Volume 2, Issue 7

July 16th, 2013

Data as of May 2013

Inside News

Housing Statistics (May 2013)

HPI® YOY Chg	12.2%
HPI YOY Chg XD	11.6%
NegEq Share (Q1 2013)	19.8%
Shadow Inventory (Q1 2013)	2.0m
Distressed Discount	40.1%
New Sales (ths, ann.)	350
Existing Sales (ths, ann.)	4,148
Average Sales Price	$248,394
HPI Peak-to-Current (PTC)	-20.4%
Foreclosure Stock PTC	-33.9%

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The MarketPulse

Fire Burn and Caldron Bubble

By Mark Fleming and Gilberto Méndez

IN THIS ARTICLE:

- There isn't a housing bubble in the U.S., and rising interest rates will help prevent one.
- Housing affordability is near its apex due to historically low interest rates and house prices.
- According to the housing affordability index, all but two states are affordable today, and most are near their recent high points.

Some are saying that the housing market caldron is bubbling once again. Others are concerned about the sharp rise in mortgage interest rates in June driven by equity and bond market responses to Federal Reserve Chairman Ben Bernanke's statements on the economy and quantitative easing. Economists are often referred to as dismal scientists because of their emphasis on the downside of economic events. However, CoreLogic is prepared to offer an optimistic opinion about the U.S. housing market. CoreLogic does not believe the market is experiencing a housing bubble, either nationally or even in some of the fastest growing markets. Further, the recent rise in mortgage rates is helping to slow down the pace of current appreciation preventing another bubble, and rates would have to rise appreciably higher to cause a housing market downturn.

Economic history is littered with bubbles not identified until after the fact: the Tulip Bubble of 1637, the South Sea Bubble of 1720 and the Dot-Com Bubble of 2000, to name a few. Notoriously difficult to predict, bubbles can be defined as a condition where asset prices seem based on irrational, (dare we say exuberant) opinions or expectations about the future. The recent housing bubble was consistent with the view that nationally, housing prices always went up, an expectation we now know to be false.[1] While it is not possible to predict exuberant expectations,

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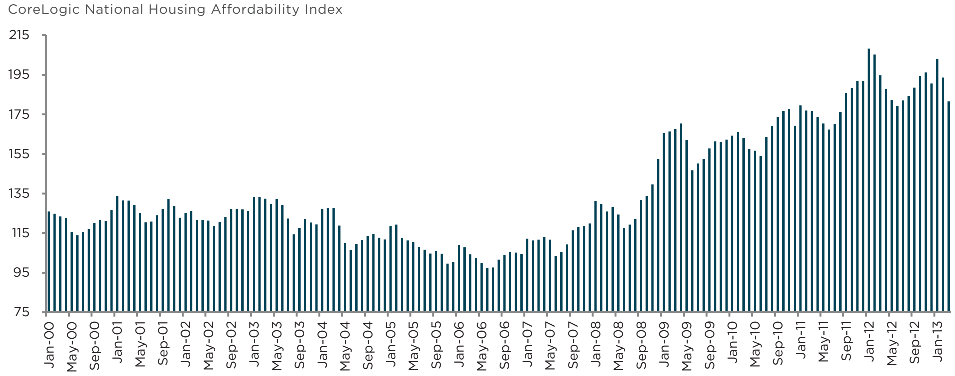
FIGURE 1. AFFORDABILITY IS UNPRECEDENTED

CoreLogic National Housing Affordability Index



Source: BEA, Freddie Mac, Census, CoreLogic March 2013

Footnote

[1] See Foote, Gerardi, and Willen, "Why Do So Many People Make Ex Post Bad Decisions? The Cause of the Foreclosure Crisis.", National Bureau of Economic Research Working Paper No. 18082, May 2012.

it is possible to measure house prices to see if they are based on rational or fundamental conditions. One commonly used measurement is affordability because it accounts for income, which borrowers use to pay their mortgages, and interest rates, the price paid to borrow money to fund a mortgage.

CoreLogic measures changes in housing affordability by an index that is based on the ratio of median household income to the cost of qualifying for a mortgage on a median-priced home. For this analysis, CoreLogic assumes the mortgage is a 30-year fixed rate, 20-percent downpayment loan, and that the qualifying debt-to-income ratio is 25 percent.[2] An index value of 100 indicates that a household with the median income has just enough income to buy a home under these assumptions. Index values greater than 100 indicate the median-income household has more income than necessary to buy the median-priced home. Index values below 100 indicate that the median-income household has less income than necessary to buy the median-priced home. Housing affordability can improve due to income growth, falling mortgage interest rates or falling home prices. Nationally, median household incomes grew moderately throughout the "aughts" until the financial crisis caused income contraction during the recession. Since the recession, median household income has been moderately growing again while mortgage interest rates have been consistently declining, from a high of more than 8 percent in 2000 to consistently below 4 percent throughout 2012. Of course, we are all familiar with the pricing yo-yo consisting of the run-up in prices over the first half of the "aughts," followed by the dramatic decline in prices and, most recently, a strong rebound from those lows. Housing affordability indices incorporate all three of these trends to measure how hard it is for the median-income household to be able to afford a median-priced home.

Nationally, housing affordability couldn't be better (Figure 1). Home prices were consistently affordable in the early part of the "aughts" as incomes rose and mortgage rates fell. Home prices were less affordable as pricing boomed in the middle of the decade. In fact, the affordability index reached a low point in June 2006 when prices reached their apex. Technically, the index was just below 100, meaning the national median-priced home was unaffordable for the national median-income family. Since then, as prices fell and interest rates continued to drop, housing has become more and more affordable again. Because mortgage rates are, by historic standards, still low, housing remains highly affordable, even with the recent impressive increase in prices. Important to note is that this analysis was conducted with data through March 2013 when interest rates were about 3.5 percent. For housing price affordability to return to the average level that we saw in the years between 2000 and 2004, either home prices would have to rise an additional 47 percent or interest rates rise to 6.75 percent.

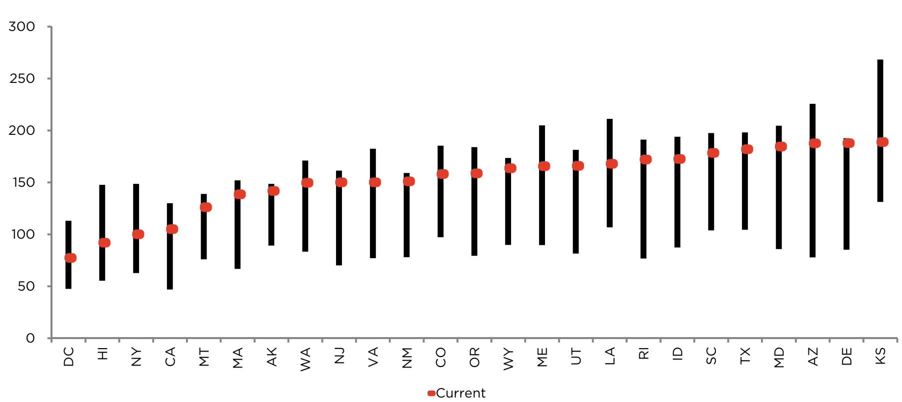
Housing is intrinsically local, so it is useful to look at housing affordability by market. In Figure 2, the high, low and current levels of housing affordability are shown for the 25 least affordable states in the country. Only two, the District of Columbia and Hawaii, are technically unaffordable. All the other states are near their peak levels of affordability.

While the rational or irrational nature of buyers' expectations is not clear in housing today, CoreLogic believes there is still a long way to go before housing again becomes unaffordable. Even with the most recent price gains and interest rate hikes, CoreLogic still observes high levels of affordability by historic standards. So while the bubble opinions swirl like the words of Shakespeare "Double, double toil and trouble/Fire burn and caldron bubble,"[3] this housing market still has a long way to go before the caldron bubbles over.

End.

FIGURE 2. HOUSING AFFORDABILITY FOR THE LEAST AFFORDABLE STATES

Min, Max, Current Since January 2000



Source: CoreLogic March 2013

Footnotes

[2] The methodology follows that of the National Association of Realtors (http://www.realtor.org/topics/housing-affordability-index) using CoreLogic home price data, Freddie Mac mortgage interest rates, and Census/BEA income data.

