

“Many homeowners across the country are seeing the equity value in their homes grow, which lifts the economy as a whole. With more and more borrowers regaining equity, we expect homeownership to become an increasingly attractive option for many who have remained on the sidelines in the aftermath of the great recession. This should provide more opportunities for people to sell their homes, purchase a different home or refinance an existing mortgage.”

Anand Nallathambi, president and CEO of CoreLogic

# Equity Report – National Overview

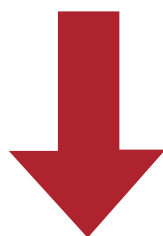
- ▶ Rising Home Prices Led to Improvements In Home Equity, with 946,000 Residential Properties Regaining Equity In Q2 2014
- ▶ 5.3 Million Homes with a Mortgage Still in Negative Equity
- ▶ 9.4 Million Mortgaged Properties Have Positive Equity But Are Considered Under-Equited



10.7%

of mortgaged homes have negative equity

Our analysis shows that nearly 5.3 million homes, or 10.7 percent of all residential properties with a mortgage, were still in negative equity at the end of the second quarter of 2014. Negative equity means that a borrower owes more on a home than it is worth. These properties may be referred to as underwater or upside down.



\$38.1B

decline in aggregate value of negative equity

For the homes in negative equity status, the national aggregate value of negative equity was \$345.1 billion for second quarter 2014, compared to \$383.2 billion for first quarter 2014\*, a decrease of \$38.1 billion.

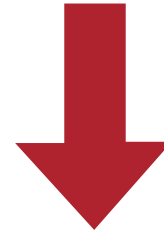
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An additional 1.0 million properties would regain equity if home prices rose another 5 percent.

\* Q1 2014 data was revised. Revisions with public records are standard, and to ensure accuracy, CoreLogic incorporates the newly released public data to provide updated results.

# Under Equity

## Properties with less than 20 percent equity



19.0 %

of mortgaged residential properties are under-equited

2.7 %

of residential properties are near-negative equity

UNDERWRITING CONSTRAINTS MAY MAKE IT MORE DIFFICULT FOR UNDER-EQUITIED BORROWERS TO OBTAIN NEW HOME FINANCING.

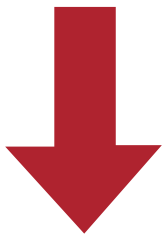
Borrowers with less than 20-percent home equity are referred to as under-equited. Of the 43 million properties with a mortgage, 10 million, or 20.6 percent, have less than 20 percent equity.

Additionally, at the end of the second quarter, 1.3 million homes, or 2.7 percent, had less than 5 percent equity. This is referred to as near-negative equity, which puts these properties at risk should home prices fall.

“The increase in borrower equity of \$1trillion from a year earlier is evidence that things are moving solidly in the right direction. Borrower equity is important because home equity constitutes borrowers’ largest investment segment and, as a result, is driving forward the rise in wealth for the typical homeowner.”

**Sam Khater**, deputy chief economist for CoreLogic

# Equity Snapshot



59.0 %

Average Loan to Value

The average loan-to-value ratio for all mortgaged homes is 59.0 percent. Of residential properties with a mortgage, 1.0 million, or 2.1 percent, have a loan-to-value ratio of 100 percent to 105 percent. Another 2.0 million, or 4.1 percent, have a loan-to-value ratio greater than 125 percent.



34.2 %

Average percent underwater

On average, residential properties with negative equity are underwater by 34.2 percent. Approximately 3.2 million upside-down borrowers hold first liens without home equity loans. With an average balance of \$227,000, these borrowers are underwater \$57,000 on average. An additional 2.1 million upside-down borrowers, hold both first and second liens. The average balance for this group is \$297,000. Their average underwater amount is \$77,000.



