CoreLogic®

The MarketPulse

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The MarketPulse
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Data as of August 2017
(unless otherwise stated)

Housing Statistics

August 2017	
HPI® YOY Chg	6.9%
HPI YOY Chg XD	6.1%
NegEq Share (Q1 2017)	6.1%
Cash Sales Share (as of January 2017)	36.5%
Distressed Sales (as of January 2017)	7.0%

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Hurricanes and Home Prices

Large Regional Housing Markets Can Withstand Huge Storms

By David Stiff

The 2017 Atlantic hurricane season will be one of the most active on record. So far, 13 tropical storms have been named and seven of them have grown into hurricanes. Unfortunately, three of those hurricanes—Harvey, Irma and Maria—made landfall in the U.S., causing extensive damage in Texas, Florida, Puerto Rico and the U.S. Virgin Islands. It is likely that the 2017 season will be the costliest in U.S. history due to the intensity of these hurricanes and the relatively large number of locations that fell in their paths. Damage to houses, resulting from both flooding and extreme wind speeds, will make up a substantial proportion of these costs. But if the history of previous catastrophic hurricanes is a guide, then the 2017 hurricanes will not reduce home values.

In fact, home prices usually jump upward, at least in the short term, in areas that have been damaged by major hurricanes.

Until now, the three most costly hurricanes in U.S. history have been Katrina in 2005, Sandy in 2012 and Andrew in 1992 (see Figure 1). Following Sandy and Andrew, home prices followed similar paths, as can be seen in Figures 2 and 3. In these charts, home price changes in hurricane-damaged regions are compared against changes for the Census divisions in which the regions are located. The Census division data provides a benchmark to evaluate the relative strength of home price appreciation in damaged regions before and after the hurricanes.

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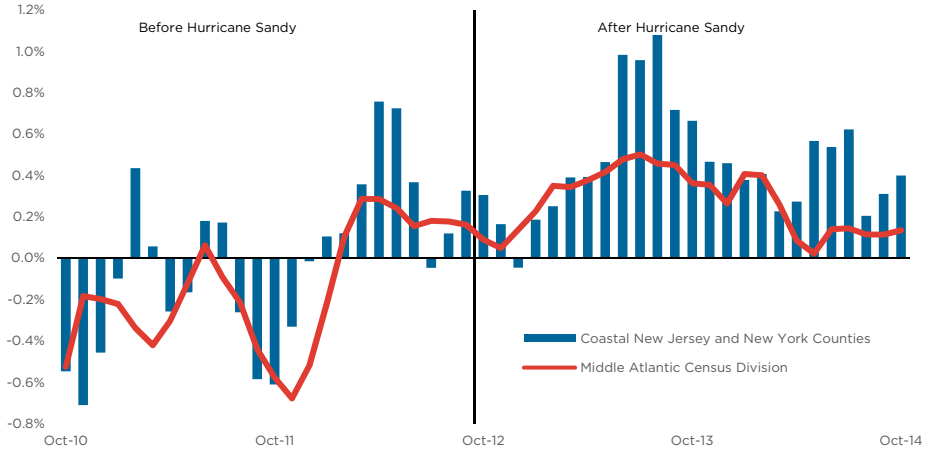
FIGURE 1. MOST COSTLY U.S. HURRICANES

Hurricane	Date	Region	Estimated Cost (inflation Adjusted, bil.)	Regional Personal Income (inflation Adjusted, bil.)
Katrina	Aug-05	New Orleans-Metarie, LA Metro Area	$160	$52
Sandy	Oct-12	Coastal New Jersey and New York Counties	$70	$491
Andrew	Aug-92	Miami-Fort Lauderdale-West Palm Beach, FL Metro Area	$48	$156

Sources: Estimated cost of hurricanes – National Oceanic and Atmospheric Administration
Regional personal income – Bureau of Economic Analysis

FIGURE 2. COASTAL NEW JERSEY AND NEW YORK HOME PRICE CHANGES

Monthly Change (seasonally-adjusted, 3-month average)



Source: CoreLogic Case-Shiller Home Price Indexes

Dr. David Stiff
Principal Economist,
CoreLogic® Case-Shiller Indexes®

David Stiff is principal economist for the CoreLogic Case-Shiller Indexes. In this role, David directs the research and development of the quantitative valuation, home price index and forecasting models.

> *"...if the history of previous catastrophic hurricanes is a guide, then the 2017 hurricanes will not reduce home values."*

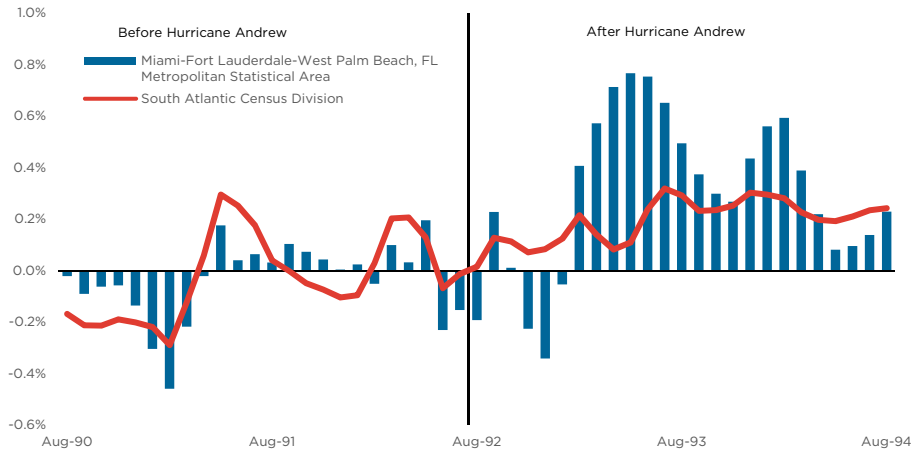
[1] The coastal New Jersey and New York region consists of the following counties: Atlantic, NJ; Cape May, NJ; Monmouth, NJ; Ocean, NJ; Kings, NY; Nassau, NY; Queens, NY; Richmond, NY and Suffolk, NY. This region's home price appreciation estimates are based on housing stock-weighted averages of the Case-Shiller home price indexes for each county.