[3] *Macbeth* (IV, 1, 10-11)

Real Estate and the Impact of Cash Sales

By Sam Khater

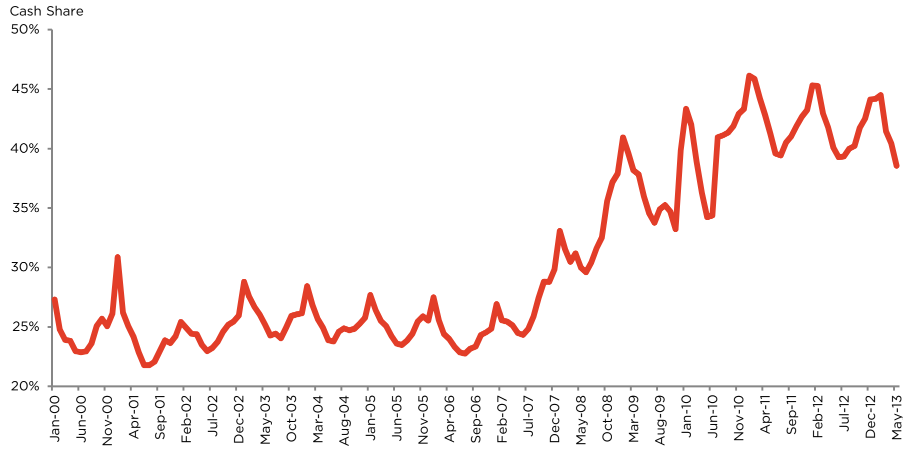
IN THIS ARTICLE:

- Cash sales peaked above 40 percent nearly two years ago and are now slowly receding.
- Although they are receding, cash sales are one of the drivers behind the rapid price recovery.
- Going forward, continued U.S. housing market recovery depends on trade-up and first-time homebuyers replacing cash buyers.

Over the last few decades, the rise of new financial products and increasing leverage led to a decline of cash used in everyday transactions. However, to borrow a phrase from Mark Twain, the death of cash is greatly exaggerated. The Great Recession has led to a surge in cash on corporate balance sheets to the highest levels ever recorded and to a rapid expansion of currency in circulation in the U.S. The real estate industry has been heavily impacted by the cash nexus that has emerged over the last few years, with cash sales shares rising in every sale segment and across a large number of geographies. In this article, CoreLogic analyzes the cash sales trend to gain a better understanding of its impact on the broader real estate market. While cash sales heavily contributed to the stabilization and recovery in the residential market, the cash-sale share has peaked and is currently receding. Going forward, for the market to continue to recover, trade-up and first-time homebuyers have to replace the declining number of cash buyers in the market.

FIGURE 1. CASH SALES SHARE PAST ITS APEX

Cash Sales Shares Peaked Two Years Ago, But Fading Slowly



Source: CoreLogic May 2013

In the first half of the last decade, the cash sales share of total home sales was fairly steady, averaging 25 percent of all sales (Figure 1). As the real estate market slowed down and collapsed in 2007 and 2008, the cash sales share quickly rose. Initially in 2007, the rise in the overall cash sales share was driven by the rise of REO sales, which typically exhibit higher cash sales shares relative to other sale types (Figure 2). By 2009, every type of sale was experiencing increases in the cash sales share. During 2010, the overall cash sales share began to stabilize and has most recently been slowly declining. Some expected the cash sales share to decline when REO sales declined, but the cash sales share of REO properties continued to rise in 2011 and 2012 even as the REO-sales share declined. Partly responsible for the slower-than-expected decline in the cash sales share is the surge in popularity of cash short sales. Nonetheless, the surge in cash sales has passed its apex. In May 2013, the cash sales share was 39 percent, down from 40 percent a year ago, and it has been slightly down on a year-over-year basis for 19 consecutive months. This trend is even more evident among non-distressed sales, where on a year-to-date basis the cash share is 39 percent, down from 41 percent a year ago.

The rise in cash sales and the presence of investors helped provide a bottom to the real estate market in 2009, as cash sales began to quickly recover and increase relative to mortgaged sales (Figure 3). This can clearly be seen in the data showing both cash sales and mortgaged sales volume peaked in June 2005. However, from there, the trends for cash sales and mortgaged sales diverged. Mortgaged sales fell 78 percent from peak and reached a trough in January 2011, but cash sales fell only 47 percent and reached a trough in January 2009, a full two years before mortgaged sales reached a bottom. Since then, cash sales have

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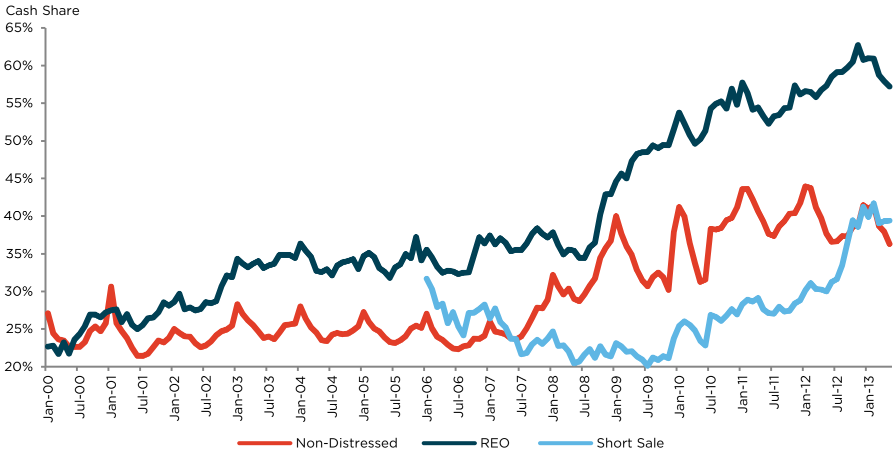
FIGURE 2. REO DOWNSHIFTS AND SHORT SALES UPSHIFT

As REO Cash Sales Shares Moderate, Cash Short Sales Have Increased



Source: CoreLogic May 2013

increased by 33 percent, more than three times the rate of increase of mortgaged sales, which are only up 10 percent from their trough. Without the cushioning effect of cash sales during the housing bust and a much higher increase since the trough relative to mortgaged sales, overall sales today would be much lower. The dire price declines of the past few years would have been worse because cash sales provided demand that wouldn't otherwise have been there over the last three years. More recently, the additional demand from cash buyers, typically investors, has helped improve prices dramatically in several boom-bust markets. Median prices for cash sales are up 24 percent from a year ago, compared to only 15 percent for all sales (Figure 4) so they are helping contribute to the unusually strong price recovery currently occurring.

Regional Developments

It is a myth that the hardest hit markets have the largest shares or increases in cash sales. Examining the largest 10 metropolitan areas (Figure 5) reveals that, as of May 2013, New York has the highest cash sales share at 53 percent, while Washington, D.C. has the lowest share at 19 percent. While it's not a surprise that markets like Riverside, Calif. and Phoenix have cash sales shares exceeding 40 percent, some markets like Chicago and Philadelphia also exhibit similar cash sales share levels, more due to a weak level of mortgaged sales versus outright strength in cash sales like in Phoenix and Riverside.

All 10 markets exhibit moderate-to-large increases in cash sales compared to during the boom (Figure 5). Los Angeles, where the cash sales share rose from 7 percent in 2005 to 34 percent as of May 2013, is the clear leader. Riverside and Atlanta have also exhibited very large increases in cash sales shares relative to 2005. The markets that increased the least include Dallas and Houston, and affluent markets such as Washington and New York. It's not a surprise that cash sales did not increase in Washington, D.C. and New York nearly as much as in the boom-bust markets because they had less investor activity, and their real estate markets were less volatile during the boom and subsequent bust.

