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NEW CORELOGIC® DATA SHOWS 23 PERCENT OF BORROWERS UNDERWATER WITH $750 BILLION DOLLARS OF NEGATIVE EQUITY
PROPOSED DOWN PAYMENT RULES WILL IMPACT ALREADY HARD-HIT STATES

SANTA ANA, Calif., March 8, 2011—CoreLogic (NYSE: CLGX), a leading provider of information, analytics and business services, today released negative equity data showing that 11.1 million, or 23.1 percent, of all residential properties with a mortgage were in negative equity at the end of the fourth quarter of 2010, up from 10.8 million, or 22.5 percent, in the third quarter. The small increase reflects the price declines that occurred during the fourth quarter and led to lower values. An additional 2.4 million borrowers had less than five percent equity, referred to as near-negative equity, in the fourth quarter. Together, negative equity and near-negative equity mortgages accounted for 27.9 percent of all residential properties with a mortgage nationwide.

Negative equity, often referred to as “underwater” or “upside down,” means that borrowers owe more on their mortgages than their homes are worth. Negative equity can occur because of a decline in value, an increase in mortgage debt or a combination of both.

Data Highlights

- Nevada had the highest negative equity percentage with 65 percent of all of its mortgaged properties underwater, followed by Arizona (51 percent), Florida (47 percent), Michigan (36 percent) and California (32 percent).
- At 118 percent, Nevada had the highest average loan-to-value (LTV) ratios for properties with a mortgage, followed by Arizona (95 percent), Florida (91 percent), Michigan (84 percent), and Georgia (81 percent). New York had the lowest LTV at 50 percent, followed by Hawaii (54 percent), District of Columbia (58 percent), Connecticut (60 percent), and North Dakota (60 percent).
- The distribution of LTV varies greatly by state. For example, California has a higher share of borrowers with 60 percent or less LTV compared to Texas even though California has a negative equity share that is 3 times higher than Texas. Florida and Michigan have fairly similar concentrations of low LTV loans, but above 70 percent LTV the profiles of the states begin to diverge with Florida significantly worse than Michigan.
- The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 set forth the qualified residential mortgage (QRM) designation, which exempts lenders from risk retention requirements for the loans to be securitized, making those loans cheaper to originate. While there are many aspects to the definition, an emerging consensus is that a 20 percent down payment will be one of the features. Clearly, higher down payments are necessary to reduce credit risk for lenders and

securitizers, but given the majority of homebuyers are repeat buyers who use current equity as the bulk of their equity, states that have a lower proportion of borrowers with 80 percent LTV or less will be adversely affected because repeat buyers will not have sufficient down payments to buy new homes[1] with QRMs. In the U.S., 54 percent of homeowners with mortgages would qualify for the exemption using the 20 percent definition. But more than 70 percent of borrowers in New York, Hawaii and North Dakota would qualify, so the impact in those states will be smaller than the impact on the U.S. Conversely, Nevada will be the most negatively impacted by the QRM exemption, because few homeowners have 20 percent equity or more in their home. Other hard-hit foreclosure states that would be negatively impacted include Georgia and Colorado.

- The consensus is that home prices will fall another 5 percent to 10 percent in 2011. If so, the most that negative equity will rise is another 10 percentage points, all else equal[2]. What's important is not just the share of at-risk loans (i.e., loans with less than 10 percent equity) but current price movements. At the safe end of the spectrum, New York, North Dakota and Hawaii have very low shares of at risk loans (less than 7 percent) and prices are still increasing, so the risk is minimal (Figure 5). Colorado, Tennessee and North Carolina appear to be the riskiest because they each have the largest percent of loans at risk (16 percent or more). However, each is only experiencing moderate price declines so the impact in these states will be small to moderate. Given price declines, the largest risk to future increases in negative equity lies in Alabama, Idaho, and Oregon which have a high share of loans that are near negative equity and rapid home price depreciation.
- The aggregate level of negative equity increased to $751 billion in Q4, up from $744 billion last quarter but still below $800 billion a year ago. Over $450 billion of the aggregate negative equity dollars include borrowers who are upside down by more than 50 percent (Figure 6).

"Negative equity holds millions of borrowers captive in their homes, unable to move or sell their properties. Until the high level of negative equity begins to recede, the housing and mortgage finance markets will remain very sluggish," said Mark Fleming, chief economist with CoreLogic.

