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First American CoreLogic Unveils New Home Price Index And Price Trends for July & August 2009

Pricing Forecast Predicts Bottom in March 2010

October 22, 2009

New Report Includes Data on Distressed Sales and 12-Month Forecast

Editor's note: First American CoreLogic has revised its methodology for the HPI report to provide more detailed data. This includes an expanded transactions database upon which the index is built, a new weighting methodology, a 12-month forecast, and metrics that exclude distressed sales (short sales and REOs) which have become an increasingly large share of sales activity. Due to the newly revised methodology for this report both July and August data are being released simultaneously. Going forward, data will continue to be released on a monthly basis. Because of the revised methodology comparisons to previously published HPI data should be avoided.

Home Prices Continue Year-over-Year Decline, but Rate of Decline Improved

National home prices, including distressed sales, declined by -10.1 percent in August 2009 compared to August 2008: an improvement over July's year-over-year price decline (-11.6 percent) and June's (-14.1 percent), according to data from First American CoreLogic and its new LoanPerformance Home Price Index (HPI).

Excluding distressed sales, year-over-year prices declined in August by -6.2, in July by -6.8 percent and in June by -8.3, illustrating the significant negative impact that distressed sales are having on home prices. Home prices of distressed sales continue to decline at a larger annual rate than non-distressed sales.

For the five months beginning in March 2009, the national HPI has seen month-over-month increases in home prices, with and without distressed sales. Some of the month-over-month improvement in the HPI may be related to normal seasonal patterns.

Forecast Predicts Further Decline Before Upswing

The First American CoreLogic proprietary HPI is projecting that declines will continue throughout the remainder of 2009 before hitting bottom in March of 2010. The projected declines in home prices are predicated on the expiration of the homebuyers' tax credit and the growing number of homes entering the foreclosure process. While the tax credit has given a short-term boost to both home sales and



volume, its termination, combined with projected increases in foreclosure inventories, will place additional downward pressure on house prices this winter.

The index forecasts positive appreciation beginning in the spring of 2010. Including distressed sales, cumulative peak-to-trough declines are projected to be -37 percent by March 2010.

Excluding distressed sales, the cumulative peak-to-trough decline is projected at -24 percent.

The HPI for the segment of the market including distressed sales is sometimes more optimistic than the segment of the market excluding distressed sales. Consistent with the Federal Reserve's latest Beige Book release, the HPI indicates a continuing stronger recovery in the lower priced segment of the housing market than in the higher priced segment of the housing market in the near term. Much of the investment activity is occurring in the lower priced segment of the market.

In August 2010, the index is projecting that 12-month appreciation for national home prices will be 4.6 percent and that home prices in two of the most depressed markets, California and Florida, will show gains in excess of 7 percent.

Highlights as of August 2009

- Including distressed transactions, the HPI has fallen -28.1 percent from its peak in April 2006. Excluding distressed properties, the national HPI has fallen -20.7 percent from the same peak.
- When distressed sales were included, Nevada (-24.4 percent) remained the top-ranked state for annual price depreciation with Arizona following close behind (-19.5 percent). Florida (-16.8 percent), California (-12.9 percent) and Oregon (-12.5 percent) round out the top five states for price declines. Of these five states, both Nevada and Arizona showed month-over-month decreases in their HPI.
- Excluding distressed sales, the worst five states for year-over-year price declines changes slightly. Nevada (-19.8 percent) still holds the top spot, followed by Florida (-14.9 percent), Arizona (-14.8 percent), Idaho (-10.6 percent) and Washington (-10.5 percent).
- The rust belt markets (MI, OH, IN) have now replaced the sun belt markets (CA, FL, NV, AZ) as those for which our model is projecting the largest further declines in house prices.



“As we’ve noted previously, there has been a return of more traditional seasonal patterns in home prices beginning in the spring,” said Mark Fleming, chief economist for First American CoreLogic. “This effect was waning in August when the HPI was just barely positive. We would expect the HPI to dip again as we move into the winter off-season, and continue to bounce around the bottom of the market in anticipation of a sustained recovery. While the majority of house price declines appear to be behind us, there are still a number of economic and institutional factors that are working against a solid and sustainable turnaround in the housing sector. As the economic landscape continues to change, so too will our forecasts.”

