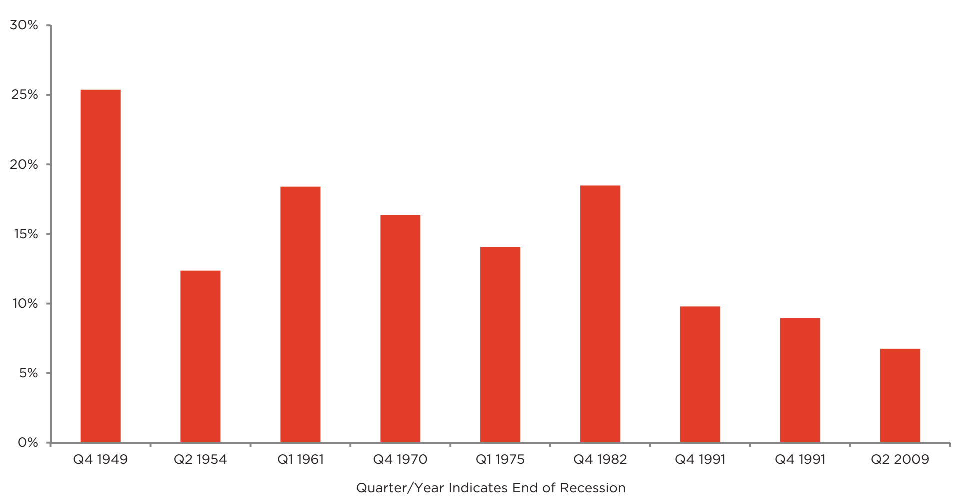
FIGURE 1. 3-YEAR REAL GDP CUMULATIVE GROWTH RATE SINCE PRIOR RECESSION



Source: BEA July 2012

Housing Is Fundamentally Different

"This time it's different," was a common mantra of the stock market bubble a decade ago and of the housing market six years ago. As it turns out, in both cases it *wasn't* different, and there were many lessons to be learned. But there are three primary reasons to expect that today's housing market really might be different this time—lower inventories, lower delinquencies and the low likelihood of foreclosures flooding the market—ending the Sisyphean slides we have experienced in each of the last three years.

Conventional wisdom, as well as empirical research, suggests that a healthy housing market with neither upward nor downward price pressure requires about six-months' supply of inventory. Market inventory peaked nationally in June 2008 at 11 months. While still heavily influenced by seasonal pressure and the first time home buyer tax credit, inventory worked its way down to a seven months' supply since then with significant improvement made in 2011 as inventory levels fell dramatically. In the past three years, price gains in the spring occurred against fundamental excess inventory that drew prices back down in the off-season. However, the pressure of excess visible inventory doesn't exist at the moment. Hence the expectation that prices will not fall in this year's off-season, or at least not as dramatically as in recent years.

> "The persistence of the foreclosure inventory, or more specifically the low likelihood of foreclosures to flood the market is beneficial to housing in the sense that it can successfully absorb the inventory without dramatic changes in price."

Shadow inventory is slowly improving and new serious delinquency starts are falling. The month's supply of distressed assets, those properties with mortgages that are more than 90 days delinquent, is only six months, well below the peak of more than 14 months in January 2010. The decline in shadow inventory is a potential indictor of the brighter future in housing because loans progressing out of the shadow inventory through the foreclosure process are particularly damaging to prices, especially when they end in REO sales. CoreLogic research shows that falling REO sale shares strongly correlate to price appreciation.

Current foreclosure inventory is not only high, at more than three percent of all active mortgages, it is *persistently* high, maintaining this level for the last two years. When looking at historical regional housing recessions, we have noted that foreclosure inventories have all been extremely persistent (Figure 2). The average decline in the foreclosure inventory over the last six housing recessions was a mere 23 percent, taking three years to get there. Today, two years from the peak, inventory has declined by less than ten percent. The persistence of the foreclosure inventory, or more specifically the low likelihood of foreclosures to flood the market, is beneficial to the housing market because the market can likely absorb the inventory without dramatic changes in price. The level of the inventory matters less to prices than quick changes in the pace of REO sales. History shows us that the inventory changes slowly.

So while the general U.S. economy continues to struggle to make gains, for the first time since the end of the recession housing may actually make a significant contribution to economic growth in 2012, a welcome change of affairs for an otherwise struggling economy. Housing markets may well avoid another Sisyphean slide this Fall because of a better balance of inventory, declining REO sale shares, and a likely slowly declining foreclosure inventory.

End.

FIGURE 2. PERCENT DECLINE IN FORECLOSURE INVENTORY FROM PEAK

Source: CoreLogic Q1 2012

It's About Where You've Been and Where You Are Going

By Sam Khater

It's all about the roll rate these days. At any point in time a loan can be in only one place on the performance continuum: current, 30 days delinquent, 60 days delinquent, 90 days or more delinquent or in foreclosure. Each month, every loan falls into one of those distinct performance segments, and in some cases transitions from one segment to another. Roll rates are the transition rates of the loans from one state of performance to the next (typically the next month). Most loans remain in the same performance segment each month. For example, typically more than 98 percent of loans that were current last month are current this month and 85 percent of loans that were delinquent last month remain delinquent this month.

However, a small percentage of loans that were current the previous month are delinquent in the current month. Likewise a small percentage of loans that were delinquent the previous month are in foreclosure in the current month. Roll rates capture this movement or transition of loans across the various performance segments over time. Since loans are heterogeneous and have different characteristics that can all drastically affect performance, roll rates can be segmented by loan characteristics such as conventional, owner occupied, and originated in 2009, to provide insights into the dynamics of performance.

In this article, we analyze current[1]-to-serious delinquency (SDQ) transition rates, serious delinquency-to-foreclosure (FC) transition rates, and cure rates, which are foreclosure-to-current transitions. Unless otherwise stated, all of the roll rates in this article utilize one-month transitions, smoothed with a 12-month moving average to remove seasonality and short run volatility. The term "front-end roll rates" is used synonymously with current-to-SDQ roll rates and "later-stage roll rates" refer FC roll rates.

The Front End Looks Good—The Back End Is Struggling

National current-to-SDQ roll rates were very flat and low throughout the early to mid-2000s as the housing market was booming and delinquencies and foreclosures were very low and stable (Figure 1). They began to worsen in late 2006, however, and markedly deteriorated in early 2007, eventually peaking in November 2009. Since peaking, the current-to-SDQ roll rates have improved and are currently at their lowest point in nearly five years. While they are still above their levels from the early part of the decade, the very low mid-decade roll rates were due to record-low unemployment during that time. The most recent roll rates are most likely not far from "normal" levels in today's weak economic environment.

