



CoreLogic®



# CoreLogic® Equity Report

FOURTH QUARTER 2013

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## EQUITY REPORT - NATIONAL OVERVIEW

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- ▶ Rising Home Prices Led to Improvements In Home Equity, with 4 Million Residential Properties Regaining Equity In 2013
- ▶ 6.5 Million Residential Properties with a Mortgage Still in Negative Equity
- ▶ 10.4 Million of Mortgaged Properties Have Positive Equity but Are Considered Under-Equited

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# 13.3%

OF MORTGAGED HOMES HAVE  
NEGATIVE EQUITY

Our analysis shows that nearly 6.5 million homes, or 13.3 percent of all residential properties with a mortgage, were still in negative equity at the end of the fourth quarter of 2013. Due to a small slowdown in the quarterly growth rate of the Home Price Index, the negative equity share was virtually unchanged from the end of the third quarter of 2013.

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.

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# ↓ 2.9%

IN AGGREGATE VALUE  
OF NEGATIVE EQUITY

For the homes in negative equity status, the national aggregate value of negative equity was \$398.4 billion for fourth quarter 2013, compared to \$401.3 billion for third quarter 2013, a decrease of \$2.9 billion.

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AN ADDITIONAL 1.6 MILLION PROPERTIES WOULD REGAIN EQUITY IF HOME PRICES ROSE ANOTHER 5 PERCENT.

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**“Stability and growth in the housing market are essential for a durable recovery of the U.S. economy. The rebound in home prices in 2013 helped 4 million property owners regain equity in their largest asset—their home. We still have a long way to go to eliminate the negative equity overhang but significant progress is being made every day across most of the country.”**

**Anand Nallathambi**, president and CEO of CoreLogic

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\* Q3 2013 data was revised. Revisions with public records are standard, and to ensure accuracy, CoreLogic incorporates the newly released public data to provide updated results.

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## UNDER EQUITY

PROPERTIES WITH LESS THAN 20 PERCENT EQUITY

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OF MORTGAGED  
RESIDENTIAL PROPERTIES

# 21.1%

ARE UNDER-EQUITIED

Borrowers with less than 20 percent home equity are referred to as under-equited. Of the 42.7 million properties with a mortgage, 10.4 million, or 21.1 percent, have less than 20 percent equity.

Underwriting constraints may make it more difficult for under-equited borrowers to obtain new home financing.

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# 3.3%

OF RESIDENTIAL PROPERTIES  
ARE NEAR-NEGATIVE EQUITY

Additionally, borrowers with less than 5 percent home equity represented 1.6 million homes, or 3.3 percent of mortgaged properties at the end of the fourth quarter equity. This is referred to as near-negative equity, which puts these properties at risk should home prices fall. In the quarter, 42,654,003 homes have equity as of the 2013Q4.

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**“The plight of the underwater borrower has improved dramatically since negative equity peaked in December 2009 when more than 12 million mortgaged homeowners were underwater. Over the past four years, more than 5.5 million homeowners have regained equity, reducing their risk of foreclosure and unlocking pent-up supply in the housing market.”**

**Mark Fleming**, chief economist for CoreLogic

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## EQUITY SNAPSHOT

# 62.0%

**AVERAGE LOAN TO VALUE**

The average loan-to-value ratio for all mortgaged homes is 62.0 percent, with total mortgage debt outstanding close to \$8.6 trillion. Of residential properties with a mortgage, 1.2 million, or 2.5 percent, have a loan-to-value ratio of 100 percent to 105 percent. Another 2.5 million, or 5.1 percent, have a loan-to-value ratio greater than 125 percent. In between, with 105 percent to 125 percent loan to value, are 2.8 million residential properties, or 5.7 percent.

# 32.6%

**AVERAGE PERCENT UNDERWATER**

On average, residential properties with negative equity are underwater by 32.6 percent. Of the nearly 6.5 million underwater properties, 3.9 million, or 60 percent, have first mortgages only. With an average balance of \$219,000, these borrowers are underwater \$52,000 on average. An additional 2.6 million upside-down borrowers, or 40 percent, hold both first and second liens. The average balance for this group is \$293,000. Their average underwater amount is \$75,000.