94.0 %

of more expensive homes have equity

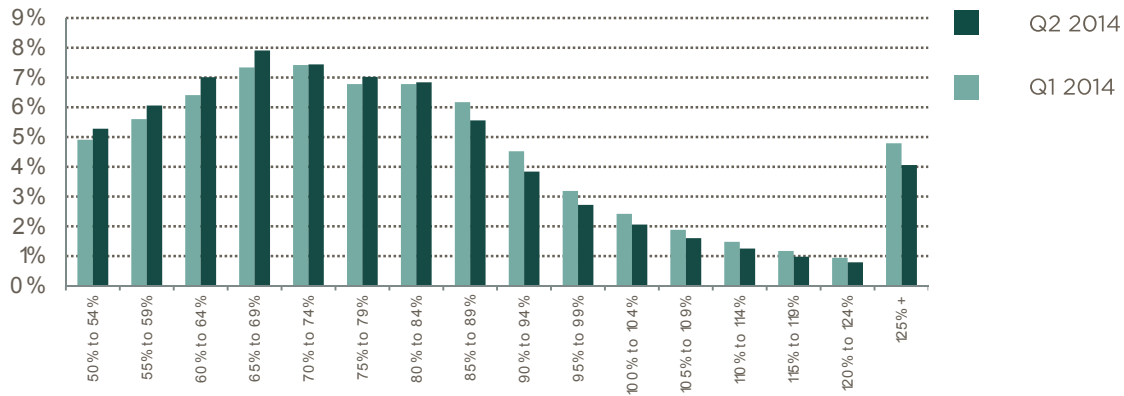
Home equity is concentrated at the higher end of the market. For example, 93 percent of homes valued at greater than \$200,000 have equity compared with 84 percent of homes valued at less than \$200,000.

