Volume 2, Issue 1

January 14th, 2013

Data as of November 2012

The MarketPulse

Inside News

Housing Statistics (November 2012)

Oct 2012 HPI YOY Chg	6.3%
Oct 2012 HPI YOY Chg XD	5.8%
NegEq Share (Q2 2012)	22.3%
Shadow Inventory (10/2012)	2.3m
Distressed Discount	36.3%
New Sales (ths, ann.)	257
Existing Sales (ths, ann.)	2,301
Average Sales Price	$233,194
HPI SFC Peak-to-Current (PTC)	-26.9%
Foreclosure Stock PTC	-22.8%

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Pleasant Surprises and Hopeful Futures

By Mark Fleming

What a pleasant economic surprise 2012 was! Here is what CoreLogic wrote at this time last year:

> *"Without more robust job creation, incomes will struggle to grow, and it's hard to see house prices in the long run rising without income growth. The housing market itself is beset by headwinds.[1]"*

In fact, 2012 was the first year in recent memory not beset by any major economic shocks. Remember the Japanese tsunami and the lingering effects of the Great Recession in 2010? Or the sovereign debt crisis, debt ceiling debate and domestic credit rating downgrade that curtailed confidence in 2011?

Gladly, the risk of a recession due to the shocks of 2011 has been largely averted. Job creation has fared better, certainly over the latter part of 2012. Given a target long-run annualized growth rate of 2.5 percent in GDP, the economy has actually performed relatively well (Figure 1).

Since the recession ended in June 2009[2], the economy has grown at an average real annualized quarterly rate of 2 percent. Through the third quarter, the 2012 growth rate was 2.1 percent. While fourth quarter 2012 GDP growth is not yet published, the economy has averaged a 2.63 percent GDP growth rate in the fourth quarters of 2009-2011. Of course, much of the result depends on how well the retail sector does in the fourth quarter.

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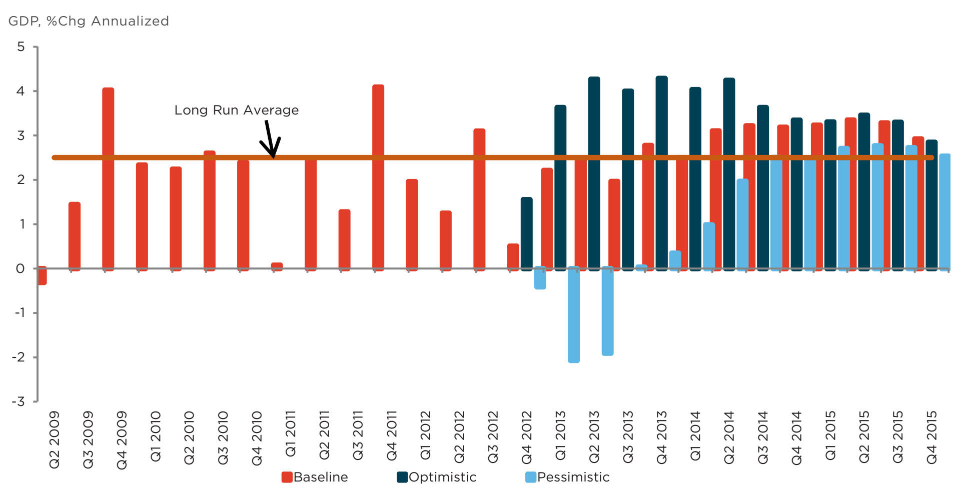
FIGURE 1. NOT SO FAR OFF THE MARK



Source: BEA Q3 – 2012

Footnote

[1] The Market Connections, December 2011, "Moving Sideways-Economic Growth Continues to Come Up Short"

[2] Business Cycle Dating Committee, National Bureau of Economic Research, September 20, 2010, http://www.nber.org/cycles/sept2010.html

Even the labor market has improved (Figure 2). Job growth lagged behind overall economic growth and did not turn positive until February 2010. The average monthly number of jobs created from February 2010 through November 2012 was 140,000. But through November 2012, the labor market was even stronger, creating on average 150,000 jobs per month. These levels can be compared to an average monthly number of 92,000 jobs[3] created between the recession at the beginning of the last decade and the beginning of the Great Recession.

While the economy is strengthening, there is more to be done. For example, concerns remain around structural unemployment and the falling labor force participation rate.

In 2013, the private sector will have to continue its recovery sufficiently to offset the expected drag from the public sector (federal, state, and local government spending and economic activity). The size of that drag will be heavily influenced by the economy's response to expected changes in the federal level of revenue and spending. The expectation is that private sector growth, helped by residential investment as housing continues to recover[4], will be sufficiently strong to offset the public-sector drag and yield a net-growth rate under, but close to, the long-run goal.

> "Housing was clearly one of the past year's biggest surprises. Even without significant gains in income, housing mounted an impressive recovery in 2012."

Housing was clearly one of the past year's biggest surprises. Even without significant gains in income, housing mounted an impressive recovery in 2012. Last year looking forward, shadow inventory loomed over the housing market. While the shadow inventory had improved from a peak of more than three million in 2010, it was falling slowly. It was also plagued by uncertainty as the state attorneys general worked out an agreement with major mortgage servicers[5] that would ultimately be adopted in 2012 as a broad framework for servicing distressed assets. The main fear was that foreclosures would resume in abundance and the distressed sales would depress home prices even further. In addition, negative equity remained elevated and without price appreciation, any improvement remained elusive.

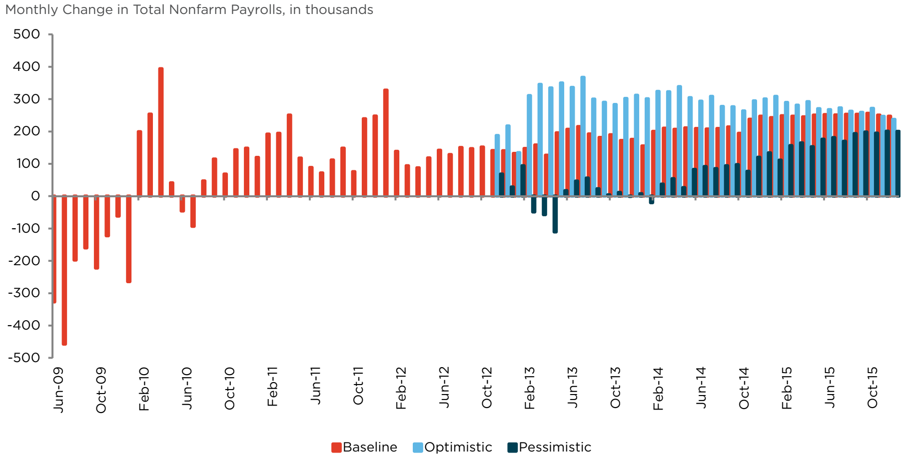
Fortunately, mortgage servicers had developed alternative loss-disposition processes. Thus, even after the attorneys general settlement, completed foreclosures continued to fall. Paradoxically, negative equity helped many of the hardest hit housing markets recover by locking out prospective sellers. Finally, the single-family rental market emerged as a significant source of demand for low-priced and distressed properties and a likely source of an emerging secondary market, asset-backed security in 2013. The housing market is discussed in more detail in "A Hopeful Future for Housing," on page 3 of this edition of The MarketPulse.

A good way to characterize 2012 is as a year in recovery, but not one in which the country has actually recovered. Recovery will likely continue in 2013, though we should not expect a full recovery by year-end. Financial crisis-driven recessions are particularly hard to recover from and this was a particularly large crisis. Nevertheless, 2012 was a pleasant surprise, particularly in the housing market, and the future is more hopeful than in years past.

End.