[2] NOAA's damage estimates for Katrina include areas outside of the New Orleans metro area, so this number somewhat overstates the costs relative to income.

Hurricanes and Home Prices *continued from page 1*

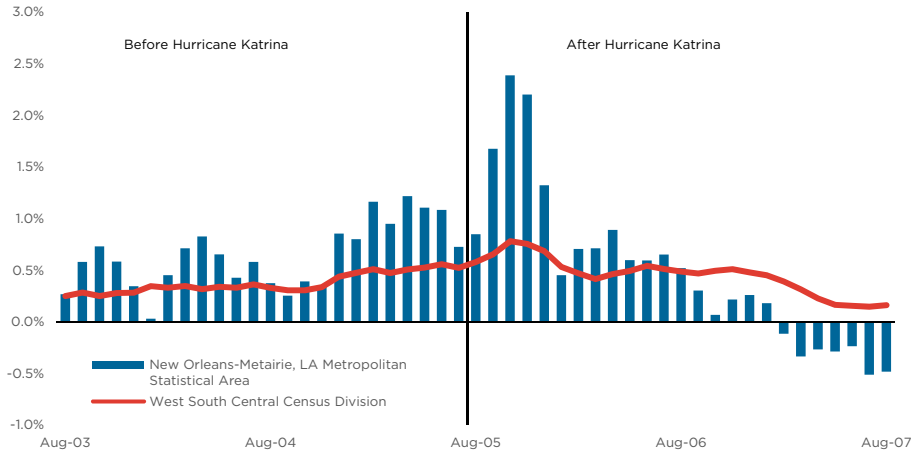
In the Miami metro area and coastal New Jersey and New York regions[1], home price appreciation dropped relative to the Census division during the first few months after Andrew and Sandy struck. These price dips were caused by temporary declines in housing demand as households in the region focused their energy on rebuilding and helping their neighbors, while any households thinking about moving into the region waited to see if the hurricane damage would have long-lasting economic effects. In both regions, however, the damage to residential properties created an immediate shortage of vacant housing, which resulted in very strong home price appreciation during the six- to 24-month period following hurricane landfall. Price appreciation in the Miami metro outpaced the South Atlantic division's by 2.5 percentage points per year, while coastal New Jersey and New York prices grew 3.2 percentage points faster than those in the Middle Atlantic division.

FIGURE 3. MIAMI HOME PRICE CHANGES
Monthly Change (seasonally-adjusted, 3-month average)



Source: CoreLogic Case-Shiller Home Price Indexes

FIGURE 4. NEW ORLEANS HOME PRICE CHANGES
Monthly Change (seasonally-adjusted, 3-month average)



Source: CoreLogic Case-Shiller Home Price Indexes

Price appreciation in the New Orleans metro area followed a more complicated path following Katrina (Figure 4), primarily because that hurricane created far more damage relative to the size of the local economy. Price appreciation slowed in New Orleans immediately after the hurricane, but accelerated sharply afterwards because so many houses were destroyed (i.e., a steep reduction in supply). In the first six months after Katrina's landfall, home prices were rising 18 percent annually. But one year after Katrina, New Orleans price appreciation fell behind the West South Central division's. The National Oceanic and Atmospheric Administration estimates that Katrina caused $160 billion in economic damages (2017 dollars), which represents three times New Orleans' annual personal income. This huge economic blow, plus the devastation to many neighborhoods, forced thousands of people (an estimated 350,000) to leave New Orleans between 2005 and 2006. Although the New Orleans economy and housing markets have rebounded since 2006, the metro area population in 2016 was still 8.5 percent below its 2005 peak.

These historical examples illustrate how the ability of a region's housing market

Continued on page 8

Hurricane Harvey: Identifying the Insurance Gap

CoreLogic Estimates That 70 Percent of the Flood Damage from Hurricane Harvey is Uninsured

By Tom Larsen

As hurricane Harvey made landfall north of Corpus Christi last week, this Category 4 hurricane left devastation in its wake. CoreLogic estimates that the total residential insured and uninsured flood loss for Hurricane Harvey is between $25 Billion and $37 billion. In the days before making landfall, the hurricane rapidly intensified, transforming itself from a small tropical storm of little concern, to now, what we consider to be one of the most devastating hurricanes to hit the United States. Yet, the real characteristic that sets Hurricane Harvey apart from other hurricanes is the unprecedented flooding that resulted, with record setting rainfall reaching upwards of 50 inches in a single location. Subsequently, the enormous geographic breadth of the flood area is beyond comparison to any recent hurricane or flood event in the U.S. CoreLogic analysis estimates that 70 percent of the flood damage from Hurricane Harvey is uninsured, highlighting an insurance gap that leaves many of those impacted uninsured.

Naturally occurring catastrophic events can be tipping-point events, where a failure in one area can quickly cascade into interconnected failures. We cannot control the timing of low-probability catastrophes (and the rare occurrence of more than one event in a short period, such as Hurricane Irma on the heels of Hurricane Harvey, making landfall in the continental United States) of this severity but can improve our ability to respond, and subsequently rebuild. Having a comprehensive and granular understanding of risk powered by data and analytics is critical to that. We look to do this through improvements gained largely though the maintenance of better insurance exposure data sets, and the introduction and acceptance of catastrophe risk loss models that can simulate the occurrence of large catastrophic events. In 1992 when Hurricane Andrew made landfall, it took months for the government and insurance industry to accurately quantify the losses from this event and this delay increased the losses in both financial and human terms. However, in the wake of Hurricane Katrina, the loss severity was rapidly assessed, quickly putting into motion large scale government and private restoration efforts. In short, as bad as the effects were from Hurricane Katrina, they could have been significantly worse.