# 92.0%

**OF MORE EXPENSIVE HOMES HAVE EQUITY**

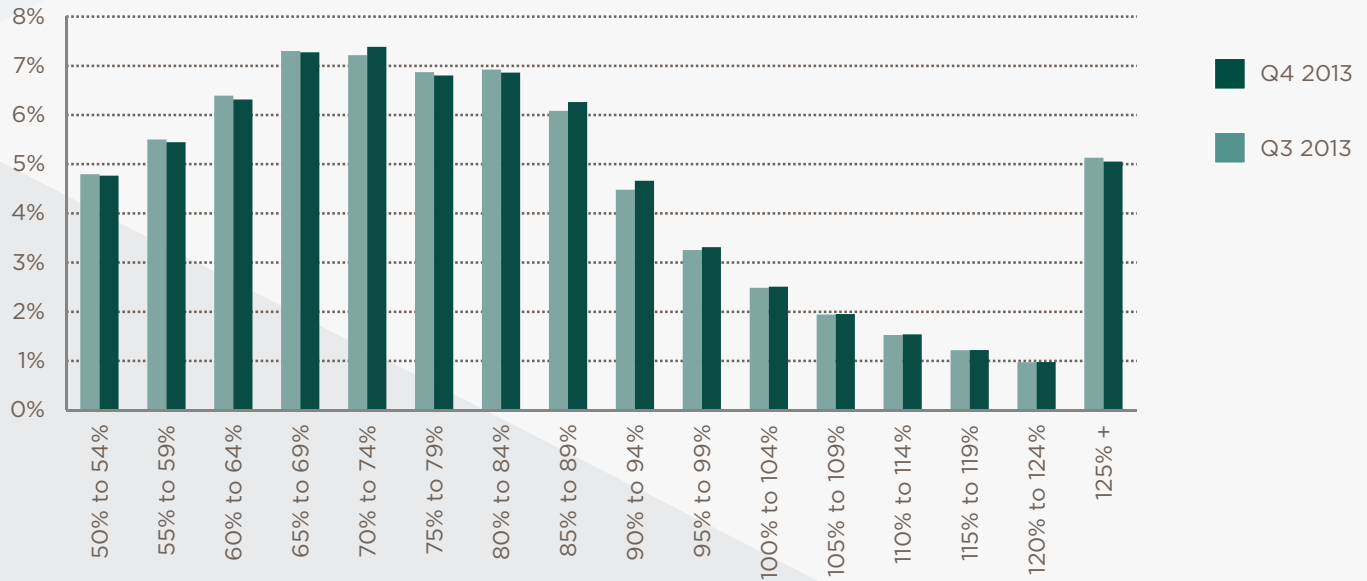
Home equity is concentrated at the higher end of the market. For example, 92.0 percent of homes valued at greater than \$200,000 have equity compared with 81 percent of homes valued at less than \$200,000.