SDQ-to-FC roll rates paint a very different picture. These roll rates hovered at about 10 to 11 percent in the early part of the 2000s, and dropped to a trough of 8 percent in the middle part of the decade. The drop was due to high levels of home equity that enabled the industry to use repayment plans to avoid foreclosure. So even if a small percentage of borrowers became seriously delinquent, the rapid appreciation and changing industry practices allowed borrowers to escape transitioning into foreclosure. As the market deteriorated in 2007, SDQ-

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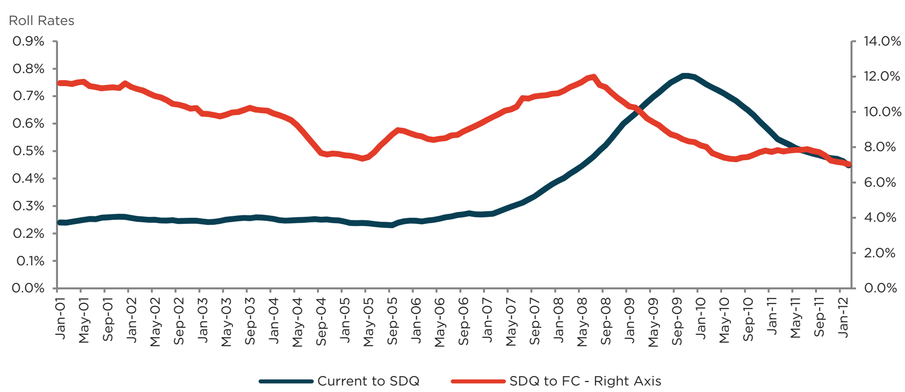
FIGURE 1. FRONT END AND BACK END ROLL RATES IMPROVING, BUT FOR DIFFERENT REASONS



Source: CoreLogic Feb 2012

Footnote

1 These are primarily 60 to 90 days delinquent loans. We ignore front end current to 30 day roll rates and 30 to 60 day roll rates partly because they are seasonal and typically are noisy and also partly in order to limit the focus to the most important transition points, serious delinquency and foreclosures given the limited length of the article.

to-FC roll rates rose rapidly and would have risen further if not for the mid-2008 GSE partial halting of foreclosures and state and local foreclosure moratoriums that began to be implemented, which slowed down the foreclosure process. The Home Affordable Modification Program (HAMP) was also announced and implemented in 2009, which further slowed down the transitions of SDQs to FCs. Clearly, front-end roll rates are improving for economic reasons and later-stage roll rates are improving due to policy interventions.

Though roll rates are improving, cure rates from foreclosure have worsened recently. After averaging 15 to 20 percent in the first half of the decade, cure rates steadily fell in 2007 and 2008 and are currently holding at 9 percent[2]. Some reasons for the decline are a drop in homeowner equity, curtailed incomes and struggling homeowner finances.

"The stagnant or increasing roll rates for borrowers with above average note rates is an important reason why policies designed to allow higher rate borrowers to refinance can be beneficial."

Not All Loans, or Roll Rates, Are Created Equal

Given the low-rate environment and increase in refinancing, perhaps the most interesting roll rate trends are within the note-rate cohort. It's not a surprise that borrowers with the highest note rates have the highest roll rates because remaining in a high-rate loan is an indication of some sort of credit constraint. The refinance option for these borrowers is most likely unavailable. Despite higher overall roll rates, the higher note-rate cohort (above 6 percent) is improving (Figure 2). However, the cohorts with note rates between 4.5 and 6 percent, where the bulk of loans are concentrated, are *still* experiencing higher current-to-SDQ roll rates or are not improving. These cohorts are not improving because of vintage effects; they are either loans originated during the last two or three years where they going through the normal default ramp up curve or have high concentrations of negative equity and other economic distress, leaving them more vulnerable to default in a weak economy. The stagnant or increasing roll rates for borrowers with above average note rates is an important reason why policies designed to allow higher rate borrowers to refinance can be beneficial.

Traditionally, refinance loans were considered less risky than purchase loans because the typical household's equity and income increased as the loans aged. While that remains true for non-cash-out refinances, it's no longer true for cash-out refinance loans. Cash-out refinance roll rates were very similar to non-cash-out refinance roll rates in the early to middle part of the decade. However,

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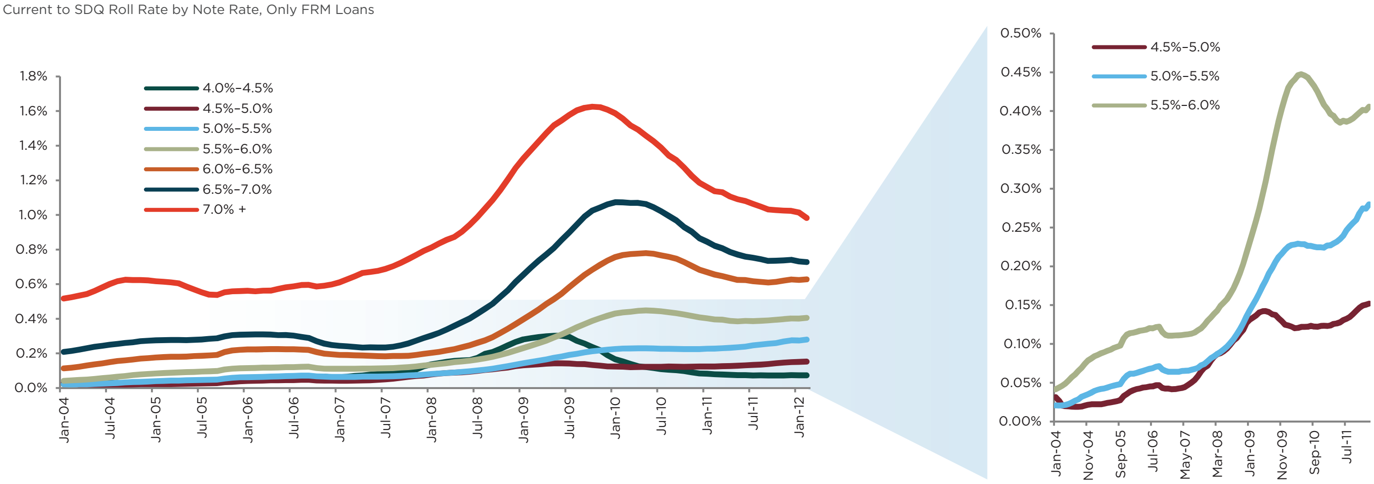
FIGURE 2. BORROWERS LOCKED OUT OF REFINANCING OPTION WITH HIGH RATE LOANS ARE PERFORMING MUCH WORSE

Current to SDQ Roll Rate by Note Rate, Only FRM Loans

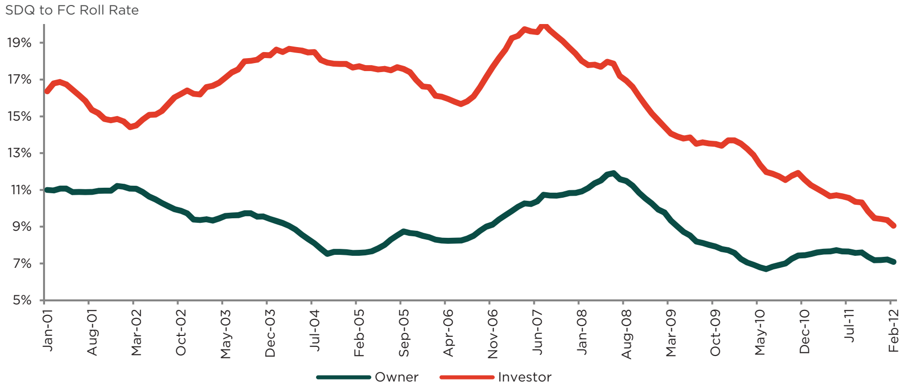


Source: CoreLogic Feb 2012

Footnote

[2] We utilized a 12-month roll rate since the process of becoming current from foreclosure takes several months.