FIGURE 2. CREATING JOBS IS A LITTLE HARDER THAN WE HOPED

Monthly Change in Total Nonfarm Payrolls, in thousands



Source: BLS October 2012

Footnotes

[3] Bureau of Labor Statistics Data, Databases, Tables & Calculators by Subject, http://data.bls.gov/timeseries/CES0000000001?output_view=net_1mth

[4] This was discussed in more detail in "Economic Risk Versus Uncertainty" in the December issue of The MarketPulse.

[5] Find more information at: http://nationalmortgagesettlement.com/

A Hopeful Future for Housing

By Sam Khater

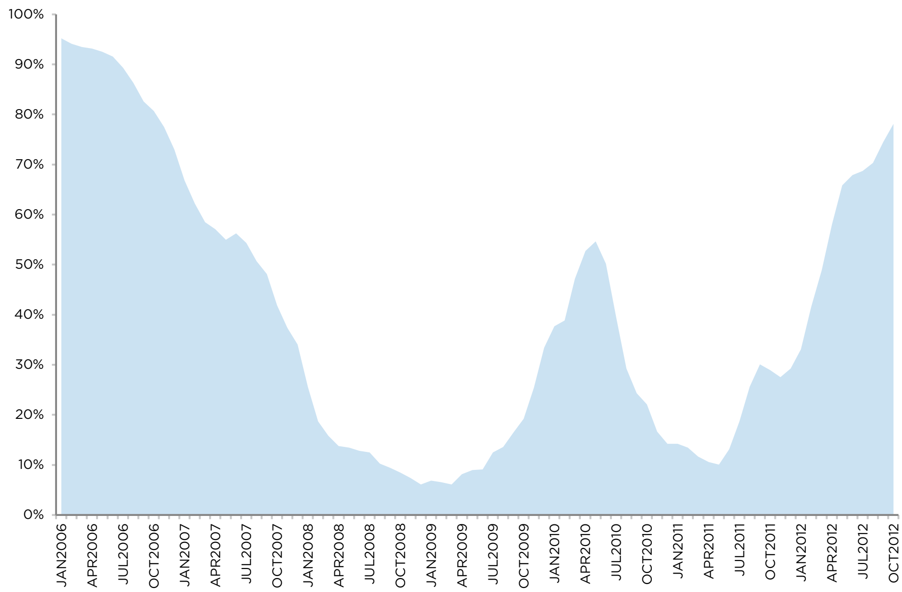
The housing market enters 2013 poised for further recovery, with improvements in prices, sales and serious delinquencies. This is an extremely positive development for the economy because the real estate cycle drives the business cycle, and until last year the economy was missing the key real estate residential investment component that drives economic growth.

The two major drivers of improvement in the market have been the decline of real estate owned (REO) sales and less available inventory. The decline in REOs drove a sharp turnaround in home prices, but the impact of the decline will be more muted in 2013.

The major factor driving the market in 2013 is the lack of inventory. Many trade-up borrowers have been locked out of the market because their outstanding loan balance is greater than the market value of their home. Current owners need to sell at prices high enough to extinguish their debt and provide equity for the next home purchase. Until home prices began to rebound in 2012, these borrowers had been effectively locked out and unable to list their homes for sale. The lock-out phenomenon, combined with the rise in investors converting foreclosures into rentals, led to a lack of for-sale inventory. With home prices rising in 2012 and 2013, tight for-sale inventory will begin to ease.

FIGURE 1. HOME PRICE GROWTH EXPANDING ACROSS MANY MARKETS

Share of CBSAs with Positive Price Increases from Year Earlier



Source: CoreLogic HPI October 2012

Home Sales and Performance Are Indicators of Improving Prices

In 2012, total home sales increased 6 percent to 4.2 million, up from 4 million in 2011[6]—the first increase since 2005. While sales are rising, they remain below the typical rate of about 5.5 million that the country experienced in the early 2000s. But the small rise masks more positive trends in the data, which are skewed by movements in distressed sales.

Non-distressed home sales increased 11 percent to 3.2 million. The rapid rise in non-distressed home sales, in context of the tight supply of unsold homes, was a strong driver of home prices in 2012. New sales increased 3 percent to nearly 300,000. Although the increase is small, prospective buyer traffic and new single-family starts ramped up[7], so 2013 should begin a string of yearly increases in new home sales. In 2012, REO sales declined more than 20 percent to 600,000, the third consecutive annual decline. Short sales rose 23 percent to 370,000 units, the highest level since the real estate downturn began.

Serious delinquencies declined by nearly 300,000 loans in 2012, which drove the seriously delinquent rate down to 6.9 percent, from 7.4 percent

Cont...

Footnotes

[6] Actual data are through October 2012 and adjusted for revisions. The last two months of 2012 were estimated with the assumption that sales are at the same run rate as YTD October 2012.

[7] National Association of Home Builders, December 18, 2012: “Builder Confidence Continues Improving in December” http://www.nahb.org/news_details.aspx?newsID=15643

in 2011. Since the January 2010 peak, serious delinquencies have declined by one million loans.

Initially, the decline was driven by HAMP modifications. Now, the impact of HAMP is rapidly waning and the decline is primarily being driven by foreclosure resolutions. In 2013, the decline will be driven by continued improvement in the labor market and home prices, which are the two most important drivers of performance.

Home Price Improvements Dramatic and Widespread

Home prices are by far the most important indicator in the housing market because they have strong ripple and housing-wealth effects. Prices are also important because this single indicator contains a variety of information on supply/demand dynamics, distressed sales and investor sentiment. The CoreLogic Home Price Index (HPI®), which is based on repeat sales, increased 6.3 percent in 2012, the largest increase since 2006[8]. More importantly, home price growth is happening across many more geographies. The share of Core Based Statistical Areas (CBSAs) with year-over-year appreciation improved to 78 percent in October, which is the highest share since October 2006 (Figure 1). This geographic diversity is likely to continue in 2013.

Lower REO Sales and Inventory Revive Prices

The primary reasons for the improvement in prices are the massive reduction in REO sales and a low inventory of homes for sale. REO prices can have a negative impact on overall price levels because they typically sell at more than a 20 percent discount. What is especially important is that, due to spillover effects, REOs have a strong negative impact on non-distressed sales prices. Recent property level research suggests that REOs can drive down prices of non-distressed sales by 30 percent[9]. This phenomenon is very evident at the macro level as well. As the economy and housing market materially weakened in 2006 and 2007, home prices leveled off but did not drop much. It was not until REO sales soared that home prices collapsed a few months later (Figure 2). Home prices only stabilized after the REO share stabilized, albeit at a high level.

> "Many trade-up borrowers have been locked out of the market because their outstanding loan balance is greater than the market value of their home. Current owners need to sell at prices high enough to extinguish their debt and provide equity for the next home purchase."

It is important to underscore that the market has a remarkable ability to adjust to levels of REO sales, but prices are very sensitive to changes in REO activity. The REO sale share fell from 19 percent in 2011 to 14 percent in 2012. However, this annual data masks the movement of the monthly data over the course of the year. The REO sale share in January 2012 was 20 percent, but fell to 11 percent as of October 2012.

The drop in REO sales in 2012 was felt across several segments. Last year, non-distressed median prices of existing homes and new homes increased 7 percent and 3 percent, respectively[10]. The increase in non-distressed prices accelerated in the second half of 2012, reaching more than 15 percent year-over-year growth for non-distressed re-sales and indicative of the impact of the sharp drop in REO sales during 2012. After displaying some strength earlier in the year, REO median prices weakened in the second half of 2012, declining 0.4 percent. The drop in REO prices further reflects the shifting composition of REO sales, which are flowing out of an increasingly smaller stock of REO properties and tend to be in more severe condition. These properties command a larger discount than usual and drive REO prices lower. For more on the drop in REO sales and prices, see "A Decline in Home Sales That We Can

Cont...

Footnotes

[8] The HPI data reflects the average YTD October 2012 prices relative to 2011.