# National Equity Distribution

## A look at loan-to-value ratios

### Loan-to-Value Segment

National Equity Distribution by LTV Segment



Source: CoreLogic Q2 2014

### Equity Share by State and Equity Cohorts

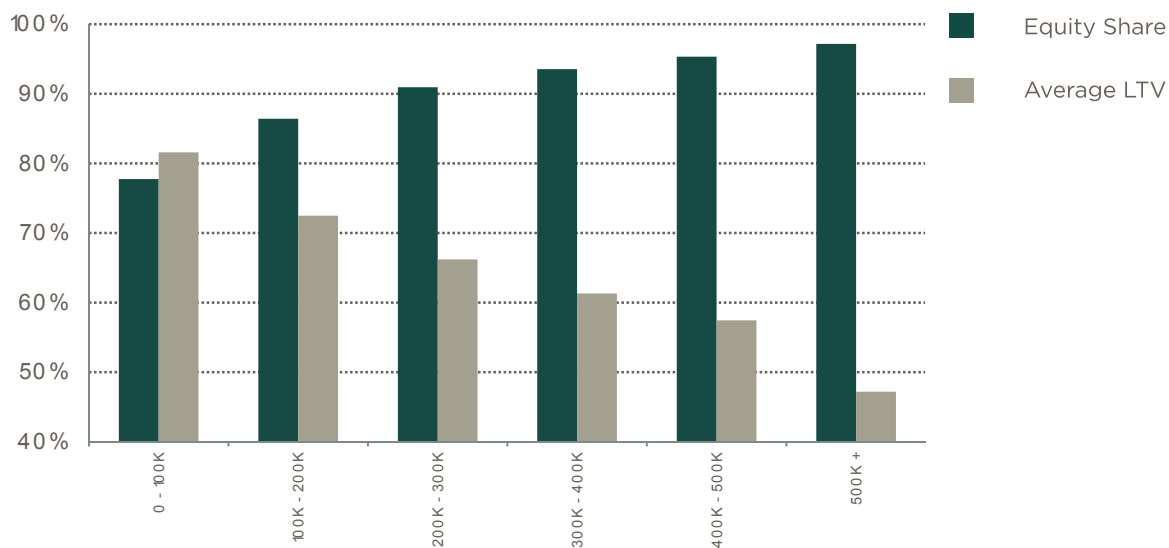


Source: CoreLogic Q2 2014

# National Equity Distribution

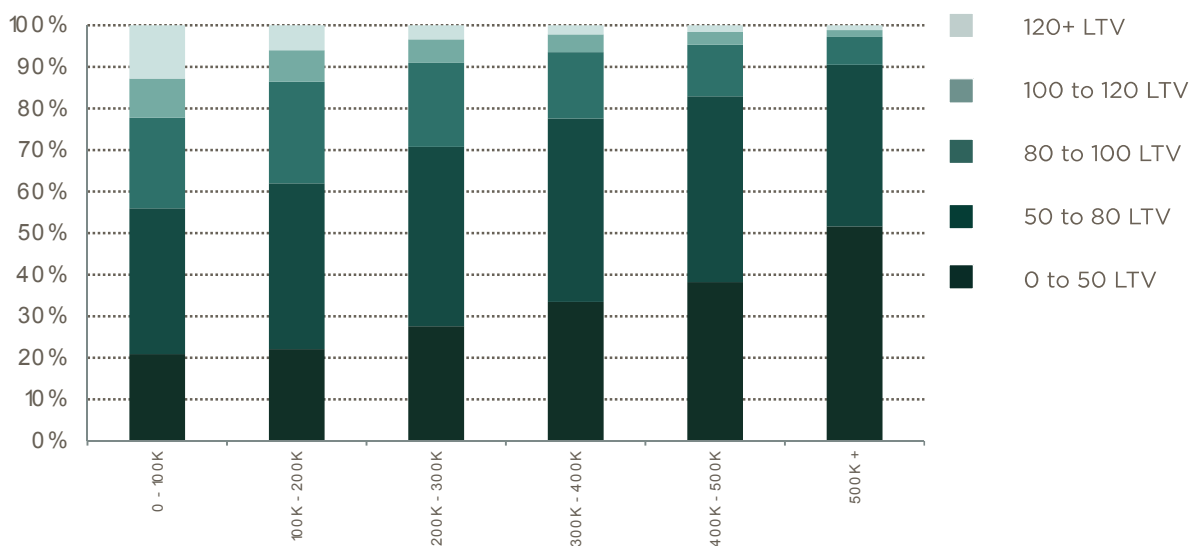
A look at loan-to-value ratios

## Equity Share with Average LTV by Property Value



Source: CoreLogic Q2 2014

## Cumulative Distribution of Equity by Loan Value

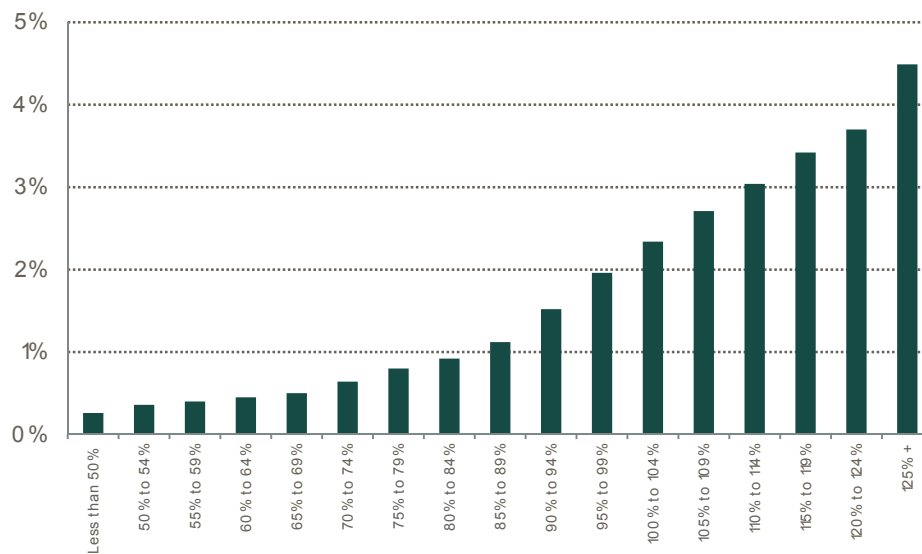


Source: CoreLogic Q2 2014

# National Equity Distribution

A look at loan-to-value ratios

## Default Rate by LTV



Source: CoreLogic Q2 2014



# National Level Detail

## National Residential Equity

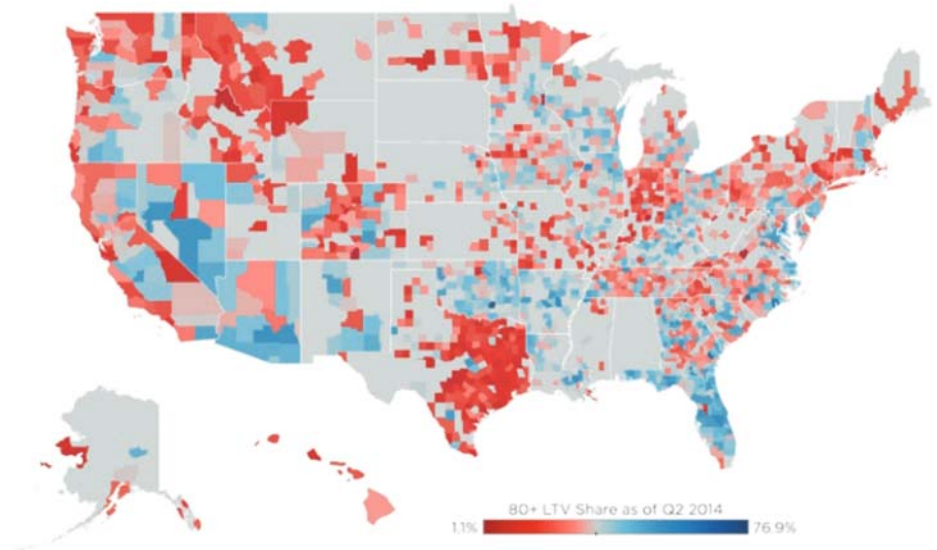
	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013*	Q3 2013*	Q4 2013	Q1 2014	Q2 2014
<b>Positive Equity Position</b>													
LTV > 0 to < 100	75.2%	75.6%	74.8%	76.3%	77.7%	78.0%	78.4%	79.8%	85.1%	86.7%	86.6%	87.3%	89.3%
> 0 to < 80	52.9%	53.2%	52.4%	53.5%	54.9%	55.0%	55.2%	56.7%	63.7%	66.0%	65.3%	66.7%	70.3%
80 to < 100	22.3%	22.4%	22.4%	22.8%	22.8%	23.0%	23.2%	23.1%	21.4%	20.7%	21.2%	20.7%	19.0%