While CoreLogic has chronicled the substantial declines in REO sales beginning in early 2012, what has been surprising is the surge in prices for non-distressed cash sales in the markets with the most investor activity. This indicates that investors are moving from REO and short sales to the non-distressed resale segment. As of April 2013, among the top 10 markets (Figure 6), the highest year-ago price increases for non-distressed cash resales were Atlanta (46 percent), Phoenix (34 percent) and Riverside (28 percent). While each is

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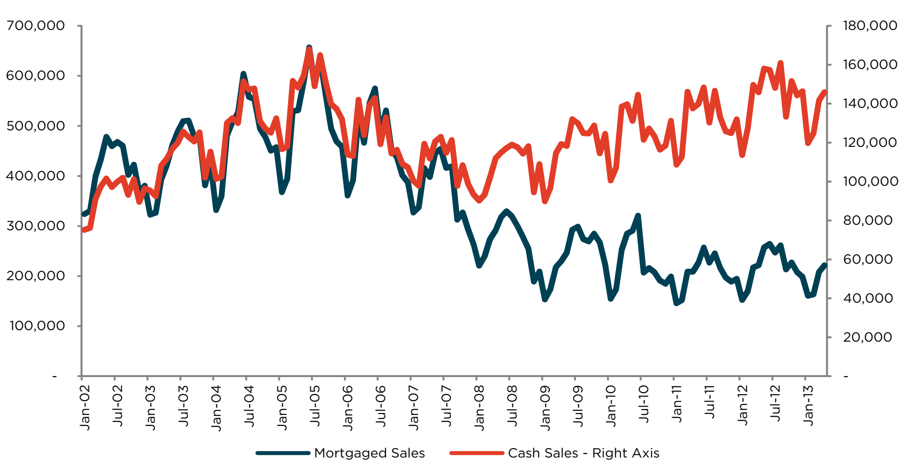
FIGURE 3. CASH SALES SAVE THE DAY

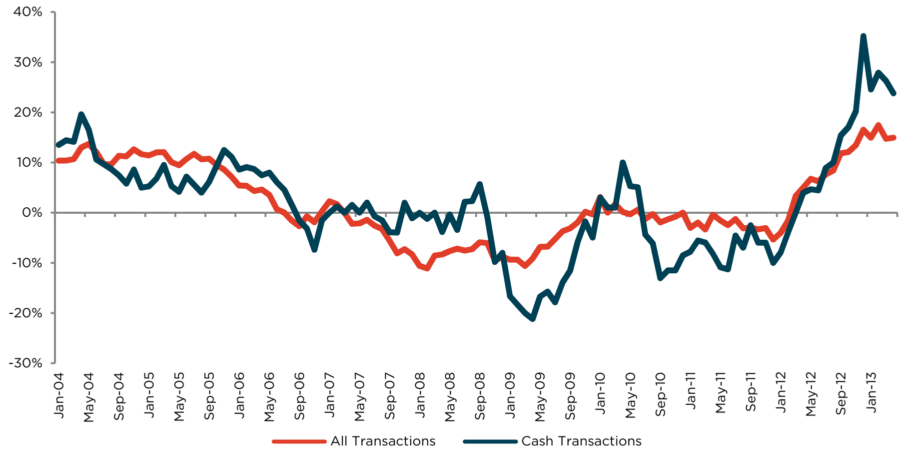
Cash Sales Replaced Mortgaged Sale Demand



Source: CoreLogic April 2013

FIGURE 4. CASH PRICES SURGED HIGHER IN 2012

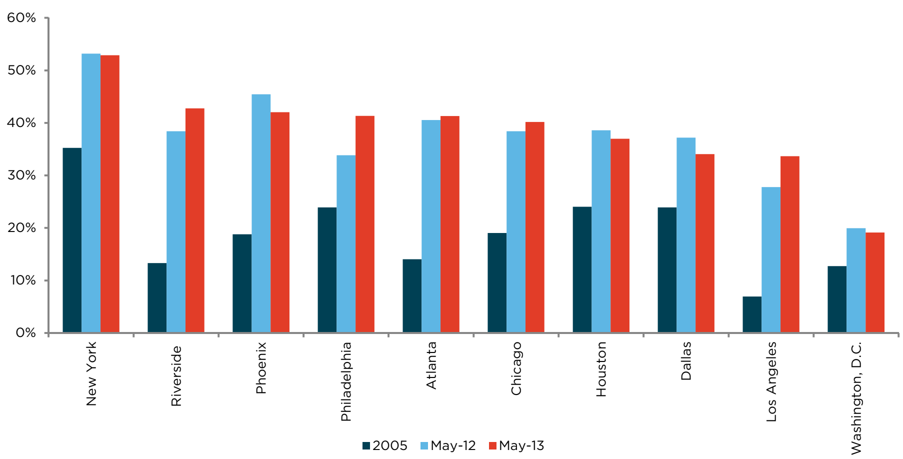
Year-Over-Year Change in Prices



Source: CoreLogic April 2013

FIGURE 5. WHERE CASH IS KING

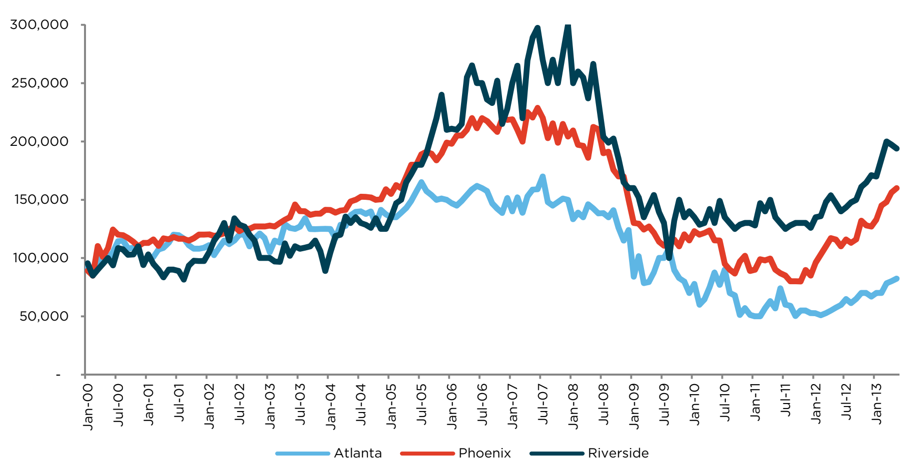
Cash Sales Share for Largest 10 Markets



Source: CoreLogic May 2013

FIGURE 6. INVESTORS SHIFT TO NON DISTRESSED RESALES

Median Cash Prices Surging for Non-Distressed Resales



Source: CoreLogic May 2013

up significantly, the dynamics of each market are different. Non-distressed cash prices began to surge in late 2011 in Phoenix, whereas in Riverside and Atlanta they surged in the spring and summer of 2012, respectively. The timing was not only different, but their impact on broader prices was different as well. In Phoenix and Riverside, the co-movements between cash and mortgaged non-distressed prices are heavily correlated, but in Atlanta, while cash prices have surged, mortgaged prices are up much less and have even moved down in some periods.

Conclusion

Cash sales provided an infusion of life into the real estate market when it was needed the most. However, cash sales are a double-edged sword since a much higher proportion of cash sales is made by investors, not traditional trade-up or new homebuyers who typically use a mortgage. The rapid rise in home prices will soon lead to a lower presence of cash sales as investor activity returns to moderate levels. In order for sale volumes to rise next year, the presence of traditional and new homebuyers will need to increase to replace the cash buyer. While mortgaged sales have been slowly lifting off a low bottom for two years, what remains to be observed is the impact of the recent rise in mortgage rates on those two segments. Given the very high home affordability levels also presented in this issue of the MarketPulse and more supply on the market, CoreLogic remains optimistic that rising rates and home prices will not dissuade the more traditional buyer from entering the market and financing a home purchase.

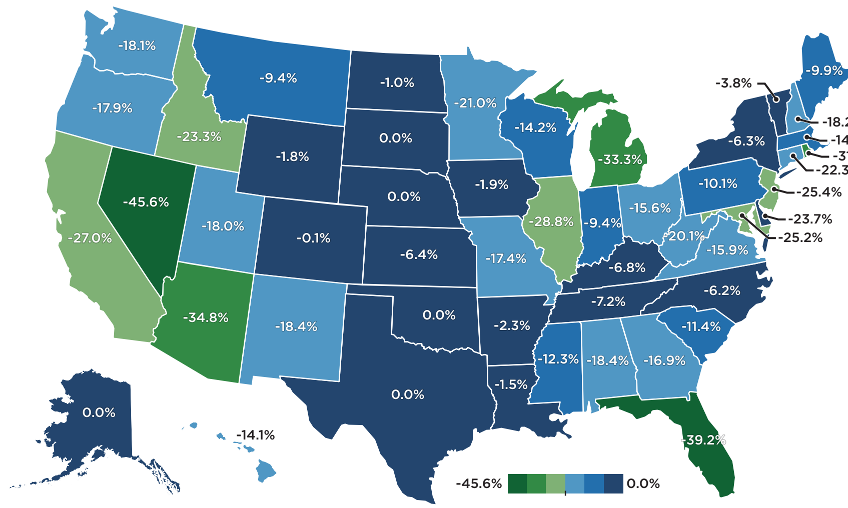
End.