FIGURE 3. INVESTOR TRANSITIONS TO FC ARE HIGHER



Source: CoreLogic Feb 2012

highly leveraged cash-out borrowers had a much smaller cushion when prices fell than the typical non-cash refinance borrower causing the performance of the two refinance segments to differ now. Today, cash-out borrowers exhibit the same roll rate performance as purchase borrowers and cash-out refinance roll rates are still very high relative to the early part of the decade.

The Usual Suspects: Investors, Geography and Loan Type

Not surprisingly, geography, borrower and loan type play a large role in performance. It is well known that investor owned properties typically have a higher risk profile than owner-occupied properties. Less known is that the risk is not the likelihood of becoming seriously delinquent, but rather the likelihood of going into foreclosure once seriously delinquent. Even through the boom and the bust, investors and owners current-to-SDQ roll rates were very similar because they were subject to the same economic circumstances. However, the differences in roll rates for owners vs. investors occur in later-stage roll rates where investors traditionally have roll rates that are roughly twice that of owners (Figure 3). This is not a surprise since investors typically view the property as a financial instrument, not a home, and therefore exercise their "ruthless default" option more frequently than owners.

While early on in the decade roll rates were fairly similar by geography, the impact of the boom in prices can be seen as the current-to-SDQ in prices fell in the boom states (Figure 4). Typically, home prices should not impact front-end roll rates but, in this case, rising prices allowed borrowers avoid serious delinquency in the short run through refinancing, often into another loan with a higher balance and/or payment reducing terms. As prices fell, the transition into serious delinquency rose dramatically. The Midwestern industrial states gained no benefit from rising prices, but were affected by the economic recession and a loss of manufacturing jobs. While both market types have improved recently, most notably in the boom states, serious delinquency transition rates remain elevated compared to a decade ago. Both market types are re-converging, but to a higher level.

Though front-end roll rates are improving due to a stabilizing economy and an improving housing market, later-stage roll rates have improved largely due to policy interventions. Foreclosure cure rates remain low due to impaired consumer incomes and balance sheets. Although there is a convergence between boom and "rust-belt" markets, many borrowers in both markets remain in high-interest rate loans with limited ability to use refinancing to prevent serious delinquency. Policies designed to offer options for borrowers to lower rates, particularly for high-note rate borrowers, may be critical to further decreasing the flow of future delinquencies.

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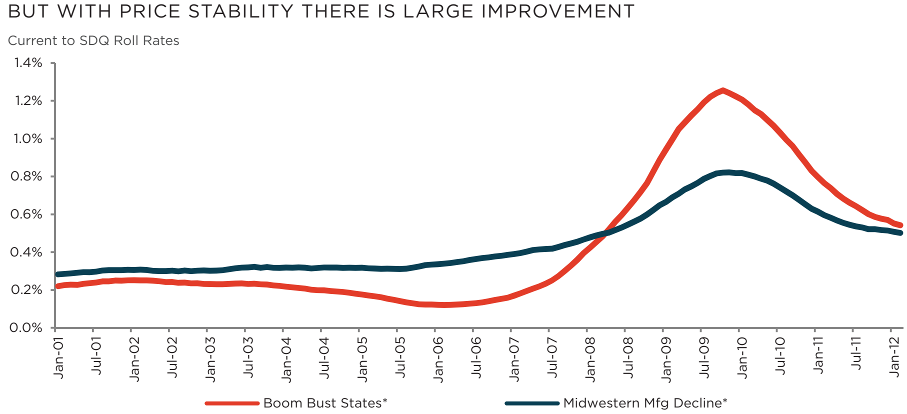
FIGURE 4. ROLL RATES MUCH HIGHER FOR HIGH PRICE DECLINE STATES, BUT WITH PRICE STABILITY THERE IS LARGE IMPROVEMENT



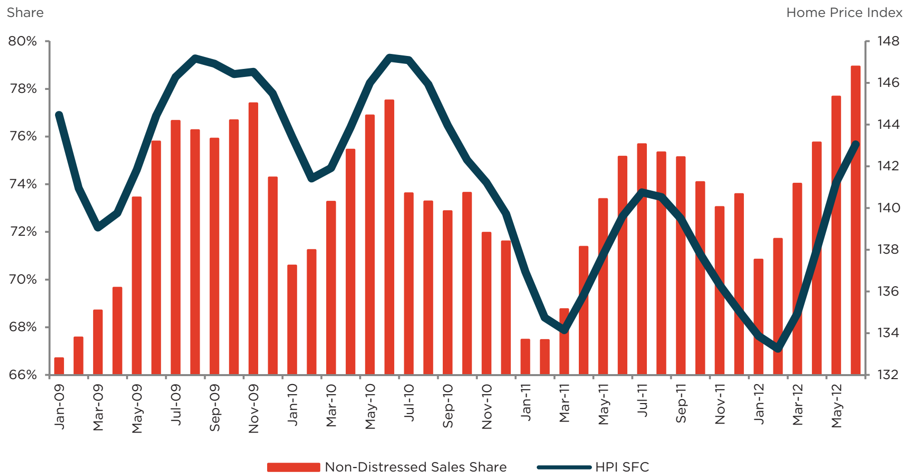
Source: CoreLogic Feb 2012
* Note: Only used large selected states for these categories. Boom/bust states include CA, FL, AZ and NV. Midwestern manufacturing decline states include MI, OH, and IL.

Non-Distressed Sales Growth More than Just Seasonal

By Thomas Vitlo

As positive signs emerged in housing data over the past few months, much of the focus was on selling real estate owned properties (REOs) and processing foreclosures and loan modifications to keep borrowers afloat. But a quiet victor since the beginning of 2012 has been the increase in non-distressed sales. The current share of non-distressed sales is at its highest level since August 2008. Comparing this year's January-to-June rise to the year prior, the number of non-distressed sales is up 15 percent, which has had a positive impact on home prices. The CoreLogic Home Price Index (HPI®) (including distressed sales) parallels this sales trend over time. The June 2012 HPI is up 7.3 percent since January 2012 and up 3.2 percent over June 2011. Given the positive year-over-year trends in sales and prices, coupled with declines in serious delinquencies (90+ days delinquent) and negative equity, it may be that the increases in the non-distressed sales share and HPI are not simply the effects of seasonality, but signs of real improvement in the housing market.

NON-DISTRESSED SALES GROWTH MORE THAN JUST SEASONAL



Source: CoreLogic June 2012

End.

In the News

Wall Street Journal, August 7

Home Prices Rise as Supply Dwindles

Home prices rose by their largest percentage in at least seven years during the second quarter, propelled by low inventories of properties for sale and high demand for bargain-priced foreclosures.

Wall Street Journal, July 31

Foreclosure Machines Still Running on 'Low'

The country's foreclosure machinery appears to be grinding along at a consistent pace, but that pace is still slow, according to a report out today from CoreLogic, a real-estate data provider.

National Mortgage Professional Magazine, July 31

Nationwide Foreclosure Rates Drop to Levels Last Seen in 2007

CoreLogic has released its National Foreclosure Report for June, which provides monthly data on completed foreclosures and the overall foreclosure inventory. According to the report, there were 60000 completed foreclosures in the U.S. in June 2012.

Wall Street Journal, July 29

How Forgiveness Fits in Housing-Fix Toolkit

More than 11 million homeowners are underwater, or owe more than their homes are worth. That is about 24% of all homeowners with a mortgage, according to data firm CoreLogic.