[9] "How Do Foreclosures Exacerbate Housing Downturns," July 2012 by Adam Guren and Tim McQuade.

[10] The segment price data reflects the average YTD October 2012 average price compared to 2011.

All Appreciate" on page 6 of this issue of The MarketPulse.

While the decline in REO sales was the initial spark for rising prices, the drop in the inventory of unsold homes began to play a more important role last year. Since reaching 12 months' supply in July 2010, the months' supply steadily declined, reaching seven months in fall 2011, which is the long-term average since the 1980s. Months' supply remained fairly flat until June 2012 when it began to decline again as sales and prices began to accelerate. In November, the supply dipped further to 4.8 months, which supports healthy price increases[11].

Looking forward, CoreLogic expects continued market improvement, with home prices expected to rise 6 percent in 2013 due to high affordability fueling steady demand, a lower level of REO sales and a low inventory of unsold homes. Home prices will play an even more crucial role than usual in the market over the next two to three years. Rising home prices will slowly release the pent-up supply of inventory as under-equitied borrowers are unlocked and opportunistic sellers begin to provide relief to tight inventories.

Hopeful, with Headwinds

The economic recession ended more than three years ago, but the real estate market lagged. It is now rapidly recovering, albeit from weak levels, which will provide the economy a boost in 2013. The rise in prices will reduce the home equity lock-out effect and help sales and available inventory. In addition, household formations have increased over the last 18 months[12], providing a nice base of support for housing demand.

> "It is important to underscore that the market has a remarkable ability to adjust to levels of REO sales, but prices are very sensitive to changes in REO activity."

Despite the improvements, headwinds remain before the market normalizes. The GSEs and FHA continue to slowly shrink their footprints and increase premiums or guarantee fees. Moreover, uncertainty remains on the impact of qualified mortgage and qualified residential mortgage. The main hurdle will be where the cut-offs for loan to value and debt to income (DTI) will be drawn. In 2012, 45 percent of all originations had less than 20 percent equity, and 44 percent of all originations had greater than 35 percent back-end DTI. Therefore, policymakers need to carefully craft the demarcations, otherwise they risk cutting off large segments of credit supply. However, the future is hopeful. Improving home prices will be the best buffer against policy headwinds.

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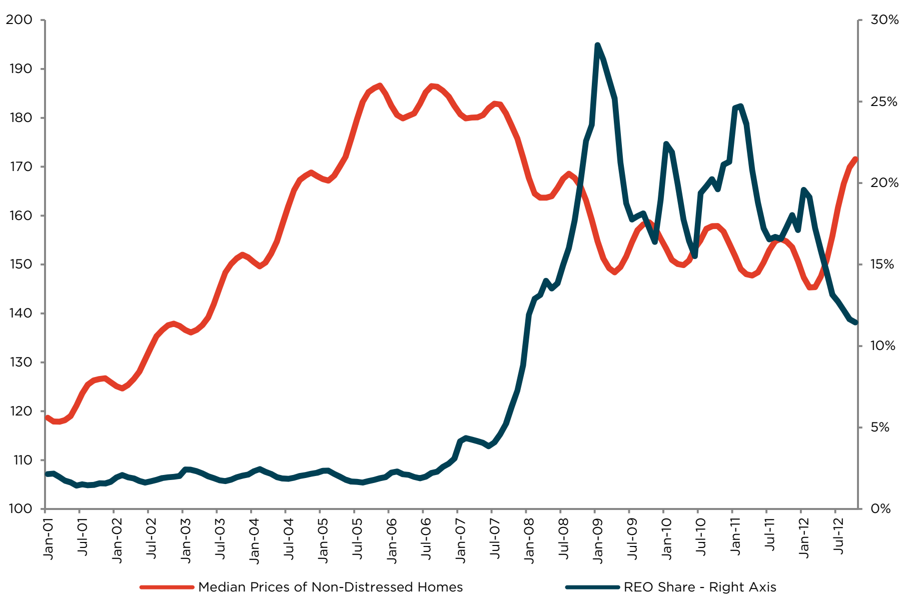
FIGURE 2. HOUSING MARKETS IMPROVE WITH DECLINING SHARES OF REO SALES

6-Month Moving Average, in thousands



Source: CoreLogic October 2012

Footnotes

[11] Source: National Association of Realtors

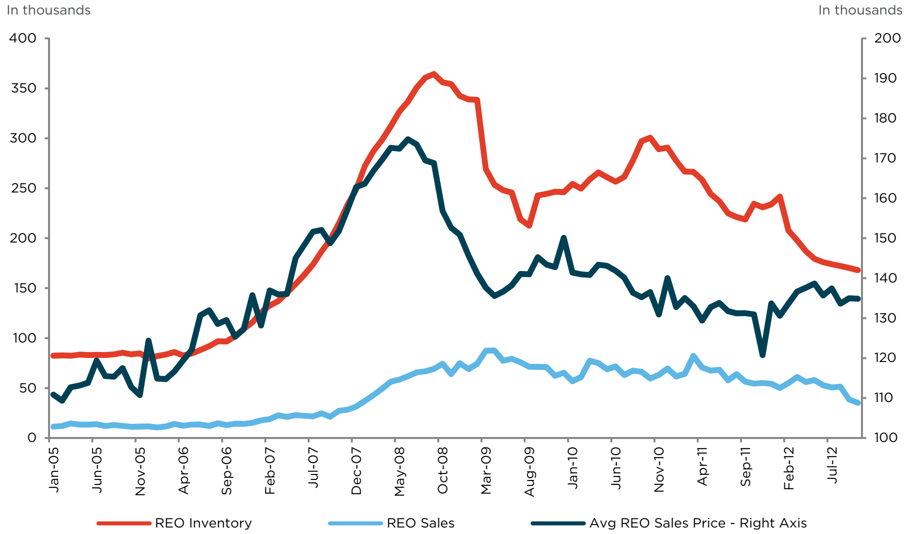
[12] Wall Street Journal, November 7, 2012, "New Households Sprouting Up," http://online.wsj.com/article/SB10001424052970204707104578095223920995426.html

A Decline in Home Sales That We Can All Appreciate

By Gilberto Méndez

After a swift increase in bank-owned homes (also known as real estate owned or REO) in the 24 months ending September 2008, the current inventory of REO is at its lowest level since July 2007, down 54 percent since the peak of 364,000 in September 2008. Sales of REO homes decreased 35 percent in October 2012 from a year ago, and are down 60 percent from the peak in April 2009. REO sales during the past year averaged 51,000 per month, down from an average of 65,000 in the preceding 12-month period. Moreover, the bank-owned properties sold for an average of approximately $135,000 in October 2012, up 3 percent from a year ago. Traditionally, while the market looks forward to news of an increase in home sales, a decrease in the sale of REOs indicates that the real estate industry is transitioning to a more stable, long-term recovery.

A DECLINE IN HOME SALES THAT WE CAN ALL APPRECIATE



Source: CoreLogic October 2012

End.

In the News

[DS News, *January 3*]

Completed Foreclosures Down 18% from Year Ago: CoreLogic

Fewer homes were added to foreclosure inventory in November as short sales become a more common tool to prevent foreclosure, CoreLogic reported ...

[Inman.com, *January 3*]

'Shadow inventory' keeps shrinking

Homes classified as "shadow inventory" fell to 2.3 million units in October, down 12.3 percent from a year ago but still representing a seven-month supply of homes, according to a monthly report from real estate data firm CoreLogic.

[LA Times, *January 3*]

Foreclosures declined nationally in November

Foreclosures dropped 23% in November from the same month in 2011, a new report shows, indicating housing continues to mend.

[24/7 Wall Street, *January 3*]

Home Foreclosures, Shadow Inventory Continue to Fall

In the month of November, 55,000 U.S. homes were foreclosed, down from 59,000 in October and down from 72,000 in November 2011, according to research firm CoreLogic.