Recovery: A long row to hoe?

By Kathryn Dobbyn

Recently, there has been a lot of discussion about the surge in home prices and even some speculation of a new housing bubble. To put the current rise in context, the map to the right shows the percent change between the current CoreLogic Home Price Index and the peak index value for each state. Overall, the recovery has been rather uneven, with states that enjoyed the largest home price increases before the recession still far from their prior peaks and states that missed the housing boom closer to recovering their losses. The oil and gas boom hasn't hurt either, and has helped buoy five states to historical highs in May 2013: Alaska, Texas, Oklahoma, South Dakota and Nebraska. North Dakota, the epicenter of the shale industry, is down 1 percent from its April 2013 peak. Not all states are as fortunate, however, with the average state still 14.2 percent from its peak and

CORELOGIC HOME PRICE INDEX: PERCENT CHANGE FROM PEAK



Source: CoreLogic May 2013

five states still over 30 percent below their peaks: Arizona, Florida, Michigan, Nevada and Rhode Island. Arizona, which has recently seen jaw-dropping home price appreciation, is still 45.6 percent from the peak hit 86 months ago. Even if it could maintain the current year-over-year appreciation rate of 16.9 percent, it would still take another 35 months for Arizona home prices to get back to their historical highs. Speculating on a new bubble is likely premature.

End.

In the News

Foreclosures Plunge As Housing Recovery Strengthens, *July 9*

Investor's Business Daily

The housing recovery continued to gain momentum in May, with the number of homes in foreclosure down sharply from a year ago, according to a report released Tuesday by CoreLogic. The number of completed foreclosures in the U.S. fell 27% in May.

Home price gains bring sellers off the sidelines, *July 9*

Oakland Press/Associated Press

As more homes are put up for sale, price increases are expected to moderate. Mark Fleming, chief economist at real estate data provider CoreLogic Inc., calls it "a virtuous circle."

Florida still foreclosure capital, *July 9*

MiamiHerald.com

CoreLogic said the national foreclosure picture was brighter, with about one million homes in some stage of foreclosure in May, a 29 percent drop from a year earlier.

Mortgage rates for 30 and 15 year fixed home loans climb alongside Home Prices, *July 8*

Learning and Finance

According to CoreLogic data, the percent of mortgaged homes which were underwater decreased by about 24 percent from a year prior to the end of March.

Sellers returning to residential market, *July 8*

Triangle Business Journal

With fewer and fewer homes in trouble, mortgage-wise, sellers are returning to the market. CoreLogic Inc. says nearly 20 percent of U.S. mortgaged homes were underwater at the end of March.

Home Prices Jump In May By Most In 7 Years, *July 2*

Huffington Post

Real estate data provider CoreLogic said Tuesday that home prices rose from a year ago in 48 states. They fell only in Delaware and Alabama.

NATIONAL SUMMARY MAY 2013

	Jun 2012	Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	2010	2011	2012
Total Sales*	5,047	4,731	5,056	4,148	4,532	4,210	4,110	3,511	3,660	4,547	5,081	5,506	4,177	4,046	4,363
— New Sales*	359	324	358	310	328	317	320	249	261	313	319	350	347	302	316
— Existing Sales*	3,579	3,370	3,610	2,915	3,154	2,845	2,832	2,372	2,506	3,239	3,741	4,148	2,702	2,638	3,002
— REO Sales*	659	608	625	509	578	617	531	541	531	569	551	505	803	762	630
— Short Sales*	410	399	426	384	437	398	400	324	337	396	442	473	275	304	380
Distressed Sales Share	21.2%	21.3%	20.8%	21.5%	22.4%	24.1%	22.6%	24.6%	23.7%	21.2%	19.5%	17.8%	25.8%	26.3%	23.1%
HPI MoM	2.0%	1.2%	0.6%	-0.1%	-0.4%	0.1%	0.2%	0.1%	0.3%	2.2%	3.1%	2.6%	-0.3%	-0.2%	0.7%
HPI YoY	3.7%	4.2%	4.9%	5.5%	6.2%	7.5%	8.6%	9.4%	9.9%	10.9%	11.9%	12.2%	-0.3%	-4.1%	3.7%
HPI MoM Excluding Distressed	1.6%	0.9%	0.4%	-0.2%	-0.3%	0.2%	0.1%	0.7%	0.6%	1.9%	2.7%	2.3%	-0.3%	-0.3%	0.5%
HPI YoY Excluding Distressed	1.5%	2.2%	2.9%	3.4%	4.2%	5.4%	6.4%	7.5%	8.5%	9.7%	11.0%	11.6%	-1.6%	-3.9%	1.5%
90 Days + DQ Pct	6.9%	6.8%	6.8%	6.7%	6.5%	6.4%	6.4%	6.3%	6.2%	6.0%	5.8%	5.6%	8.1%	7.4%	6.8%
Foreclosure Pct	3.4%	3.4%	3.3%	3.2%	3.1%	3.0%	3.0%	2.9%	2.9%	2.8%	2.7%	2.6%	3.2%	3.5%	3.3%
REO Pct	0.4%	0.4%	0.4%	0.4%	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**	131	126	125	116	123	103	94	100	91	89	97	90	2,103	1,525	1,457
Completed Foreclosures**	68	64	71	83	66	62	49	53	44	43	50	52	1135	923	805
Negative Equity Share	22.3%	N/A	N/A	22.0%	N/A	N/A	21.7%	N/A	N/A	19.8%	N/A	N/A	25.3%	24.9%	22.7%
Negative Equity**	10,779	N/A	N/A	10,574	N/A	N/A	10,515	N/A	N/A	9,665	N/A	N/A	11,904	11,820	10,925
Months Supply Distressed Homes	6.81	7.24	6.67	8.04	7.15	7.60	7.68	8.87	8.20	6.37	5.47	4.87	10.25	9.58	7.99