Inman News, July 28

NAR urges lenders to release REOs

During the first three months of the year, data aggregator CoreLogic estimates that rising home prices helped more than 700,000 homeowners regain equity in their homes, but 11.4 million borrowers…

Washington Post, July 27

House hunters in many areas are finding it's no longer a buyer's market

According to data from research firm CoreLogic, Phoenix prices are up 14.7 percent for the year and Miami's by 9.7 percent.

Orange County Register, July 27

Lansner: Can real estate rescue the economy?

CoreLogic said that in May completed U.S. foreclosures ran 18 percent lower than a year ago. Note: the pace of foreclosures is off 27 percent from the 2010 peak.

NATIONAL SUMMARY JUNE 2012

	Jul 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	2010	2011	2012**
Total Sales*	339	372	329	305	295	304	246	294	364	360	375	432	4,085	3,853	2,071
— New Sales*	23	25	23	21	22	23	16	20	26	24	25	31	336	268	142
— Existing Sales*	231	252	222	202	191	198	156	188	241	246	264	308	2,636	2,505	1,403
— REO Sales*	57	63	56	54	54	53	49	57	63	56	51	53	797	747	329
— Short Sales*	25	29	26	25	25	27	23	26	32	31	33	38	275	300	183
Distressed Sales Share	24.3%	24.7%	24.9%	25.9%	27.0%	26.4%	29.2%	28.3%	26.0%	24.3%	22.3%	21.1%	26.2%	27.2%	24.7%
HPI MoM	0.8%	-0.2%	-0.7%	-1.2%	-1.1%	-0.9%	-0.9%	-0.5%	1.3%	2.3%	2.3%	1.3%	-0.3%	-0.3%	1.0%
HPI YoY	-4.3%	-3.7%	-3.1%	-3.2%	-3.5%	-3.3%	-2.2%	-1.1%	0.6%	1.6%	2.5%	2.5%	-0.3%	-4.4%	0.6%
HPI MoM Excluding Distressed	0.3%	-0.4%	-0.7%	-1.1%	-1.0%	-0.8%	-0.2%	0.0%	1.2%	1.7%	2.3%	2.0%	-0.3%	-0.4%	1.2%
HPI YoY Excluding Distressed	-4.2%	-4.2%	-4.1%	-4.1%	-4.4%	-4.2%	-3.4%	-2.5%	-0.7%	0.3%	1.9%	3.2%	-1.7%	-4.1%	-0.2%
90 Days + DQ Pct	7.2%	7.2%	7.2%	7.2%	7.3%	7.3%	7.3%	7.1%	6.9%	6.9%	6.8%	6.7%	8.1%	7.4%	6.9%
Foreclosure Pct	3.5%	3.4%	3.5%	3.5%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.2%	3.5%	3.4%
REO Pct	0.5%	0.5%	0.5%	0.6%	0.5%	0.6%	0.6%	0.5%	0.5%	0.4%	0.4%	0.4%	0.6%	0.6%	0.5%
Pre-foreclosure Filings*	111	139	127	129	126	112	123	119	132	118	131	125	2,098	1,514	748
Completed Foreclosures*	68	75	83	68	70	69	71	62	58	50	60	60	1,125	903	361
Negative Equity Share	24.7%	24.5%	24.4%	24.7%	24.9%	25.2%	24.7%	24.2%	23.7%	24.2%	24.0%	24.0%	25.3%	24.9%	24.1%
Negative Equity*	11,734	11,675	11,618	11,783	11,943	12,108	11,858	11,624	11,374	11,619	11,539	11,512	11,904	11,820	11,588
Months Supply SDQ Homes	9.00	8.16	9.20	9.95	10.30	9.92	12.27	9.94	7.83	7.85	7.43	6.35	10.45	9.89	8.61

*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 JUNE 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	77,291	17,798	8840	34.5%	21.4%	16.1%	-20.8%	2.4%	-3.1%	10.3%	59,719	18,445	32.3%	19.4
Los Angeles-Long Beach-Glendale, CA	84,279	21,065	13336	40.8%	6.7%	3.3%	3.2%	1.1%	0.8%	6.2%	50,369	20,738	23.6%	10.4
Atlanta-Sandy Springs-Marietta, GA	66,898	16,658	7795	36.6%	20.6%	14.1%	-16.8%	2.3%	-3.2%	7.8%	100,193	37,165	42.8%	13.3
New York-White Plains-Wayne, NY-NJ	64,604	2,795	3230	9.3%	3.4%	19.7%	27.8%	1.9%	2.0%	8.6%	13,396	1,010	11.9%	15.0
Washington-Arlington-Alexandria, DC-VA-MD-WV	59,230	7,519	6846	24.3%	-1.7%	N/A	N/A	0.7%	3.3%	5.6%	29,129	5,937	26.9%	9.1
Houston-Sugar Land-Baytown, TX	85,801	11,954	3665	18.2%	-2.5%	5.3%	-9.0%	1.5%	4.5%	4.5%	15,213	16,418	11.7%	5.0
Phoenix-Mesa-Glendale, AZ	106,188	22,888	20294	40.7%	3.8%	-8.3%	-37.0%	2.4%	16.9%	5.7%	58,336	34,097	47.8%	4.5
Riverside-San Bernardino-Ontario, CA	74,961	25,309	13607	51.9%	2.5%	9.2%	-2.1%	0.8%	0.8%	8.5%	43,813	24,883	44.2%	9.1
Dallas-Plano-Irving, TX	67,115	9,473	3911	19.9%	3.5%	-5.1%	-15.9%	1.1%	2.7%	4.6%	39,862	11,077	12.0%	5.0
Minneapolis-St. Paul-Bloomington, MN-WI	36,514	6,805	1912	23.9%	-2.5%	6.9%	-11.6%	3.1%	3.0%	4.2%	25,425	12,270	19.6%	8.4
Philadelphia, PA	N/A	N/A	N/A	N/A	N/A	9.7%	0.0%	1.9%	0.4%	5.6%	8,153	3,994	9.3%	N/A
Seattle-Bellevue-Everett, WA	34,132	5,366	3981	27.4%	15.2%	7.0%	-11.3%	2.2%	4.0%	6.5%	9,680	6,442	20.2%	11.2
Denver-Aurora-Broomfield, CO	46,304	8,788	4127	27.9%	15.5%	N/A	N/A	2.3%	7.2%	3.7%	24,179	9,334	23.2%	4.6
San Diego-Carlsbad-San Marcos, CA	40,073	8,106	7980	40.1%	10.5%	0.0%	-12.4%	0.6%	0.5%	5.1%	17,944	7,873	28.5%	7.1
Santa Ana-Anaheim-Irvine, CA	31,256	4,990	6063	35.4%	7.3%	-0.8%	-5.6%	1.3%	0.1%	4.6%	16,220	5,808	19.3%	7.9
Tampa-St. Petersburg-Clearwater, FL	52,417	7,557	7624	29.0%	-1.4%	18.3%	-22.3%	1.1%	5.3%	16.6%	24,926	12,164	48.5%	16.9
Baltimore-Towson, MD	31,222	2,952	2656	18.0%	5.2%	N/A	N/A	0.6%	1.6%	7.7%	4,772	1,487	20.0%	12.9
St. Louis, MO-IL	41,587	8,574	2187	25.9%	4.8%	21.4%	-7.0%	3.1%	0.3%	4.5%	14,830	9,434	16.5%	5.7
Nassau-Suffolk, NY	22,190	852	384	5.6%	3.1%	26.8%	27.3%	1.5%	-0.2%	10.4%	8,719	724	8.1%	24.4
Oakland-Fremont-Hayward, CA	36,831	9,141	6925	43.6%	9.7%	N/A	N/A	1.9%	2.2%	5.4%	17,901	9,383	31.8%	7.7
Warren-Troy-Farmington Hills, MI	41,770	12,611	2080	35.2%	10.3%	N/A	N/A	1.1%	6.2%	4.8%	17,810	12,847	40.0%	5.9
Portland-Vancouver-Hillsboro, OR-WA	29,156	4,819	3279	27.8%	12.0%	N/A	N/A	1.6%	4.5%	5.4%	9,561	5,775	21.7%	8.7
Sacramento--Arden-Arcade--Roseville, CA	38,704	11,907	8399	52.5%	9.3%	-0.9%	-11.3%	1.4%	1.5%	6.4%	20,879	12,260	40.1%	7.5
Edison-New Brunswick, NJ	24,272	938	1940	11.9%	7.6%	25.9%	20.4%	0.6%	-0.6%	9.1%	3,586	621	15.8%	16.0
Orlando-Kissimmee-Sanford, FL	42,986	7,861	8816	38.8%	-4.1%	-3.2%	-26.4%	1.8%	6.9%	17.1%	18,885	11,263	53.3%	16.9