LoanPerformance August HPI for the Country’s 10 Largest CBSAs:

Ranked by Current Home Price Appreciation	August 2009 12 Month HPI Change by CBSA		12 Month Forecast (August 2009 – August 2010)	
	Single Family Combined	Single Family Combined Excluding Distressed	Single Family Combined	Single Family Combined Excluding Distressed
CBSA				
Houston-Sugar Land-Baytown TX	2.03%	-1.18%	1.35%	3.39%
Dallas-Plano-Irving TX	-0.12%	-1.50%	0.21%	1.55%
Boston-Quincy MA	-3.97%	-3.28%	3.03%	4.09%
Philadelphia PA	-5.22%	-4.97%	-0.83%	0.08%
Washington-Arlington-Alexandria DC-VA-MD-WV	-5.28%	-4.84%	3.46%	1.71%
Atlanta-Sandy Springs-Marietta GA	-8.22%	-5.66%	0.23%	-0.25%
New York-White Plains-Wayne NY-NJ	-11.72%	-9.01%	2.29%	2.61%
Chicago-Naperville-Joliet IL	-12.50%	-9.81%	4.15%	3.34%
Los Angeles-Long Beach-Glendale CA	-14.02%	-8.23%	6.29%	6.59%
Miami-Miami Beach-Kendall FL	-16.82%	-14.90%	6.14%	4.87%

Source: First American CoreLogic, LoanPerformance HPI, Single-Family Combined (Detached and Attached) as of August, 2009.

LoanPerformance August HPI State and National Ranking:

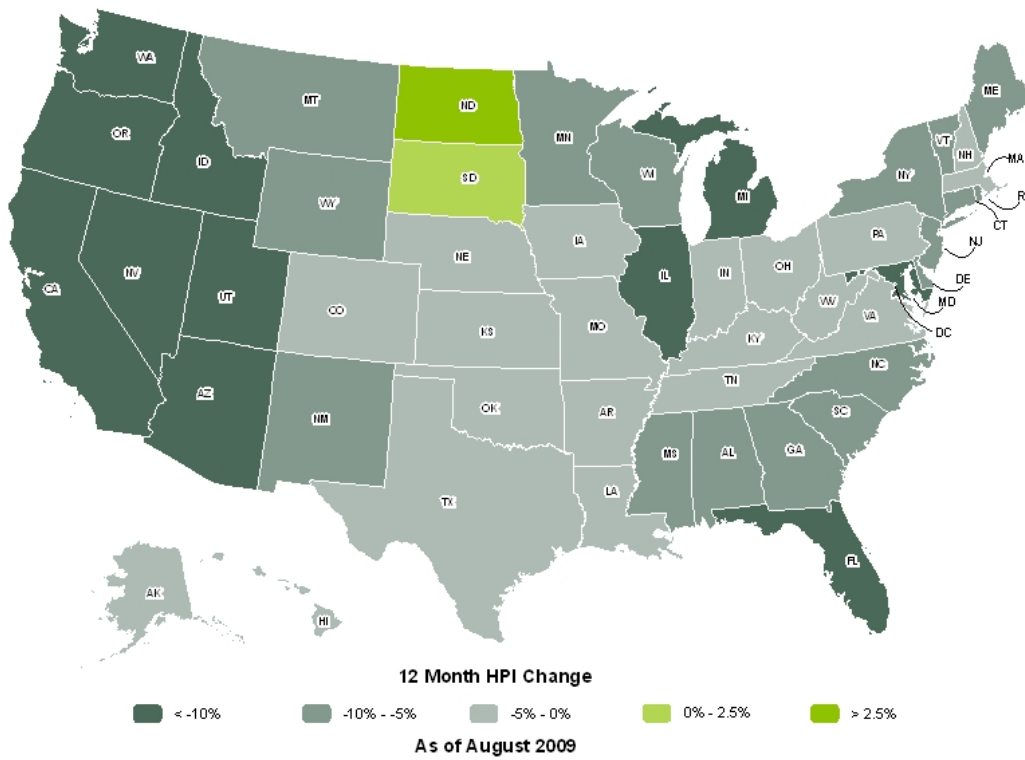
State	August 2009 12 Month HPI Change by State		12 Month Forecast (August 2009 – August 2010)	
	Single Family Combined	Single Family Combined Excluding Distressed	Single Family Combined	Single Family Combined Excluding Distressed
National	-10.07%	-6.24%	4.60%	3.40%
Nevada	-24.43%	-19.76%	-3.56%	-0.70%
Arizona	-19.53%	-14.77%	0.69%	-4.20%
Florida	-16.82%	-14.90%	7.33%	4.55%
California	-12.94%	-7.94%	7.89%	6.47%
Oregon	-12.52%	-10.05%	1.16%	-0.06%
Michigan	-12.39%	-8.89%	-8.39%	-7.25%
Washington	-12.30%	-10.51%	-2.37%	-3.07%