The widespread flooding from Hurricane Harvey, caused by storm surge and inland flooding, highlights the challenge of flood risk to properties in the United States. Since we cannot influence the timing and severity of natural catastrophes, we need to focus on resilience—our collective ability to rebuild and restart businesses and lives. Insurance is an important part of our resilience because insurance provides the funds necessary to restore the damage to capital from these events. Hurricane

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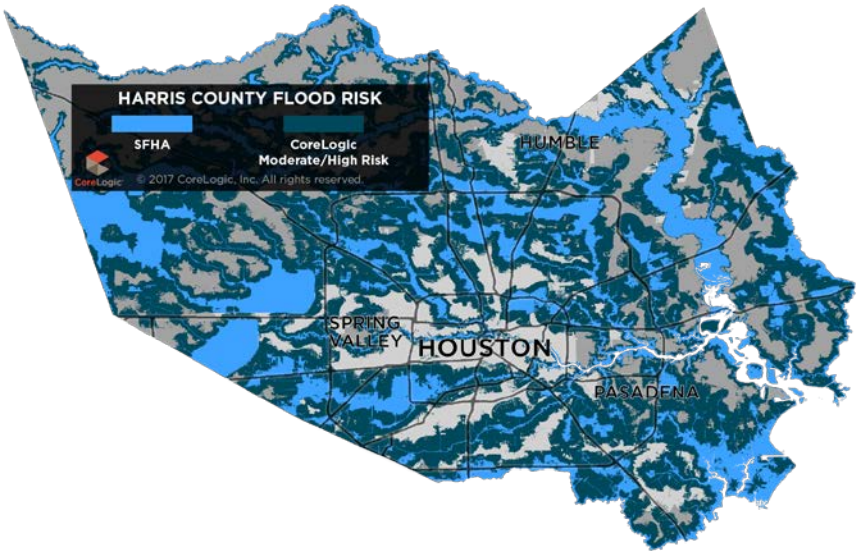
Tom Larsen
Principal, Content Strategy

Tom Larsen is a content strategy principal for CoreLogic Insurance and Spatial Solutions. In this role, Tom is responsible for subject matter expertise and thought leadership focused around driving revenue growth and profitability goals via the identification of new solution areas and continuous white space capture.

FIGURE 1. FLOOD RISK MAP
Harris County, Texas



Source: CoreLogic

Ready for the 2017 Hurricane Season?

June, Too Soon...

By Susan Williams

Susan Williams
Content Strategist, Insurance & Spatial Solutions

Susan Williams is a member of the Insurance and Spatial Solutions Content Strategy Team. In this role, Susan is responsible for driving innovative content solutions to support clients and the CoreLogic strategic roadmap.

You may be familiar with the old hurricane season mnemonic;

- June – Too Soon (first month)
- July – Standby (for any news of a storm)
- August – You must (prepare in case a storm comes)
- September – Remember (to standby)
- October – It's all over (last month)[1]

But for the insurance industry it's not too soon to plan for the upcoming hurricane season.

The latest 2017 forecast for hurricanes originating in the Atlantic Ocean and the Gulf of Mexico (which are the hurricanes that most commonly hit the U.S.) by TSR for the 2017 Atlantic hurricane season call for an average season with a total of 14 tropical storms, six hurricanes and three major hurricanes.[2] And while not all hurricanes make landfall, it is important to know that even a glancing strike such as hurricane Matthew (2016) produce billions in insured losses.[3]

To get a better understanding of exposure in anticipation of the 2017 hurricane season, CoreLogic applied our high resolution North Atlantic hurricane model to generate an analysis of wind only exposure along both the Gulf and Atlantic coasts.

In addition to coastal exposure, hurricane risk varies by latitude, water temperature and the effects of steering wind patterns. To get a true view of risk and cost, CoreLogic overlaid our probabilistic hurricane model on our parcel boundaries and reconstruction valuation data to provide a unique view of the risk of property losses in the US from hurricanes. The reconstruction values used in the table below are the most significant way to evaluate this loss because they are the truest view of the cost to reconstruct a property if it were completely destroyed.

Damage to individual properties is strongly related to the winds that the property experiences. This can be seen in the aftermath of Hurricanes Andrew and Katrina (both category 5 storms on the Saffir-Simpson scale) where thousands of buildings in the areas of highest wind were completely devastated. But the winds generated in a storm are not uniform—the winds in a hurricane are most severe close to the center of the storm and the high winds decay as the storm moves inland from the coast. Even the most severe storms have large geographic areas impacted by modest level wind speeds. Based upon simulations of tens of thousands of likely hurricanes, the winds calculated in this table

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Note: Tom Larsen co-authored this blog.

[1] http://www.ict4us.com/r.kuijt/en_hurricane.htm
[2] http://www.tropicalstormrisk.com/
[3] http://www.corelogic.com/about-us/news/media-advisory-corelogic-analysis-shows-insured-property-loss-from-hurricane-matthew.aspx/
[4] In the table below, risk calculations included were performed at a zip code level across 21 states and aggregated. Homes were categorized at their highest risk level; if a home fell into multiple risk levels, e.g. Extreme and Very High, it was categorized for this analysis as Extreme and was not included in the count or reconstruction cost value for Very High.

FIGURE 1. RESIDENTIAL HURRICANE EXPOSURE BY COASTAL REGION

	Atlantic Coast		Gulf Coast	
Risk Level	**Number of Homes**	**Reconstruction Cost Value (U.S.>$)**	**Number of Homes**	**Reconstruction Cost Value (U.S.>$)**
Extreme	604,926	$165,304,299,031	221,324	$47,845,362,236
Very High	2,181,027	$506,875,592,872	2,501,138	$535,763,752,685
High	3,060,642	$808,406,109,957	3,935,818	$826,670,035,045
Moderate	6,836,654	$2,081,472,759,523	2,068,237	$406,428,108,344
Low	11,939,814	$3,528,480,021,643	3,813,880	$799,726,307,854
TS/High Winds	7,679,994	$2,011,939,699,952	877,699	$214,005,843,271
Total	**32,303,057**	**$9,102,478,482,978**	**13,418,096**	**$2,830,439,409,433**

Source: CoreLogic 2017

Nearly 6.9 Million US Homes at Risk of Hurricane Storm Surge Damage

Total Reconstruction Cost Value is More Than $1.5 Trillion

By Tom Jeffery

It's no surprise that residential homes in the U.S. located along the Atlantic and Gulf coasts are susceptible to damage from storms and hurricanes, and data shows that potential damage from a single hurricane could exceed well beyond a billion dollars. However, the risk of storm surge flooding is not uniform along the coast and certainly not limited to states with a reputation of more frequent hurricane activity, such as Florida or Louisiana. In fact, a lower category storm that makes landfall in a highly populated area can be more catastrophic than a Category 5 storm that hits a small, sparsely populated town or undeveloped coastline.