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 JUNE 2012

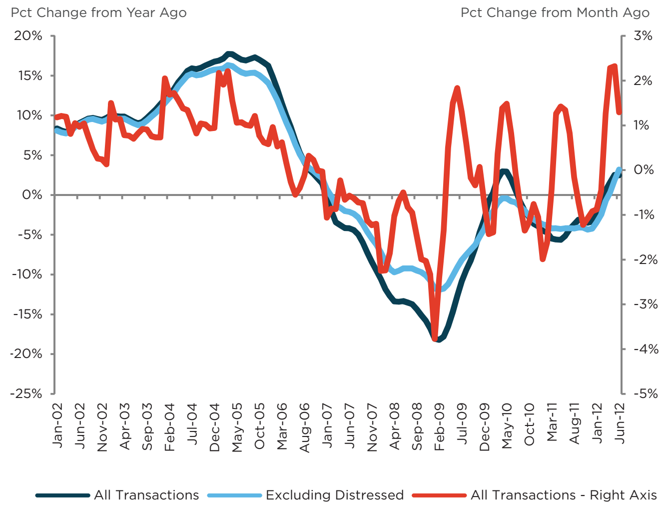
State	Total Sales 12-month sum	REO Sales 12-month sum	Short Sales 12-month sum	Distressed Sales Share (sales 12-month sum)	Total Sales YOY 12-month sum	Cumulative Dom Mean YoY Change	Cumulative Sold Dom Mean YoY Change	HPI MoM	HPI YoY	90 Days+ DQ Pct	Pre-Foreclosure Filings 12-month sum	Completed Foreclosures 12-month sum	Negative Equity Share	Months' Supply Distressed Homes
AK	9,987	782	341	11.2%	-2.1%	N/A	N/A	1.6%	5.2%	2.2%	1,487	933	5.7%	2.2
AL	31,278	4,167	1,098	16.8%	-19.5%	19.8%	-9.0%	0.9%	-4.8%	5.3%	7,533	6,462	13.9%	11.0
AR	39,163	2,032	1,509	9.0%	-1.8%	4.6%	0.0%	-0.3%	1.3%	5.3%	7,071	7,021	12.5%	4.8
AZ	144,250	32,534	24,375	39.5%	5.1%	-0.8%	-6.6%	2.0%	13.8%	5.5%	79,551	46,627	44.8%	4.7
CA	469,481	124,477	83,131	44.2%	7.9%	4.8%	-1.6%	1.0%	2.2%	6.0%	244,797	124,626	30.8%	8.1
CO	91,949	17,406	7,733	27.3%	12.2%	4.1%	-5.9%	1.9%	6.2%	3.6%	46,093	18,898	21.1%	4.2
CT	34,402	3,157	3,383	19.0%	2.1%	21.8%	4.7%	2.0%	-4.0%	7.3%	1,473	3,408	14.8%	12.1
DC	6,721	395	231	9.3%	0.0%	N/A	N/A	0.6%	3.6%	5.6%	851	81	12.7%	9.1
DE	8,484	1,466	453	22.6%	2.7%	18.7%	-4.4%	0.5%	-2.8%	6.7%	1,930	2,951	17.3%	14.6
FL	397,772	64,728	55,587	30.2%	0.2%	15.3%	-1.5%	1.1%	5.1%	16.5%	157,525	90,961	45.5%	14.6
GA	114,047	25,356	9,753	30.8%	14.5%	16.0%	-8.8%	2.3%	-2.9%	7.1%	140,592	54,600	37.7%	10.7
HI	15,536	1,494	1,404	18.7%	-3.2%	21.7%	2.3%	1.1%	3.1%	6.4%	3,810	449	10.9%	8.4
IA	33,653	1,995	1,343	9.9%	-26.5%	12.6%	-4.8%	1.7%	0.2%	3.8%	6,113	3,753	10.5%	4.8
ID	33,064	6,553	2,085	26.1%	7.6%	5.3%	-7.3%	1.0%	10.4%	4.7%	13,479	5,510	26.9%	4.0
IL	131,752	25,108	12,141	28.3%	17.6%	17.6%	-11.1%	2.0%	-3.4%	8.8%	79,333	26,394	27.7%	14.5
IN	102,787	16,960	2,656	19.1%	13.4%	N/A	N/A	1.2%	3.0%	6.0%	15,195	15,904	10.8%	5.9
KS	30,581	3,690	1,364	16.5%	16.4%	N/A	N/A	2.0%	1.5%	4.1%	3,551	3,021	9.8%	4.9
KY	34,028	3,460	1,482	14.5%	-28.6%	N/A	N/A	0.5%	-0.3%	5.3%	6,673	2,038	10.2%	8.0
LA	50,159	6,308	1,462	15.5%	-4.6%	18.7%	-0.9%	2.9%	4.1%	5.7%	13,769	8,207	14.5%	6.0
MA	88,760	9,527	735	11.6%	33.7%	N/A	N/A	2.2%	1.0%	5.4%	7,711	8,043	16.9%	6.3
MD	68,286	7,464	7,782	22.3%	3.0%	35.3%	2.5%	2.1%	3.2%	8.0%	11,083	3,393	25.2%	13.7
ME	7,422	607	263	11.7%	5.8%	N/A	N/A	2.8%	2.5%	7.0%	1,739	625	9.5%	16.8
MI	141,127	45,715	5,718	36.4%	5.1%	14.2%	4.7%	2.4%	5.9%	5.4%	53,920	57,980	36.1%	6.1
MN	59,112	9,218	2,322	19.5%	1.5%	13.0%	-10.9%	3.1%	0.9%	3.9%	27,946	14,203	18.6%	6.9
MO	81,353	16,664	3,360	24.6%	11.1%	22.5%	-9.0%	3.1%	1.1%	4.2%	23,152	17,707	15.7%	4.8
MS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.2%	5.3%	7.0%	4,759	929	26.5%	N/A
MT	13,503	1,557	575	15.8%	4.5%	N/A	N/A	0.7%	4.9%	2.7%	3,800	1,715	8.3%	3.1
NC	107,875	9,896	6,907	15.6%	3.9%	14.5%	-6.3%	1.2%	1.2%	5.4%	51,159	26,073	15.0%	7.8
ND	13,858	276	241	3.7%	26.6%	N/A	N/A	0.8%	6.3%	1.5%	238	565	5.7%	0.7
NE	27,854	1,701	1,432	11.2%	14.6%	N/A	N/A	1.5%	1.6%	2.6%	4,425	2,557	12.0%	2.4
NH	17,172	3,104	1,207	25.1%	12.8%	16.5%	9.4%	2.5%	0.9%	4.2%	897.0	2,917	21.9%	5.6
NJ	77,635	3,704	6,969	13.7%	2.8%	26.8%	12.0%	0.6%	-0.7%	11.0%	17,495	2,463	19.0%	20.6
NM	21,098	2,556	1,402	18.8%	-3.3%	N/A	N/A	2.3%	2.8%	5.7%	7,520	1,943	14.3%	8.1
NV	73,006	27,130	13,417	55.5%	5.6%	-3.4%	-14.1%	1.6%	1.9%	12.0%	9,293	25,141	61.9%	8.9
NY	158,158	5,661	3,734	5.9%	8.5%	24.1%	38.6%	3.7%	4.5%	8.0%	26,226	3,778	7.8%	11.4
OH	141,957	26,621	9,600	25.5%	6.0%	10.3%	-1.4%	1.0%	-1.1%	6.5%	57,062	26,289	24.9%	7.9
OK	54,233	4,753	1,541	11.6%	-8.1%	-7.1%	2.4%	0.5%	1.2%	5.0%	16,641	7,403	8.3%	4.2
OR	50,588	9,181	5,042	28.1%	7.6%	N/A	N/A	2.3%	4.3%	5.5%	16,596	10,188	20.7%	7.9
PA	129,441	11,962	4,228	12.5%	5.3%	9.6%	-0.6%	1.6%	1.1%	5.7%	22,096	11,779	9.5%	7.5
RI	11,476	1,594	1,217	24.5%	7.5%	20.0%	9.2%	3.2%	-0.4%	7.2%	4,384	3,018	23.5%	9.6
SC	62,837	9,712	4,228	22.2%	8.7%	19.9%	0.0%	2.3%	3.6%	6.2%	7,981	10,332	19.2%	7.3
SD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.1%	10.1%	2.4%	222	39	N/A	N/A
TN	103,075	16,948	4,848	21.1%	10.7%	N/A	N/A	0.9%	0.7%	5.6%	25,652	24,971	16.8%	4.9
TX	381,347	46,598	15,225	16.2%	2.3%	3.2%	-7.4%	0.8%	3.9%	4.2%	115,200	56,131	10.1%	3.9
UT	47,922	8,039	3,930	25.0%	11.9%	N/A	N/A	2.5%	8.3%	4.4%	29,444	6,662	21.6%	4.7
VA	91,102	14,084	7,484	23.7%	-3.7%	15.7%	0.7%	0.9%	2.9%	3.8%	65,748	14,528	22.5%	6.1
VT	10,555	423	N/A	N/A	30.7%	31.5%	29.8%	1.6%	1.6%	3.9%	N/A	N/A	N/A	3.6
WA	83,842	13,587	7,893	25.6%	9.4%	15.8%	-8.1%	1.9%	2.8%	6.4%	22,064	16,186	20.9%	10.4
WI	70,043	8,471	2,813	16.1%	10.7%	32.9%	5.7%	3.2%	0.2%	4.2%	21,382	12,854	16.8%	5.5
WV	N/A	N/A	N/A	N/A	N/A	5.5%	9.2%	1.4%	1.8%	3.7%	4,341	633	6.9%	N/A
WY	5,826	580	193	13.3%	11.6%	N/A	N/A	0.5%	7.7%	2.2%	786	774	10.7%	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.