[1] This analysis is about the typical future homebuyer who is an owner with a mortgage. We implicitly assume that the majority of future homebuyers' downpayment will come from their current equity and will purchase a similarly priced home. These borrowers typically represent the majority of homebuyers in normal markets.
[2] Most likely even if prices decline 10 percent in 2011, negative equity will rise by less than that because foreclosures are removing negative equity borrowers.

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Q4 2010 Negative Equity by State*

	Properties With a Mortgage Outstanding					$ Outstanding			
Name	Mortgages	Negative Equity Mortgages	Near** Negative Equity Mortgages	Negative Equity Share	Near** Negative Equity Share	Total Property Value	Mortgage Debt Outstanding	Net Homeowner Equity	Loan-to-Value Ratio
Alabama	342,247	34,290	19,082	10.0%	5.6%	65,164,847,249	43,641,335,049	21,523,512,200	67%
Alaska	93,374	7,780	5,213	8.3%	5.6%	25,117,212,290	16,662,130,886	8,455,081,404	66%
Arizona	1,326,704	674,855	59,927	50.9%	4.5%	252,340,906,926	238,802,093,701	13,538,813,225	95%
Arkansas	240,156	24,872	13,595	10.4%	5.7%	37,968,671,781	27,486,513,982	10,482,157,799	72%
California	6,848,038	2,178,307	311,400	31.8%	4.5%	2,820,484,390,231	1,991,629,822,192	828,854,568,039	71%
Colorado	1,129,128	224,062	90,158	19.8%	8.0%	300,525,601,691	216,082,305,454	84,443,296,237	72%
Connecticut	818,354	106,350	31,026	13.0%	3.8%	288,143,321,928	171,563,108,922	116,580,213,006	60%
Delaware	181,355	25,507	9,095	14.1%	5.0%	47,423,891,182	32,074,543,060	15,349,348,122	68%
Florida	4,413,807	2,089,518	177,651	47.3%	4.0%	815,722,822,287	741,046,997,179	74,675,825,108	91%
Georgia	1,608,256	485,148	119,620	30.2%	7.4%	311,444,397,512	251,812,752,555	59,631,644,957	81%
Hawaii	226,571	22,255	7,700	9.8%	3.4%	118,104,479,636	63,961,702,592	54,142,777,044	54%
Idaho	243,849	60,361	12,348	24.8%	5.1%	48,091,894,584	35,310,698,895	12,781,195,689	73%
Illinois	2,212,385	480,627	111,500	21.7%	5.0%	510,805,617,768	369,838,670,016	140,966,947,752	72%
Indiana	608,490	65,408	28,214	10.7%	4.6%	92,307,107,148	64,036,855,380	28,270,251,768	69%
Iowa	345,297	29,374	14,563	8.5%	4.2%	52,430,146,413	34,947,646,170	17,482,500,243	67%
Kansas	296,800	30,856	15,832	10.4%	5.3%	53,273,598,149	37,544,019,203	15,729,578,946	70%
Kentucky	283,980	24,367	13,504	8.6%	4.8%	48,364,307,960	32,685,743,600	15,678,564,360	68%
Louisiana	NA	NA	NA	NA	NA	NA	NA	NA	NA
Maine	NA	NA	NA	NA	NA	NA	NA	NA	NA
Maryland	1,354,791	326,600	68,399	24.1%	5.0%	421,250,005,626	296,498,571,277	124,751,434,349	70%
Massachusetts	1,493,442	228,450	52,492	15.3%	3.5%	540,683,298,427	328,301,350,157	212,381,948,270	61%
