



# LPS Mortgage Monitor

July 2013 Mortgage Performance Observations

Data as of June, 2013 Month-end



# June 2013 Focus Points

- Focus 1: Delinquency trend reversal with new problem loan focus
- Focus 2: Prepayment activity and refinance opportunities
- Focus 3: Judicial vs. non-judicial update and regional resolution rates

# Focus Point 1: DQ trend reversal with new problem loan focus

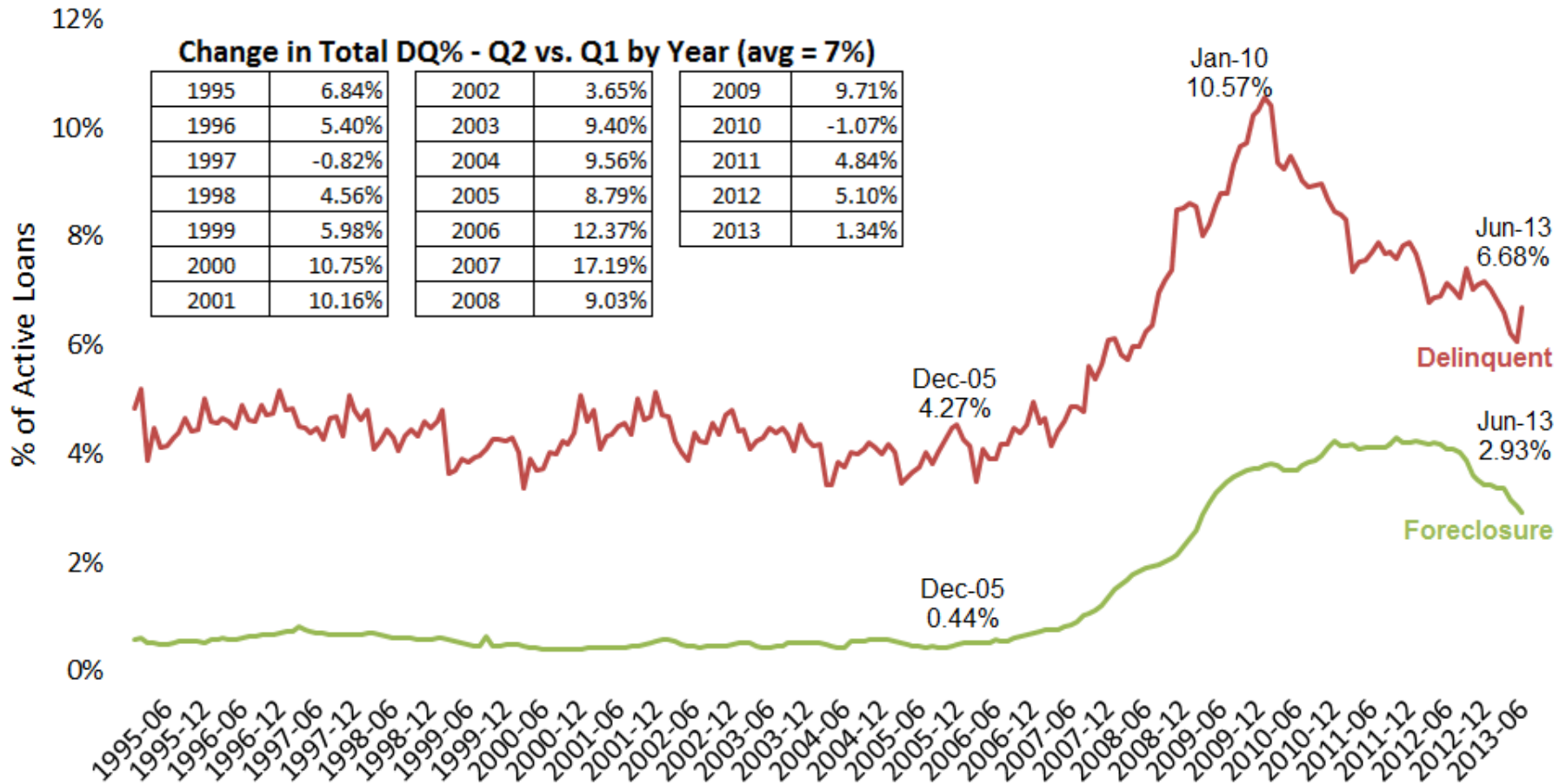
- Delinquencies jumped almost 10% M/M but the quarterly increase was below average vs. prior years
- The increase was broad-based impacting all states and products
- Over 700k borrowers who were current in May missed their June payment; payment issues also sent cure rates to 5 year low