Prices

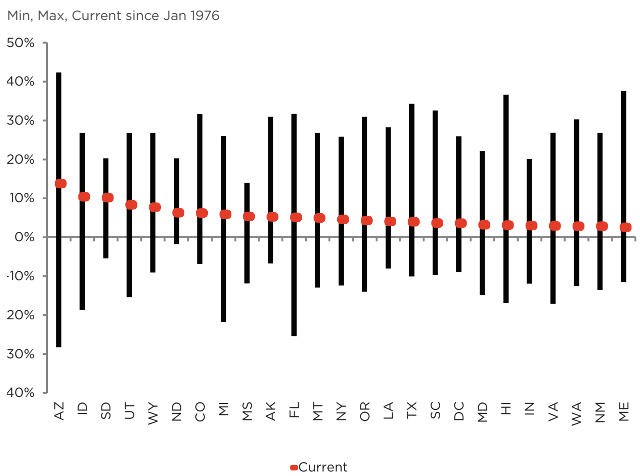
- Home prices nationwide, including distressed sales, increased on a year-over-year basis by 2.5 percent in June 2012. On a month-over-month basis, home prices, including distressed sales, increased by 1.3 percent in June 2012. The June 2012 figures mark the fourth consecutive increase in home prices nationwide on both a year-over-year and month-over-month basis. Excluding distressed sales, home prices nationwide increased on a year-over-year basis by 3.2 percent in June 2012. Price improvements continue to spread geographically: 42 of the 50 states (plus the District of Columbia) and 73 of the largest 100 Core Based Statistical Areas (CBSAs, measured by population) had year-over-year increases in the HPI in June. This is up from 38 states and 68 CBSAs in May 2012.
- Nationally, the inventory of homes being listed on the market for June 2012 shows a 20 percent decrease from June 2011. At the same time, the average price for listed home has increase 7.5 percent year-over-year.

