Real estate daily market update: October 10, 2017

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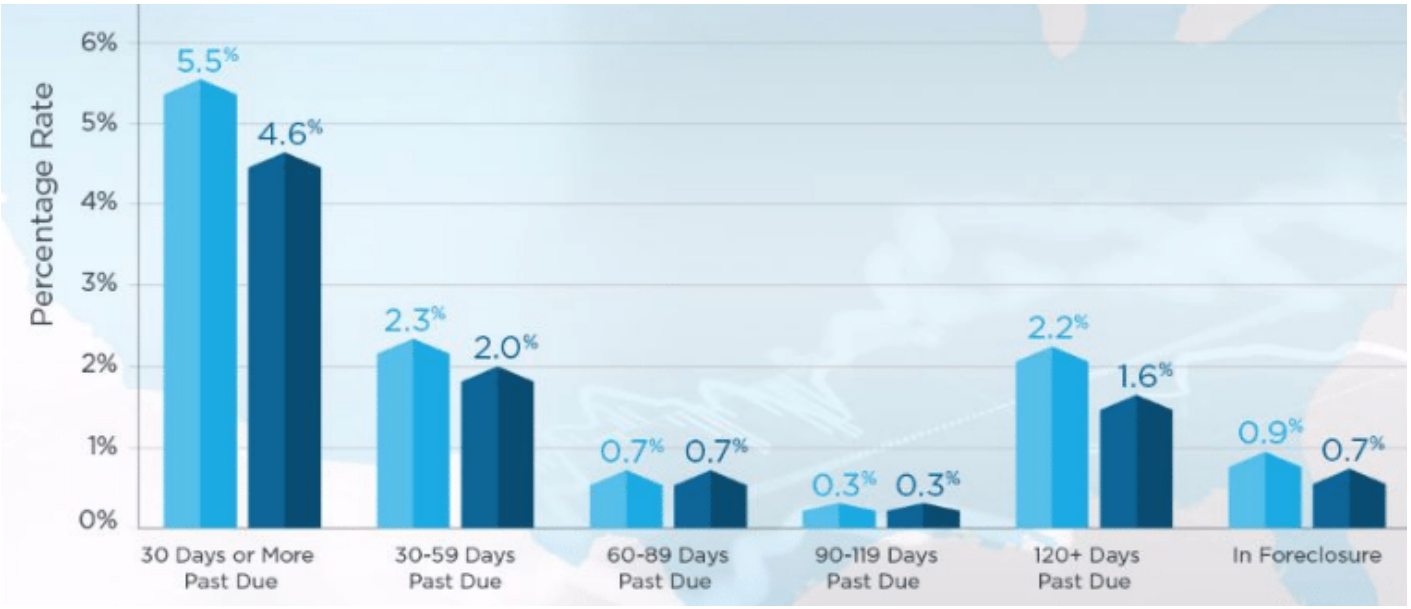
Most recent market news

Monday, October 10

CoreLogic Loan Performance Insights July 2017 Update



- The U.S. foreclosure rate remains at a 10-year low as of July, but the rate across the largest the 100 largest metros varies from 0.1 percent (Denver) to 2.2 percent (New York).
- Overall mortgage delinquency rate fell to 0.9 percentage points year over year.
- Early-stage delinquencies declined 0.3 percentage points year over year.
- As of July 2017, the foreclosure inventory rate was 0.7 percent, down from 0.9 percent in July 2016.

Corelogic Chief Economist Frank Nothaft said in the report, "Even though delinquency rates are