# DQs up almost 10% M/M but below average seasonal Q1 to Q2 increase

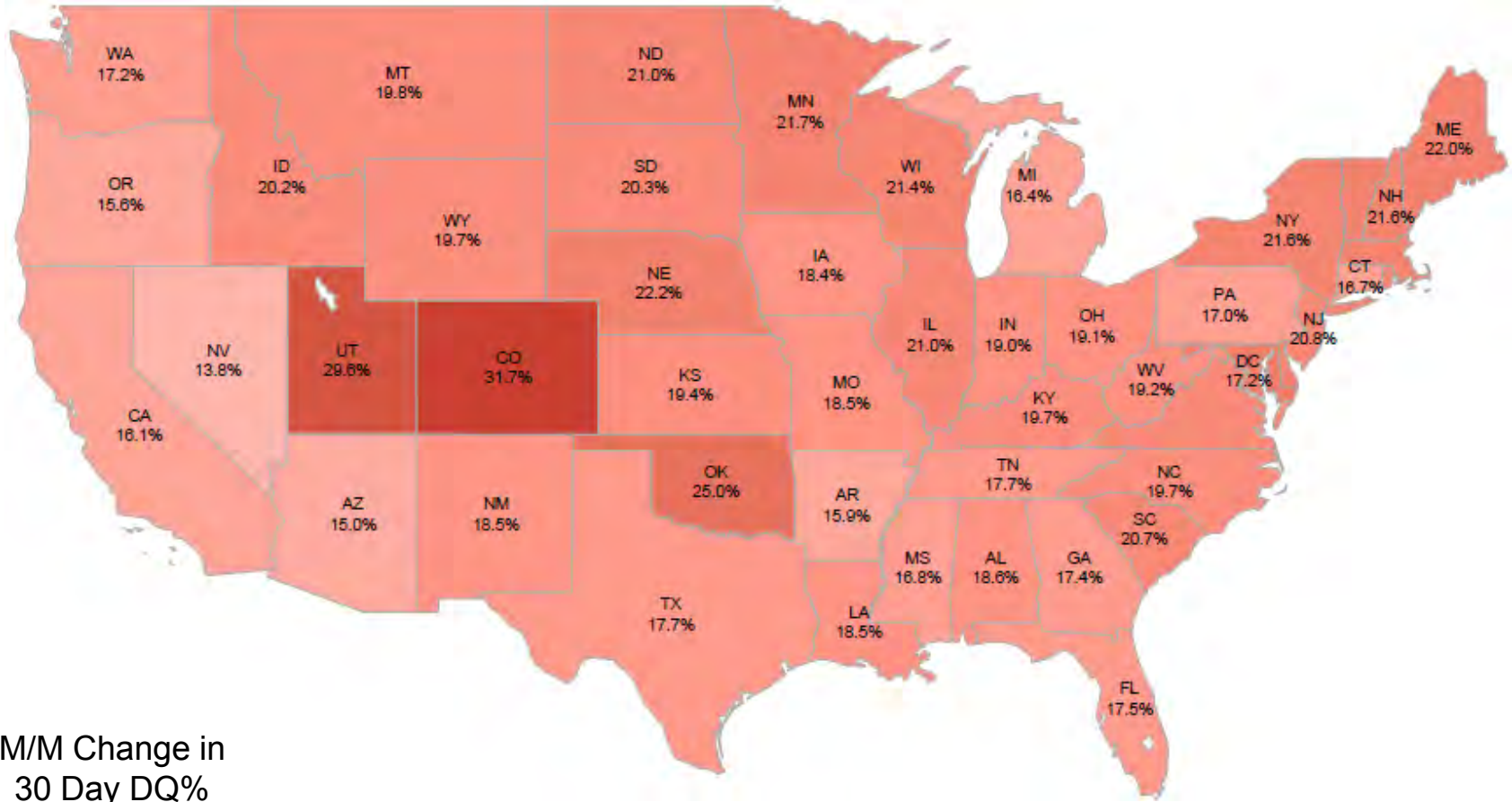
Total Delinquent and Foreclosure Percent by Month

Change in Total DQ% - Q2 vs. Q1 by Year (avg = 7%)

1995	6.84%	2002	3.65%	2009	9.71%
1996	5.40%	2003	9.40%	2010	-1.07%
1997	-0.82%	2004	9.56%	2011	4.84%
1998	4.56%	2005	8.79%	2012	5.10%
1999	5.98%	2006	12.37%	2013	1.34%
2000	10.75%	2007	17.19%		
2001	10.16%	2008	9.03%		