*Thousands of Units, Annualized **Thousands of Units †May Data

LARGEST 25 CBSA SUMMARY MAY 2013

	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 avg.)
Chicago-Joliet-Naperville, IL	96,265	28.3%	35.6%	35.8%	3.9%	8.8%	-31.0%	8.7%	-21.5%	-32.5%	34.4%	12.9
Los Angeles-Long Beach-Glendale, CA	92,362	9.3%	28.4%	40.7%	19.8%	19.0%	-24.5%	4.2%	-37.2%	-63.7%	15.2%	6.2
Atlanta-Sandy Springs-Marietta, GA	83,289	25.3%	30.2%	38.3%	16.2%	14.1%	-17.8%	5.9%	-30.6%	-43.9%	33.0%	7.9
New York-White Plains-Wayne, NY-NJ	68,143	7.5%	9.6%	9.9%	7.8%	8.3%	-9.4%	8.4%	-6.9%	-15.8%	10.7%	13.5
Washington-Arlington-Alexandria, DC-VA-MD-WV	65,035	7.3%	19.6%	24.7%	8.6%	9.8%	-17.7%	4.7%	-18.7%	-32.3%	21.5%	7.1
Houston-Sugar Land-Baytown, TX	110,406	11.4%	17.5%	18.7%	10.2%	10.9%	0.0%	3.5%	-27.0%	-41.2%	8.7%	3.0
Phoenix-Mesa-Glendale, AZ	101,399	-6.7%	24.7%	41.6%	18.3%	16.0%	-35.5%	3.2%	-49.9%	-81.8%	31.4%	2.6
Riverside-San Bernardino-Ontario, CA	73,873	-0.9%	37.6%	51.8%	18.0%	17.3%	-42.5%	5.6%	-41.1%	-74.4%	30.1%	5.7
Dallas-Plano-Irving, TX	82,451	12.0%	18.5%	19.6%	10.2%	11.7%	-0.3%	3.7%	-23.8%	-30.9%	7.6%	3.3
Minneapolis-St. Paul-Bloomington, MN-WI	47,045	10.0%	19.5%	24.9%	7.4%	7.5%	-22.7%	3.2%	-30.2%	-59.8%	18.6%	4.8
Philadelphia, PA	N/A	N/A	N/A	N/A	4.3%	5.6%	-11.9%	5.4%	-7.4%	-19.8%	9.3%	N/A
Seattle-Bellevue-Everett, WA	42,820	23.6%	19.6%	27.4%	15.8%	15.3%	-17.3%	5.0%	-26.4%	-22.1%	11.7%	6.7
Denver-Aurora-Broomfield, CO	57,587	22.6%	19.3%	29.1%	10.7%	10.0%	0.0%	2.6%	-37.1%	-62.4%	13.5%	2.4
Baltimore-Towson, MD	34,603	12.5%	18.2%	18.9%	4.0%	5.9%	-20.9%	7.3%	-8.2%	-21.9%	16.7%	11.2
San Diego-Carlsbad-San Marcos, CA	44,893	14.5%	28.0%	40.4%	18.4%	16.4%	-24.4%	3.3%	-41.3%	-68.9%	18.3%	3.9
Santa Ana-Anaheim-Irvine, CA	36,564	16.9%	22.1%	34.9%	21.2%	19.8%	-21.3%	2.8%	-44.2%	-64.2%	10.0%	3.9
St. Louis, MO-IL	48,418	11.6%	27.4%	26.7%	2.0%	5.1%	-18.2%	3.8%	-21.9%	-39.6%	9.1%	4.0
Tampa-St. Petersburg-Clearwater, FL	65,534	17.5%	29.2%	29.0%	9.5%	11.9%	-39.4%	13.6%	-24.8%	-32.0%	15.2%	10.5
Nassau-Suffolk, NY	23,899	5.9%	7.3%	5.9%	3.9%	4.0%	-22.9%	10.3%	-5.1%	-14.1%	40.1%	21.8
Oakland-Fremont-Hayward, CA	37,578	4.4%	29.1%	44.7%	23.9%	18.8%	-26.9%	3.3%	-43.6%	-70.3%	21.4%	4.4
Warren-Troy-Farmington Hills, MI	N/A	N/A	N/A	N/A	10.1%	9.5%	-31.1%	3.6%	-34.0%	-69.8%	33.5%	N/A
Portland-Vancouver-Hillsboro, OR-WA	34,989	17.8%	20.2%	27.8%	15.8%	13.7%	-16.2%	4.7%	-18.7%	-19.5%	10.2%	6.0
Sacramento--Arden-Arcade--Roseville, CA	40,455	5.2%	35.9%	53.1%	24.2%	22.6%	-37.1%	3.9%	-44.5%	-72.5%	24.2%	4.2
Edison-New Brunswick, NJ	26,730	9.9%	13.1%	11.8%	-1.0%	-0.3%	-26.5%	9.0%	-4.0%	-20.6%	15.4%	14.2
Orlando-Kissimmee-Sanford, FL	49,345	10.8%	35.7%	38.9%	13.8%	12.9%	-42.8%	13.5%	-27.9%	-38.5%	41.8%	11.2

NOTE: * Data may be light in some jurisdictions.
** Negative Equity Data through Q1 2013
†May Data

STATE SUMMARY MAY 2013

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 avg.)
Alabama	39,675	5.5%	19.5%	14.8%	-0.1%	4.6%	-18.4%	4.9%	-13.1%	-34.0%	17.4%	7.9
Alaska	10,986	6.1%	11.5%	11.7%	5.6%	6.9%	0.0%	1.8%	-19.8%	-41.6%	6.2%	1.6
Arizona	140,520	-3.8%	25.4%	40.4%	16.9%	14.7%	-34.8%	3.4%	-45.3%	-77.7%	31.3%	2.9
Arkansas	37,675	-11.0%	9.2%	8.2%	0.9%	2.8%	-2.3%	5.3%	-4.9%	-19.0%	10.2%	4.8
California	491,918	5.8%	30.5%	44.4%	20.2%	18.5%	-27.0%	3.9%	-40.9%	-68.8%	21.3%	4.8
Colorado	110,188	16.9%	20.4%	27.8%	9.3%	8.8%	-0.1%	2.6%	-35.0%	-60.1%	14.2%	2.4
Connecticut	38,261	11.8%	19.7%	18.8%	3.7%	5.4%	-22.3%	6.9%	-8.9%	-14.5%	15.8%	10.2
Delaware	9,169	-10.3%	20.8%	20.7%	-0.6%	0.9%	-23.8%	6.3%	-8.1%	-24.4%	18.7%	12.7
District of Columbia	8,014	14.6%	9.2%	9.4%	10.4%	9.7%	0.0%	5.1%	-9.9%	-23.5%	9.7%	7.2
Florida	464,931	12.1%	28.7%	30.7%	11.1%	12.8%	-39.2%	13.3%	-26.0%	-36.9%	38.1%	9.7
Georgia	133,532	17.3%	26.7%	31.6%	14.2%	12.8%	-16.9%	5.5%	-27.6%	-41.6%	30.6%	7.0
Hawaii	16,879	5.0%	12.4%	19.0%	16.1%	12.3%	-14.1%	5.6%	-17.8%	-18.4%	7.5%	6.6
Idaho	36,921	10.1%	17.7%	27.4%	12.7%	13.2%	-23.3%	3.9%	-22.5%	-38.0%	16.4%	2.9
Illinois	156,291	18.7%	30.6%	28.1%	2.4%	6.6%	-28.8%	7.5%	-20.8%	-32.8%	29.3%	10.3
Indiana	121,466	14.7%	19.4%	18.6%	3.4%	5.1%	-9.4%	5.2%	-20.6%	-36.6%	11.6%	4.3
Iowa	45,805	-4.0%	9.5%	9.4%	1.8%	2.5%	-1.9%	3.3%	-17.7%	-30.9%	9.9%	3.0
Kansas	35,019	14.1%	16.9%	16.2%	5.6%	7.5%	-6.4%	3.5%	-18.9%	-37.0%	9.1%	3.7
Kentucky	45,438	0.0%	16.7%	13.5%	1.1%	2.9%	-6.8%	4.6%	-18.4%	-36.4%	10.3%	5.2
Louisiana	50,358	-7.4%	15.2%	14.1%	4.8%	5.2%	-1.5%	5.1%	-14.0%	-36.5%	15.9%	5.4
Maine	14,339	25.7%	9.3%	9.8%	12.2%	8.0%	-9.9%	6.7%	-8.6%	-11.1%	9.2%	8.1
Maryland	74,723	9.9%	21.4%	23.4%	4.4%	6.8%	-25.2%	7.4%	-11.0%	-23.8%	22.6%	11.7
Massachusetts	90,507	10.2%	8.4%	12.9%	9.2%	8.1%	-14.2%	4.9%	-13.2%	-25.5%	15.0%	5.5
Michigan	166,084	6.0%	36.4%	34.9%	8.3%	8.8%	-33.3%	4.2%	-30.0%	-65.0%	32.0%	4.0
Minnesota	70,226	2.4%	16.6%	20.4%	5.6%	5.8%	-21.0%	3.1%	-27.8%	-58.8%	17.5%	4.4
Mississippi	N/A	N/A	N/A	N/A	0.5%	2.9%	-12.3%	6.2%	-15.9%	-43.7%	N/A	N/A
Missouri	89,881	7.2%	25.2%	25.0%	2.9%	5.5%	-17.4%	3.5%	-22.9%	-43.8%	15.3%	3.6
Montana	15,119	10.0%	14.5%	15.5%	10.6%	9.9%	-9.4%	2.2%	-22.7%	-50.7%	5.6%	2.2
Nebraska	29,730	-5.5%	9.0%	9.9%	4.3%	3.8%	0.0%	2.3%	-16.7%	-38.4%	11.1%	2.0
Nevada	67,299	-10.2%	40.2%	54.4%	26.0%	23.0%	-45.6%	9.3%	-28.9%	-59.5%	45.4%	7.2
New Hampshire	18,692	11.5%	23.1%	25.1%	4.4%	6.2%	-18.2%	3.7%	-18.2%	-41.5%	21.4%	4.4
New Jersey	88,031	10.7%	15.0%	14.3%	2.9%	3.5%	-25.4%	10.8%	-5.6%	-19.8%	19.0%	17.4
New Mexico	25,771	13.7%	18.1%	18.1%	3.2%	5.0%	-18.4%	5.0%	-16.3%	-23.6%	13.3%	5.7
New York	155,762	1.3%	6.5%	6.1%	9.8%	10.0%	-6.3%	8.0%	-3.7%	-12.1%	7.7%	11.4
North Carolina	130,044	13.4%	16.1%	15.0%	5.6%	7.4%	-6.2%	4.5%	-20.9%	-37.6%	12.2%	5.5
North Dakota	14,033	0.1%	3.7%	3.8%	6.8%	6.4%	-1.0%	1.2%	-22.4%	-27.1%	5.9%	0.6
Ohio	159,617	9.2%	24.2%	25.9%	2.5%	5.9%	-15.6%	5.8%	-19.0%	-34.9%	26.3%	6.0
Oklahoma	67,194	-1.3%	10.9%	10.5%	3.1%	3.6%	0.0%	4.6%	-12.9%	-20.4%	7.8%	3.1
Oregon	59,772	15.4%	20.3%	27.5%	15.5%	13.2%	-17.9%	4.9%	-16.4%	-17.3%	14.8%	5.8
Pennsylvania	148,811	9.5%	13.2%	12.3%	3.1%	4.9%	-10.1%	5.5%	-7.2%	-19.0%	10.3%	6.3
Rhode Island	12,216	3.2%	21.4%	24.2%	6.1%	6.7%	-31.3%	6.7%	-10.6%	-30.8%	25.8%	8.5
South Carolina	71,809	13.8%	21.9%	22.2%	7.2%	7.9%	-11.4%	5.2%	-19.7%	-31.3%	15.9%	5.4
South Dakota	N/A	N/A	N/A	N/A	5.6%	5.4%	0.0%	2.0%	-17.0%	-38.5%	N/A	N/A
Tennessee	116,546	10.5%	20.7%	20.4%	5.3%	6.9%	-7.2%	4.8%	-21.8%	-49.2%	15.2%	3.5
Texas	457,946	9.9%	15.9%	16.3%	8.5%	10.0%	0.0%	3.4%	-23.9%	-34.2%	7.2%	2.6
Utah	51,515	3.3%	16.6%	25.1%	12.1%	12.5%	-18.0%	3.6%	-24.8%	-46.2%	13.9%	3.5
Vermont	N/A	N/A	N/A	N/A	4.0%	5.0%	-3.8%	3.8%	-8.4%	-14.6%	N/A	N/A
Virginia	100,360	2.0%	20.0%	23.1%	7.7%	8.1%	-15.9%	3.2%	-19.1%	-53.0%	17.0%	4.9
Washington	99,378	16.2%	19.6%	25.5%	12.9%	13.2%	-18.1%	5.4%	-19.5%	-16.0%	14.7%	7.3
West Virginia	N/A	N/A	N/A	N/A	8.2%	8.6%	-20.1%	3.2%	-17.6%	-42.6%	9.3%	N/A
Wisconsin	83,078	13.4%	15.4%	16.0%	3.3%	4.5%	-14.2%	3.4%	-23.4%	-46.9%	16.3%	3.7
Wyoming	8,189	27.5%	12.0%	13.4%	14.3%	9.5%	-1.8%	1.8%	-20.3%	-57.6%	7.4%	1.9