# NATIONAL EQUITY DISTRIBUTION

A LOOK AT LOAN-TO-VALUE RATIOS

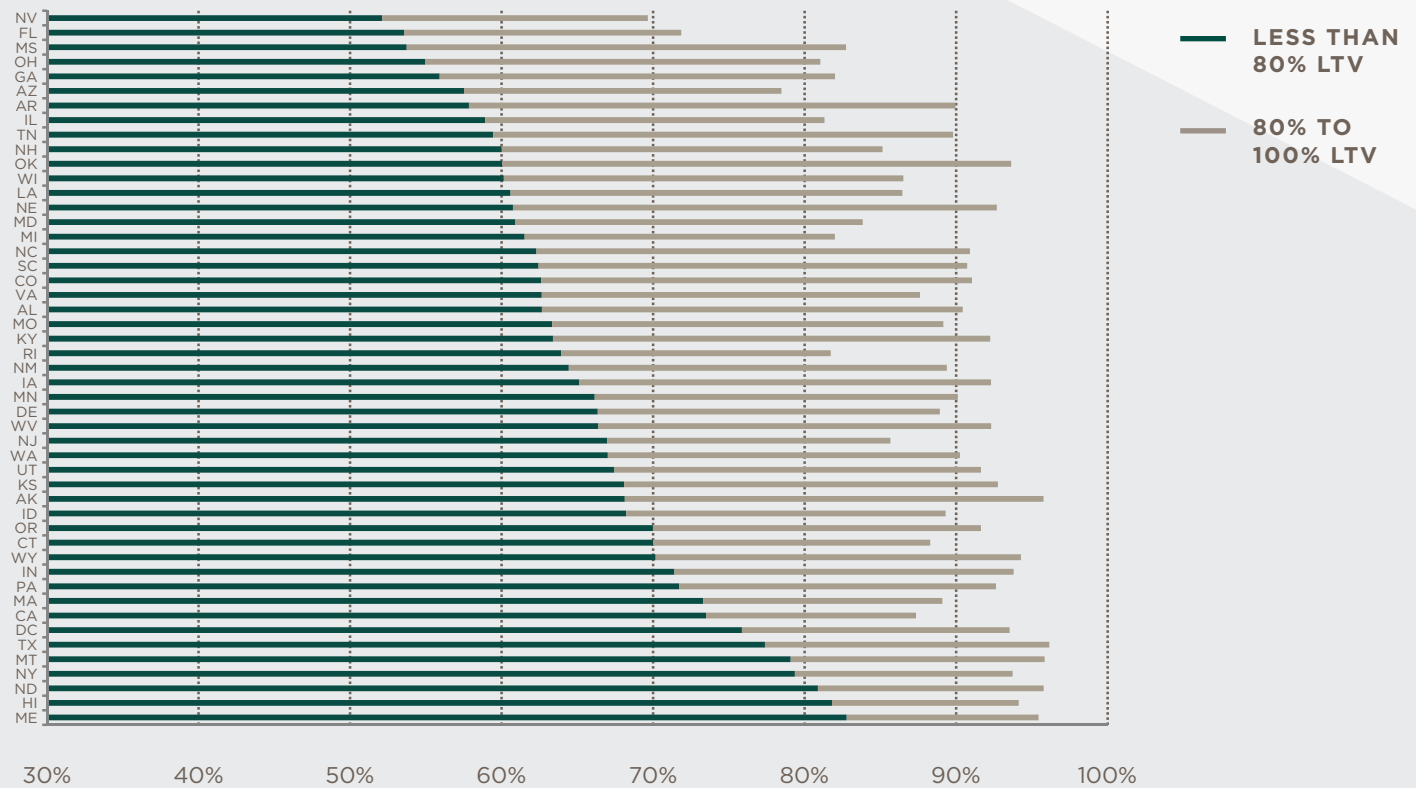
## ► Loan-to-Value Segment

National Equity Distribution by LTV Segment



Source: CoreLogic Q4 2013

## ► Equity Share by State and Equity Cohorts

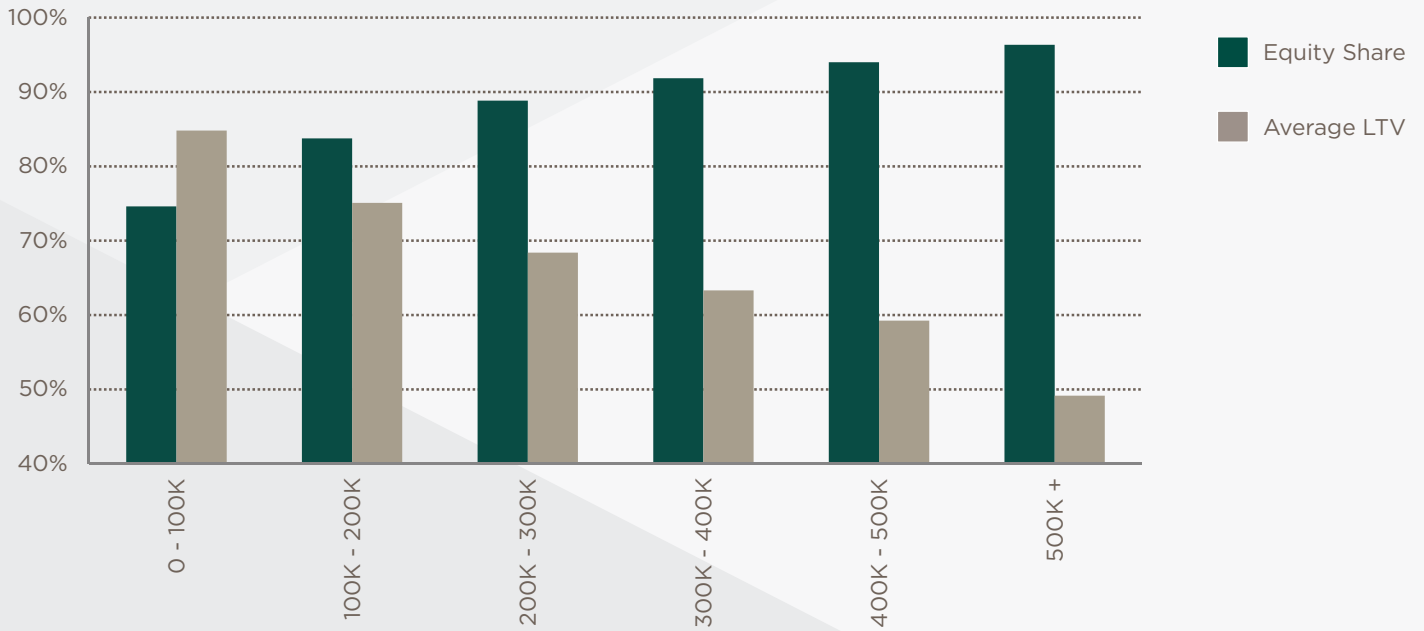


Source: CoreLogic Q4 2013

# NATIONAL EQUITY DISTRIBUTION

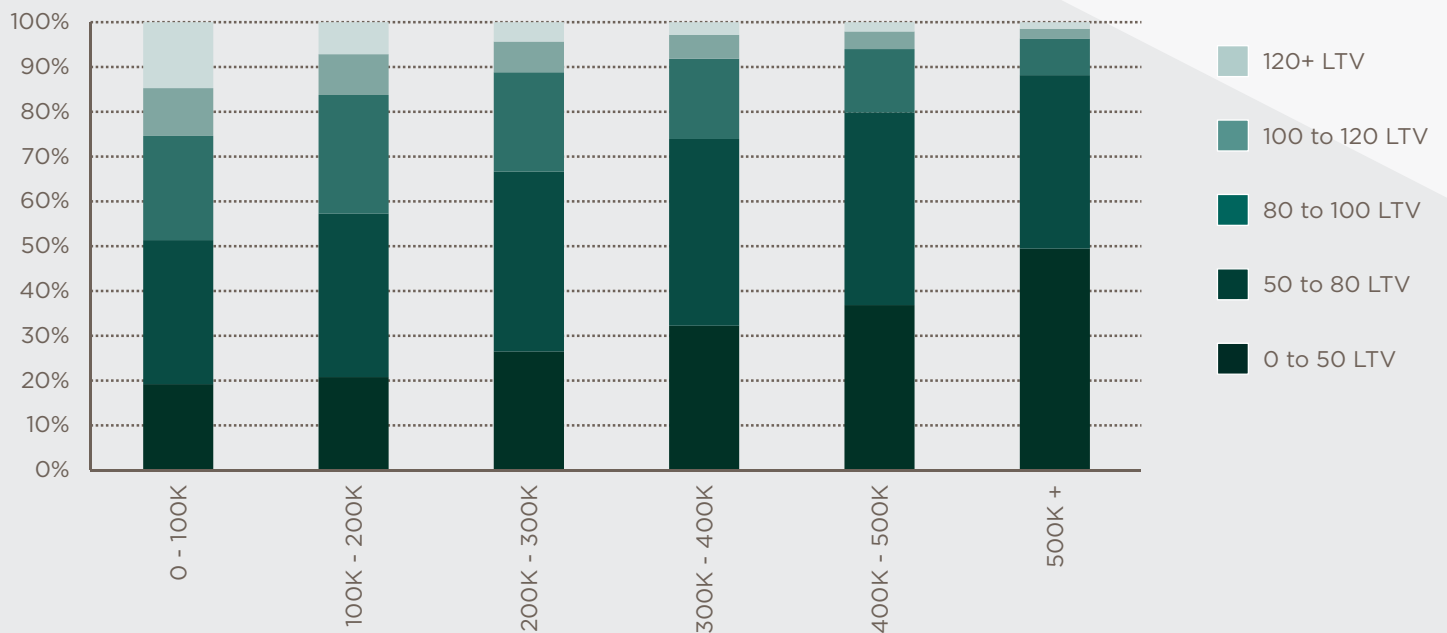
A LOOK AT LOAN-TO-VALUE RATIOS

## Equity Share with Average LTV by Property Value



Source: CoreLogic Q4 2013

## Cumulative Distribution of Equity by Loan Value

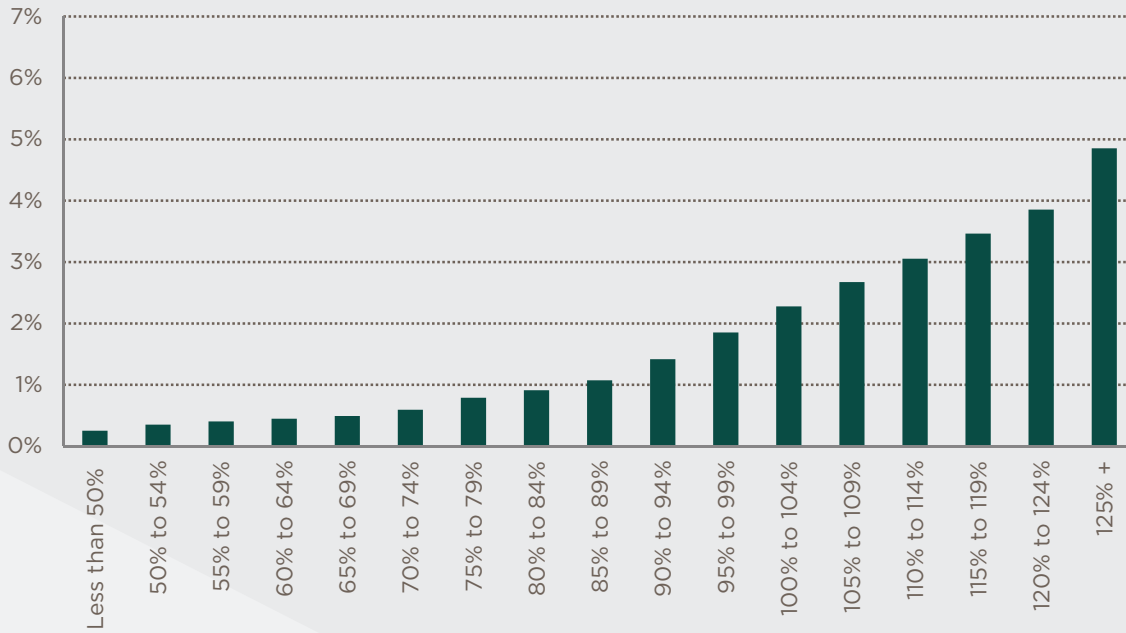


Source: CoreLogic Q4 2013

# NATIONAL EQUITY DISTRIBUTION

A LOOK AT LOAN-TO-VALUE RATIOS

## ► Default Rate by LTV



Source: CoreLogic Q4 2013

## NATIONAL LEVEL DETAIL

### NATIONAL RESIDENTIAL EQUITY

	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012*	Q1 2013*	Q2 2013*	Q3 2013*	Q4 2013
<b>Positive Equity Position</b>													
LTV > 0 to < 100	74.6%	75.0%	75.2%	75.6%	74.8%	76.3%	77.7%	78.0%	78.4%	79.9%	85.1%	86.7%	86.7%
> 0 to < 80	52.6%	52.9%	52.9%	53.2%	52.4%	53.5%	54.9%	55.0%	55.2%	56.7%	63.7%	66.0%	65.6%