# Increase in delinquencies was broad based by geography...

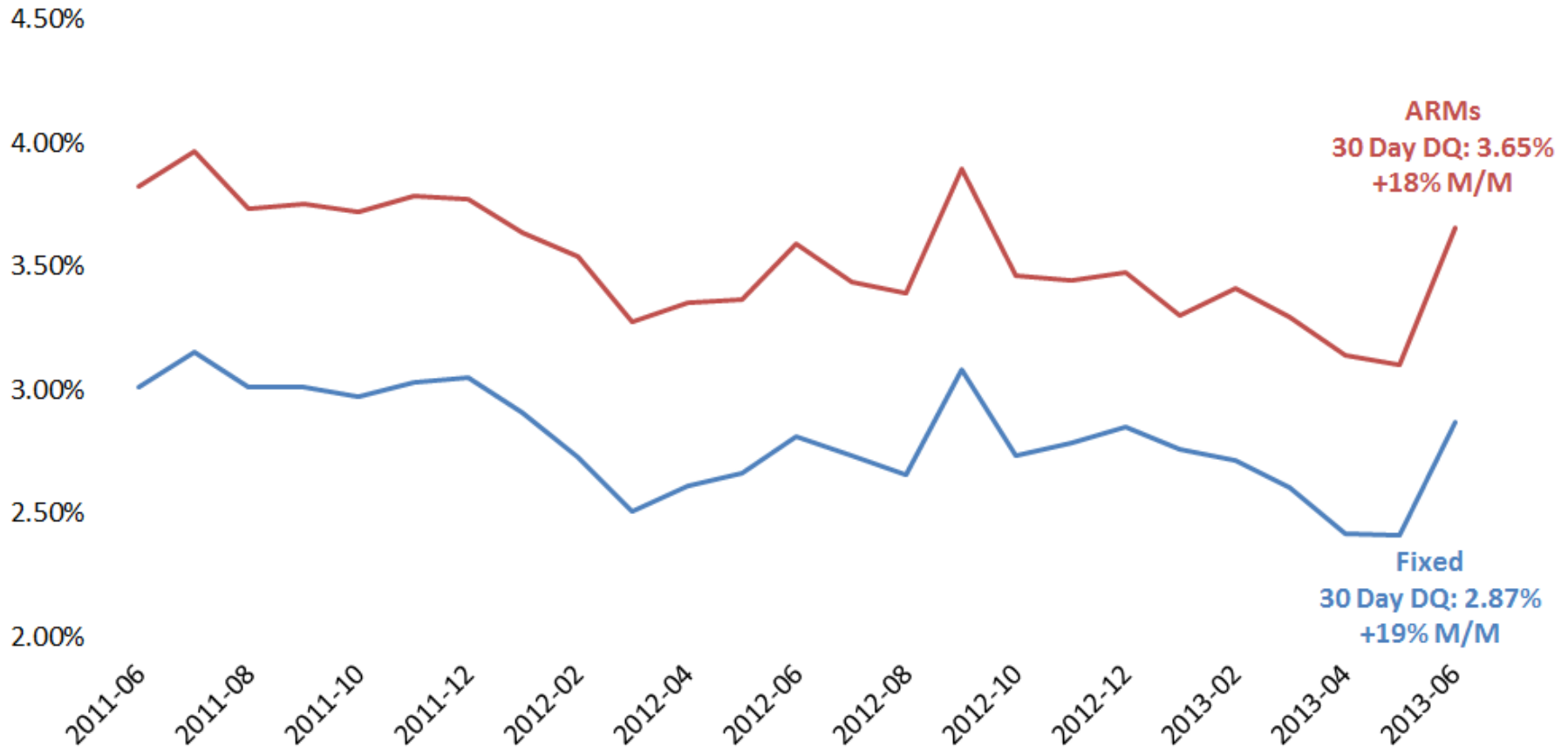