[AOL Real Estate, *January 2*]

'Shadow Inventory' Threat Continues to Recede, CoreLogic Says

The number of homes in the "shadow inventory," once considered a serious threat to a real estate recovery, continues to drop as the housing market absorbs foreclosures, analytics firm CoreLogic said in a report it released today.

[MortgageOrb.com, *January 2*]

CoreLogic: Shadow Inventory At 2.3M Units

The shadow inventory fell in October 2012 to 2.3 million units, representing a supply of seven months, according to new data from Irvine, Calif.-based CoreLogic.

NATIONAL SUMMARY NOVEMBER 2012

	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	2010	2011	2012
Total Sales*	3,806	3,078	3,457	4,254	4,240	4,788	4,831	4,770	5,054	3,986	3,695	3,316	4,149	3,965	4,133
— New Sales*	304	208	246	309	289	326	333	317	345	288	253	257	344	285	288
— Existing Sales*	2,486	1,957	2,214	2,814	2,891	3,337	3,426	3,406	3,621	2,823	2,611	2,301	2,679	2,582	2,855
— REO Sales*	651	602	661	733	672	696	635	607	616	464	423	382	800	757	590
— Short Sales*	331	278	299	361	355	394	401	412	438	385	384	356	274	302	369
Distressed Sales Share	25.8%	28.6%	27.8%	25.7%	24.2%	22.8%	21.4%	21.4%	20.9%	21.3%	21.8%	22.2%	25.9%	26.7%	23.2%
HPI MoM	-0.9%	-0.8%	-0.4%	1.3%	2.2%	2.4%	2.0%	1.2%	0.5%	-0.2%	-0.2%	N/A	-0.3%	-0.3%	0.8%
HPI YoY	-3.2%	-2.0%	-0.8%	0.9%	1.8%	2.9%	3.5%	4.0%	4.7%	5.2%	6.3%	N/A	-0.3%	-4.2%	2.6%
HPI MoM Excluding Distressed	-0.8%	-0.4%	-0.3%	0.9%	1.5%	1.8%	1.7%	1.0%	0.5%	0.2%	0.5%	N/A	-0.3%	-0.3%	0.8%
HPI YoY Excluding Distressed	-4.1%	-3.5%	-2.8%	-1.4%	-0.5%	0.6%	1.6%	2.3%	3.2%	4.1%	5.8%	N/A	-1.7%	-4.0%	0.9%
90 Days + DQ Pct	7.3%	7.4%	7.2%	7.0%	7.0%	6.9%	6.9%	6.9%	6.8%	6.7%	6.5%	6.4%	8.1%	7.4%	6.9%
Foreclosure Pct	3.4%	3.5%	3.5%	3.5%	3.5%	3.5%	3.4%	3.4%	3.4%	3.3%	3.1%	3.0%	3.2%	3.5%	3.4%
REO Pct	0.6%	0.6%	0.5%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.6%	0.6%	0.4%
Pre-foreclosure Filings**	112	124	120	134	122	133	130	123	121	109	118	112	2,097	1,517	1,346
Completed Foreclosures**	71	74	66	64	60	68	64	59	61	68	59	55	1,128	916	697
Negative Equity Share	N/A	25.2%	N/A	N/A	23.7%	N/A	N/A	22.3%	N/A	N/A	N/A	N/A	25.3%	24.9%	23.3%
Negative Equity**	N/A	12,108	N/A	N/A	11,374	N/A	N/A	10,779	N/A	N/A	N/A	N/A	11,904	11,820	11,209
Months Supply SDQ Homes	9.75	12.08	10.43	8.28	8.22	7.19	7.09	7.17	6.65	8.34	8.74	9.55	10.32	9.86	8.52

*Thousands of Units, Annualized **Thousands of Units

NOTE: Data may be light in some jurisdictions.

†November Data

LARGEST 25 CBSA SUMMARY NOVEMBER 2012

	Total Sales 12-month sum	Total Sales YOY 12-month sum	Distressed Sales Share (sales 12-month sum)	Distressed Sales Share (sales 12-month sum) A Year Ago	SFC HPI YoY***	SFCXD HPI YoY***	HPI Percent Change from Peak***	90 Days + DQ Pct	Stock of 90+ Delinquencies YoY Chg	Percent Change Stock of Foreclosures from Peak	Negative Equity Share**	Months' Supply Distressed Homes (total sales 12-month sum)
Chicago-Joliet-Naperville, IL	77,899	13.7%	34.6%	35.8%	-2.3%	1.5%	-33%	10.1%	-10.7%	-19.5%	30.1%	19.1
Los Angeles-Long Beach-Glendale, CA	87,357	9.1%	36.3%	42.1%	6.4%	6.9%	-35%	5.4%	-29.3%	-53.1%	22.5%	8.7
Atlanta-Sandy Springs-Marietta, GA	73,930	27.2%	36.1%	37.1%	2.7%	5.2%	-26%	7.3%	-22.3%	-36.3%	40.9%	11.2
New York-White Plains-Wayne, NY-NJ	63,851	0.6%	9.3%	10.5%	4.2%	4.1%	-13%	8.7%	-0.8%	-3.5%	11.9%	15.4
Washington-Arlington-Alexandria, DC-VA-MD-WV	59,666	-0.5%	21.5%	28.5%	4.5%	4.5%	-24%	5.4%	-11.2%	-23.1%	23.9%	8.9
Houston-Sugar Land-Baytown, TX	95,861	6.8%	18.2%	21.5%	6.6%	5.2%	-4%	4.2%	-22.1%	-35.9%	10.4%	4.2
Phoenix-Mesa-Glendale, AZ	106,635	-0.4%	32.6%	50.8%	24.5%	20.1%	-41%	4.6%	-44.4%	-73.2%	41.9%	3.6
Riverside-San Bernardino-Ontario, CA	71,364	-2.0%	46.8%	55.8%	7.2%	8.2%	-49%	7.2%	-33.0%	-64.1%	41.5%	8.1
Dallas-Plano-Irving, TX	70,938	2.9%	18.5%	22.2%	4.5%	7.2%	-8%	4.3%	-18.6%	-28.7%	10.9%	4.5
Minneapolis-St. Paul-Bloomington, MN-WI	40,164	-3.2%	21.4%	28.3%	6.3%	7.3%	-24%	4.0%	-24.5%	-47.5%	18.1%	7.1
Philadelphia, PA	N/A	N/A	N/A	N/A	-0.4%	0.8%	-15%	5.9%	-0.6%	-9.7%	9.3%	N/A
Seattle-Bellevue-Everett, WA	35,387	8.9%	23.3%	28.9%	9.0%	9.2%	-25%	6.1%	-6.2%	-5.6%	18.7%	10.2
Denver-Aurora-Broomfield, CO	51,245	19.2%	22.9%	33.5%	9.1%	8.0%	-4%	3.3%	-28.2%	-51.9%	19.3%	3.7
San Diego-Carlsbad-San Marcos, CA	41,871	13.6%	35.5%	43.4%	3.9%	5.9%	-34%	4.4%	-31.6%	-59.9%	28.1%	5.7
Santa Ana-Anaheim-Irvine, CA	33,443	15.4%	31.1%	35.7%	6.4%	6.5%	-32%	3.8%	-34.6%	-53.4%	18.2%	6.0
Baltimore-Towson, MD	30,193	0.4%	17.1%	23.7%	2.1%	2.1%	-23%	7.9%	0.3%	-25.6%	18.3%	13.9
Tampa-St. Petersburg-Clearwater, FL	56,249	1.3%	29.2%	34.9%	4.8%	6.3%	-44%	15.7%	-12.4%	-17.2%	45.9%	14.7
Nassau-Suffolk, NY	20,388	-8.7%	6.3%	7.5%	2.3%	2.6%	-22%	10.7%	1.4%	-4.8%	9.0%	27.2
Oakland-Fremont-Hayward, CA	38,033	11.1%	38.4%	46.9%	10.8%	11.2%	-37%	4.5%	-33.5%	-57.6%	30.3%	6.2
St. Louis, MO-IL	43,726	6.6%	26.5%	27.4%	0.0%	1.4%	-19%	4.4%	-16.0%	-35.7%	16.2%	5.2
Warren-Troy-Farmington Hills, MI	34,332	-14.2%	33.8%	38.5%	9.9%	7.0%	-34%	4.5%	-30.7%	-61.5%	36.4%	6.6
Portland-Vancouver-Hillsboro, OR-WA	31,953	14.2%	25.5%	30.0%	4.5%	5.2%	-25%	5.2%	-9.0%	-15.1%	18.4%	7.5
Sacramento--Arden-Arcade--Roseville, CA	39,748	7.3%	46.0%	56.7%	9.8%	10.8%	-46%	5.3%	-35.1%	-58.2%	37.5%	6.0
Edison-New Brunswick, NJ	23,154	-3.6%	12.3%	12.2%	-1.7%	-1.3%	-26%	9.4%	5.9%	0.0%	15.0%	17.5
Orlando-Kissimmee-Sanford, FL	44,691	-0.4%	38.4%	45.1%	9.6%	11.3%	-47%	15.8%	-18.0%	-24.2%	49.1%	15.0