NOTE: * Data may be light in some jurisdictions.
** Negative Equity Data through Q1 2013

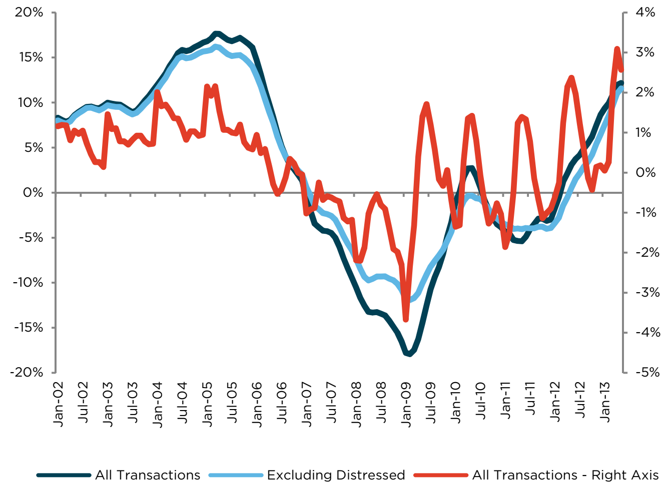
†May Data

Home Prices

- Home prices nationwide, including distressed sales, increased on a year-over-year basis by 12.2 percent in May 2013 compared to May 2012. Including distressed sales, the five states with the highest home price appreciation were all located in the western half of the United States. These five states were: Nevada (+26 percent), California (+20.2 percent), Arizona (+16.9 percent), Hawaii (+16.1 percent) and Oregon (+15.5 percent). Including distressed sales, 14 states and the District of Columbia showed double-digit year-over-year growth in May 2013. Over the past year, home prices in 10 states equaled or grew faster than home prices nationwide.
- Including distressed transactions, the peak-to-current change in the national Home Price Index (HPI) from April 2006 to May 2013 was -20.4 percent. Excluding distressed transactions, the peak-to-current change in the HPI for the same period was -14.9 percent. The five states with the largest peak-to-current declines, including distressed transactions, were Nevada (-45.6 percent), Florida (-39.2 percent), Arizona (-34.8 percent), Michigan (-33.3 percent) and Rhode Island (-31.3 percent).

HOME PRICE INDEX

Pct Change from Year Ago | Pct Change from Month Ago



Source: CoreLogic May 2013

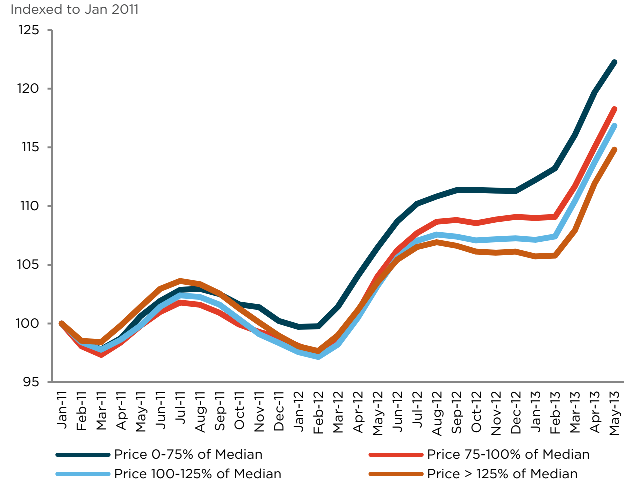
YoY HPI GROWTH FOR 25 HIGHEST RATE STATES