Michigan	1,385,637	502,049	76,100	36.2%	5.5%	197,942,486,068	166,860,983,751	31,081,502,317	84%
Minnesota	565,709	90,206	28,478	15.9%	5.0%	126,456,651,398	82,997,794,882	43,458,856,516	66%
Mississippi	NA	NA	NA	NA	NA	NA	NA	NA	NA
Missouri	776,919	121,987	44,676	15.7%	5.8%	136,118,557,977	97,498,804,101	38,619,753,876	72%
Montana	113,658	8,756	4,106	7.7%	3.6%	28,357,113,297	17,079,602,357	11,277,510,940	60%
Nebraska	220,780	19,473	12,268	8.8%	5.6%	35,217,267,508	25,451,312,236	9,765,955,272	72%
Nevada	582,142	380,458	25,811	65.4%	4.4%	101,287,321,345	119,499,680,321	-18,212,358,976	118%
New Hampshire	213,697	39,465	11,693	18.5%	5.5%	51,976,721,553	36,302,110,026	15,674,611,527	70%
New Jersey	1,879,041	305,701	81,116	16.3%	4.3%	664,208,906,485	413,457,938,739	250,750,967,746	62%
New Mexico	232,731	28,319	10,660	12.2%	4.6%	54,128,316,976	35,960,676,240	18,167,640,736	66%
New York	1,845,061	132,571	41,074	7.2%	2.2%	827,178,503,181	414,444,962,076	412,733,541,105	50%
North Carolina	1,535,070	170,242	103,738	11.1%	6.8%	315,146,038,768	224,226,774,396	90,919,264,372	71%
North Dakota	48,961	3,399	1,237	6.9%	2.5%	8,470,391,703	5,094,422,338	3,375,969,365	60%
Ohio	2,200,773	474,657	140,250	21.6%	6.4%	315,770,310,681	238,156,697,286	77,613,613,395	75%
Oklahoma	411,177	25,419	17,326	6.2%	4.2%	59,828,388,785	42,501,261,089	17,327,127,696	71%
Oregon	694,122	118,098	40,373	17.0%	5.8%	175,682,119,003	122,218,128,334	53,463,990,669	70%
Pennsylvania	1,802,175	135,035	62,008	7.5%	3.4%	396,787,231,289	247,912,194,924	148,875,036,365	62%
Rhode Island	228,500	48,387	8,543	21.2%	3.7%	63,224,076,089	39,558,494,078	23,665,582,011	63%
South Carolina	605,105	92,021	38,026	15.2%	6.3%	130,215,456,605	92,428,576,883	37,786,879,722	71%
South Dakota	NA	NA	NA	NA	NA	NA	NA	NA	NA
Tennessee	969,410	136,542	68,380	14.1%	7.1%	166,089,403,986	118,292,151,805	47,797,252,181	71%
Texas	3,303,387	344,477	184,239	10.4%	5.6%	605,818,101,334	416,693,491,580	189,124,609,754	69%
Utah	472,799	101,113	30,399	21.4%	6.4%	113,769,591,361	83,817,198,211	29,952,393,150	74%
Vermont	NA	NA	NA	NA	NA	NA	NA	NA	NA
Virginia	1,256,118	294,439	75,535	23.4%	6.0%	412,927,805,068	293,564,738,064	119,363,067,004	71%
Washington	1,409,096	237,379	80,513	16.8%	5.7%	430,906,911,326	292,691,378,941	138,215,532,385	68%
Washington, DC	99,385	14,545	4,348	14.6%	4.4%	48,503,801,921	28,283,596,977	20,220,204,944	58%
West Virginia	NA	NA	NA	NA	NA	NA	NA	NA	NA
Wisconsin	632,729	91,495	32,160	14.5%	5.1%	120,120,369,720	82,017,832,289	38,102,537,431	68%
Wyoming	NA	NA	NA	NA	NA	NA	NA	NA	NA
US	47,913,991	11,088,776	2,400,800	23.1%	5.0%	12,507,411,283,914	8,781,829,388,120	3,725,581,895,794	70%