NOTE: * Data may be light in some jurisdictions.
** Negative Equity Data through Q2 2012
*** HPI Data is of October 2012

†November Data

STATE SUMMARY NOVEMBER 2012

State	Total Sales 12-month sum	Total Sales YOY 12-month sum	Distressed Sales Share (sales 12-month sum)	Distressed Sales Share (sales 12-month sum) A Year Ago	SFC HPI YoY***	SFCXD HPI YoY***	HPI Percent Change from Peak***	90 Days + DQ Pct	Stock of 90+ Delinquencies YoY Chg	Percent Change Stock of Foreclosures from Peak	Negative Equity Share**	Months' Supply Distressed Homes (total sales 12-month sum)
AK	10,212	-1.6%	11.6%	13.1%	3.7%	3.8%	-3.4%	2.0%	-11.4%	-29.4%	5.0%	1.9
AL	28,789	-21.5%	16.2%	17.1%	-0.3%	-1.5%	-17.8%	5.4%	-8.1%	-33.3%	13.7%	12.2
AR	37,437	-9.0%	9.1%	9.3%	1.2%	1.2%	-4.0%	5.6%	5.3%	-15.3%	11.6%	5.2
AZ	144,721	1.2%	32.5%	48.0%	21.2%	16.6%	-40.2%	4.5%	-40.3%	-69.4%	39.7%	3.9
CA	476,827	7.3%	39.0%	47.2%	9.0%	9.7%	-36.6%	5.0%	-32.5%	-57.1%	29.0%	6.7
CO	98,734	13.5%	23.6%	31.0%	7.3%	6.1%	-6.3%	3.2%	-25.8%	-49.1%	18.2%	3.6
CT	36,033	9.9%	19.4%	18.9%	0.6%	0.2%	-23.6%	7.3%	-0.5%	-10.8%	13.7%	11.7
DC	6,655	-1.5%	8.0%	13.4%	6.0%	5.7%	-0.4%	5.6%	-1.9%	-20.6%	10.5%	9.5
DE	8,581	0.4%	22.8%	17.9%	-2.7%	-2.1%	-23.2%	6.8%	0.2%	-21.4%	16.2%	14.8
FL	411,357	0.4%	29.8%	35.5%	7.3%	6.0%	-44.5%	15.4%	-16.6%	-23.0%	42.7%	13.1
GA	122,895	19.9%	30.7%	30.6%	2.2%	4.8%	-24.7%	6.7%	-20.0%	-35.0%	35.8%	9.5
HI	14,909	-6.6%	16.2%	20.2%	13.2%	12.5%	-18.7%	6.2%	-8.9%	-10.6%	10.2%	8.4
IA	36,039	-25.8%	10.0%	9.7%	1.0%	0.6%	-1.4%	3.8%	-11.8%	-19.9%	9.4%	4.4
ID	34,316	7.2%	21.2%	31.9%	12.4%	9.7%	-29.2%	4.4%	-19.8%	-26.4%	22.5%	3.6
IL	132,089	9.0%	28.5%	27.6%	-2.7%	0.8%	-29.7%	8.6%	-10.7%	-19.4%	25.8%	14.4
IN	107,643	5.6%	18.5%	18.8%	4.1%	3.3%	-10.3%	6.0%	-13.9%	-22.8%	9.5%	5.7
KS	31,901	13.7%	15.6%	18.3%	3.9%	5.6%	-6.5%	4.1%	-11.7%	-30.6%	8.3%	4.7
KY	38,243	-12.4%	15.1%	14.7%	0.6%	3.3%	-7.5%	5.3%	-10.7%	-25.3%	9.5%	7.1
LA	47,310	-10.4%	15.3%	13.0%	6.5%	7.9%	-2.1%	5.8%	-9.0%	-28.5%	14.8%	6.6
MA	93,219	24.0%	11.2%	13.8%	3.6%	4.6%	-19.6%	5.4%	-7.8%	-18.9%	15.6%	5.9
MD	65,537	-1.9%	21.0%	28.4%	3.8%	3.7%	-26.7%	8.0%	-3.0%	-26.3%	23.2%	14.6
ME	11,738	7.7%	9.6%	10.2%	2.3%	2.9%	-17.7%	7.1%	-0.5%	-7.2%	8.0%	10.7
MI	143,156	-1.5%	34.9%	39.0%	7.8%	5.9%	-35.3%	5.1%	-27.9%	-56.8%	32.8%	5.7
MN	60,621	-9.1%	18.4%	23.4%	5.2%	5.9%	-21.9%	3.7%	-23.5%	-47.4%	17.1%	6.3
MO	84,030	8.0%	24.6%	26.6%	1.3%	2.2%	-19.1%	4.0%	-18.3%	-41.7%	15.6%	4.4
MS	N/A	N/A	N/A	N/A	5.7%	5.7%	-11.3%	7.0%	-9.7%	-30.2%	26.5%	N/A
MT	14,434	11.3%	14.3%	16.0%	4.6%	2.6%	-15.4%	2.6%	-19.4%	-38.2%	7.4%	2.7
NC	118,134	11.0%	15.8%	16.1%	1.8%	1.8%	-10.5%	5.3%	-11.1%	-23.7%	13.8%	7.1
ND	12,789	3.7%	3.4%	4.5%	10.4%	9.5%	0.0%	1.4%	-14.6%	-19.5%	5.5%	0.7
NE	28,282	-2.6%	10.0%	10.2%	3.8%	3.2%	-2.0%	2.6%	-16.1%	-35.8%	11.6%	2.4
NH	18,244	16.3%	24.4%	24.8%	4.4%	5.8%	-16.0%	4.1%	-13.5%	-30.9%	20.8%	5.1
NJ	77,926	-0.5%	14.3%	15.5%	-0.6%	-0.2%	-25.9%	11.3%	5.0%	0.0%	18.2%	21.2
NM	22,306	1.5%	17.9%	19.2%	3.1%	4.1%	-21.0%	5.5%	-6.3%	-13.7%	13.1%	7.5
NV	69,710	-4.7%	48.7%	57.0%	12.4%	10.8%	-53.5%	11.2%	-22.4%	-50.1%	58.6%	8.6
NY	154,122	1.4%	6.0%	7.1%	5.4%	5.3%	-10.4%	8.3%	3.0%	-3.9%	8.1%	12.2
OH	135,947	-4.1%	24.5%	27.7%	1.4%	1.0%	-17.4%	6.5%	-12.5%	-22.4%	24.1%	8.3
OK	65,502	2.9%	10.6%	10.6%	0.6%	0.2%	-2.6%	5.1%	-7.3%	-7.6%	8.1%	3.6
OR	56,422	15.5%	26.0%	29.9%	5.6%	5.7%	-25.0%	5.3%	-7.8%	-15.1%	18.7%	6.8
PA	129,015	0.0%	12.8%	13.0%	0.7%	1.4%	-11.8%	6.0%	-1.4%	-8.6%	9.4%	8.0
RI	11,903	10.0%	23.6%	24.4%	-0.5%	0.7%	-34.4%	7.3%	-6.7%	-21.3%	22.6%	9.5
SC	65,653	12.0%	21.8%	24.3%	7.1%	6.1%	-13.9%	6.0%	-13.4%	-21.2%	16.5%	6.8
SD	N/A	N/A	N/A	N/A	5.5%	6.1%	-1.0%	2.4%	-12.7%	-33.4%	N/A	N/A
TN	108,029	11.8%	20.9%	21.1%	1.6%	3.1%	-11.2%	5.4%	-15.8%	-39.0%	16.8%	4.5
TX	399,258	2.1%	15.8%	18.2%	5.5%	5.5%	-5.7%	4.0%	-18.5%	-30.4%	8.8%	3.5
UT	48,046	6.2%	20.8%	29.9%	9.2%	7.7%	-23.6%	4.2%	-19.7%	-50.1%	18.1%	4.4
VA	92,875	-4.1%	21.7%	25.0%	4.4%	4.3%	-21.2%	3.8%	-10.9%	-27.9%	20.1%	6.1
VT	11,024	32.5%	N/A	N/A	2.2%	2.5%	-10.3%	4.1%	-0.5%	-2.5%	N/A	3.6
WA	82,268	1.6%	22.8%	26.4%	6.2%	6.3%	-24.3%	6.4%	-1.4%	-0.3%	19.1%	10.6
WI	62,873	-4.8%	16.2%	15.8%	1.8%	2.0%	-14.4%	4.1%	-14.6%	-33.9%	15.5%	5.9
WV	6,438	14.2%	7.0%	N/A	4.8%	2.1%	-20.3%	3.7%	-13.8%	-38.8%	7.1%	8.6
WY	6,317	14.1%	12.2%	15.3%	6.9%	4.7%	-8.4%	2.0%	-20.0%	-63.5%	9.4%	2.8