Min, Max, Current since Jan 1976

Source: CoreLogic May 2013

HPI BY PRICE SEGMENT

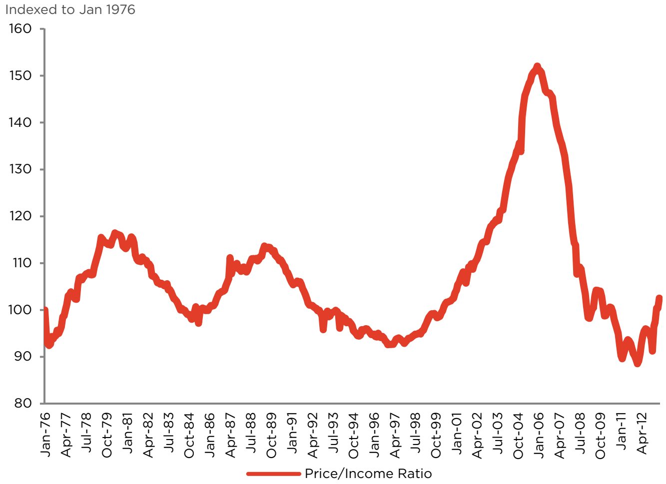
Indexed to Jan 2011



Source: CoreLogic May 2013

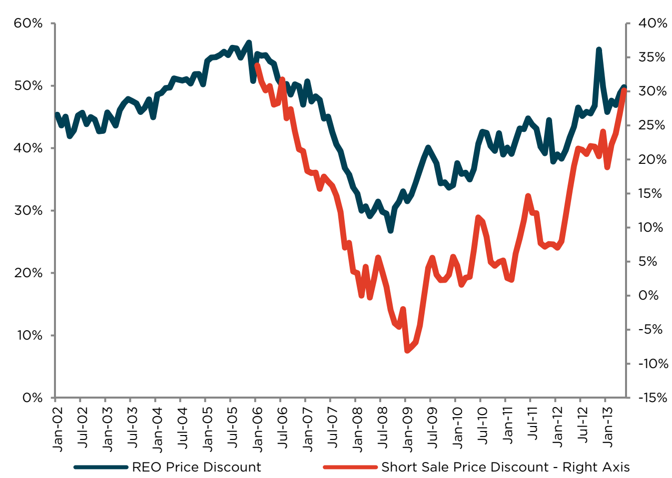
PRICE TO INCOME RATIO

Indexed to Jan 1976



Source: CoreLogic, BEA May 2013

DISTRESSED SALES DISCOUNT



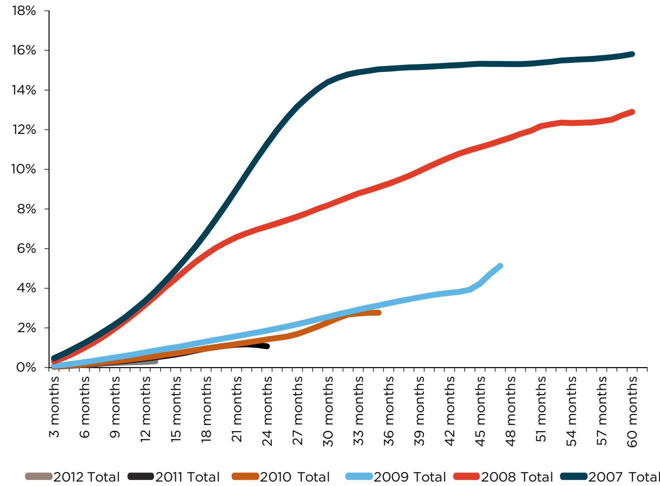
Source: CoreLogic May 2013

Mortgage Performance

- At the end of May 2013, close to 2.2 million mortgages, or 5.6 percent of total mortgages, were in serious delinquency (defined as 90 days or more past due, including those in foreclosure or REO). On a year-over-year basis, the stock of mortgages in serious delinquency decreased by 22 percent. The stock of seriously delinquent mortgages has decreased for 16 consecutive months and is down 39 percent from its peak in January 2010. Moreover, the rate of seriously delinquent mortgages is at its lowest level since December 2008.
- As of May 2013, the inventory of foreclosed homes stood at 1 million, a year-over-year decline of 29 percent. Nationwide, the inventory of foreclosed homes has experienced eight consecutive months of year-over-year double-digit declines, including five consecutive months of at least 20 percent decline. There were 52,000 completed foreclosures in May 2013, representing a year-over-year decrease of 27 percent. The 12-month sum of completed foreclosures was at its lowest point since March 2008.

CONFORMING PRIME SERIOUS DELINQUENCY RATE

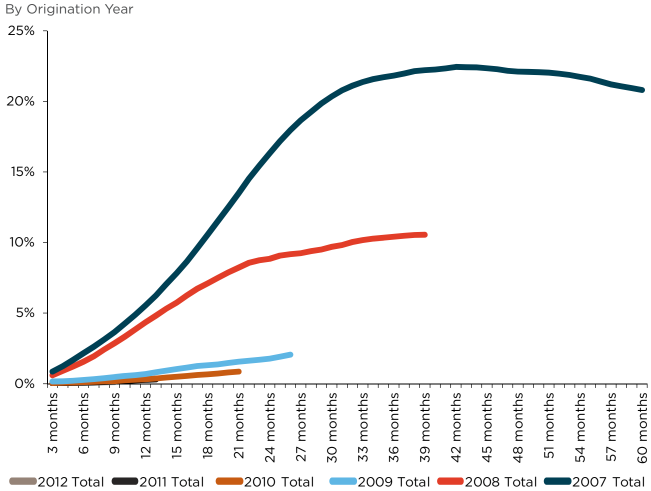
By Origination Year



Source: CoreLogic April 2012

JUMBO PRIME SERIOUS DELINQUENCY RATE

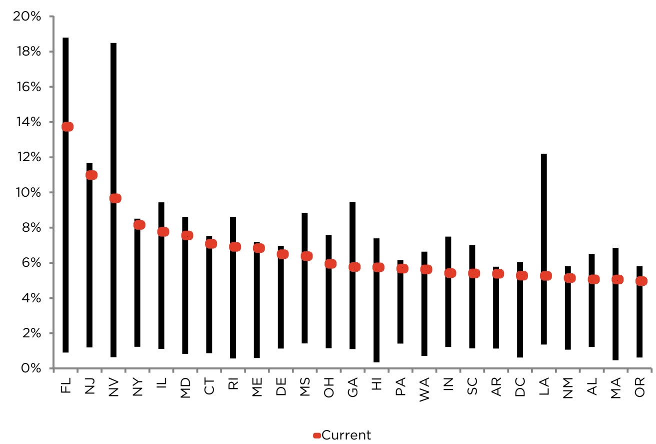
By Origination Year



Source: CoreLogic April 2012

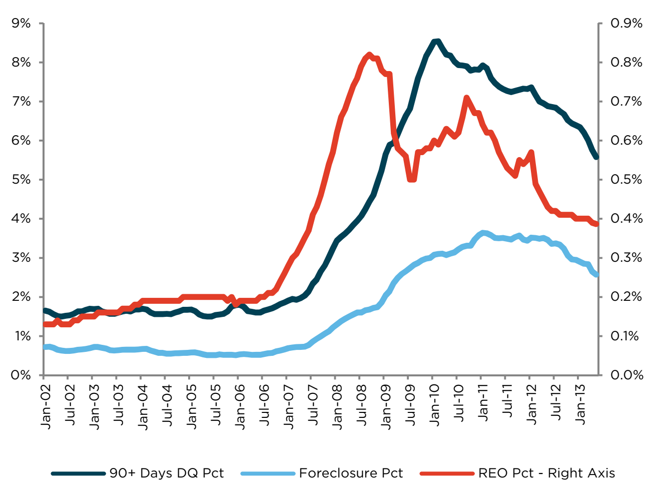
SERIOUS DELINQUENCIES FOR 25 HIGHEST RATE STATES