The 2017 CoreLogic Storm Surge Report, reveals that nearly 6.9 million homes along both the Atlantic and Gulf coasts of the U.S. are at potential risk of hurricane storm surge damage with an estimated total reconstruction cost value (RCV) of more than $1.5 trillion (Figure 1).

Even though early storm predictions indicate the 2017 hurricane season will see fewer storms than both 2016 and the 30-year average, the National Oceanic and Atmospheric Administration (NOAA) still predicts 12 total storms for this year, six of which are predicted to develop into hurricanes, and three of those are predicted to be Category 3 or higher. Regardless of the number of storms, location is very important when considering the effect that storm surge will have on total loss from any event.

At the state level, Texas and Florida—which have the longest coastal areas—consistently rank highly for homes at risk. Again this year, as in previous years, Florida ranks first with just under 2.8 million at-risk homes, and Texas ranks third with 536,000 at-risk homes, while Louisiana ranks 2nd with 808,000 at-risk homes (Figure 2).

At the metro level, the Miami Core Based Statistical Area (CBSA), which includes Fort Lauderdale and West Palm Beach, has the most homes at risk of storm surge damage totaling almost 785,000 with an RCV of $143 billion. By comparison, the New York City CBSA has slightly fewer homes at risk at 723,000, but a significantly higher RCV totaling $264 billion due to the greater home values and high construction costs in this area. When analyzing storm surge risk at the local level, 15 CBSAs account for 67.3 percent of the total 6.9 million at-risk homes and 68.6 percent

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Dr. Tom Jeffery
Senior Hazard Scientist

Dr. Thomas Jeffery, senior hazard scientist for CoreLogic Spatial Solutions, is the lead scientist on development of various CoreLogic hazard risk datasets, including wildfire risk, coastal storm surge risk, earthquake risk and Florida sinkhole risk. He works with many of the top 100 U.S. insurance companies to help implement hazard risk models in automated underwriting and pricing systems.

[1] Figure 2: The Low risk category refers to Category 5 hurricanes which are not common along the northeastern Atlantic Coast. States in that region are designated as N/A for this category due to the extremely low probability of a Category 5 storm affecting that area.

FIGURE 1. TOTAL NUMBER OF HOMES AT RISK NATIONALLY AND ESTIMATED RECONSTRUCTION COST VALUE
(U.S. $)

Storm Surge Risk Level (Storm Category)	Total Homes Potentially Affected	Total Estimated RCV
Extreme *(Affected by a Category 1–5 Storm)*	800,321	$186,942,482,823
Very High *(Category 2–5 Storm)*	2,489,103	$592,764,970,713
High *(Category 3–5 Storm)*	4,523,563	$1,055,690,021,980
Moderate *(Category 4–5 Storm)*	6,005,967	$1,393,808,213,537
Low *(Category 5 Storm)*	6,894,483	$1,563,323,277,182

Source: CoreLogic 2017

Risk of Hurricane Storm Surge Damage *continued from page 5*

"Regardless of the number of storms, location is very important when considering the effect that storm surge will have on total loss from any event."

of the total $1.56 trillion RCV (Figure 3). This disproportionate distribution of risk confirms that the location of hurricanes that make landfall is often a more important factor than the number of storms that may occur during the year.

This year's report also includes probabilistic loss analysis on historical storms, focusing on Florida hurricanes beginning in 1900 and, specifically, Hurricane Matthew in 2016. Property replacement value data from CoreLogic was analyzed with the high resolution North Atlantic Hurricane model to provide risk perspectives from historical hurricane events should they occur today. Of the 97 catastrophic hurricanes in Florida since 1900, the top 25 based on storm intensity, financial damage and impacted properties are listed in Figure 4. Hurricane Matthew, the most recent to hit Florida in October 2016, ranks 19th among historical storm surge events. The 13th hurricane of 1944 (before hurricanes were given actual names) tops the list as the most destructive, causing $15 billion worth of damage on 471,000 homes in today's terms. ■

FIGURE 2. AT RISK HOME TOTALS BY STATE

Rank	State	Extreme	Very High	High	Moderate	Low*
1	Florida	348,727	1,057,013	1,742,045	2,281,553	2,762,257
2	Louisiana	71,505	205,948	618,934	738,202	808,571
3	Texas	39,020	114,544	248,677	378,172	536,220
4	New Jersey	94,334	276,617	380,369	469,603	N/A
5	New York	74,814	223,393	346,027	460,395	N/A
6	Virginia	26,777	93,495	245,290	364,577	407,143
7	South Carolina	36,484	127,607	209,822	294,168	346,373
8	North Carolina	31,058	91,463	154,969	202,520	250,719
9	Massachusetts	10,570	46,946	102,366	157,525	N/A
10	Georgia	9,085	50,954	105,650	141,213	152,231
11	Maryland	17,672	60,013	98,653	124,851	N/A
12	Mississippi	9,207	30,296	60,596	90,047	101,778
13	Pennsylvania	940	20,747	56,855	83,456	N/A
14	Connecticut	7,102	28,799	46,823	67,615	N/A
15	Alabama	6,593	17,161	32,254	44,503	58,179
16	Delaware	8,666	23,592	37,792	53,599	N/A
17	Rhode Island	1,852	8,139	17,249	26,425	N/A
18	Maine	5,631	7,859	11,746	17,971	N/A
19	New Hampshire	284	4,517	7,446	9,672	N/A