M/M Change in  
30 Day DQ%



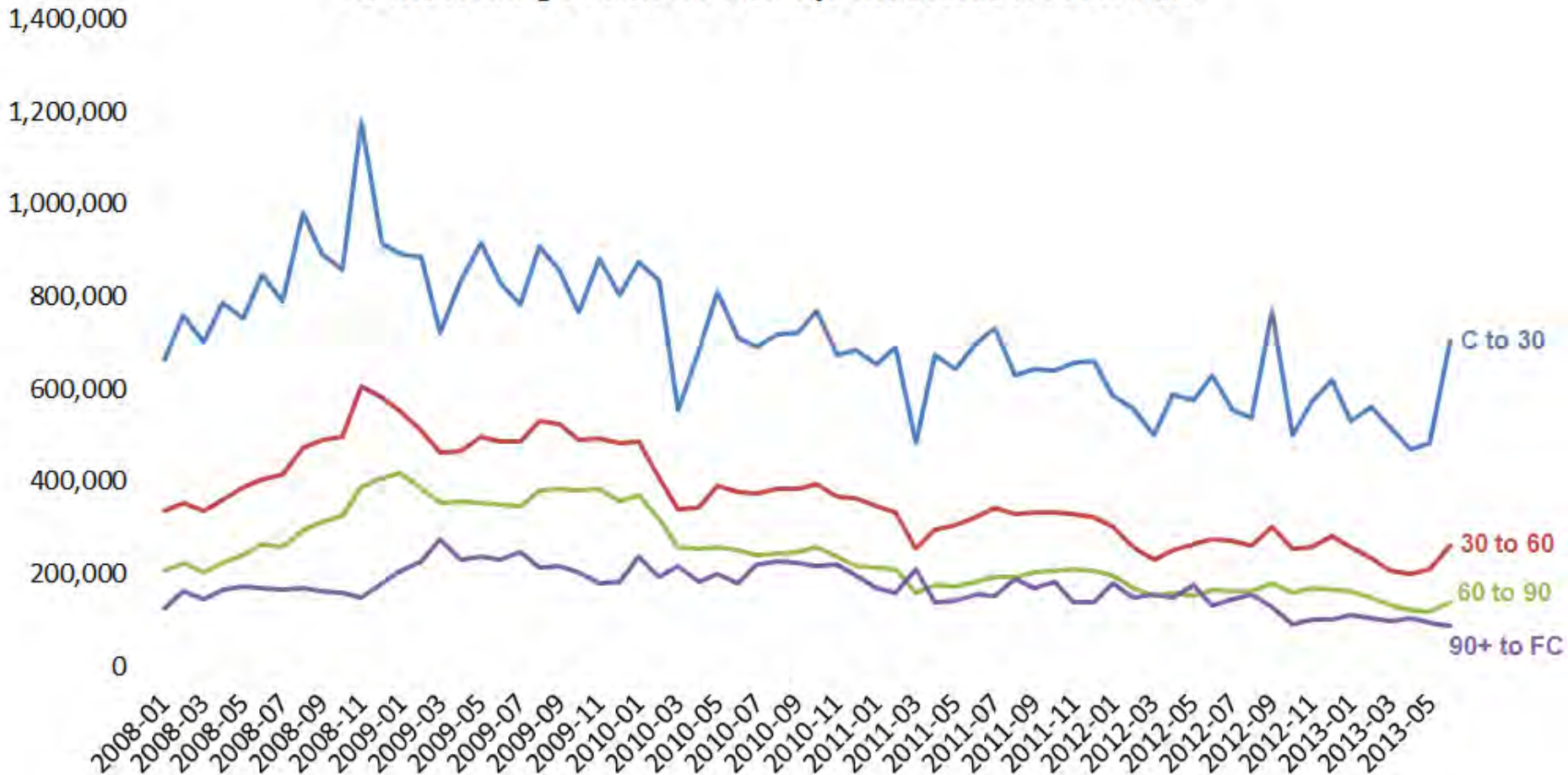
# ...and also broad based by product type