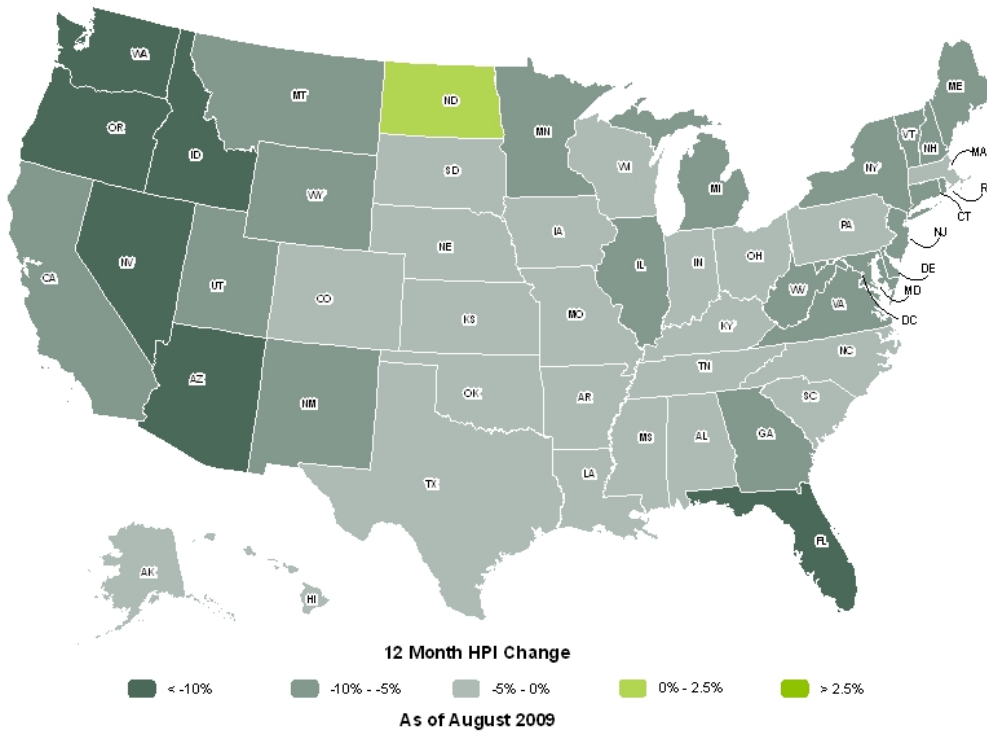
Utah	-11.86%	-8.91%	1.93%	3.71%
Maryland	-11.81%	-8.86%	2.65%	0.73%
Idaho	-11.75%	-10.61%	5.78%	2.15%
Illinois	-10.80%	-8.42%	4.25%	3.60%
Montana	-9.64%	-5.17%	2.83%	1.20%
Wyoming	-9.51%	-5.63%	0.30%	0.44%
New Jersey	-9.46%	-8.15%	6.83%	5.60%
Connecticut	-8.71%	-7.09%	5.67%	2.23%
Minnesota	-8.56%	-6.86%	-4.17%	-4.18%
Delaware	-8.42%	-6.00%	0.95%	4.25%
Rhode Island	-8.16%	-7.60%	5.25%	1.00%
Mississippi	-8.05%	-2.65%	-0.89%	-0.72%
New York	-7.71%	-5.38%	-1.45%	-0.70%
Georgia	-7.52%	-5.04%	0.70%	-1.42%
New Mexico	-7.38%	-5.32%	3.41%	4.67%
Maine	-6.94%	-5.88%	12.08%	8.15%
Alabama	-6.88%	-2.67%	2.14%	3.19%
South Carolina	-6.11%	-4.72%	-2.08%	-1.63%
Wisconsin	-5.47%	-4.36%	0.01%	0.71%
North Carolina	-5.45%	-4.63%	-3.07%	-1.19%
District of Columbia	-5.12%	-3.89%	4.44%	-1.42%
Vermont	-5.11%	-5.13%	1.20%	1.07%
Virginia	-4.99%	-5.10%	4.12%	2.24%
Pennsylvania	-4.94%	-4.43%	-0.87%	0.06%
Tennessee	-4.49%	-3.08%	-1.55%	0.02%
Missouri	-4.47%	-3.28%	-0.02%	-1.28%
Hawaii	-4.13%	-3.81%	5.24%	9.17%
Louisiana	-3.93%	-2.42%	0.84%	0.26%
Indiana	-3.90%	-3.90%	-1.40%	0.66%
Ohio	-3.54%	-3.68%	-2.31%	-1.49%
Colorado	-3.44%	-2.83%	-1.87%	-3.07%
Massachusetts	-3.31%	-3.90%	2.87%	3.97%
Arkansas	-3.15%	-2.78%	1.47%	-0.35%
Kansas	-2.50%	-3.56%	0.39%	-1.70%
Oklahoma	-1.83%	-1.57%	0.19%	0.87%
Kentucky	-1.79%	-0.92%	1.71%	1.92%
Alaska	-1.77%	-1.92%	4.72%	3.20%
Iowa	-1.21%	-0.43%	1.49%	1.09%
New Hampshire	-0.94%	-5.87%	11.62%	4.17%
Nebraska	-0.85%	-0.63%	2.14%	1.59%
West Virginia	-0.76%	-5.23%	0.53%	1.51%
Texas	-0.26%	-1.53%	0.47%	2.05%
South Dakota	1.80%	-0.20%	2.28%	1.20%
North Dakota	3.56%	2.44%	4.88%	4.20%