*This data only includes properties with a mortgage. Non-mortgaged properties are by definition not included.

** Defined as properties in negative equity or within 5% of being in a negative equity position.

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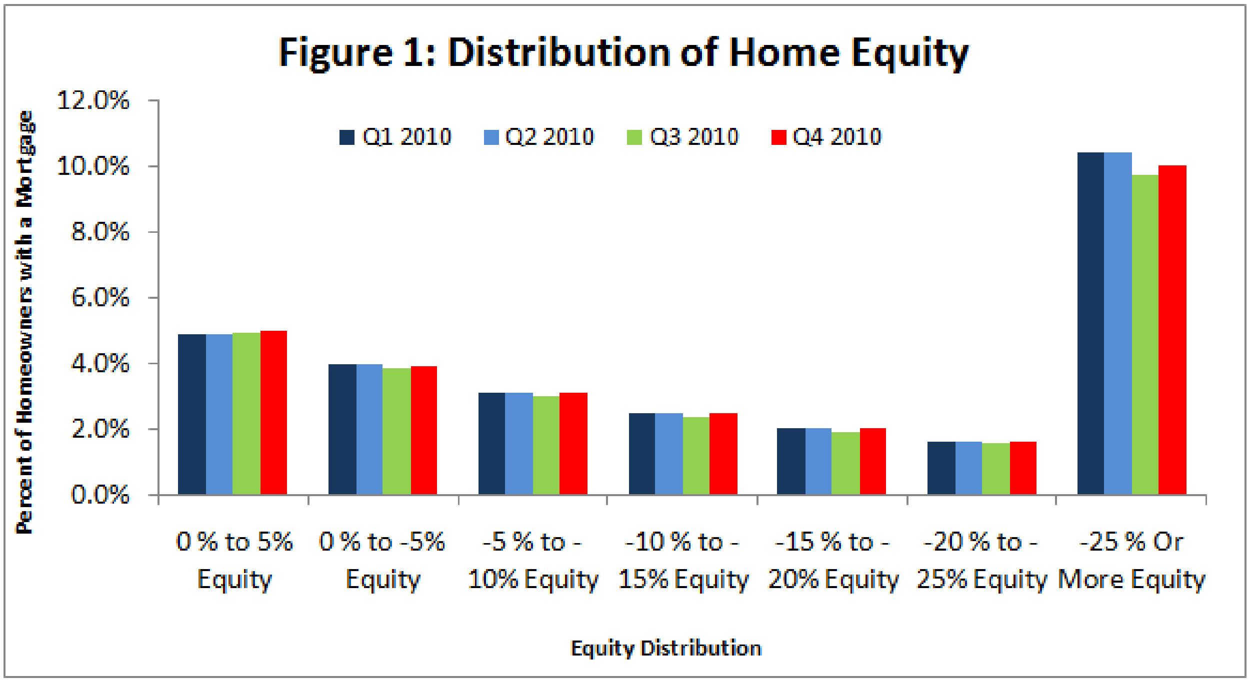