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

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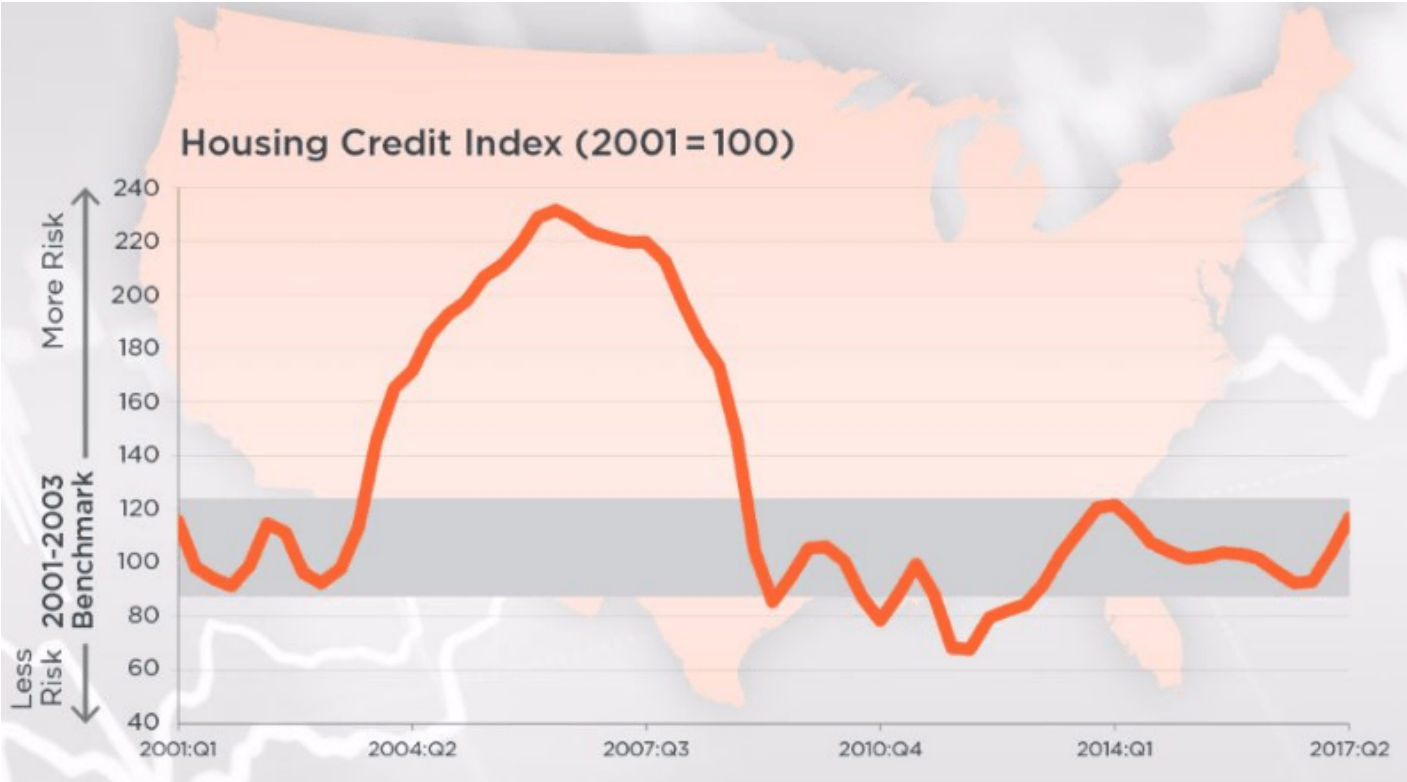
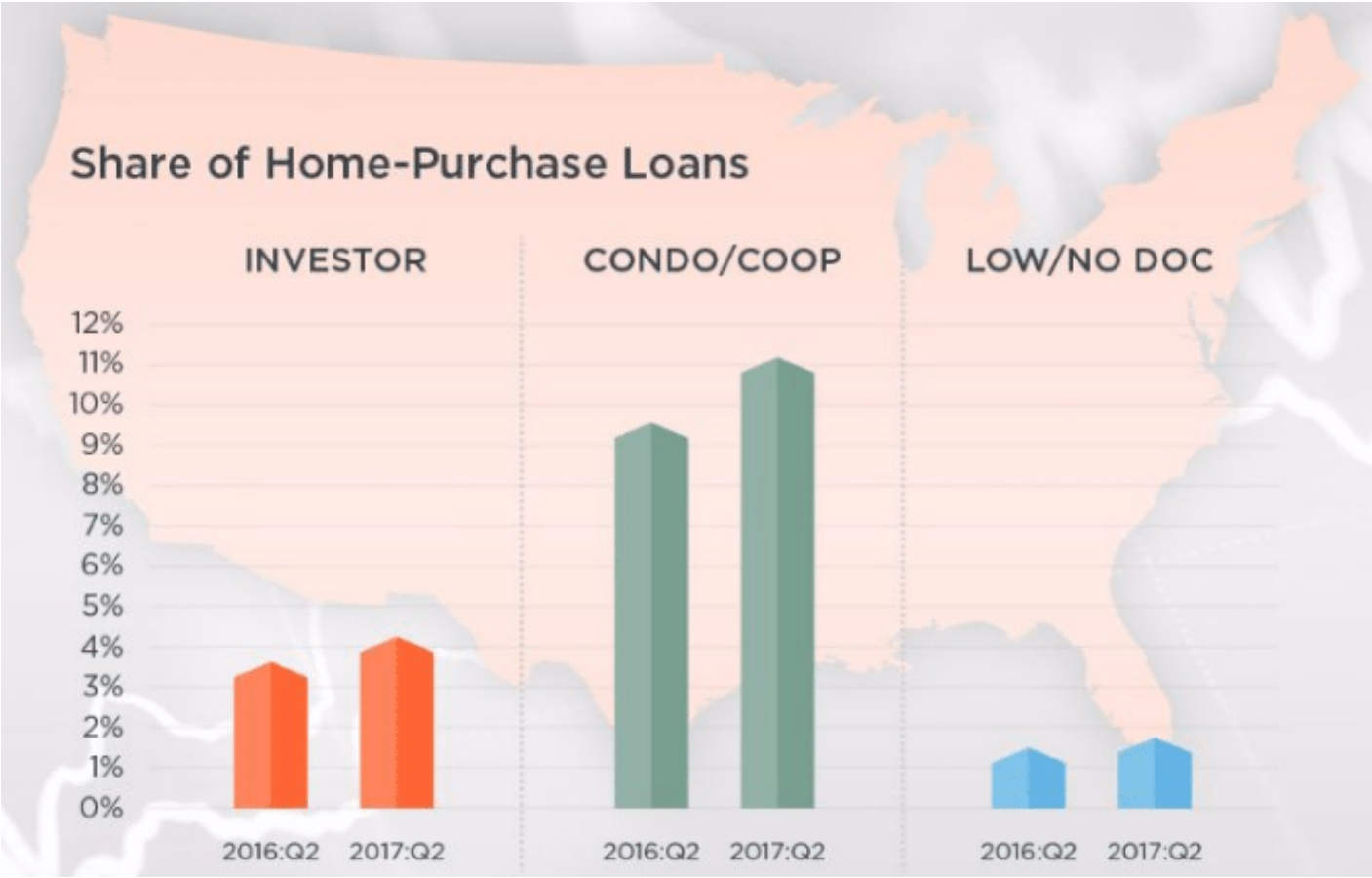