Source: First American CoreLogic, LoanPerformance HPI, Single-Family Combined (Detached and Attached) as of August 2009.



Source: First American CoreLogic, LoanPerformance HPI, 12 month change by state, single family combined series.



Source: First American CoreLogic, LoanPerformance HPI, 12 month change by state; single family combined excluding distressed series.

LoanPerformance July HPI State and National Ranking:

July 2009 12 Month HPI Change by State	Single Family Combined	Single Family Combined Excluding Distressed
National	-11.58%	-6.83%
Nevada	-25.95%	-20.89%
Arizona	-20.61%	-14.70%
Florida	-18.47%	-15.36%
California	-16.15%	-10.39%
Michigan	-13.61%	-9.17%
Oregon	-13.25%	-10.52%
Washington	-12.89%	-10.67%
Utah	-12.70%	-9.26%
Maryland	-12.56%	-9.11%
Idaho	-11.28%	-10.02%
Illinois	-11.15%	-7.94%
Rhode Island	-10.93%	-8.68%
Montana	-10.60%	-5.28%
Minnesota	-10.51%	-7.08%
Connecticut	-10.32%	-7.77%
Wyoming	-10.25%	-5.44%
New Jersey	-9.98%	-8.58%
Hawaii	-9.20%	-7.37%
New York	-9.17%	-6.40%
Mississippi	-8.71%	-2.17%
Georgia	-8.64%	-5.72%
Delaware	-8.38%	-6.54%
South Carolina	-7.30%	-5.33%
New Mexico	-7.24%	-5.40%



District of Columbia	-7.10%	-6.06%
Maine	-6.86%	-5.16%
Alabama	-6.83%	-3.49%
Virginia	-6.56%	-5.89%
Wisconsin	-6.26%	-4.90%
North Carolina	-5.30%	-4.27%
Missouri	-4.95%	-3.29%
Tennessee	-4.57%	-2.92%
Massachusetts	-4.28%	-4.14%
Pennsylvania	-4.18%	-3.51%
Colorado	-4.17%	-3.03%
Indiana	-4.07%	-2.41%
Ohio	-4.04%	-3.40%
Kansas	-3.42%	-3.64%
Arkansas	-3.20%	-2.24%
Vermont	-3.18%	-4.13%
Louisiana	-2.68%	-0.82%
Alaska	-2.14%	-1.42%
Iowa	-1.98%	-0.94%
New Hampshire	-1.96%	-5.63%
Oklahoma	-1.92%	-1.56%
West Virginia	-1.79%	-5.90%
Kentucky	-1.77%	-0.98%
Nebraska	-1.42%	-0.56%
Texas	-0.80%	-1.11%
South Dakota	0.95%	-0.03%
North Dakota	2.16%	1.91%

Source: First American CoreLogic, LoanPerformance HPI, Single-Family Combined (Detached and Attached) as of July 2009.

Methodology:

The First American CoreLogic LoanPerformance HPI incorporates more than 30 years worth of repeat sales transactions, representing more than 55 million observations sourced from First American CoreLogic's industry-leading property information and its LoanPerformance securities and servicing databases. The LoanPerformance HPI provides a multi-tier market evaluation based on price, time between sales, property type, loan type (conforming vs. nonconforming), and distressed sales. The LoanPerformance HPI is a repeat-sales index that tracks increases and decreases in sales prices for the same homes over time, which provides a more accurate "constant-quality" view of pricing trends than basing analysis on all home sales. The LoanPerformance HPI provides the most comprehensive set of monthly home price indices and median sales prices available covering 6,070 ZIP codes (58 percent of total U.S. population), 519 Core Based Statistical Areas (CBSA, 85 percent of total U.S. population) and 898 counties (81 percent of total U.S. population) located in all 50 states and the District of Columbia. Full-month August 2009 state-level and top CBSA-level data can be found at www.loanperformance.com/products/hpi.aspx.

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