HOME PRICE INDEX



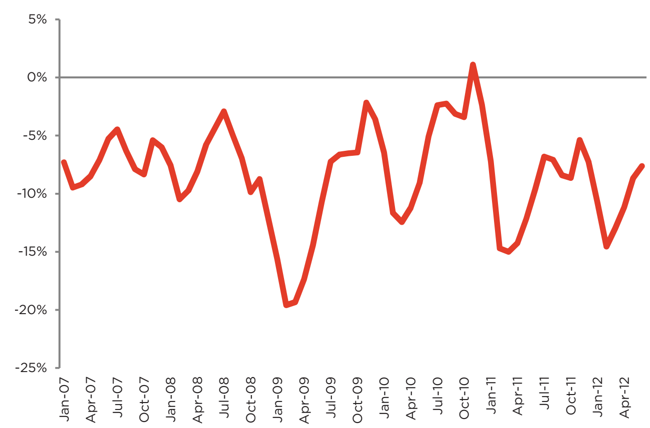
Source: CoreLogic June 2012

YoY HPI GROWTH FOR 25 HIGHEST RATE STATES



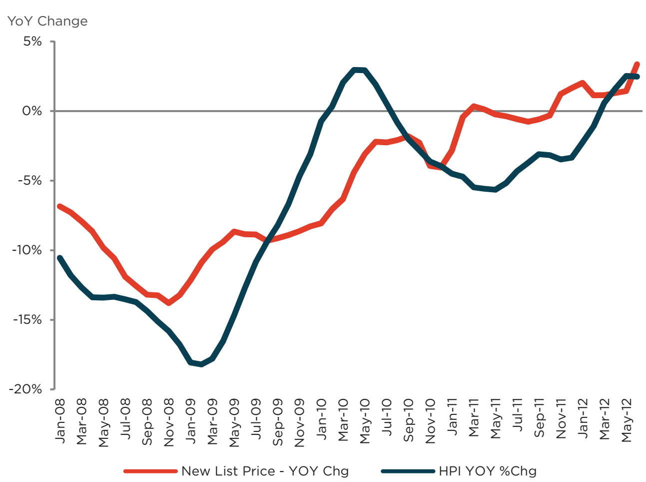
Source: CoreLogic June 2012

NEW LISTING/SOLD PRICE DISCOUNT



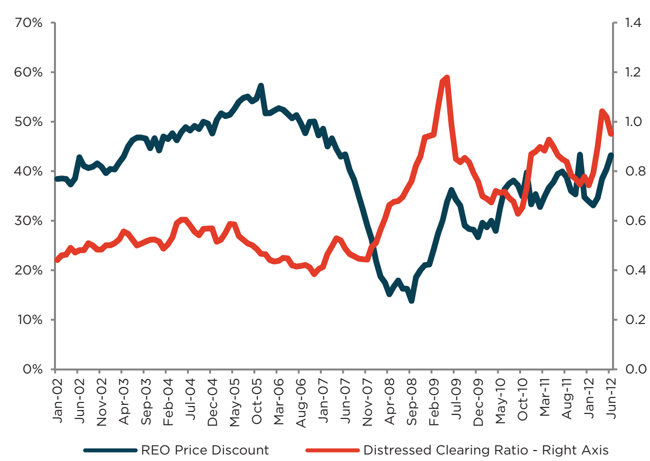
Source: CoreLogic June 2012

NEW LIST PRICE



Source: CoreLogic June 2012

REO DISCOUNT



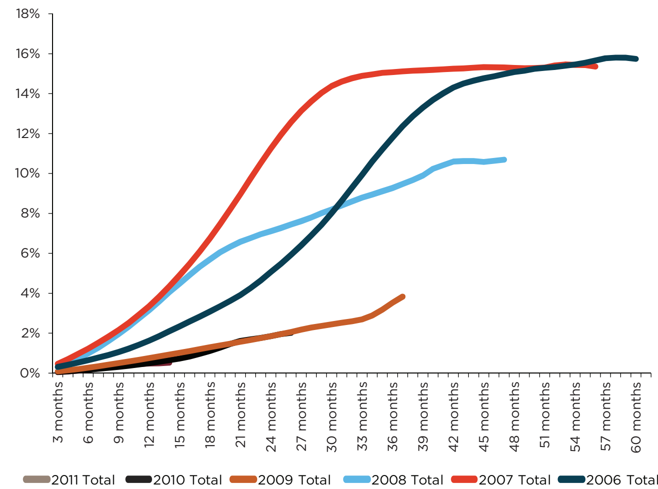
Source: CoreLogic June 2012

Performance

- Mortgages that were at least 90 days past due (and in foreclosure or REO) continue to show a decrease for five consecutive months. Mortgages that were at least 90 days past due are at the lowest level since July 2009, and show a 10 percent improvement since June 2011. Since June 2011, Arizona, Nevada and Michigan show the most improvement in the number of homes in foreclosure inventory. Each of these states shows a decrease of at least 20 percent year-over-year in foreclosure inventory. Arizona continues to show strong double digit year-over-year decreases of foreclosure inventory since May 2011. The national inventory of foreclosed homes is at its lowest level since July 2010.
- 2011 prime conforming originations continue to show the lowest share of loans that are 90 days past due. For those loans that have reached 14 months of maturity, about half of a percent were at least 90 days delinquent. This half of a percent delinquency compares very favorably to the 2007 and 2008 vintages. 2007 and 2008 mortgages that reached 14 months of maturity were 4.3 percent and 4.1 percent 90 days past due respectively.