80 to < 100	22.0%	22.1%	22.3%	22.4%	22.4%	22.8%	22.8%	23.0%	23.2%	23.2%	21.4%	20.7%	21.1%
Near Negative Equity (95 to < 100)	4.9%	4.9%	4.9%	4.8%	4.9%	4.9%	4.7%	4.8%	4.8%	4.5%	3.5%	3.3%	3.3%
<b>Negative Equity Position</b>													
LTV 100+	25.4%	25.0%	24.8%	24.4%	25.2%	23.7%	22.3%	22.0%	21.6%	20.1%	14.9%	13.3%	13.3%
100 to < 105	3.9%	3.9%	3.9%	3.8%	4.0%	3.9%	3.7%	3.7%	3.7%	3.5%	2.7%	2.5%	2.5%
105 to < 125	9.7%	9.6%	9.5%	9.4%	9.7%	9.3%	8.8%	8.7%	8.7%	8.2%	6.3%	5.7%	5.7%
125+	11.8%	11.5%	11.4%	11.1%	11.6%	10.6%	9.8%	9.6%	9.2%	8.4%	5.9%	5.1%	5.1%
Number of Negative Equity Properties (millions)	12.0	11.8	11.8	11.6	12.1	11.4	10.8	10.6	10.5	9.8	7.2	6.5	6.5
Amount of Negative Equity (\$B)	780	735	737	722	743	692	690	670	628	580	432	401	398
Net Homeowner Equity (\$B)	\$3,493	\$3,556	\$3,568	\$3,578	\$3,479	\$3,611	\$3,782	\$3,769	\$3,868	\$4,170	\$5,023	\$5,335	\$5,315
Mortgage Debt Outstanding (\$B)	\$8,639	\$8,576	\$8,647	\$8,654	\$8,655	\$8,635	\$8,666	\$8,606	\$8,631	\$8,644	\$8,484	\$8,574	\$8,607
Average LTV	71.2%	70.7%	70.8%	70.7%	71.3%	70.5%	69.6%	69.5%	69.1%	67.5%	62.8%	61.6%	61.8%