30 Day Delinquencies - Fixed vs. ARMs



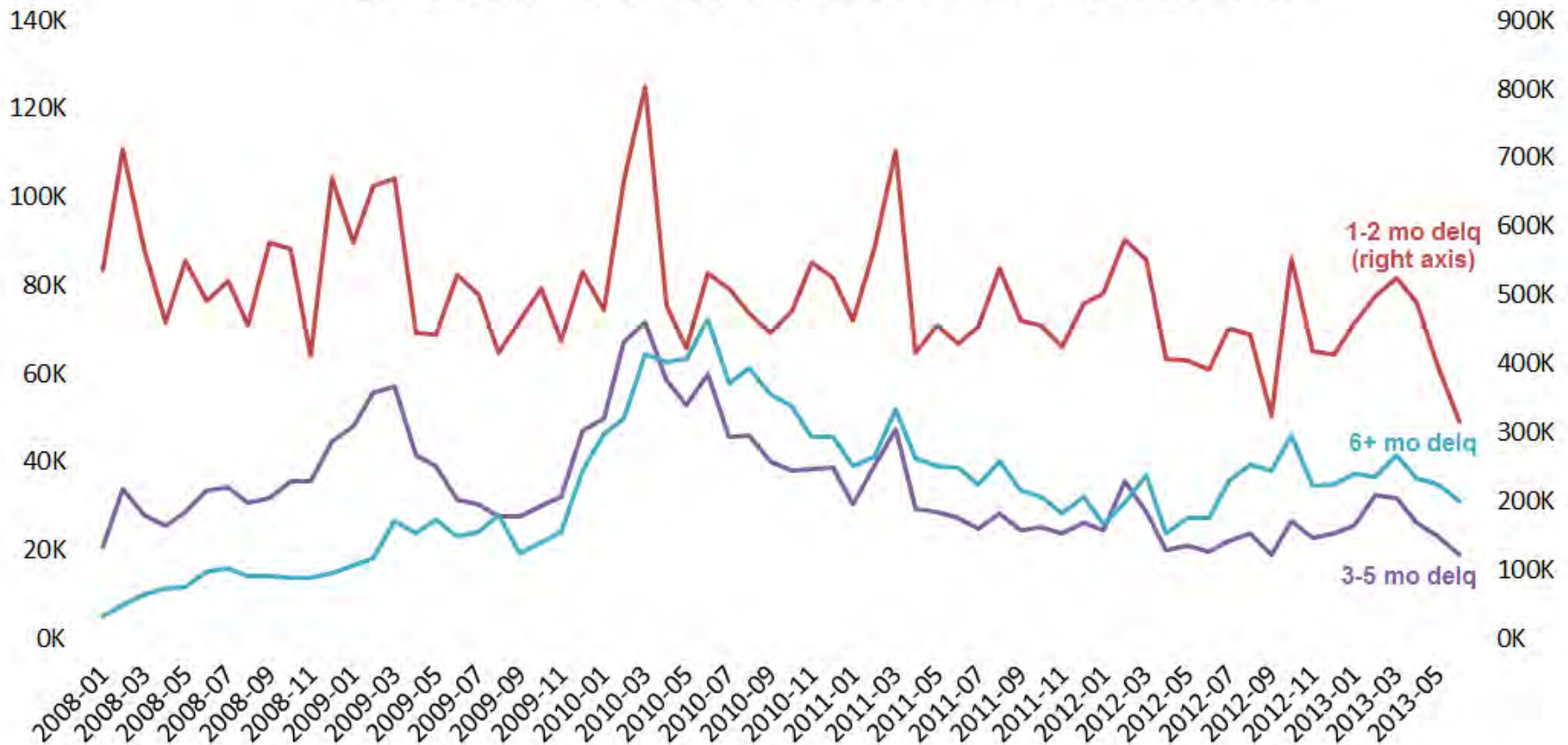
# Over 700k loans that were current as of May missed their June payment

Loans Rolling to a More Delinquent Status for All Loans



# Payment issues also impacted cures; early DQ cures fell to 5 year low

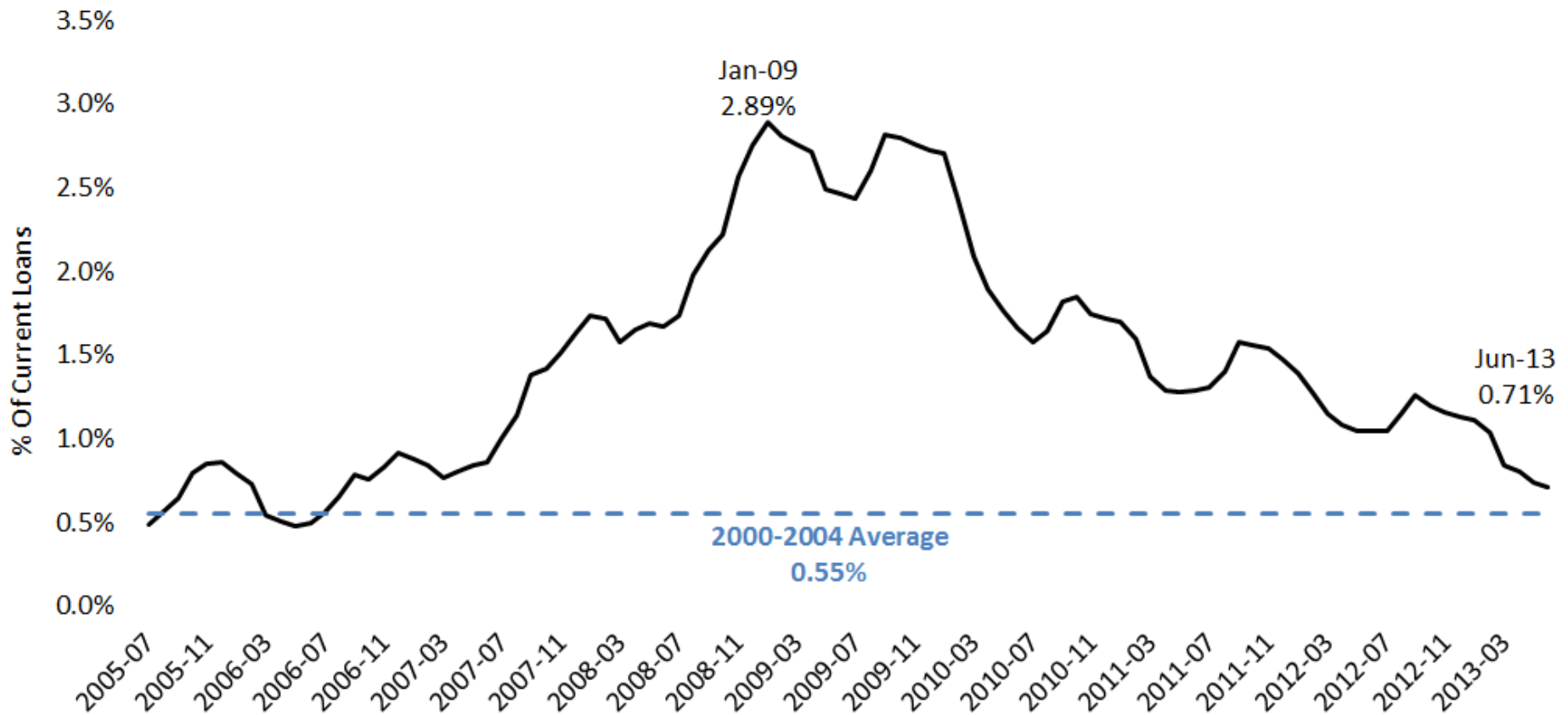
Count of Loans (thousands) that Cure by Previous Month Status