Source: CoreLogic 2017

Risk of Hurricane Storm Surge Damage *continued from page 6*

FIGURE 3. TOP 15 METROPOLITAN AREAS FOR STORM SURGE RISK

Rank	Metropolitan Area	Total Homes at Risk of Storm Surge	Total Estimated RCV (U.S. $)
1	Miami, FL	784,773	$143,478,226,211
2	New York, NY	723,183	$264,314,362,976
3	Tampa, FL	459,275	$80,816,804,483
4	New Orleans, LA	391,004	$92,556,477,652
5	Virginia Beach, VA-NC	388,349	$87,366,542,263
6	Cape Coral, FL	313,955	$63,032,579,549
7	Houston, TX	283,380	$53,376,561,689
8	Bradenton, FL	254,900	$48,030,845,957
9	Naples, FL	183,090	$40,832,143,397
10	Jacksonville, FL	171,189	$37,382,351,568
11	Philadelphia, PA	164,725	$41,107,629,955
12	Charleston, SC	149,308	$36,997,937,978
13	Myrtle Beach, SC	126,170	$22,042,044,940
14	Boston, MA	125,689	$35,853,749,440
15	Lafayette, LA	122,196	$25,114,851,134
Total		**4,641,186**	**$1,072,303,109,192**

Source: CoreLogic 2017

FIGURE 4. TOP 15 HISTORICAL STORM SURGE EVENTS IN FLORIDA

Rank	Event Name	Year	Storm Intensity in FL (SSI)	Storm Surge Damage (Billions)	# of Properties Impacted	Primary Metro Impacted
1	1944-13	1944	3	$15.0	471,000	North Port-Sarasota, FL
2	1921-06	1921	3	$12.9	535,000	Tampa, FL
3	Easy	1950	3	$5.6	506,000	North Port-Sarasota, FL
4	Andrew	1992	5	$2.5	325,000	Miami, FL
5	1910-05	1910	2	$2.5	74,000	Cape Coral-Fort Myers, FL
6	Jeanne	2004	3	$2.3	152,000	Miami, FL
7	Frances	2004	2	$1.8	131,000	Miami, FL
8	Dora	1964	2	$1.4	103,000	Jacksonville, FL
9	Betsy	1965	3	$1.4	289,000	Miami, FL
10	1928-04	1928	4	$1.2	121,000	Miami, FL
11	Donna	1960	3	$1.1	92,000	Miami, FL
12	Gladys	1968	1	$1.0	339,000	Miami, FL
13	1941-05	1941	2	$0.9	477,000	Miami, FL
14	1947-04	1947	4	$0.9	152,000	Miami, FL
15	Wilma	2005	3	$0.7	52,000	Miami, FL

Source: CoreLogic 2017

> *"...the location of hurricanes that make landfall is often a more important factor than the number of storms that may occur during the year."*

Hurricanes and Home Prices *continued from page 2*

"...the ability of a region's housing market to recover from a hurricane depends on the size of the storm (in terms of economic damage) relative to the size of the regional economy."

to recover from a hurricane depends on the size of the storm (in terms of economic damage) relative to the size of the regional economy. The cost of Katrina was approximately three times[2] annual metro area income, while the damages from Andrew and Sandy were equal to approximately one-third and 14 percent of local regional income, respectively. As we try to predict the effect that the 2017 hurricanes will have on housing markets in coastal Texas, Florida, Puerto Rico and the U.S. Virgin Islands, we should keep the size of their local economies in mind. Although Harvey and Irma were extremely damaging and thousands of homes were destroyed, the large Texas and Florida economies will be able to absorb the economic costs of these hurricanes. Home price appreciation may slow temporarily in these two regions as people dig out from the storms, but will likely jump above trend until destroyed housing stocks can be replaced. The housing market recoveries for Puerto Rico and the U.S. Virgin Islands will be much more difficult. In terms of personal income, Puerto Rico is about the same size as New Orleans, while the U.S. Virgin Islands is 3 percent as big—and both were hit by hurricanes that were more powerful at landfall than Katrina. ■

Hurricane Harvey *continued from page 3*

risk modeling became accepted after Hurricane Andrew highlighted weaknesses in our ability to respond to large urban catastrophes, and this adoption has led to faster restoration of lives and livelihoods after hurricanes. Flood risk modeling is a much more complex data and analytic challenge than hurricane risk modeling, but the greater availability of location data sets and grid computing in 2017 have improved our ability to respond to flood disasters. If we characterize the last phase of risk resilience improvement as the era of catastrophe modeling data and analytics, the next era will be known as the era of big data and grid-computing analytics. And one where we began to actively manage flood risk in the United States. ■

2017 Hurricane Season? *continued from page 4*

"Damage to individual properties is strongly related to the winds that the property experiences."

are the maximum foreseeable winds—the most extreme winds in the comprehensive CoreLogic model database for each location.

So what is it that is keeping insurance risk managers up at night during hurricane season? We've done the 2017 numbers –

- **15.7 million.** The number of homes along the US Atlantic and Gulf coasts that can reasonably expect to see hurricane force winds upon their structure (an even larger number, 45.7 million homes, can expect to see tropical storm force winds or greater).
- **$9.7 Trillion dollars.** The reconstruction value of the residential homes along the Atlantic and Gulf coasts that are at risk from hurricane damage.
- **3 Major Hurricanes.** The TSR forecast for Intense hurricanes (Cat 3–5)
- **6 Hurricanes.** The TSR forecast for hurricanes (Cat 1–5)
- **5 months.** The typical hurricane season

It's not too late to prepare your home, business or your policyholders to mitigate losses this hurricane season. Risk mitigation begins before the storm by preparing your surroundings, protecting openings, strengthening roofs, creating a family emergency plan and developing business continuity plans. The Insurance Institute for Business & Home Safety (IBHS) provides excellent resources to help prepare and respond to hurricanes on their website for the public at https://disastersafety.org/hurricane/ and for insurance industry members at https://disastersafety.org/hurricane-season-communication-resources/.