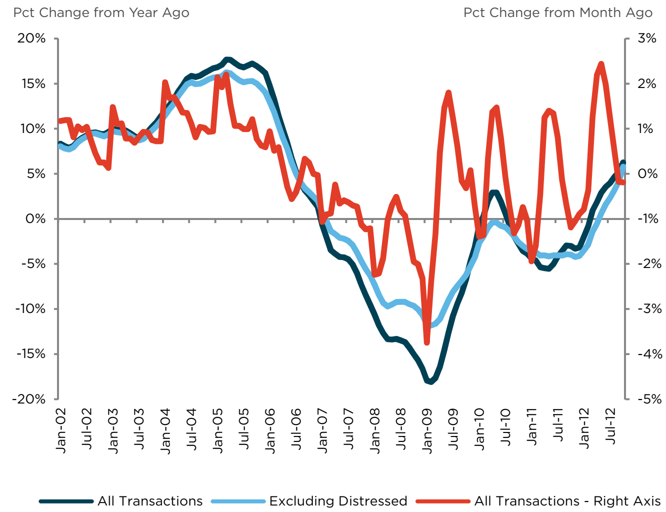
NOTE: * Data may be light in some jurisdictions.
** Negative Equity Data through Q2 2012
*** HPI Data is of October 2012

†November Data

Home Prices

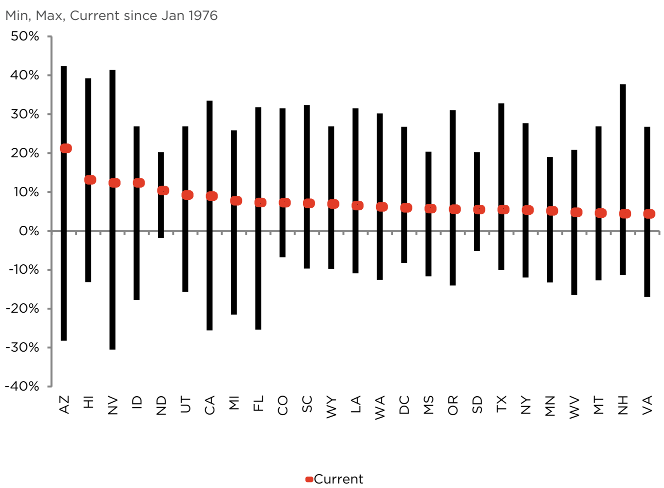
- The price discount for short sales is much lower than the price discount for REOs. In November 2012, the short sale discount when comparing median prices to those of healthy sales was 25 percent, but for REOs was 47 percent. The home price index (HPI) is also showing a turnaround. Starting in March 2012, the CoreLogic HPI began to show year-over-year house price appreciation and has continued to show gains through 2012. Year-over-year appreciation reached 6.3 percent in October 2012 and is expected to end 2012 in the 7 percent range.
- The overall HPI showed appreciation in 2012, with year-over-year growth of 6.3 percent in October. The different price segments have been recovering at different rates. The lowest price tier (those homes that sell for less than 75 percent of the median price) have shown the greatest improvement, increasing by 8.3 percent year-over-year in October 2012.