# The trend for serious DQs is still down; rate close to pre-crisis average

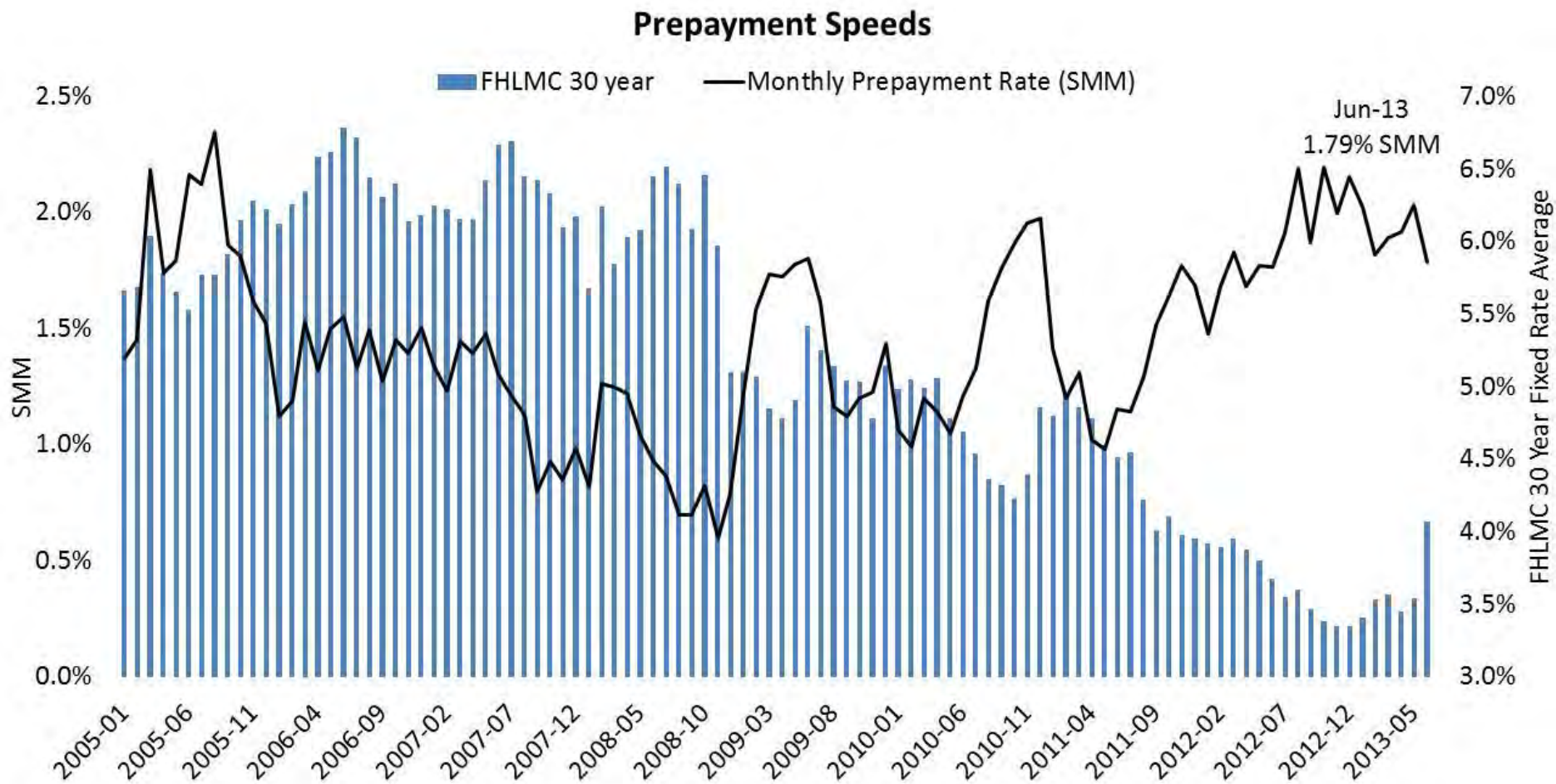
Seriously Delinquent Loans that were Current 6 months ago