Of course, significant flood damage also occurs in coastal regions due to storm surge as a result of hurricanes. For additional information from CoreLogic on hurricane related storm surge risk go to Storm Surge Report. ■

CoreLogic Analysis Shows More Than 172,000 Homes at Risk from Wildfires in Napa and Santa Rosa

According to CoreLogic hazard risk analysis, a total of 172,117 homes with a combined reconstruction cost value (RCV) of more than $65 billion are at some level of risk from the wildfires in the Napa and Santa Rosa metropolitan areas. The analysis is calculated based on homes within these two Core Based Statistical Areas (CBSAs) and on five active fires—three in Napa (Patrick, Atlas and Tubbs) and two in Santa Rosa (Nuns and Pocket). Statewide, a total of 9.1 million homes with a combined RCV of $3.1 trillion are at some level of risk from wildfires in California.

Of the total at-risk homes in Napa and Santa Rosa, 11,058, or 6 percent, with an estimated RCV of more than $5 billion are at significant risk of damage, falling in the High and Extreme risk categories, according to CoreLogic data. Although the majority of homes, 161,059, or 94 percent, are at Low or Moderate risk of damage, wildfire can easily expand to adjacent properties and cause significant damage even if a property is not considered high risk in its own right.

Table 1 shows the total number of homes and RCV at risk in Napa, Santa Rosa and California. These figures are based on the CoreLogic Wildfire Risk Score (1–100), which indicates the level of susceptibility to wildfire damage and includes risk associated due to the property's location and close proximity to other high-risk properties or areas. The higher the score, the greater the risk of damage.

The reconstruction cost values represent estimates to rebuild the home, taking into account geography, labor and materials, and are based on 100-percent, or total, destruction. Depending on the size of the wildfire, there can easily be less than 100-percent damage to the home, which would result in a lower realized reconstruction cost. As such, this analysis represents the total and maximum risk from this event, not the predicted loss.

TABLE 1. TOTAL NUMBER OF HOMES AND RCV BY RISK LEVEL

CBSA	Low (1–50)	Moderate (51–60)	High (61–80)	Extreme (81–100)
Napa	35,130	415	1,021	1,564
	$13,512,553,932	$189,688,863	$444,491,582	$742,193,815
Santa Rosa	122,925	2,589	5,766	2,705
	$46,290,156,192	$924,485,462	$2,677,530,858	$1,164,512,382
California	8,322,108	136,913	382,293	263,152
	$2,835,909,802,454	$56,195,773,817	$163,419,491,775	$90,261,926,369

Source: CoreLogic 2017

In the News

Wall Street Journal, *October 10, 2017*

Wildfires Put $65 Billion of California Homes at Risk

Roughly 11,000 homes, worth a combined $5 billion, are at significant risk of damage, according to the analysis by data provider CoreLogic Inc.

MarketWatch, *October 11, 2017*

California wildfires threaten thousands of homes worth tens of billions, CoreLogic says

Those homes, in the Napa and Santa Rosa metropolitan areas, would cost a combined $65 billion to completely reconstruct, real-estate data provider CoreLogic said.

CNN Money, *October 11, 2017*

Wildfire property damage could reach $65 billion in Northern California

CoreLogic, the property analytics firm, says 172,117 homes in the Napa and Santa Rosa regions are at some level of risk. It compiled the data based on where homes and five active fires are located in the area.

New York Times, *October 11, 2017*

California Today: Now Comes the Insurance Challenge

Roughly 60 percent of American homes are underinsured by an average of about 20 percent, according to CoreLogic, a company based in Irvine that provides data to home insurers.

24/7 Wall Street, *October 13, 2017*

Wrath of Wildfires Puts California Wine Industry at Risk

CoreLogic published an analysis of how many properties in California were at risk and determined that more than 172,117 homes in the Napa and Santa Rosa metro areas, with a combined reconstruction cost value (RCV) of more than $65 billion, are at some level of risk from wildfires.

10 Largest CBSA — Loan Performance Insights Report June 2017

CBSA	30 Days or More Delinquency Rate July 2017 (%)	Serious Delinquency Rate July 2017 (%)	Foreclosure Rate July 2017 (%)	30 Days or More Delinquent Rate July 2016 (%)	Serious Delinquency Rate July 2016 (%)	Foreclosure Rate July 2016 (%)
Boston-Cambridge-Newton MA-NH	3.7	1.5	0.6	4.5	2.0	0.8
Chicago-Naperville-Elgin IL-IN-WI	5.0	2.4	1.0	6.0	3.1	1.1
Denver-Aurora-Lakewood CO	2.0	0.6	0.1	2.6	0.8	0.2
Houston-The Woodlands-Sugar Land TX	5.5	1.8	0.4	6.0	2.1	0.4
Las Vegas-Henderson-Paradise NV	4.6	2.5	0.9	5.9	3.6	1.3
Los Angeles-Long Beach-Anaheim CA	2.9	1.0	0.3	3.4	1.3	0.4
Miami-Fort Lauderdale-West Palm Beach FL	6.3	3.2	1.4	8.0	4.5	1.8
New York-Newark-Jersey City NY-NJ-PA	6.8	4.1	2.2	8.3	5.3	3.0
San Francisco-Oakland-Hayward CA	1.8	0.6	0.2	2.1	0.9	0.2
Washington-Arlington-Alexandria DC-VA-MD-WV	4.1	1.7	0.5	4.8	2.2	0.7

Source: CoreLogic July 2017

"While growth in home sales has stalled due to a lack of inventory during the last few months, the tight inventory has actually helped stabilize price growth. Over the last three years, price growth in the CoreLogic national index has been between 5 percent and 7 percent per year, and CoreLogic expects home prices to increase about 5 percent by this time next year."