Near Negative Equity (95 to < 100)	4.9%	4.8%	4.9%	4.9%	4.7%	4.8%	4.8%	4.5%	3.5%	3.3%	3.4%	3.2%	2.7%
<b>Negative Equity Position</b>													
LTV 100+	24.8%	24.4%	25.2%	23.7%	22.3%	22.0%	21.6%	20.2%	14.9%	13.3%	13.4%	12.7%	10.7%
100 to < 105	3.9%	3.8%	4.0%	3.9%	3.7%	3.7%	3.7%	3.5%	2.7%	2.5%	2.6%	2.4%	2.1%
105 to < 125	9.5%	9.4%	9.7%	9.3%	8.8%	8.7%	8.7%	8.3%	6.3%	5.7%	5.8%	5.5%	4.6%
125+	11.4%	11.1%	11.6%	10.6%	9.8%	9.6%	9.2%	8.4%	5.9%	5.1%	5.1%	4.8%	4.1%
Number of Negative Equity Properties (millions)	11,8	11,6	12,1	11,4	10,8	10,6	10,5	9,8	7,2	6,5	6,6	6,3	5,3
Amount of Negative Equity (\$B)	737	722	743	692	690	670	628	582	433	402	401.1	383.2	345.1
Net Homeowner Equity (\$B)	\$3,568	\$3,578	\$3,479	\$3,611	\$3,782	\$3,769	\$3,868	\$4,170	\$5,029	\$5,337	\$5,292	\$5,557	\$6,027
Mortgage Debt Outstanding (\$B)	\$8,647	\$8,654	\$8,655	\$8,635	\$8,666	\$8,606	\$8,631	\$8,643	\$8,484	\$8,574	\$8,606	\$8,636	\$8,686
Average LTV	70.8%	70.7%	71.3%	70.5%	69.6%	69.5%	69.1%	67.5%	62.8%	61.6%	61.9%	60.8%	59.0%

\*Thousands of Units

# National Snapshot

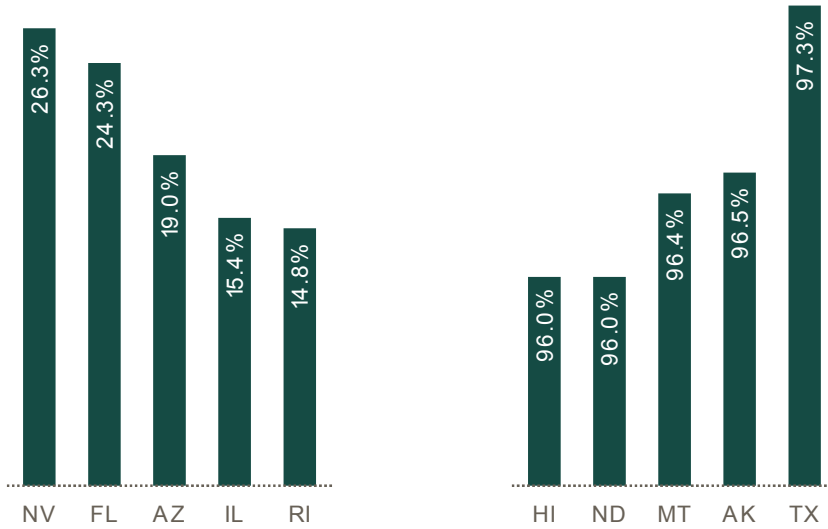
## Under-Equity and Negative Equity Share Combined by County