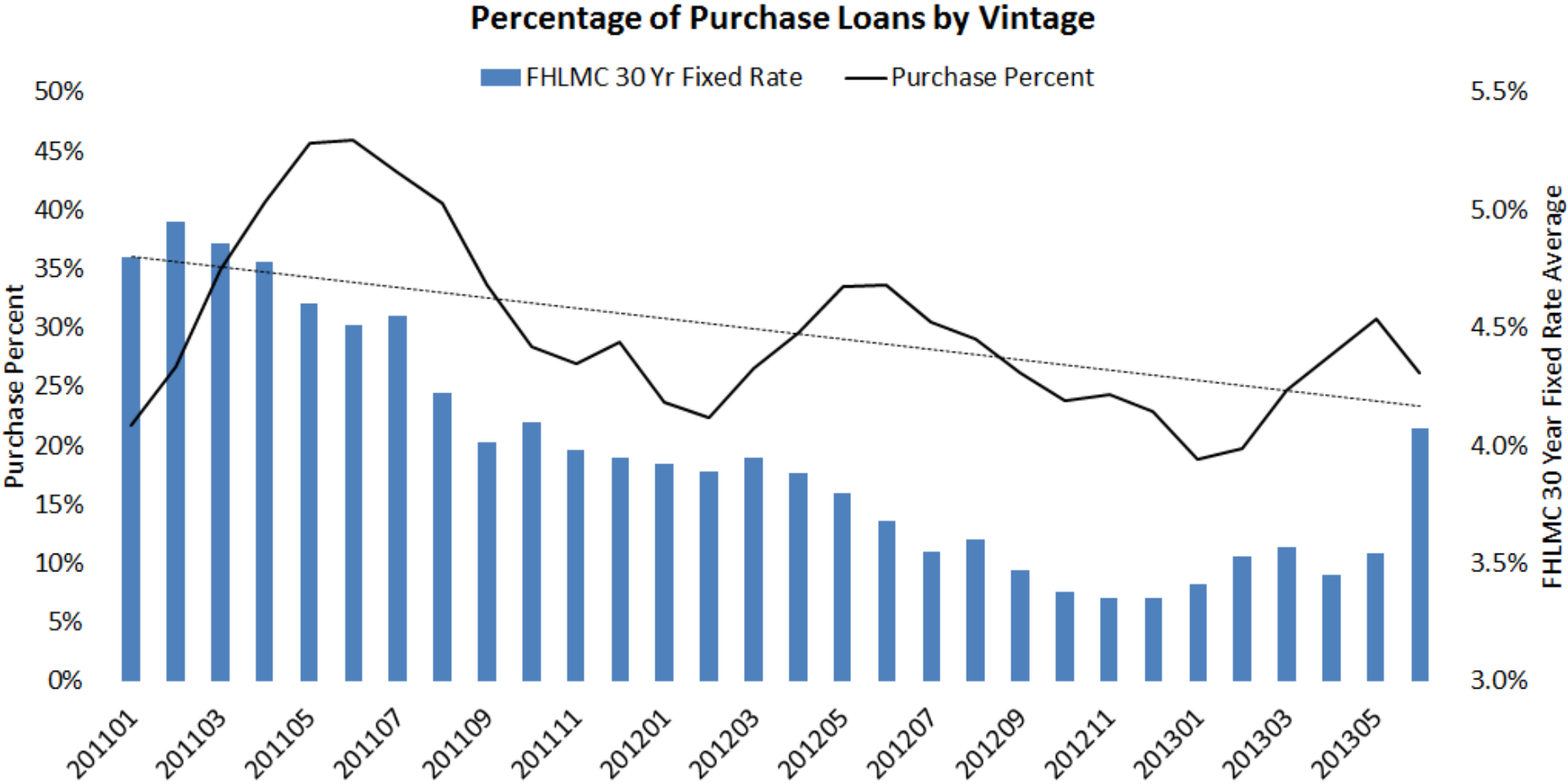
## **Focus Point 2: Prepayment activity and refinance opportunities**