\*Quarters Q4 2012 and forward were revised



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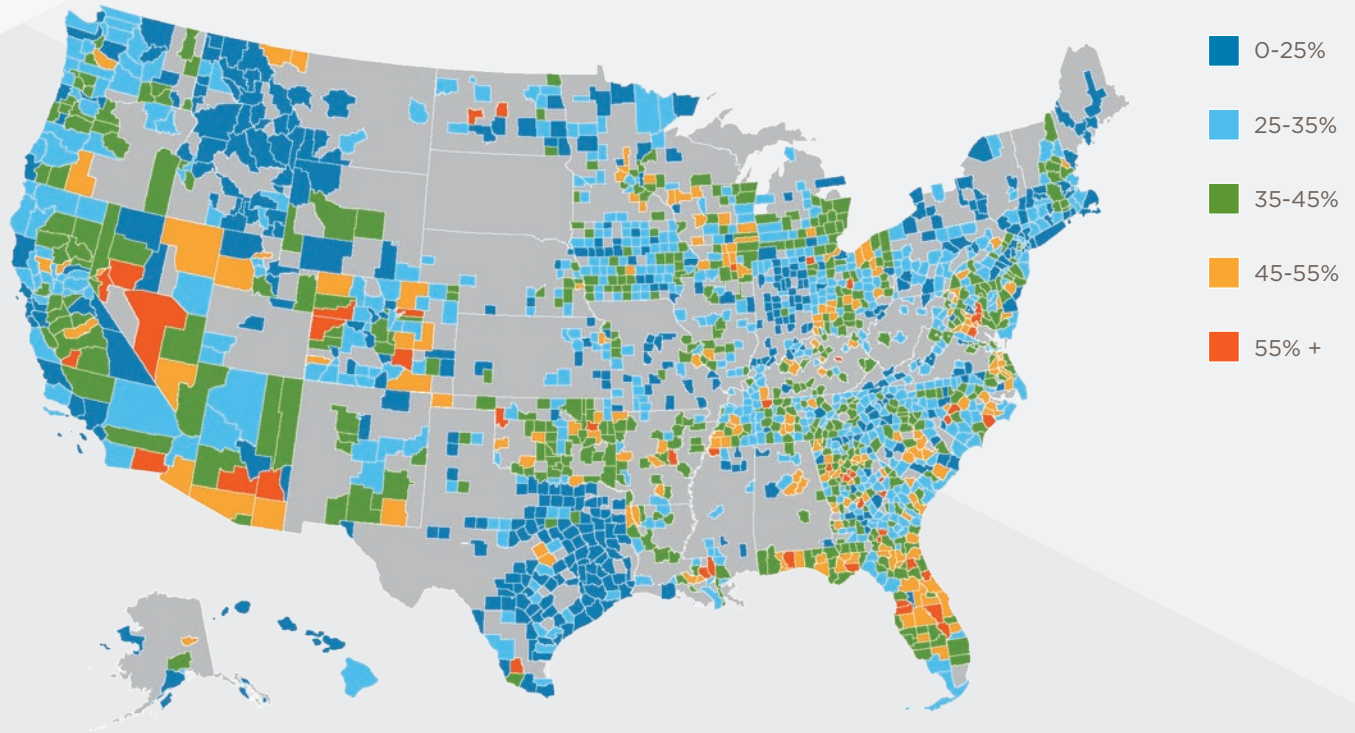
## NATIONAL SNAPSHOT

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► **Under-Equity and Negative Equity Share Combined by County**

80+ LTV Share

As of Q4 2013



Source: CoreLogic

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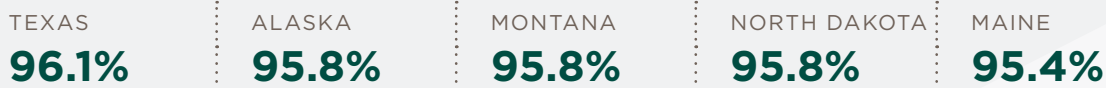
## STATE HIGHLIGHTS