80+ LTV Share



As of Q2 2014  
Source: CoreLogic

# State Highlights

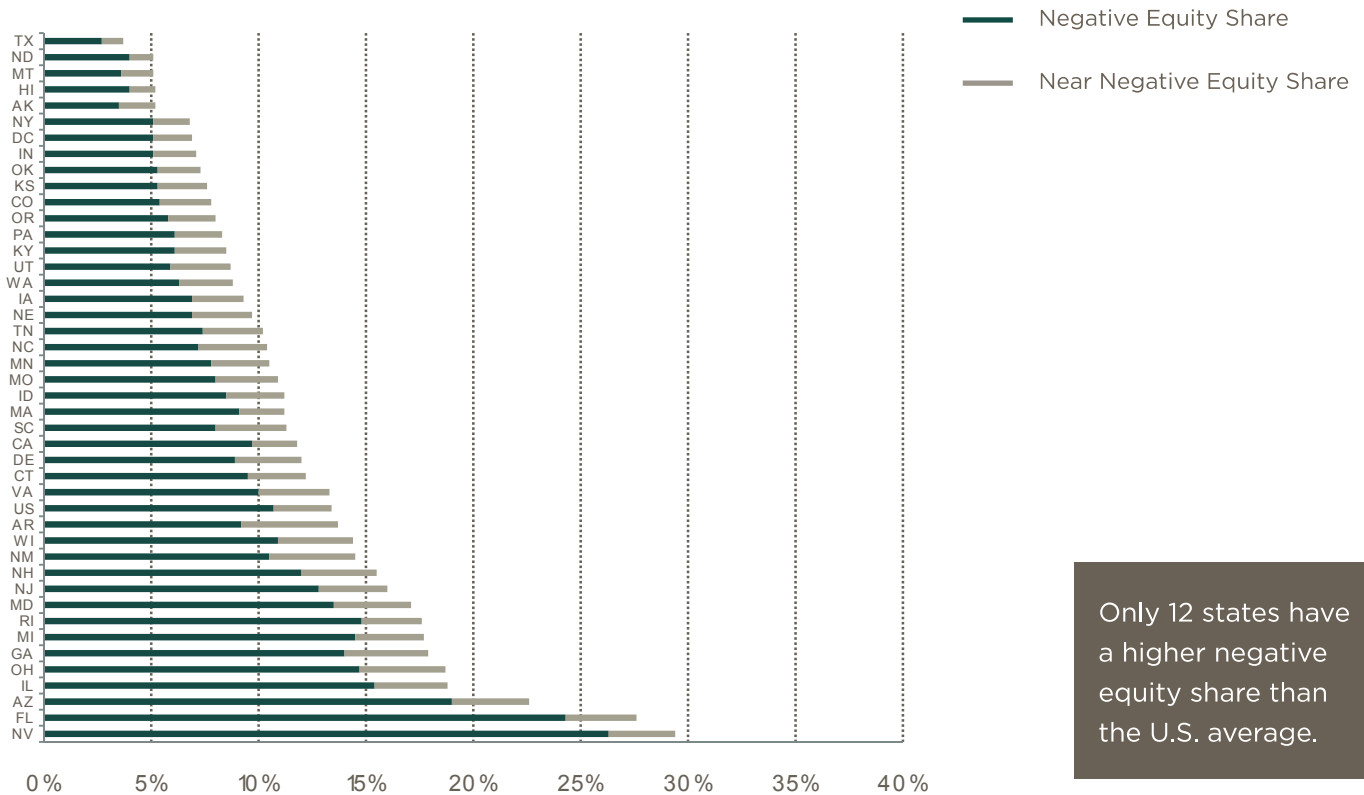


Nevada, Florida, Mississippi, Arizona and Illinois Account for 32.8 percent of negative equity in the United States.

Top five states where mortgaged residential properties have negative equity

Top five states where mortgaged residential properties have equity

## Near and Negative Equity Share by State



Only 12 states have a higher negative equity share than the U.S. average.