HOME PRICE INDEX



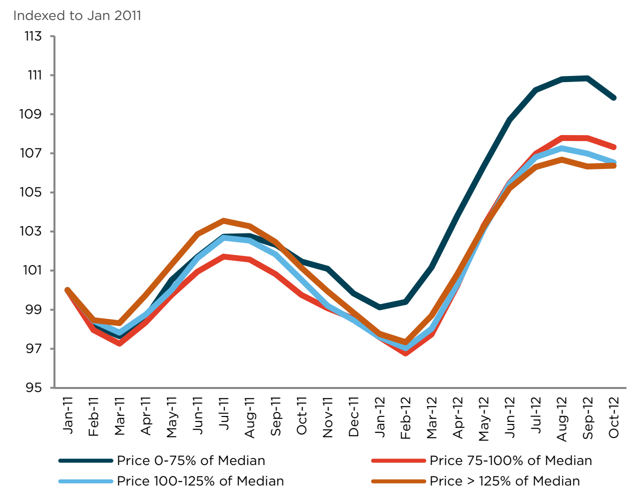
Source: CoreLogic October 2012

YoY HPI GROWTH FOR 25 HIGHEST RATE STATES



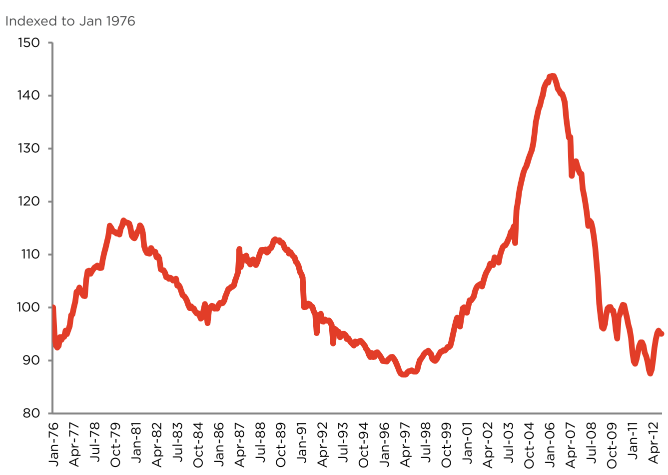
Source: CoreLogic October 2012

HPI BY PRICE SEGMENT



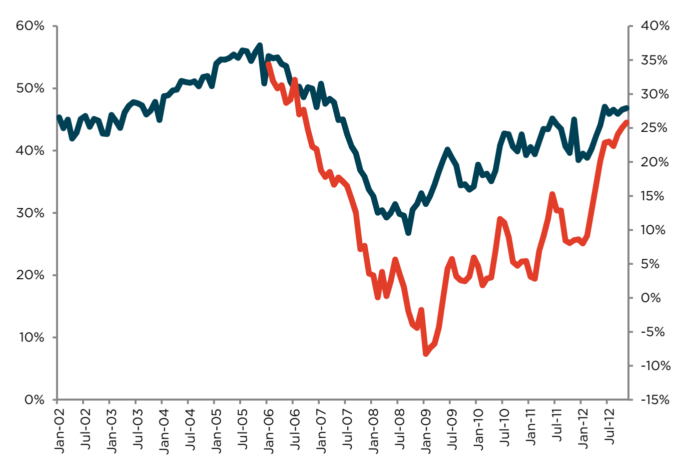
Source: CoreLogic October 2012

PRICE TO INCOME RATIO



Source: CoreLogic, BEA October 2012

DISTRESSED SALES DISCOUNT



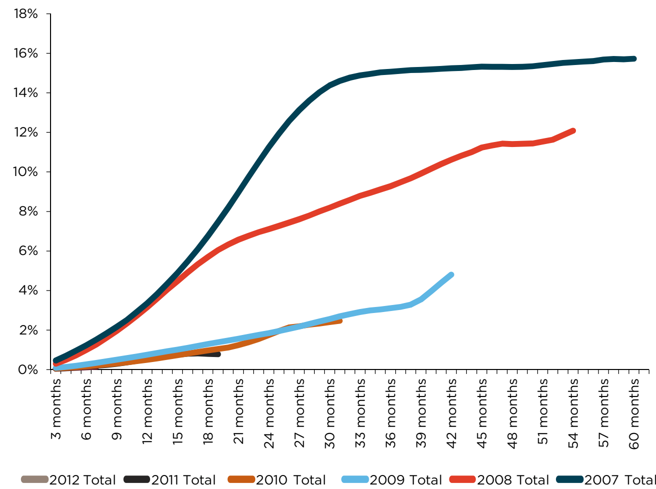
Source: CoreLogic November 2012

Mortgage Performance

- At the end of November 2012, there were 2.6 million mortgages in serious delinquency (defined as 90 days past due or more, including those in foreclosure or REO), 15 percent lower than a year ago, and 28 percent below the peak seen in January 2010. Approximately 1.2 million homes, or 3.0 percent of all homes with a mortgage, were in the national foreclosure inventory as of November 2012 compared to 1.5 million, or 3.5 percent, in November 2011.
- There were 55,000 completed foreclosures in the U.S. in November 2012, down from 72,000 in November 2011. This represents a year-over-year decrease of 23 percent. On a month-over-month basis, completed foreclosures fell from 59,000 in October 2012 to the current 55,000, representing a decrease of 6 percent. Since the financial crisis began in September 2008, there have been approximately 4 million completed foreclosures across the country. Completed foreclosures are an indication of "homes actually lost to foreclosure."

CONFORMING PRIME SERIOUS DELINQUENCY RATE

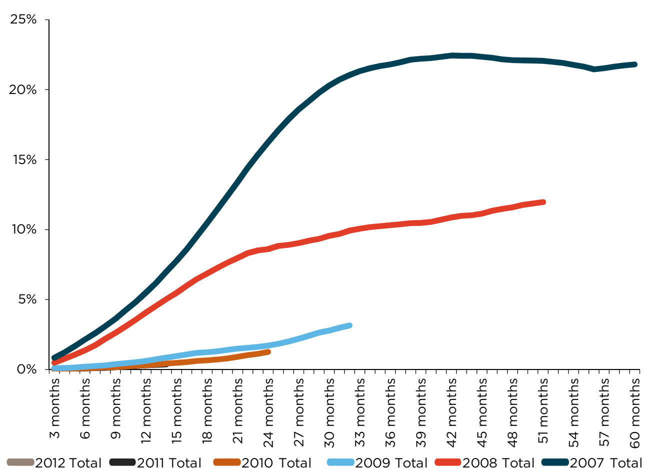
By Origination Year



Source: CoreLogic October 2012

JUMBO PRIME SERIOUS DELINQUENCY RATE

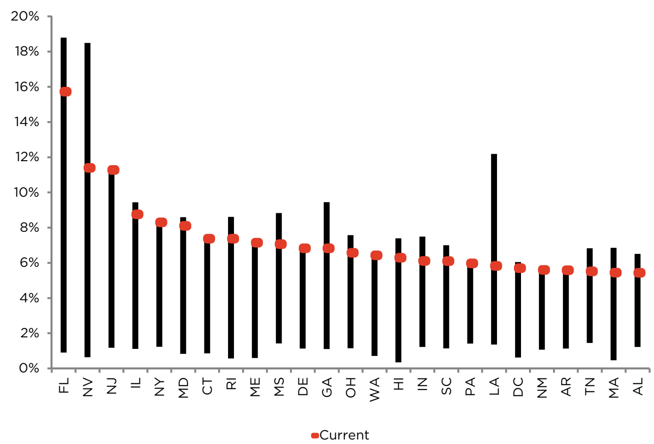
By Origination Year



Source: CoreLogic October 2012

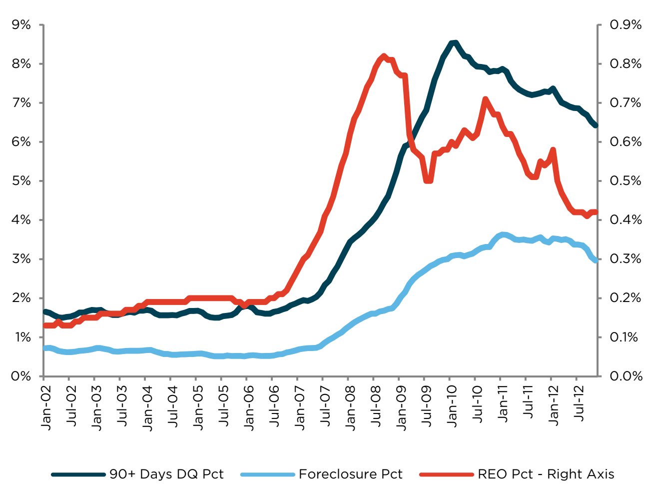
SERIOUS DELINQUENCIES FOR 25 HIGHEST RATE STATES

Min, Max, Current since Jan 2000



Source: CoreLogic November 2012

OVERALL MORTGAGE PERFORMANCE

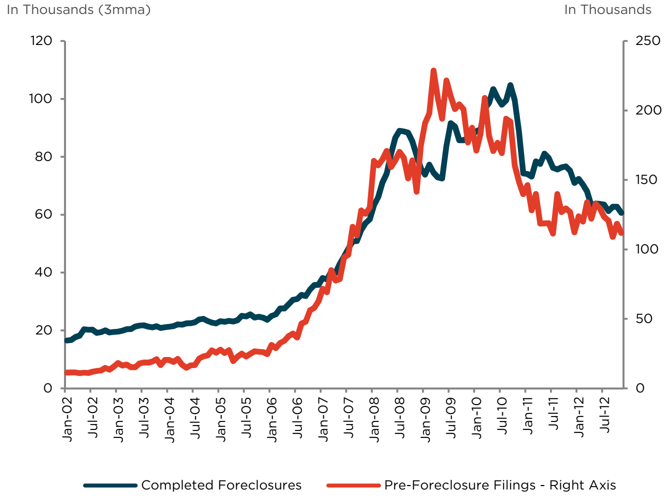


Source: CoreLogic November 2012

PRE-FORECLOSURE FILINGS AND COMPLETED FORECLOSURES

In Thousands (3mma)