### ► Top Five States Where Mortgaged Residential Properties Have Negative Equity



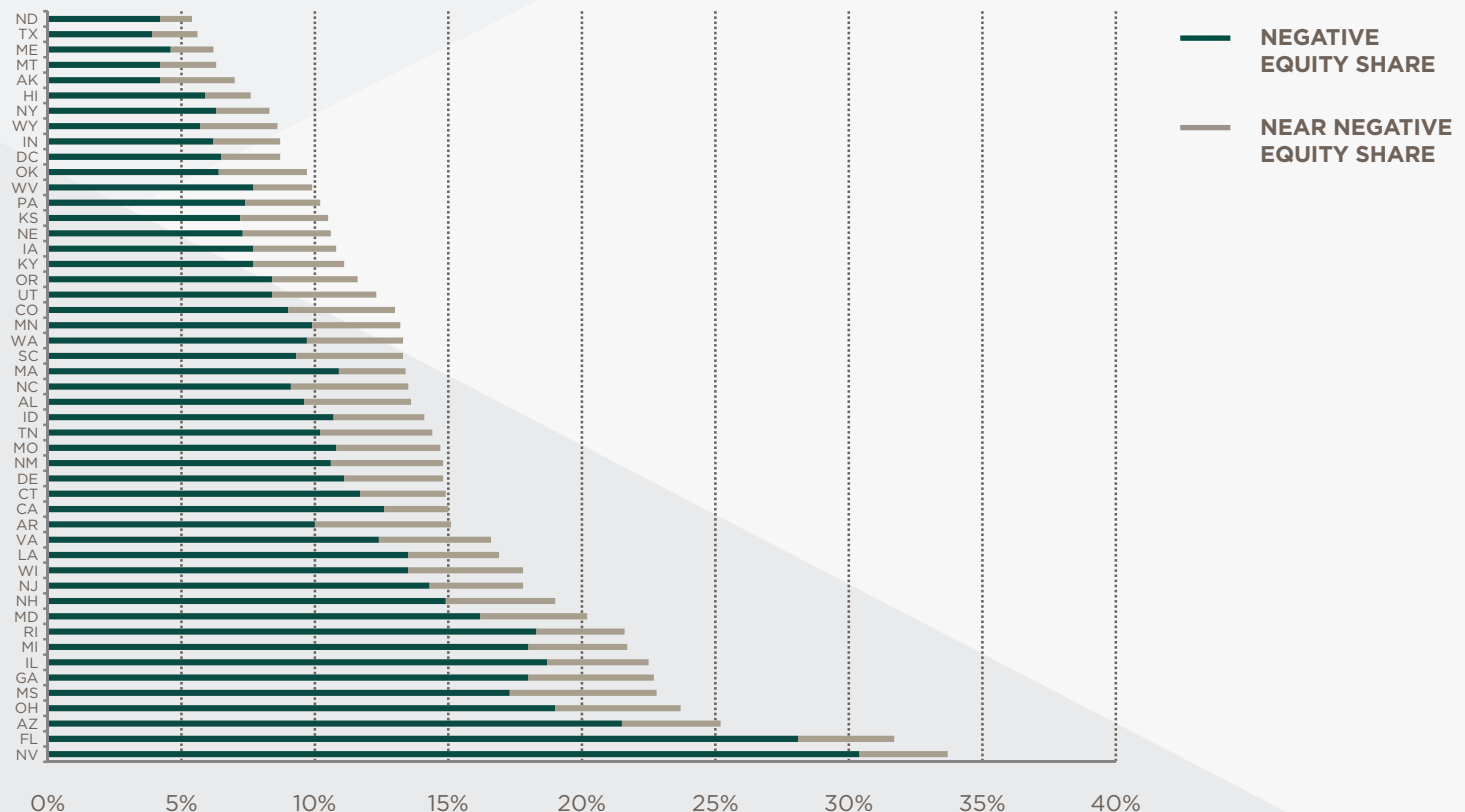
NEVADA, FLORIDA, ARIZONA, OHIO AND ILLINOIS ACCOUNT FOR 36.9 PERCENT OF NEGATIVE EQUITY IN THE UNITED STATES.

### ► Top Five States Where Mortgaged Residential Properties Have Positive Equity



ONLY 14 STATES HAVE A HIGHER NEGATIVE EQUITY THAN THE U.S. AVERAGE.

### ► Near and Negative Equity Share by State



Source: CoreLogic Q4 2013

## STATE LEVEL DETAIL

### Q4 2013 NEGATIVE EQUITY BY STATE\*

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.)
Alabama	66.6%	90.4%	62.7%	27.8%	9.6%	4.0%	2.7%	369
Alaska	65.4%	95.8%	68.1%	27.6%	4.2%	2.8%	1.3%	89
Arizona	71.1%	78.5%	57.5%	20.9%	21.5%	3.7%	3.3%	1,307
Arkansas	71.7%	90.0%	57.9%	32.1%	10.0%	5.1%	2.9%	274
California	55.7%	87.4%	73.5%	13.9%	12.6%	2.4%	2.0%	6,741
Colorado	65.4%	91.0%	62.6%	28.4%	9.0%	4.0%	2.6%	1,161
Connecticut	58.6%	88.3%	70.0%	18.3%	11.7%	3.2%	2.5%	835
Delaware	63.5%	88.9%	66.3%	22.6%	11.1%	3.7%	2.7%	201
District of Columbia	54.0%	93.5%	75.9%	17.7%	6.5%	2.2%	1.5%	101
Florida	71.8%	71.9%	53.6%	18.3%	28.1%	3.6%	3.2%	4,048
Georgia	71.5%	82.0%	55.9%	26.1%	18.0%	4.7%	3.7%	1,640
Hawaii	49.0%	94.1%	81.8%	12.3%	5.9%	1.7%	1.2%	248
Idaho	65.9%	89.3%	68.2%	21.1%	10.7%	3.4%	2.5%	253
Illinois	69.2%	81.3%	58.9%	22.4%	18.7%	3.8%	3.2%	2,218
Indiana	64.9%	93.8%	71.4%	22.4%	6.2%	2.5%	1.7%	727
Iowa	67.4%	92.3%	65.1%	27.2%	7.7%	3.1%	1.9%	399
Kansas	67.1%	92.8%	68.1%	24.7%	7.2%	3.3%	2.1%	322
Kentucky	66.6%	92.3%	63.4%	28.9%	7.7%	3.4%	2.0%	321
Louisiana	78.5%	86.5%	60.6%	25.9%	13.5%	3.4%	2.2%	323
Maine	55.6%	95.4%	82.8%	12.7%	4.6%	1.6%	1.1%	67
Maryland	65.2%	83.8%	60.9%	22.9%	16.2%	4.0%	3.3%	1,374
Massachusetts	56.1%	89.1%	73.3%	15.8%	10.9%	2.5%	2.0%	1,511
Michigan	69.2%	82.0%	61.5%	20.5%	18.0%	3.7%	3.1%	1,387
Minnesota	63.6%	90.1%	66.1%	24.0%	9.9%	3.3%	2.5%	671
Mississippi	73.7%	82.7%	53.7%	29.0%	17.3%	5.5%	4.1%	54