Source: CoreLogic Q2 2014

# State Level Detail

Q2 2014 Negative Equity by State\*

## Equity All U.S.

Average Loan to Value: 59.0%

Equity Share: 89.3%

Loan to Value Share >0 to <80%: 70.3%

Loan to Value Share 80% to <100%: 19.0%

Negative Equity Share: 10.7%

Near Negative Equity Share (95% to <100% Loan to Value): 2.7%

Near Negative Equity Share (100% to 105% Loan to Value): 2.1%

Total Mortgaged Property Count (ths.): 49,481

States with Negative Equity Share Higher Than the National Average: 12

Homes with Negative Equity: 5.3 million

STATE	AVERAGE LTV	EQUITY SHARE	LTV SHARE >0 TO <80%	LTV SHARE 80% TO <100%	NEGATIVE EQUITY SHARE	NEAR NEGATIVE EQUITY SHARE (95% TO <100% LTV)	NEAR EQUITY SHARE (100% TO <105% LTV)	TOTAL MORTGAGED PROPERTY COUNT (THS.)
Alaska	63.5%	96.5%	72.7%	23.8%	3.5%	1.7%	0.9%	96
Arizona	69.6%	81.0%	59.4%	21.6%	19.0%	3.6%	3.1%	1,322
Arkansas	70.8%	90.8%	59.7%	31.1%	9.2%	4.5%	2.6%	279
California	52.4%	90.3%	77.9%	12.4%	9.7%	2.1%	1.7%	6,722
Colorado	61.9%	94.6%	72.2%	22.4%	5.4%	2.4%	1.5%	1,172
Connecticut	55.9%	90.5%	73.9%	16.6%	9.5%	2.7%	2.1%	836
Delaware	61.6%	91.1%	69.7%	21.3%	8.9%	3.1%	2.2%	202
District of Columbia	52.6%	94.9%	79.7%	15.2%	5.2%	1.8%	1.2%	101
Florida	68.3%	75.7%	57.6%	18.1%	24.3%	3.4%	3.0%	4,016
Georgia	68.1%	86.0%	62.0%	24.0%	14.0%	3.9%	3.0%	1,658
Hawaii	45.7%	96.0%	86.7%	9.3%	4.0%	1.2%	0.9%	249
Idaho	63.5%	91.5%	72.3%	19.2%	8.5%	2.7%	2.0%	255
Illinois	66.0%	84.7%	64.0%	20.6%	15.4%	3.4%	2.7%	2,214
Indiana	63.2%	95.0%	75.4%	19.6%	5.1%	2.0%	1.3%	756
Iowa	66.4%	93.1%	68.0%	25.1%	6.9%	2.4%	1.6%	411
Kansas	64.9%	94.7%	73.4%	21.4%	5.3%	2.3%	1.3%	326
Kentucky	64.5%	93.9%	68.6%	25.3%	6.2%	2.4%	1.4%	336
Maryland	63.2%	86.5%	64.0%	22.5%	13.5%	3.6%	2.9%	1,373
Massachusetts	53.2%	90.9%	77.2%	13.7%	9.1%	2.1%	1.7%	1,518
Michigan	65.7%	85.5%	67.4%	18.1%	14.5%	3.2%	2.6%	1,391
Minnesota	61.5%	92.2%	71.4%	20.8%	7.8%	2.7%	2.0%	682
Missouri	65.1%	92.0%	69.8%	22.2%	8.0%	2.9%	2.0%	815

\*Only those properties with mortgages are included.

STATE	AVERAGE LTV	EQUITY SHARE	LTV SHARE >0 TO <80%	LTV SHARE 80% TO <100%	NEGATIVE EQUITY SHARE	NEAR NEGATIVE EQUITY SHARE (95% TO <100% LTV)	NEAR EQUITY SHARE (100% TO <105% LTV)	TOTAL MORTGAGED PROPERTY COUNT (THS.)
Montana	56.6%	96.4%	81.3%	15.1%	3.6%	1.5%	0.9%	129
Nebraska	71.0%	93.1%	62.5%	30.6%	6.9%	2.8%	1.6%	243
Nevada	75.3%	73.7%	56.2%	17.6%	26.3%	3.1%	2.9%	538
New Hampshire	65.5%	88.0%	64.4%	23.6%	12.0%	3.5%	2.8%	236
New Jersey	59.3%	87.3%	69.1%	18.1%	12.8%	3.3%	2.6%	1,869
New Mexico	65.3%	89.5%	65.1%	24.4%	10.5%	4.0%	2.9%	251
New York	46.8%	94.9%	82.1%	12.8%	5.1%	1.7%	1.2%	1,987
North Carolina	64.3%	92.8%	67.3%	25.5%	7.2%	3.2%	2.0%	1,681
North Dakota	56.0%	96.0%	83.5%	12.5%	4.0%	1.1%	0.8%	72
Ohio	69.4%	85.3%	61.3%	24.1%	14.7%	4.0%	3.2%	2,149
Oklahoma	68.7%	94.7%	65.7%	29.0%	5.3%	2.0%	1.1%	463
Oregon	59.1%	94.2%	76.4%	17.8%	5.8%	2.2%	1.5%	718
Pennsylvania	58.1%	93.9%	75.3%	18.6%	6.1%	2.2%	1.4%	1,997
Rhode Island	59.3%	85.3%	68.7%	16.6%	14.8%	2.8%	2.3%	233
South Carolina	63.9%	92.0%	65.9%	26.1%	8.0%	3.3%	2.1%	688
Tennessee	64.9%	92.6%	67.1%	25.5%	7.4%	2.8%	1.8%	1,012
Texas	57.8%	97.3%	84.3%	13.0%	2.7%	1.0%	0.6%	3,522
Utah	61.5%	94.1%	73.1%	21.0%	5.9%	2.8%	1.9%	489
Virginia	61.8%	90.0%	66.2%	23.9%	10.0%	3.3%	2.4%	1,380
Washington	58.2%	93.7%	74.0%	19.7%	6.3%	2.5%	1.8%	1,451
Wisconsin	67.2%	89.1%	64.5%	24.6%	10.9%	3.5%	2.5%	724

\*Only those properties with mortgages are included.