In Thousands



Source: CoreLogic November 2012

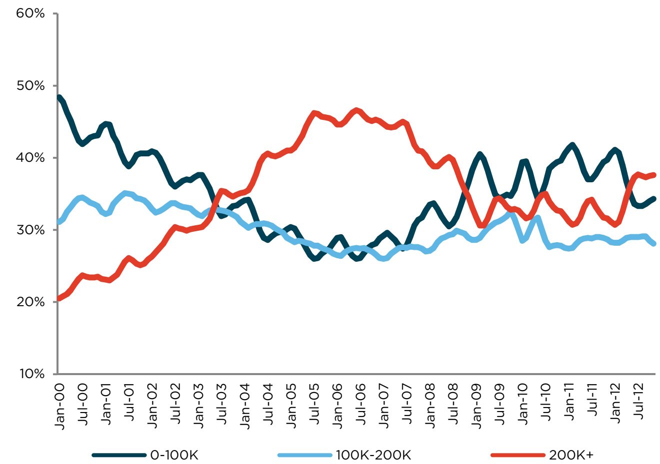
Home Sales

- The distressed sales price discount for November 2012 stood at 36.3 percent while REO sales (a component of distressed sales) showed a price discount of 46.8 percent. Nationally, the months' supply of distressed homes is at 9.5 months, down from 10.2 months a year ago. November 2012 marks the ninth consecutive month where the months' supply of distressed homes is under 10 months.

- Nationally, the distressed sales share accounted for 22 percent of all sales for November. Short sales (a component of distressed sales) accounted for 10.7 percent of all sales and show a 17 percent year-over-year increase. Sales of previously owned homes declined by 3.8 percent year over year, but REO sales illustrate the biggest change with a 42.4 percent year-over-year decrease. This decrease in the sale of bank-owned properties indicates that the real estate industry is transitioning to a more stable, long-term recovery.

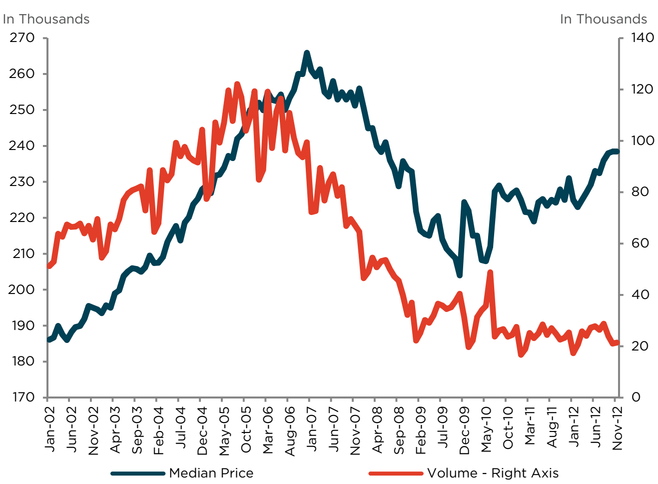
HOME SALES SHARE BY PRICE TIER

As a Percentage of Total Sales



Source: CoreLogic November 2012

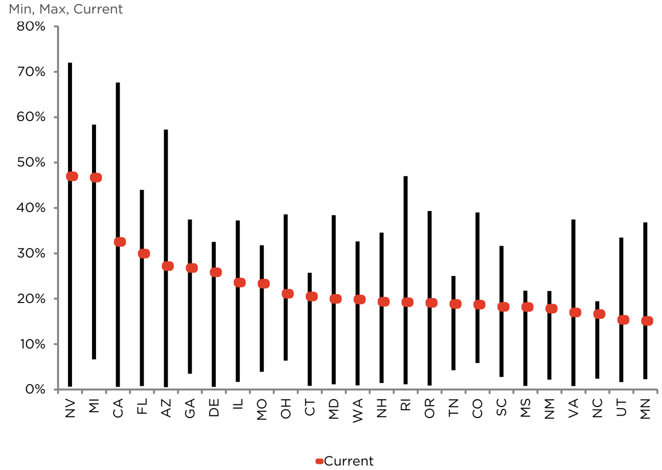
NEW HOME SALES TRENDS



Source: CoreLogic November 2012

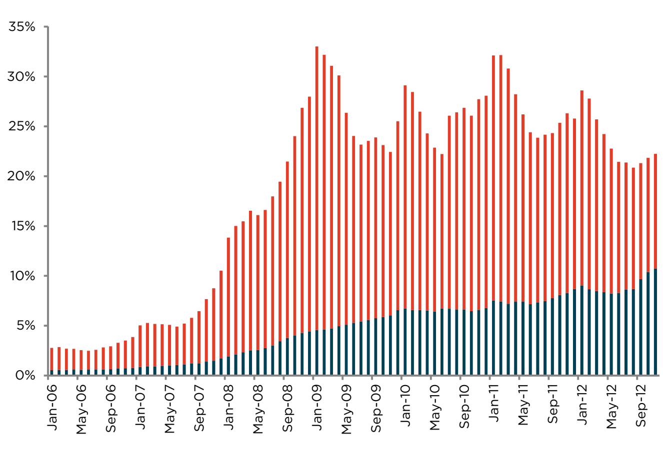
DISTRESSED SALE SHARE FOR 25 HIGHEST RATE STATES

Min, Max, Current



Source: CoreLogic November 2012

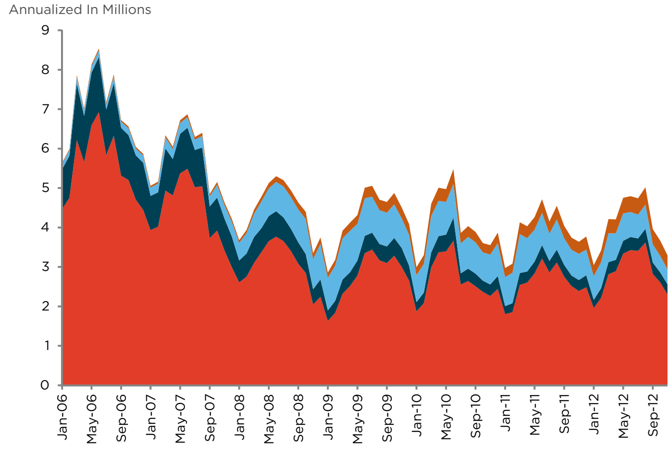
DISTRESSED SALES AS PERCENTAGE OF TOTAL SALES



Source: CoreLogic November 2012

SALES BY SALE TYPE

Annualized In Millions



Source: CoreLogic November 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 is 90 or more days delinquent as of the reporting period. This percentage includes loans that are in foreclosure or REO.
Foreclosure Pct	The percentage of the overall loan count that is currently in foreclosure as of the reporting period.
REO Pct	The count of loans in REO as a percentage of the overall count of loans for the reporting period.
Pre-foreclosure Filings	The number of mortgages where the lender has initiated foreclosure proceedings and it has been made known through public notice (NOD).
Completed Foreclosures	A completed foreclosure occurs when a property is auctioned and results in either the purchase of the home at auction or the property is taken by the lender as part of their Real Estate Owned (REO) inventory.
Negative Equity Share	The percentage of mortgages in negative equity. The denominator for the negative equity percent is based on the number of mortgages from the public record.
Negative Equity	The number of mortgages in negative equity. Negative equity is calculated as the difference between the current value of the property and the estimated unpaid principal balance. If the mortgage debt is greater than the current value, the property is considered to be in a negative equity position.
Months' Supply Distressed Homes	The number of months it would take to sell all homes currently in distress of 90 days past due or more based on the current sales pace.
Total Sales YoY Change 12-month sum	Percent increase or decrease in current 12 months of total sales over prior 12 months of total sales.
Price/Income Ratio	CoreLogic HPI divided by Nominal Personal Income provided by the Bureau of Economic Analysis.

Source: CoreLogic

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

17-MKTPLSE-0113-00

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