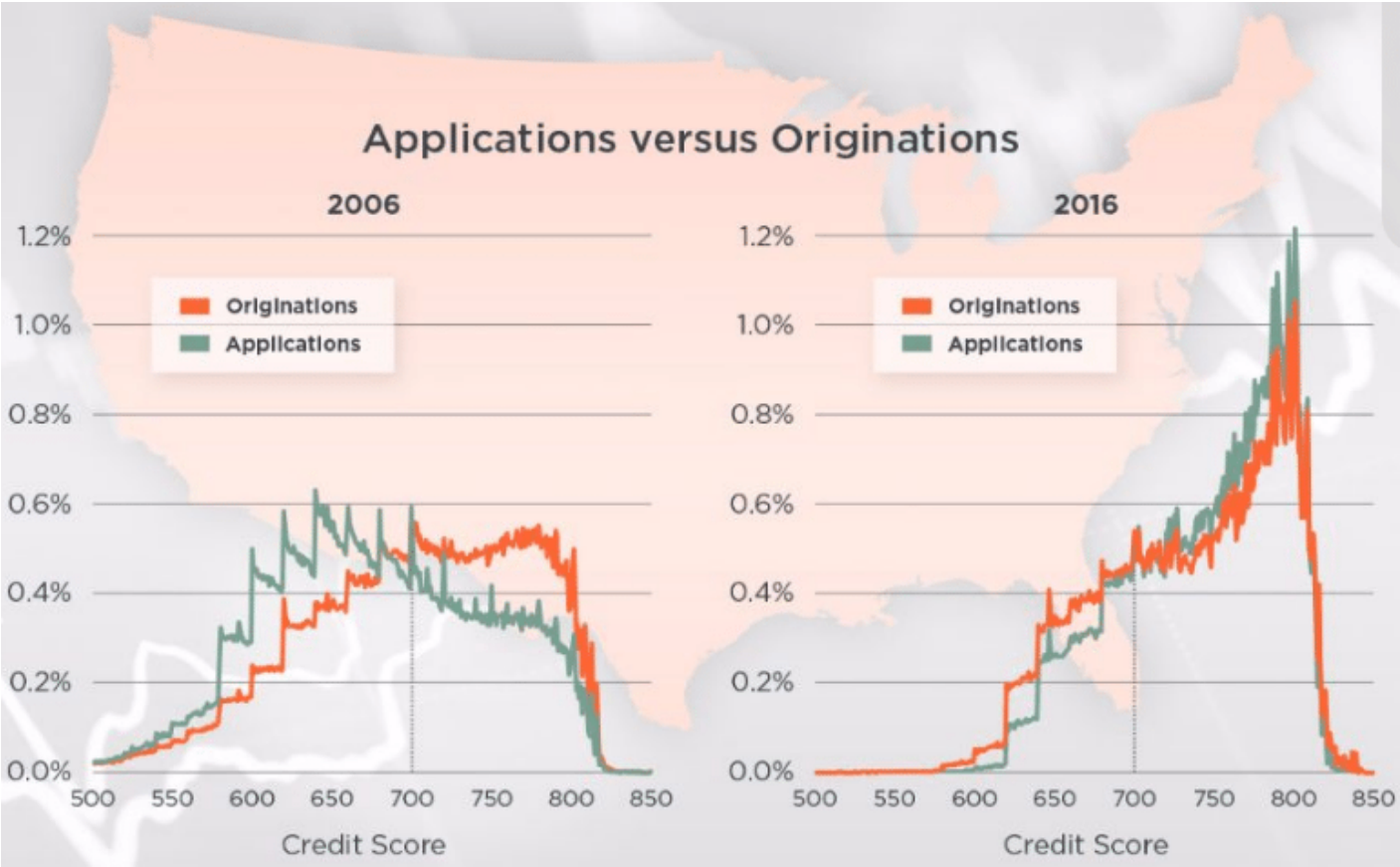
CoreLogic Housing Credit Insights Q2 2017 Update