Dr. Frank Nothaft, chief economist for CoreLogic

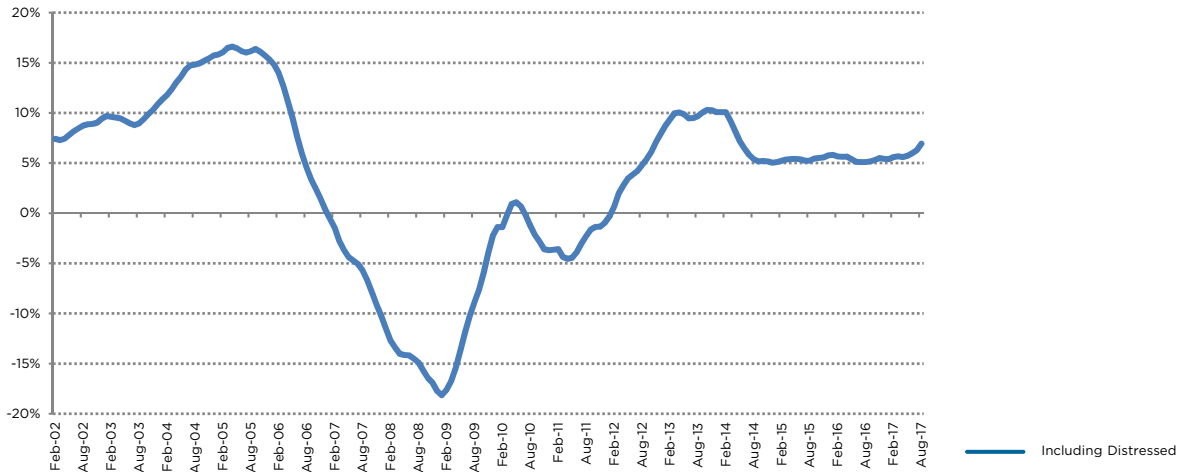
Home Price Index State-Level Detail — Combined Single Family Including Distressed August 2017

State	Month-Over-Month Percent Change	Year-Over-Year Percent Change	Forecasted Month-Over-Month Percent Change	Forecasted Year-Over-Year Percent Change
Alabama	0.2%	3.4%	0.2%	4.3%
Alaska	−0.3%	1.6%	0.2%	5.3%
Arizona	0.4%	6.1%	0.3%	6.1%
Arkansas	0.3%	3.4%	0.3%	4.5%
California	0.4%	7.1%	0.5%	8.7%
Colorado	0.9%	8.6%	0.4%	5.8%
Connecticut	0.4%	2.0%	0.3%	6.8%
Delaware	0.3%	1.5%	0.2%	4.2%
District of Columbia	−0.4%	3.8%	0.2%	3.8%
Florida	0.5%	6.2%	0.4%	6.6%
Georgia	0.6%	6.2%	0.2%	3.9%
Hawaii	0.5%	6.7%	0.4%	5.4%
Idaho	0.5%	8.7%	0.3%	4.9%
Illinois	0.4%	3.8%	0.3%	5.1%
Indiana	0.7%	5.0%	0.4%	5.1%
Iowa	0.5%	4.2%	0.2%	3.7%
Kansas	−0.5%	3.7%	0.3%	4.0%
Kentucky	0.9%	5.9%	0.3%	4.2%
Louisiana	0.0%	5.3%	0.0%	2.4%
Maine	1.3%	8.6%	0.9%	7.3%
Maryland	0.3%	3.1%	0.2%	4.1%
Massachusetts	0.2%	6.6%	0.1%	4.8%
Michigan	1.1%	8.7%	0.5%	5.7%
Minnesota	0.4%	6.1%	0.3%	3.4%
Mississippi	−0.1%	4.6%	0.3%	3.6%
Missouri	0.9%	5.6%	0.3%	4.2%
Montana	0.8%	6.0%	0.5%	3.6%
Nebraska	0.2%	5.4%	0.2%	3.7%
Nevada	0.7%	8.5%	0.7%	8.7%
New Hampshire	0.2%	5.5%	0.3%	6.4%
New Jersey	0.0%	2.2%	0.4%	5.4%
New Mexico	0.5%	3.3%	0.2%	4.1%
New York	2.9%	7.9%	0.6%	5.2%
North Carolina	0.5%	5.5%	0.3%	4.1%
North Dakota	1.4%	5.5%	0.3%	3.0%
Ohio	1.2%	5.0%	0.3%	4.4%
Oklahoma	0.0%	1.9%	0.2%	3.4%
Oregon	0.4%	8.6%	0.3%	6.1%
Pennsylvania	0.1%	3.2%	0.3%	4.3%
Rhode Island	0.8%	6.2%	0.4%	4.5%
South Carolina	0.5%	5.4%	0.2%	4.1%
South Dakota	0.6%	5.7%	0.2%	3.2%
Tennessee	0.6%	7.1%	0.2%	3.4%
Texas	0.5%	5.7%	0.1%	2.3%
Utah	1.1%	11.2%	0.4%	4.5%
Vermont	0.5%	4.7%	0.8%	6.5%
Virginia	0.0%	3.0%	0.2%	4.3%
Washington	0.9%	13.0%	0.4%	5.4%
West Virginia	0.6%	−1.7%	0.2%	4.8%
Wisconsin	0.5%	6.1%	0.3%	4.3%
Wyoming	0.3%	1.7%	0.2%	3.2%