## Equity All U.S.

Average Loan to Value: 59.0 %

Equity Share: 89.3 %

Loan to Value Share >0 to <80%: 70.3 %

Loan to Value Share 80% to <100%: 19.0 %

Negative Equity Share: 10.7 %

Near Negative Equity Share (95% to <100% Loan to Value): 2.7 %

Near Negative Equity Share (100% to 105% Loan to Value): 2.1 %

Total Mortgaged Property Count (ths.): 49,481

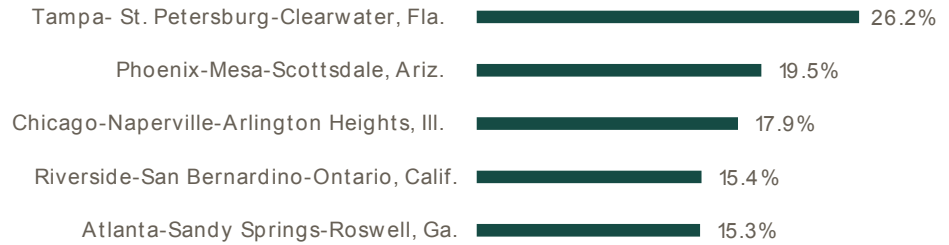
States with Negative Equity Share Higher Than the National Average: 12