CONFORMING PRIME SERIOUSLY DELINQUENT RATE

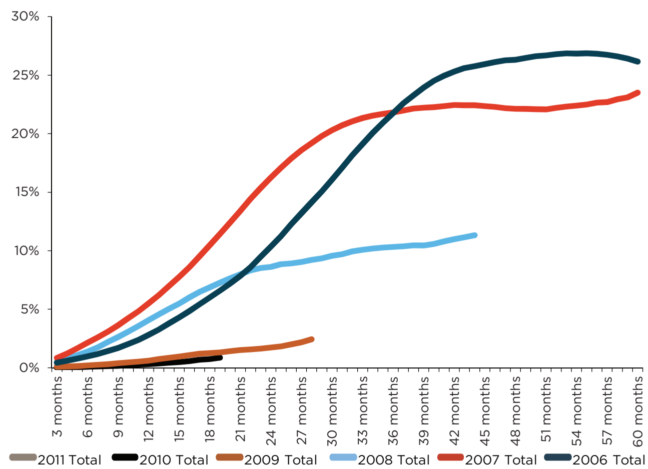
By Origination Year



Source: CoreLogic May 2012

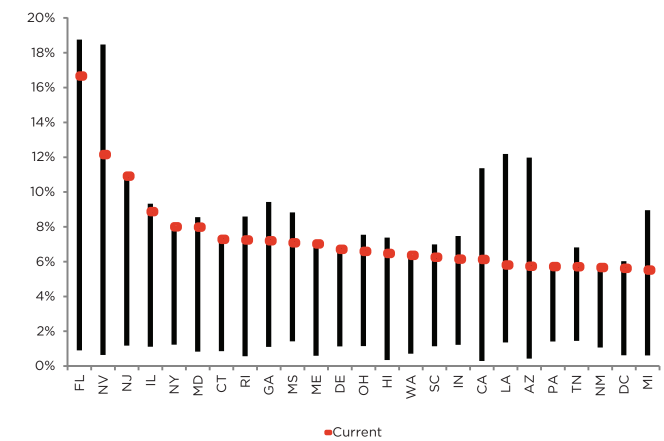
JUMBO PRIME SERIOUSLY DELINQUENT RATE

By Origination Year



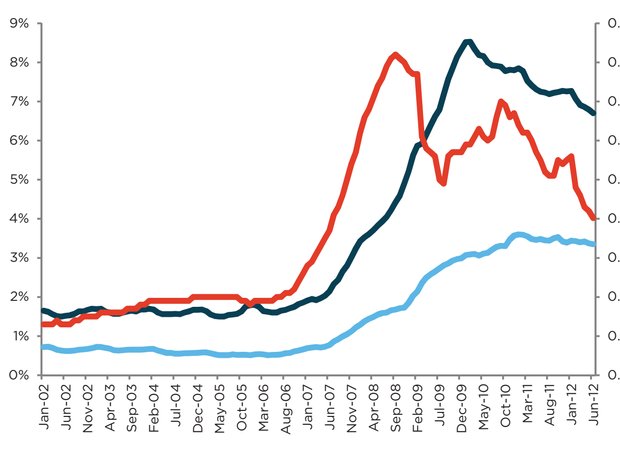
Source: CoreLogic May 2012

SERIOUS DELINQUENCIES FOR 25 HIGHEST RATE STATES



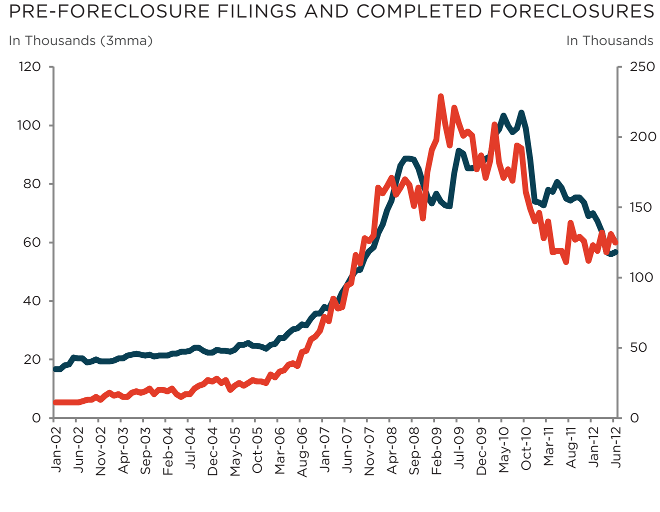
Source: CoreLogic June 2012

OVERALL MORTGAGE PERFORMANCE



Source: CoreLogic June 2012

PRE-FORECLOSURE FILINGS AND COMPLETED FORECLOSURES

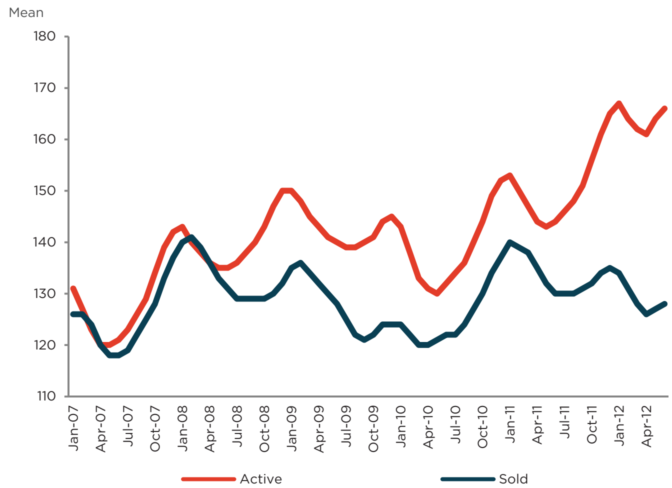


Source: CoreLogic June 2012

Sales

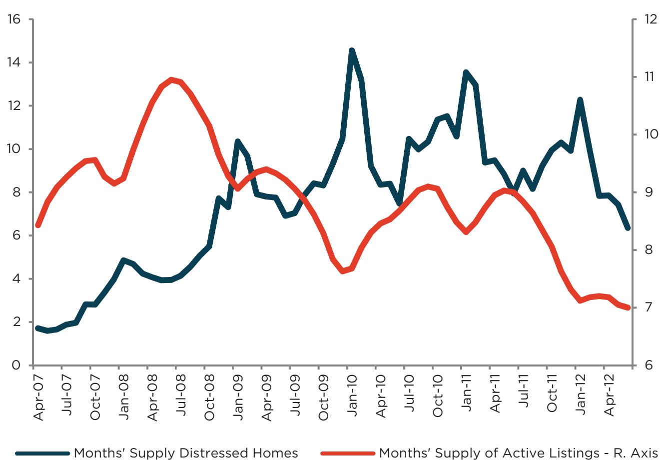
- The distressed sales share edged down to 21 percent in June 2012, the lowest level in almost four years. While we expect the distressed sale share to decrease with the seasonal uptick in non-distressed sales, the decline over last summer's share is significant. The decrease in distressed sales share has been driven by a decreasing REO share—with the short sale share gradually increasing over the same time period. REO sales share was 12 percent in May, the lowest level since January 2008. While distressed sales come at a discount to healthy sales, REO sales are discounted much more than short sales, so this shifting composition in distressed is good news for home prices.
- The months' supply of distressed properties (those with mortgages that are seriously delinquent) has been steadily decreasing and stands at just under 7 months, equaling the same level of the months' supply of active listings (or visible inventory). The months' supply of active listings compares favorably to a year ago when the same measurement was at 9 months.

CUMULATIVE DAYS ON MARKET



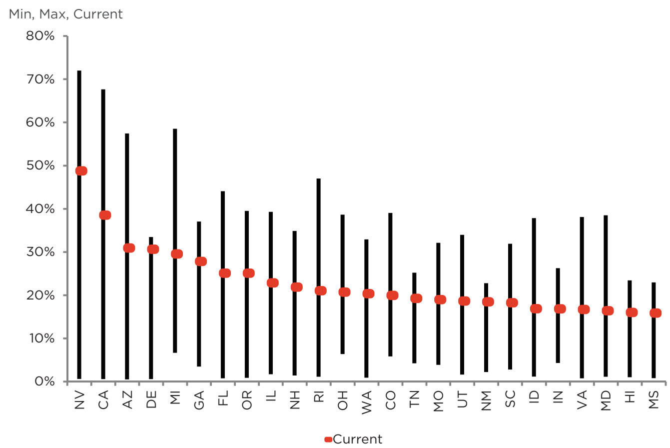
Source: CoreLogic June 2012

MONTHS' SUPPLY



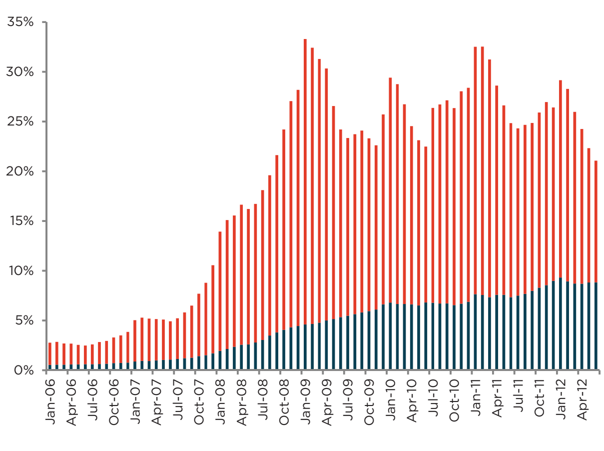
Source: CoreLogic June 2012

DISTRESSED SALE SHARE FOR 25 HIGHEST RATE STATES



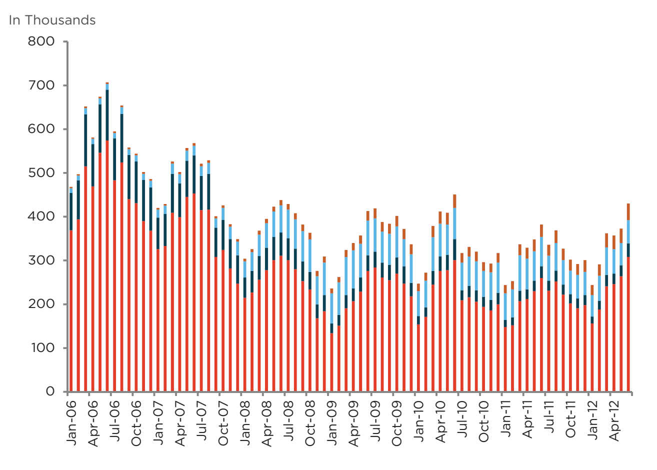
Source: CoreLogic June 2012

DISTRESSED SALES AS PERCENTAGE OF TOTAL SALES



Source: CoreLogic June 2012

SALES BY SALE TYPE



Source: CoreLogic June 2012

VARIABLE DESCRIPTIONS

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