Source: CoreLogic August 2017

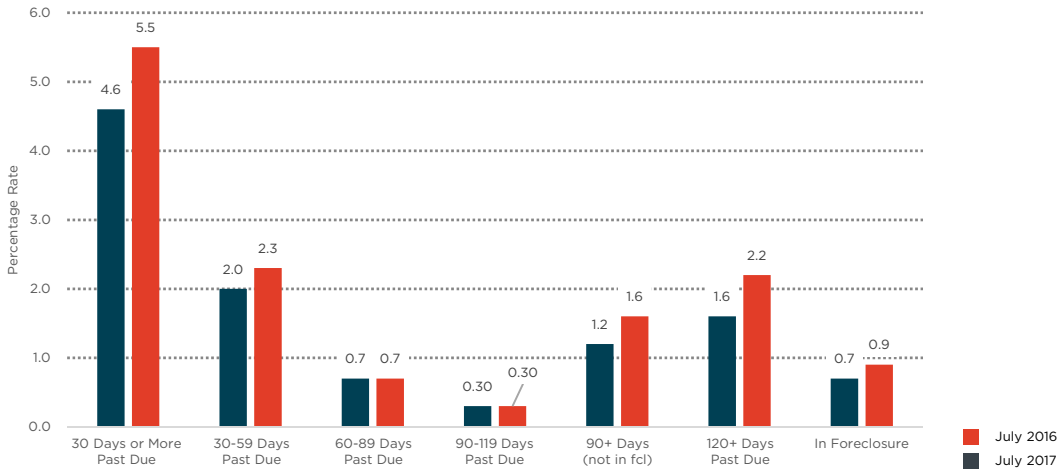
Charts & Graphs

HOME PRICE INDEX
Percentage Change Year Over Year



Source: CoreLogic August 2017

OVERVIEW OF LOAN PERFORMANCE
National Delinquency Rates

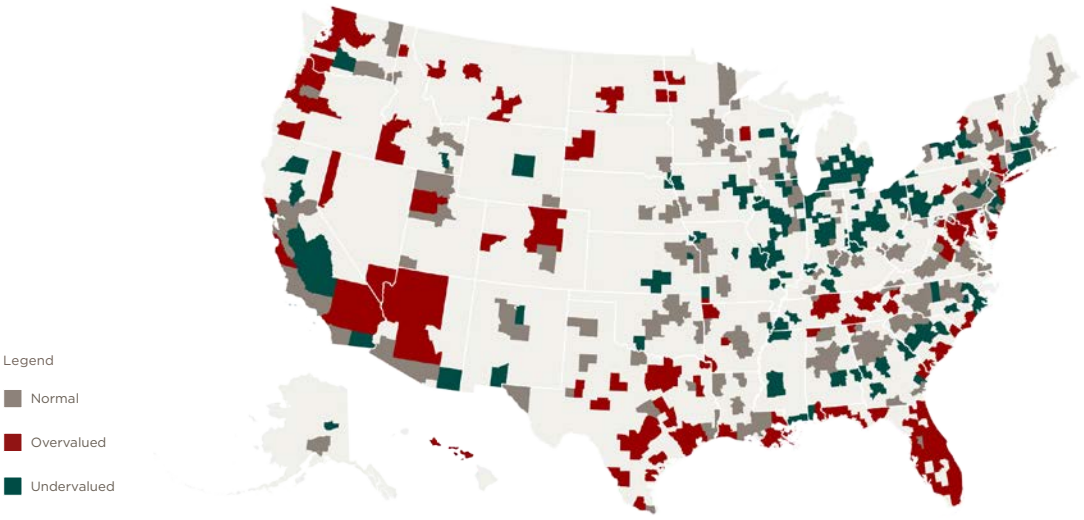


Source: CoreLogic July 2017

Even though delinquency rates are lower in most markets compared with a year ago, there are some worrying trends…markets affected by the decline in oil production or anemic job creation have seen an increase in defaults…markets such as Anchorage, Baton Rouge and Lafayette, Louisiana where the serious delinquency rate rose over the last year."

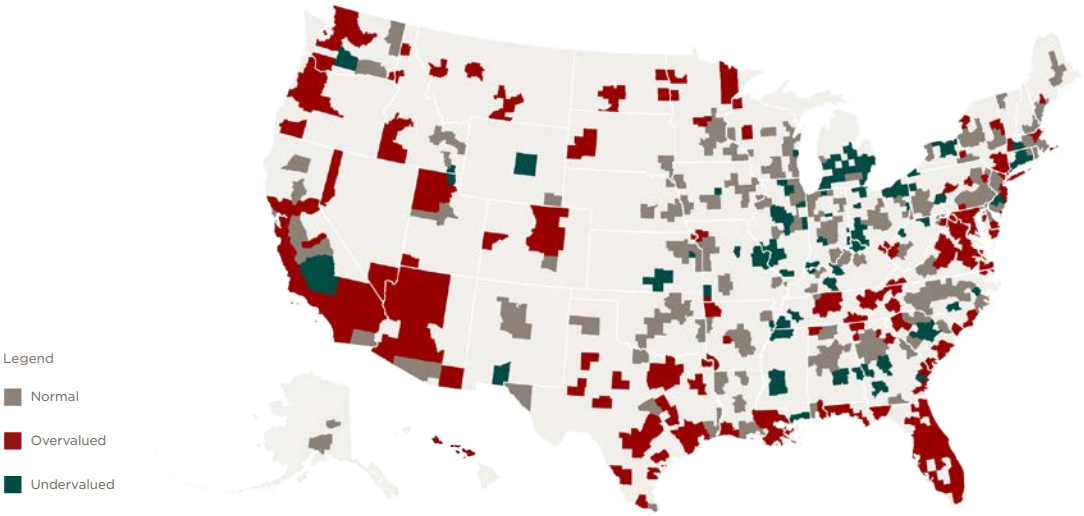
Frank Martell,
president and CEO of CoreLogic

CORELOGIC HPI® MARKET CONDITION OVERVIEW
August 2017



Source: CoreLogic
CoreLogic HPI Single Family Combined Tier, data through August 2017.
CoreLogic HPI Forecasts Single Family Combined Tier, starting in September 2017.

CORELOGIC HPI® MARKET CONDITION OVERVIEW
August 2022 Forecast



Source: CoreLogic
CoreLogic HPI Single Family Combined Tier, data through August 2017.
CoreLogic HPI Forecasts Single Family Combined Tier, starting in September 2017.

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 residentail 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).

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