Housing Credit Index (2001=100)
More Risk
2001-2003 Benchmark
Less Risk
240
220
200
180
160
140
120
100
80
60
40
2001:Q1
2004:Q2
2007:Q3
2010:Q4
2014:Q1
2017:Q2


Share of Home-Purchase Loans
INVESTOR
CONDO/COOP
LOW/NO DOC
12%
11%
10%
9%
8%
7%
6%
5%
4%
3%
2%
1%
0%
2016:Q2
2017:Q2
2016:Q2
2017:Q2
2016:Q2
2017:Q2

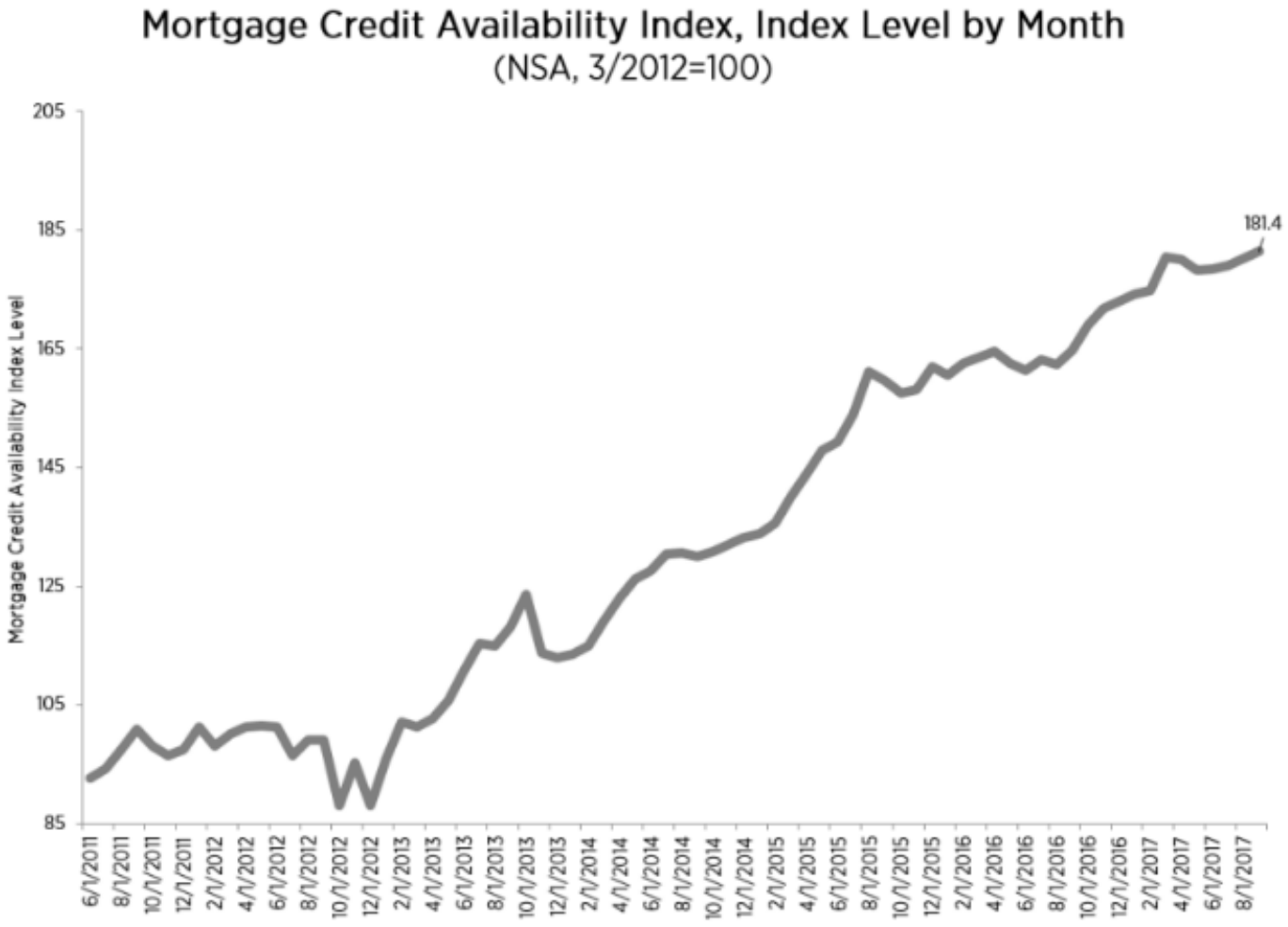


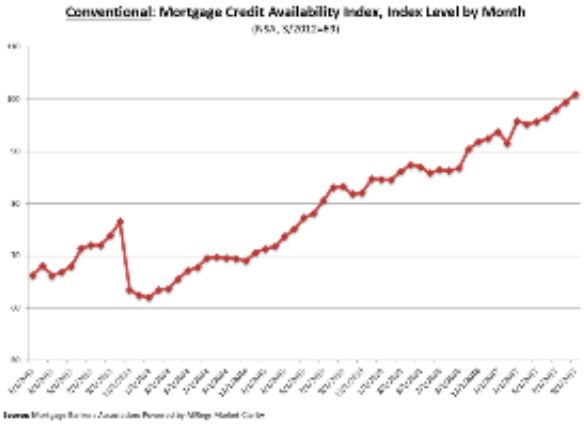
- Purchase mortgage loans are still high quality in terms of credit risk.
- In Q2 2017, the HCI increased to 117, up 20 points from Q2 2016. Even with this increase, the level of credit risk in Q2 2017 is still within a range of the HCI for the period of 2001 to 2003.
- The investor share of home-purchase loans increased from 3.6 percent in Q2 2016 to 4.2 percent in Q2 2017.
- The share of home-purchase loans secured by a condominium or a co-op building increased from 9.6 percent in Q2 2016 to 11.1 percent in Q2 2017, making loans appear riskier.
- Applications in the lower credit score range are almost non-existent in 2016 when compared to 2006. Applicants may be “self-removing” themselves from the applicant pool. This may explain some of the decline in new-loan credit risk.
- The average credit score for homebuyers increased 9 points year over year between Q2 2016 and Q2 2017, rising from 736 to 745.

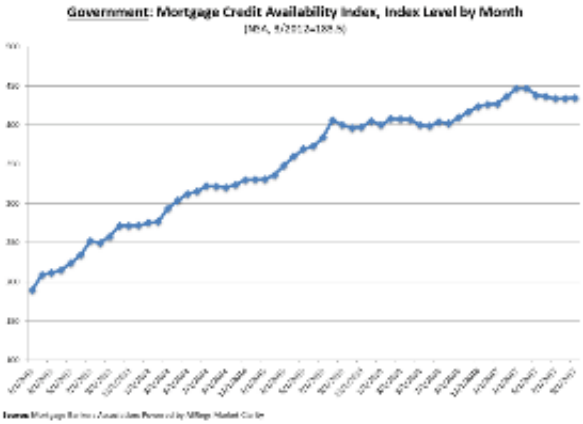