Min, Max, Current since Jan 2000



Source: CoreLogic May 2013

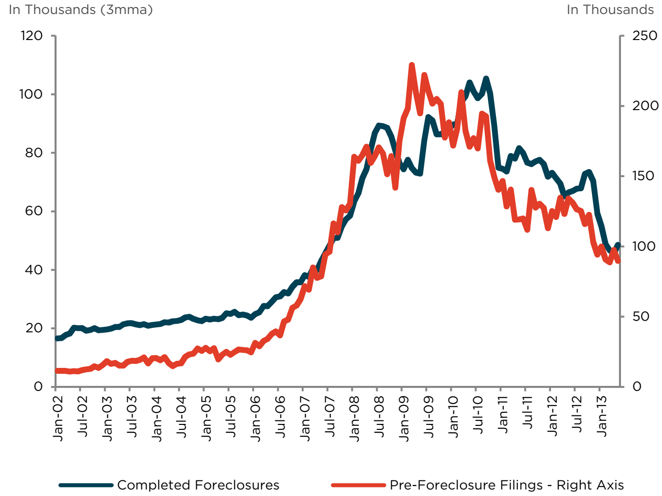
OVERALL MORTGAGE PERFORMANCE



Source: CoreLogic May 2013

PRE-FORECLOSURE FILINGS AND COMPLETED FORECLOSURES

In Thousands (3mma)
In Thousands



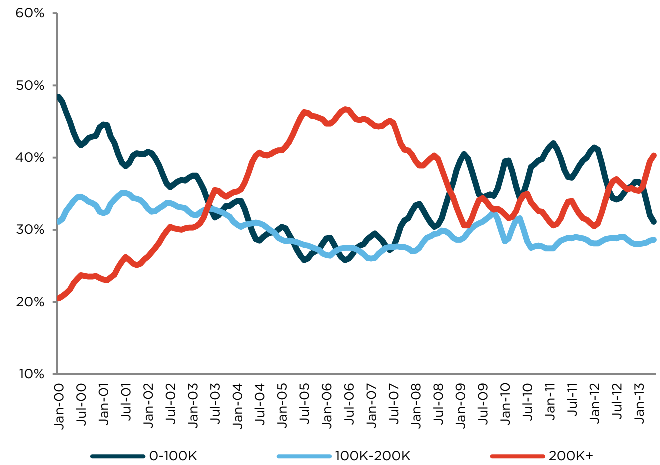
Source: CoreLogic May 2013

Home Sales

- Total home sales increased by 5 percent year-over-year in May 2013, despite new home sales remaining the same from a year ago. Sales of previously owned homes grew at a healthy 19 percent year-over-year pace, illustrating strong momentum into the summer months.
- Nationwide, the share of distressed sales accounted for 17 percent of all home sales in May 2013, the lowest level since June 2008. REO sales accounted for about half of all distressed sales in May 2013, a 32 percent year-over-year decrease from May 2012. The share of REO sales was at the lowest level since December 2007, and has decreased for five consecutive months, indicating continued sustainable home sales into the summer buying season.

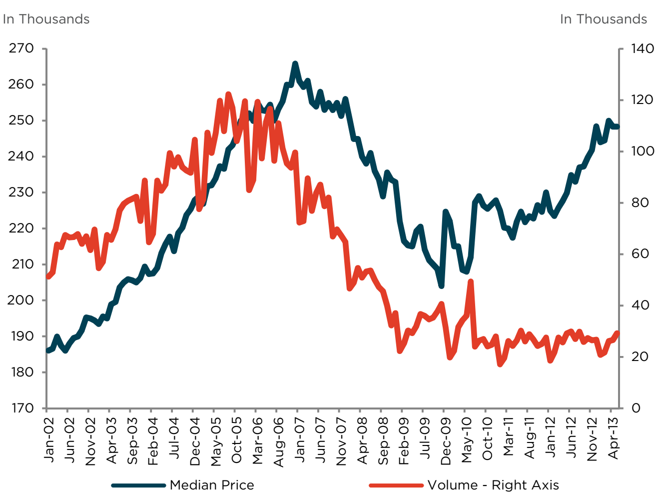
HOME SALES SHARE BY PRICE TIER

As a Percentage of Total Sales



Source: CoreLogic May 2013

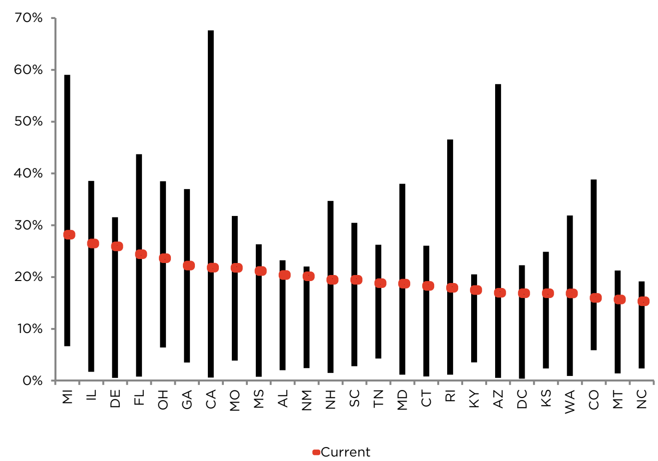
NEW HOME SALES TRENDS



Source: CoreLogic May 2013

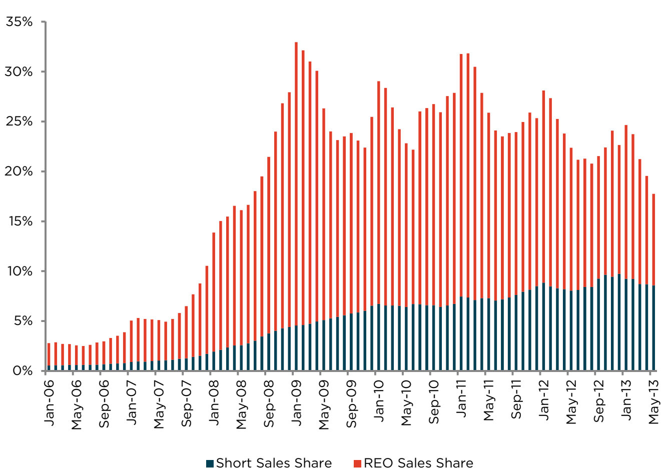
DISTRESSED SALE SHARE FOR 25 HIGHEST RATE STATES

Min, Max, Current



Source: CoreLogic May 2013

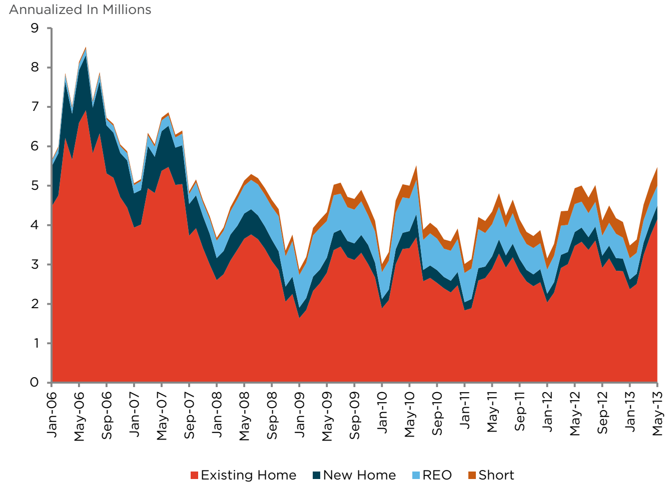
DISTRESSED SALES AS PERCENTAGE OF TOTAL SALES



Source: CoreLogic May 2013

SALES BY SALE TYPE

Annualized In Millions



Source: CoreLogic May 2013

VARIABLE DESCRIPTIONS

Variable	Definition
Total Sales	The total number of all home-sale transactions during the month.
Total Sales 12-month sum	The total number of all home-sale transactions for the last 12 months.
Total Sales YoY Change 12-month sum	Percentage increase or decrease in current 12 months of total sales over the prior 12 months of total sales
New Home Sales	The total number of newly constructed residential housing units sold during the month.
New Home Sales Median Price	The median price for newly constructed residential housing units during the month.
Existing Home Sales	The number of previously constucted 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.
REO Sales Share	The number of REO Sales in a given month divided by total sales.
REO Price Discount	The average price of a REO divided by the average price of an existing-home sale.
REO Pct	The count of loans in REO as a percentage of the overall count of loans for the reporting period.
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.
Short Sales Share	The number of Short Sales in a given month divided by total sales.
Short Sale Price Discount	The average price of a Short Sale divided by the average price of an existing-home sale.
Short Sale Pct	The count of loans in Short Sale as a percentage of the overall count of loans for the month.
Distressed Sales Share	The percentage of the total sales that were a distressed sale (REO or short sale).
Distressed Sales Share (sales 12-month sum)	The sum of the REO Sales 12-month sum and the Short Sales 12-month sum divided by the total sales 12-month sum.
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.
HPI Percent Change from Peak	Percent increase or decrease in HPI single family combined series from the respective peak value in the index.
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.
Stock of 90+ Delinquencies YoY Chg	Percent change year-over-year of the number of 90+ day delinquencies in the current month.
Foreclosure Pct	The percentage of the overall loan count that is currently in foreclosure as of the reporting period.
Percent Change Stock of Foreclosures from Peak	Percent increase or decrease in the number of foreclosures from the respective peak number of foreclosures.
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 UPB value, not origination value.
Months' Supply of Distressed Homes (total sales 12-month avg)	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.
Price/Income Ratio	CoreLogic HPI™ divided by Nominal Personal Income provided by the Bureau of Economic Analysis and indexed to January 1976.
Conforming Prime Serious Delinquency Rate	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).
Jumbo Prime Serious Delinquency Rate	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).

Source: CoreLogic

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