Homes with Negative Equity: 5.3 million

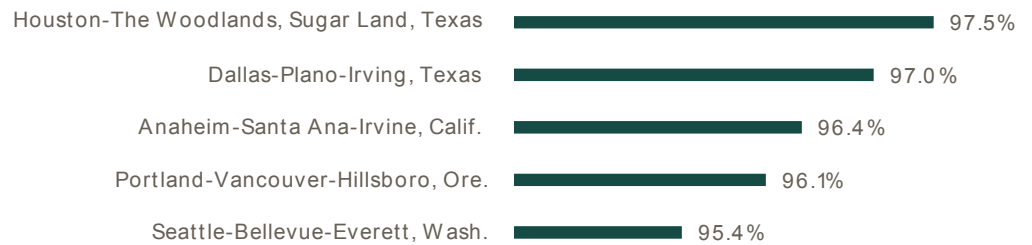
# Metropolitan Area Highlights

## Largest 25 Metros

### Five metros with highest percentage of residences in negative equity



### Five metros with highest percentage of residences in equity



# Metropolitan Area Highlights

Q2 2014 Negative Equity by CBSA\*

METROPOLITAN AREA **	AVERAGE LTV	EQUITY SHARE	LTV SHARE >0 TO <80%	LTV SHARE 80% TO <100%	NEGATIVE EQUITY SHARE	NEAR NEGATIVE EQUITY SHARE (95% TO <100% LTV)	NEAR EQUITY SHARE (100% TO <105% LTV)	TOTAL MORTGAGED PROPERTY COUNT (THS.)
Houston-The Woodlands-Sugar Land, TX	55.5%	97.5%	87.5%	10.0%	2.5%	0.9%	0.6%	970
Dallas-Plano-Irving, TX	58.7%	97.0%	84.4%	12.5%	3.1%	1.1%	0.7%	763
Anaheim-Santa Ana-Irvine, CA	50.0%	96.4%	86.6%	9.8%	3.6%	1.4%	1.0%	547
Portland-Vancouver-Hillsboro, OR-WA	58.0%	96.1%	79.5%	16.6%	3.9%	1.9%	1.3%	479
Seattle-Bellevue-Everett, WA	54.3%	95.4%	80.6%	14.8%	4.6%	1.9%	1.4%	640
Denver-Aurora-Lakewood, CO	62.0%	95.2%	74.8%	20.4%	4.8%	2.0%	1.3%	640
Charlotte-Concord-Gastonia, NC-SC	65.5%	93.3%	66.7%	26.6%	6.7%	2.8%	1.7%	473
Los Angeles-Long Beach-Glendale, CA	49.6%	93.1%	82.4%	10.7%	6.9%	1.8%	1.5%	1,514
Nassau County-Suffolk County, NY	47.2%	93.0%	81.1%	11.9%	7.0%	1.9%	1.4%	554
New York-Jersey City-White Plains, NY-NJ	49.5%	92.6%	79.2%	13.4%	7.4%	2.1%	1.6%	1,640
Cambridge-Newton-Framingham, MA	51.4%	92.2%	80.5%	11.7%	7.8%	1.7%	1.4%	511
Minneapolis-St. Paul-Bloomington, MN-WI	61.9%	92.0%	70.5%	21.5%	8.0%	2.8%	2.1%	579
St. Louis, MO-IL	64.4%	91.5%	67.4%	24.1%	8.5%	3.3%	2.2%	561
San Diego-Carlsbad, CA	54.7%	91.0%	76.8%	14.2%	9.1%	2.2%	1.8%	586
Oakland-Hayward-Berkeley, CA	52.4%	90.3%	80.0%	10.3%	9.7%	1.7%	1.5%	535
Baltimore-Columbia-Towson, MD	62.0%	89.4%	66.6%	22.8%	10.6%	3.6%	2.8%	644
Sacramento--Roseville--Arden-Arcade, CA	62.0%	87.8%	72.4%	15.4%	12.2%	2.5%	2.2%	479
Washington-Arlington-Alexandria, DC-VA-MD-WV	62.0%	87.4%	65.5%	21.9%	12.6%	3.1%	2.5%	1,052
Newark, NJ-PA	58.1%	87.4%	71.1%	16.3%	12.6%	2.8%	2.3%	478
Warren-Troy-Farmington Hills, MI	64.7%	86.0%	69.0%	17.0%	14.1%	3.2%	2.6%	507
Atlanta-Sandy Springs-Roswell, GA	68.2%	84.7%	61.6%	23.1%	15.3%	3.8%	3.1%	1,188
Riverside-San Bernardino-Ontario, CA	66.0%	84.6%	69.3%	15.3%	15.4%	2.8%	2.4%	821
Chicago-Naperville-Arlington Heights, IL	65.5%	82.1%	63.2%	18.9%	17.9%	3.4%	2.9%	1,369
Phoenix-Mesa-Scottsdale, AZ	70.2%	80.5%	59.3%	21.2%	19.5%	3.5%	3.0%	920
Tampa-St. Petersburg-Clearwater, FL	72.7%	73.8%	53.9%	19.9%	26.2%	3.7%	3.3%	606

\* Metropolitan Areas used are CBSAs as defined by the Office of Management and Budget (OMB) or the Metropolitan Division of a CBSA where available.

\*\* This table represents the largest 25 Metropolitan Areas by mortgage count, sorted by highest equity share.

# CoreLogic Equity Report Methodology

The amount of equity for each property is determined by comparing the estimated current value of the property against the mortgage debt outstanding (MDO). If the MDO is greater than the estimated value, then the property is determined to be in a negative equity position. If the estimated value is greater than the MDO, then the property is determined to be in a positive equity position. The data is first generated at the property level and aggregated to higher levels of geography. CoreLogic data includes 49 million properties with a mortgage, which accounts for more than 85 percent of all mortgages in the U.S. CoreLogic uses its public record data as the source of the MDO, which includes both first-mortgage liens and second liens, and is adjusted for amortization and home equity utilization in order to capture the true level of MDO for each property. The calculations are not based on sampling, but rather on the full data set to avoid potential adverse selection due to sampling. The current value of the property is estimated using a suite of proprietary CoreLogic valuation techniques, including valuation models and the CoreLogic Home Price Index (HPI). Only data for mortgaged residential properties that have a current estimated value is included. There are several states or jurisdictions where the public record, current value or mortgage coverage is thin. These instances account for fewer than 5 percent of the total U.S. population.

## ABOUT CORELOGIC

CoreLogic (NYSE: CLGX) is a leading global property information, analytics and data-enabled services provider. The company's combined data from public, contributory and proprietary sources includes over 3.5 billion records spanning more than 40 years, providing detailed coverage of property, mortgages and other encumbrances, consumer credit, tenancy, location, hazard risk and related performance information. The markets CoreLogic serves include real estate and mortgage finance, insurance, capital markets, and the public sector. CoreLogic delivers value to clients through unique data, analytics, workflow technology, advisory and managed services. Clients rely on CoreLogic to help identify and manage growth opportunities, improve performance and mitigate risk. Headquartered in Irvine, Calif., CoreLogic operates in North America, Western Europe and Asia Pacific. For more information, please visit [www.corelogic.com](http://www.corelogic.com).

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