Corelogic Chief Economist Frank Nothaft said in the report, “Mortgage risk for new originations increased modestly in the second quarter of 2017, but much of this rise was due to a small shift in the mix of loan types to more investor and condominium loans, which have slightly higher risk attributes. Despite the somewhat higher risk of new origination loans, purchase mortgage

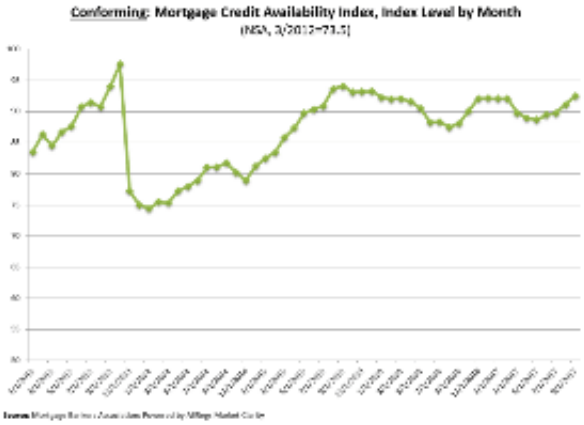
underwriting remains relatively clean with an average credit score of 745 and low delinquency risk."

Mortgage Bankers Association (MBA) Mortgage Credit Availability Index









- The MCAI increased 0.7 percent to 181.4 in September.
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- Credit availability for conforming and conventional loans saw the greatest increase in September (both were up 1.5 percent.
-
- Credit availability for jumbo loans increased 1.4 percent while credit availability for government loans increased 0.2 percent.
- Of the four component indices, the Conforming MCAI and the Conventional MCAI saw the greatest increase in availability over the month (both up 1.5 percent), followed by the Jumbo MCAI (up 1.4 percent) and then the Government MCAI (up 0.2 percent).

“Mortgage credit availability increased in September due to continuing updates to conforming loan programs as well as agency jumbo programs that have been phased in over the last few months,” said Lynn Fisher, MBA’s Vice President of Research and Economics. “For the year to date, the supply of credit has increased only modestly in the non-jumbo space while it has expanded significantly among jumbo programs.”

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