\*Only those properties with mortgages are included.

### EQUITY ALL U.S.

Average Loan to Value:  
**61.8%**

Equity Share:  
**86.7%**

Loan to Value Share  
>0 to <80%:  
**65.6%**

Loan to Value Share  
80% to <100%:  
**21.1%**

Negative Equity Share:  
**13.3%**

Near Negative Equity  
Share (95% to <100%  
Loan to Value):  
**3.3%**

Near Negative Equity  
Share (100% to 105%  
Loan to Value):  
**2.5%**

Total Mortgaged  
Property Count (ths.):  
**49,174**

States with  
Negative Equity Share  
Higher Than the  
National Average:  
**14**

Homes with  
Negative Equity:  
**6.4 million**

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## STATE LEVEL DETAIL

### Q4 2013 NEGATIVE EQUITY BY STATE\*

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.)
Missouri	67.9%	89.2%	63.3%	25.8%	10.8%	3.9%	2.8%	797
Montana	57.3%	95.8%	79.1%	16.8%	4.2%	2.1%	1.1%	123
Nebraska	71.4%	92.7%	60.7%	31.9%	7.3%	3.3%	1.8%	240
Nevada	79.4%	69.6%	52.1%	17.5%	30.4%	3.3%	3.0%	541
New Hampshire	67.8%	85.1%	60.0%	25.1%	14.9%	4.1%	3.3%	233
New Jersey	60.8%	85.7%	67.0%	18.7%	14.3%	3.5%	2.9%	1,877
New Mexico	66.1%	89.4%	64.4%	25.0%	10.6%	4.2%	2.9%	251
New York	48.7%	93.7%	79.4%	14.4%	6.3%	2.0%	1.4%	1,969
North Carolina	66.5%	90.9%	62.3%	28.6%	9.1%	4.4%	2.7%	1,656
North Dakota	57.2%	95.8%	80.9%	14.9%	4.2%	1.2%	0.8%	68
Ohio	72.7%	81.0%	55.0%	26.1%	19.0%	4.7%	3.9%	2,148
Oklahoma	70.6%	93.6%	60.0%	33.6%	6.4%	3.3%	1.6%	454
Oregon	62.1%	91.6%	70.0%	21.7%	8.4%	3.2%	2.3%	718
Pennsylvania	59.9%	92.6%	71.7%	20.9%	7.4%	2.8%	1.8%	1,964
Rhode Island	62.6%	81.7%	63.9%	17.8%	18.3%	3.3%	2.7%	233
South Carolina	65.5%	90.7%	62.4%	28.3%	9.3%	4.0%	2.6%	664
Tennessee	67.8%	89.8%	59.4%	30.4%	10.2%	4.2%	2.7%	1,000
Texas	61.0%	96.1%	77.4%	18.8%	3.9%	1.7%	1.0%	3,505
Utah	64.1%	91.6%	67.4%	24.2%	8.4%	3.9%	2.6%	488
Virginia	63.7%	87.6%	62.7%	25.0%	12.4%	4.2%	3.0%	1,366
Washington	62.0%	90.3%	67.0%	23.2%	9.7%	3.6%	2.6%	1,447
West Virginia	69.5%	92.3%	66.4%	25.9%	7.7%	2.2%	1.3%	32
Wisconsin	69.5%	86.5%	60.1%	26.4%	13.5%	4.3%	3.2%	714
Wyoming	63.5%	94.3%	70.2%	24.1%	5.7%	2.9%	1.8%	45

\*Only those properties with mortgages are included.

### EQUITY ALL U.S.

Average Loan to Value:  
**61.8%**

Equity Share:  
**86.7%**

Loan to Value Share  
>0 to <80%:  
**65.6%**

Loan to Value Share  
80% to <100%:  
**21.1%**

Negative Equity Share:  
**13.3%**

Near Negative Equity  
Share (95% to <100%  
Loan to Value):  
**3.3%**

Near Negative Equity  
Share (100% to 105%  
Loan to Value):  
**2.5%**

Total Mortgaged  
Property Count (ths.):  
**49,174**

States with  
Negative Equity Share  
Higher Than the  
National Average:  
**14**

Homes with  
Negative Equity:  
**6.4 million**

## METROPOLITAN AREA HIGHLIGHTS

### LARGEST 25 METROS

#### ► Five Metros With Highest Percentage of Residences in Negative Equity

**31.5%**

ORLANDO-  
KISSIMMEE-  
SANFORD, FLA.