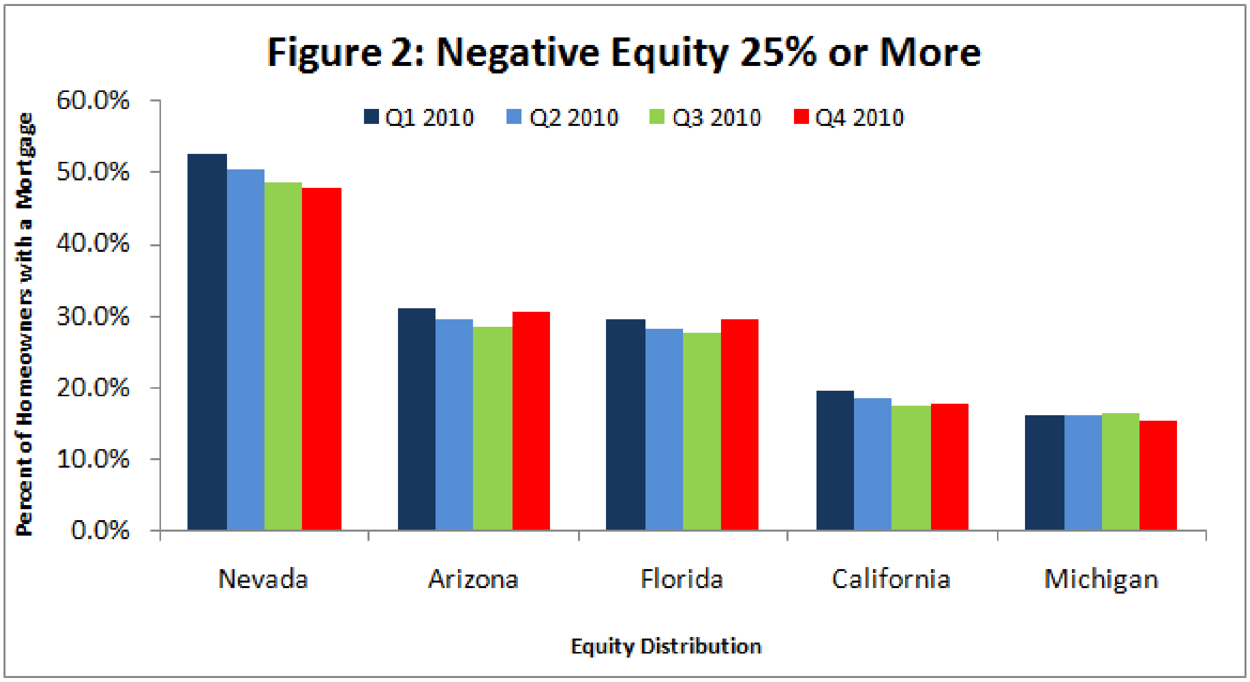
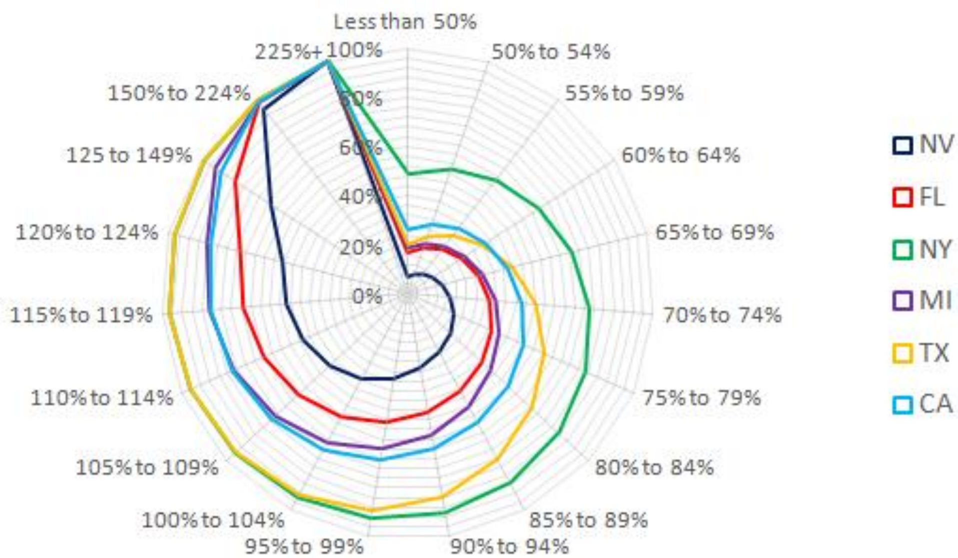
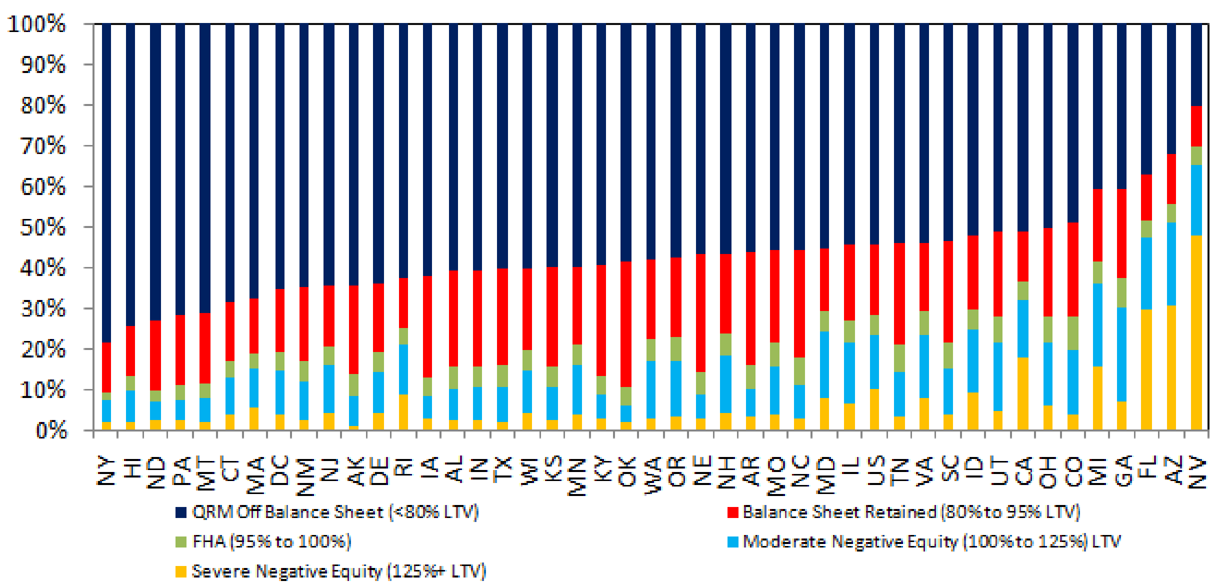


Figure 3: Distribution of LTV for Selected State



Note: The tighter the spiral, the worst off a state is.