**30.4%**

TAMPA- ST.  
PETERSBURG-  
CLEARWATER,  
FLA.

**22.1%**

PHOENIX-MESA-  
SCOTTSDALE,  
ARIZ.

**21.4%**

CHICAGO-  
NAPERVILLE-  
ARLINGTON  
HEIGHTS, ILL.

**20.8%**

ATLANTA-SANDY  
SPRINGS-  
ROSWELL, GA.

#### ► Five Metros With Highest Percentage of Residences in Positive Equity

**96.2%**

HOUSTON-THE  
WOODLANDS,  
SUGAR LAND,  
TEXAS

**95.3%**

DALLAS-PLANO-  
IRVING, TEXAS

**94.8%**

ANAHEIM-SANTA  
ANA-IRVINE,  
CALIF.

**93.2%**

PORTLAND-  
VANCOUVER-  
HILLSBORO, ORE.

**92.5%**

SEATTLE-  
BELLEVUE-  
EVERETT, WASH.

## METROPOLITAN AREA HIGHLIGHTS

### Q4 2013 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	59.3%	96.2%	79.3%	16.9%	3.8%	1.6%	1.0%	972
Dallas-Plano-Irving, TX	62.1%	95.3%	76.4%	18.9%	4.7%	1.9%	1.2%	766
Anaheim-Santa Ana-Irvine, CA	52.1%	94.8%	83.5%	11.4%	5.2%	1.8%	1.4%	548
Portland-Vancouver-Hillsboro, OR-WA	61.3%	93.2%	72.1%	21.2%	6.8%	3.0%	2.1%	479
Seattle-Bellevue-Everett, WA	58.0%	92.5%	73.6%	18.9%	7.5%	2.8%	2.1%	640
Denver-Aurora-Lakewood, CO	65.6%	91.9%	64.4%	27.6%	8.1%	3.4%	2.3%	636
New York-Jersey City-White Plains, NY-NJ	51.3%	91.4%	76.7%	14.6%	8.6%	2.5%	1.9%	1,642
Nassau County-Suffolk County, NY	49.3%	91.3%	78.1%	13.2%	8.7%	2.2%	1.8%	549
Cambridge-Newton-Framingham, MA	54.0%	90.9%	77.0%	14.0%	9.1%	2.0%	1.6%	509
Los Angeles-Long Beach-Glendale, CA	52.5%	90.6%	78.4%	12.2%	9.4%	2.1%	1.8%	1,519
Minneapolis-St. Paul-Bloomington, MN-WI	64.0%	89.8%	65.2%	24.6%	10.2%	3.5%	2.6%	571
San Diego-Carlsbad, CA	57.3%	88.5%	72.6%	15.9%	11.5%	2.4%	2.1%	587
St. Louis, MO-IL	67.2%	88.4%	61.1%	27.3%	11.6%	4.4%	3.1%	561
Baltimore-Columbia-Towson, MD	63.7%	86.8%	63.5%	23.3%	13.2%	4.1%	3.2%	645
Oakland-Hayward-Berkeley, CA	57.0%	86.6%	74.1%	12.5%	13.4%	2.2%	1.8%	536
Newark, NJ-PA	60.0%	85.4%	68.0%	17.4%	14.6%	3.3%	2.6%	482
Washington-Arlington-Alexandria, DC-VA-MD-WV	63.9%	85.0%	62.0%	23.0%	15.0%	3.6%	2.7%	1,047
Sacramento-Roseville-Arden-Arcade, CA	65.2%	84.7%	68.4%	16.3%	15.3%	2.8%	2.4%	480
Warren-Troy-Farmington Hills, MI	68.7%	81.6%	62.6%	19.0%	18.4%	3.7%	3.2%	509
Riverside-San Bernardino-Ontario, CA	69.8%	80.8%	65.2%	15.6%	19.2%	2.9%	2.6%	824
Atlanta-Sandy Springs-Roswell, GA	72.0%	80.1%	54.7%	25.4%	19.9%	4.7%	3.8%	1,188
Chicago-Naperville-Arlington Heights, IL	68.8%	78.6%	58.0%	20.6%	21.4%	3.8%	3.3%	1,375
Phoenix-Mesa-Scottsdale, AZ	71.7%	77.9%	57.6%	20.3%	22.1%	3.6%	3.2%	907
Tampa-St. Petersburg-Clearwater, FL	76.3%	69.6%	49.5%	20.1%	30.4%	3.9%	3.5%	610
Orlando-Kissimmee-Sanford, FL	78.6%	68.5%	49.5%	19.0%	31.5%	3.6%	3.3%	465

\* 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.

For an expanded perspective on housing economies and property markets, visit the [CoreLogic Insights Blog](#) and follow us on:

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## CORELOGIC EQUITY REPORT METHODOLOGY

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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.

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### ABOUT CORELOGIC

CoreLogic (NYSE: CLGX) is a leading property information, analytics and services provider in the United States and Australia. The company's combined data from public, contributory and proprietary sources includes over 3.3 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, transportation and government. 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 seven countries. For more information, please visit [www.corelogic.com](http://www.corelogic.com).

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