Figure 4: LTV Segmentation by Policy Segments



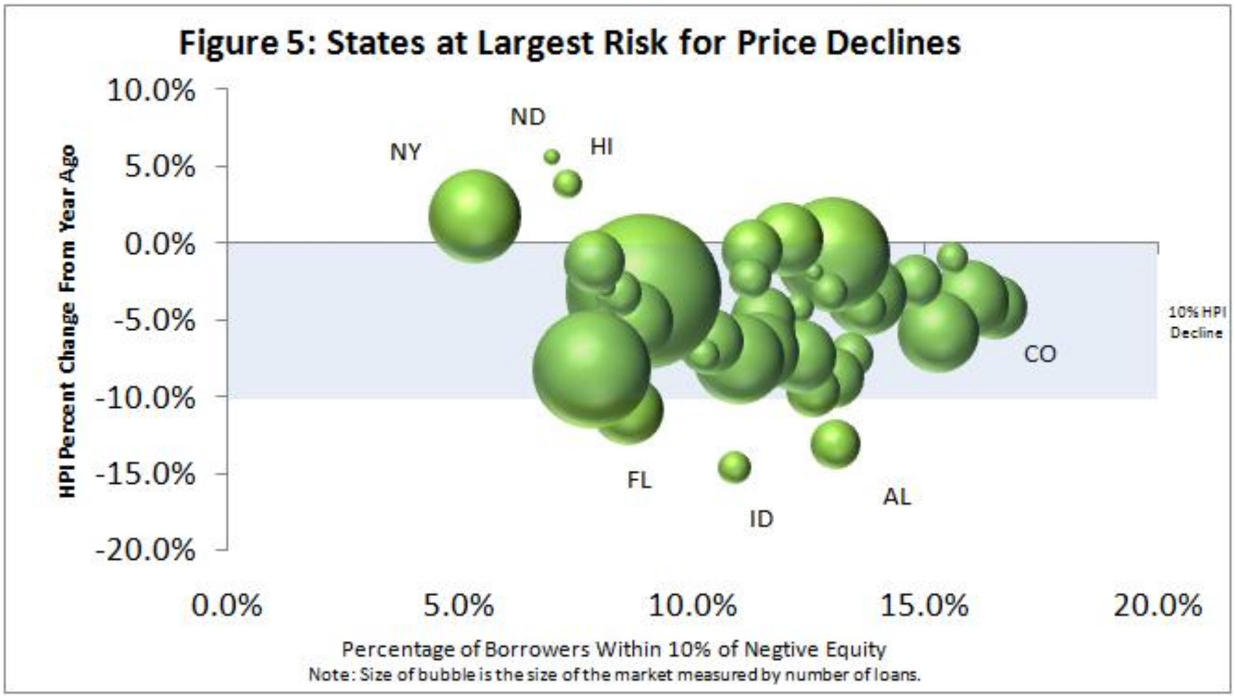


Figure 5: States at Largest Risk for Price Declines
HPI Percent Change From Year Ago
10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%
-20.0%
NY
ND
HI
CO
FL
ID
AL
10% HPI Decline
0.0%
5.0%
10.0%
15.0%
20.0%
Percentage of Borrowers Within 10% of Negtive Equity
Note: Size of bubble is the size of the market measured by number of loans.

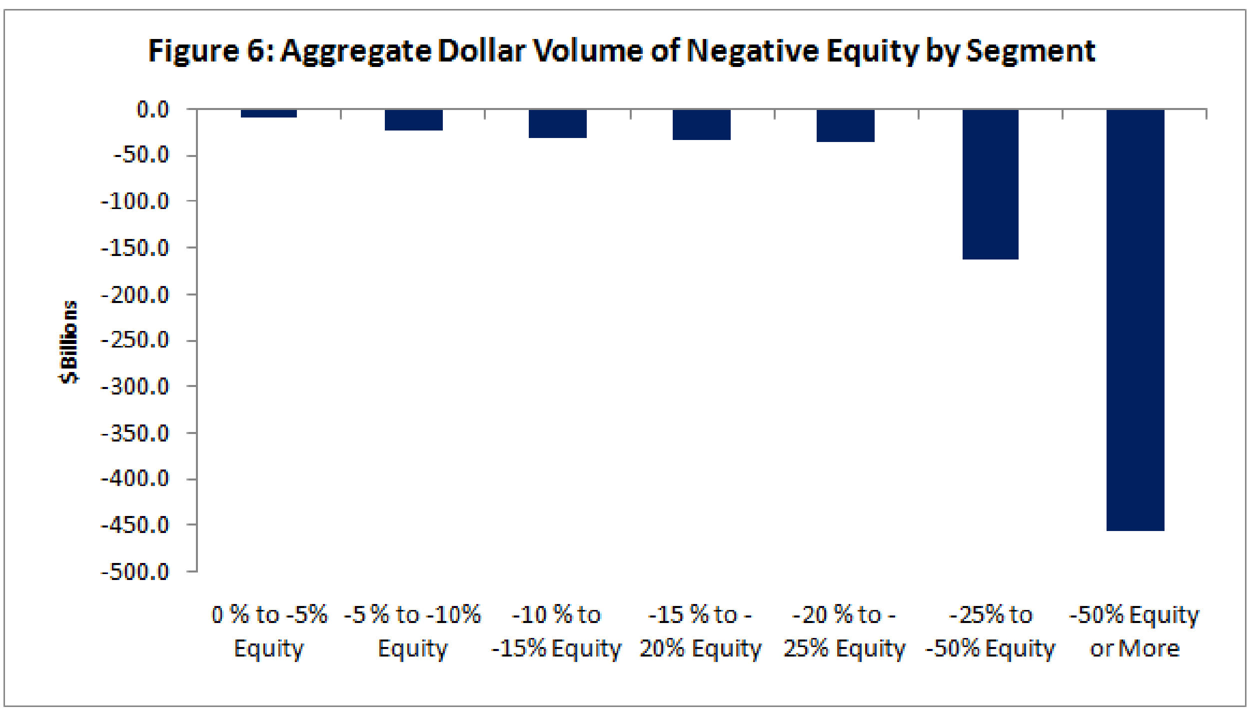


Figure 6: Aggregate Dollar Volume of Negative Equity by Segment
$Billions
0.0
-50.0
-100.0
-150.0
-200.0
-250.0
-300.0
-350.0
-400.0
-450.0
-500.0
0 % to -5% Equity
-5 % to -10% Equity
-10 % to -15% Equity
-15 % to - 20% Equity
-20 % to - 25% Equity
-25% to -50% Equity
-50% Equity or More

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Methodology:
CoreLogic data includes 48 million properties with a mortgage, which accounts for over 85 percent of all mortgages in the U.S.** CoreLogic used its public record data as the source of the mortgage debt outstanding (MDO) and it includes first mortgage liens and junior mortgage liens and is adjusted for amortization and home equity utilization in order to capture the true level of mortgage debt outstanding for each property. The current value was estimated by using the CoreLogic Automated Valuation Models (AVM) for residential properties. The data was filtered to include only properties valued between $30,000 and $30 million because AVM accuracy tends to quickly worsen outside of this value range.

The amount of equity for each property was determined by subtracting the property's estimated current value from the mortgage debt outstanding. If the mortgage debt was greater than the estimated value, then the property is in a negative equity position. The data was created at the property level and aggregated to higher levels of geography.

** Only data for mortgaged residential properties that have an AVM value is presented. There are several states where the public record, AVM or mortgage coverage is thin. Although coverage is thin, these states account for fewer than 5 percent of the total population of the U.S.

Source: CoreLogic.
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About CoreLogic
CoreLogic is a leading provider of consumer, financial and property information, analytics and services to business and government. The company combines public, contributory and proprietary data to develop predictive decision analytics and provide business services that bring dynamic insight and transparency to the markets it serves. CoreLogic has built the largest and most comprehensive U.S. real estate, mortgage application, fraud, and loan performance databases and is a recognized leading provider of mortgage and automotive credit reporting, property tax, valuation, flood determination, and geospatial analytics and services. More than one million users rely on CoreLogic to assess risk, support underwriting, investment and marketing decisions, prevent fraud, and improve business performance in their daily operations. Formerly the information solutions group of The First American Corporation, CoreLogic began trading under the ticker CLGX on the NYSE on June 2, 2010. The company, headquartered in Santa Ana, Calif., has more than 10,000 employees globally with 2010 revenues of $1.6 billion. For more information visit www.corelogic.com.

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