- Prepayment rates dropped ~12% with rise in mortgage rates; still above historically similar rate periods
- Purchase share of originations has been steadily decreasing
- Despite improved equity, fewer loans have refinancible characteristics at new rates; still ~12% of active

# Prepayment rates dropped ~12%; still above similar rate period in 2011



# Purchase share of originations has been steadily decreasing

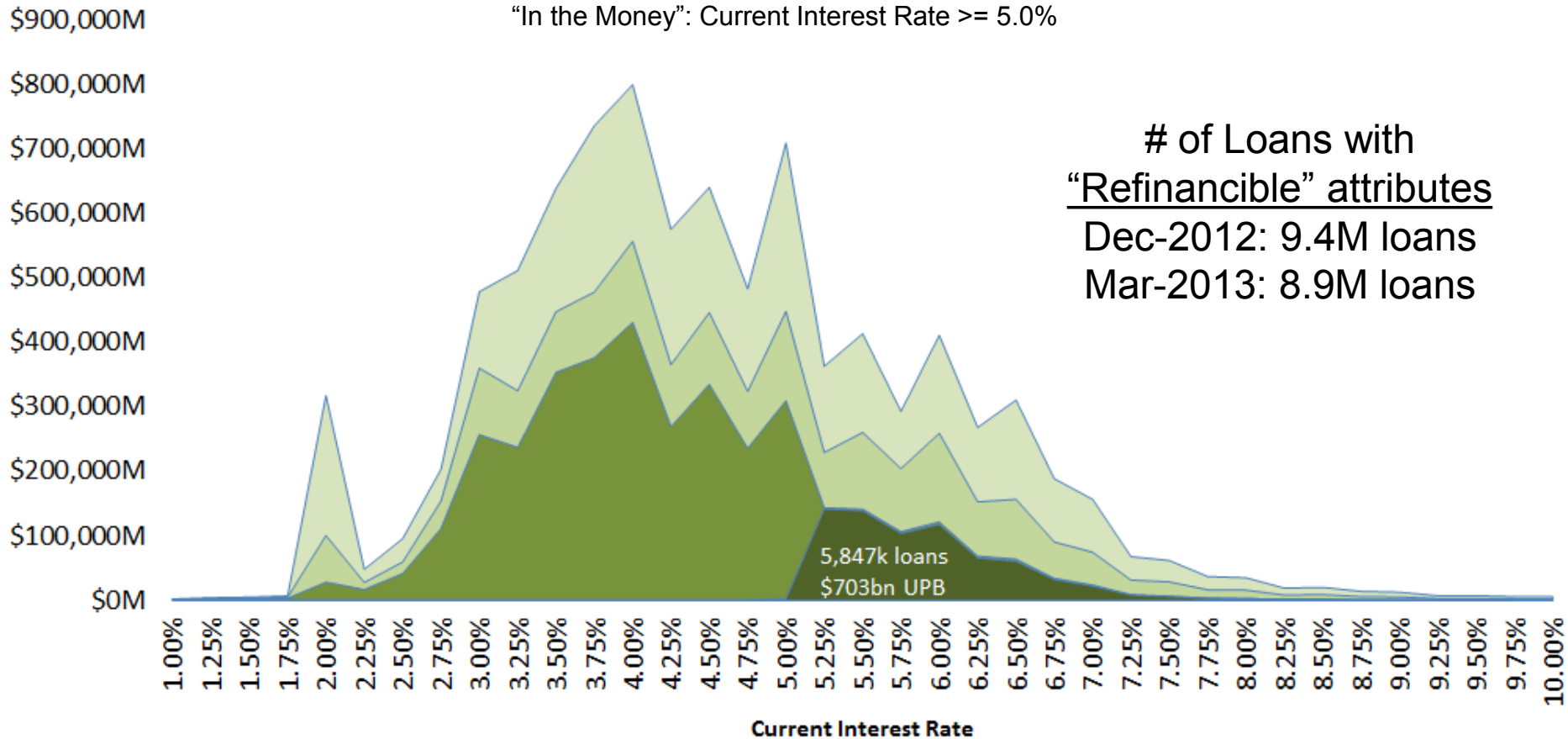


# Fewer loans have refinancible characteristics; still ~12% of active

## Refinancibility

■ TotalUPB   
 ■ And LTV<=80%   
 ■ And Credit Score>=720   
 ■ And In The Money Current

“In the Money”: Current Interest Rate >= 5.0%

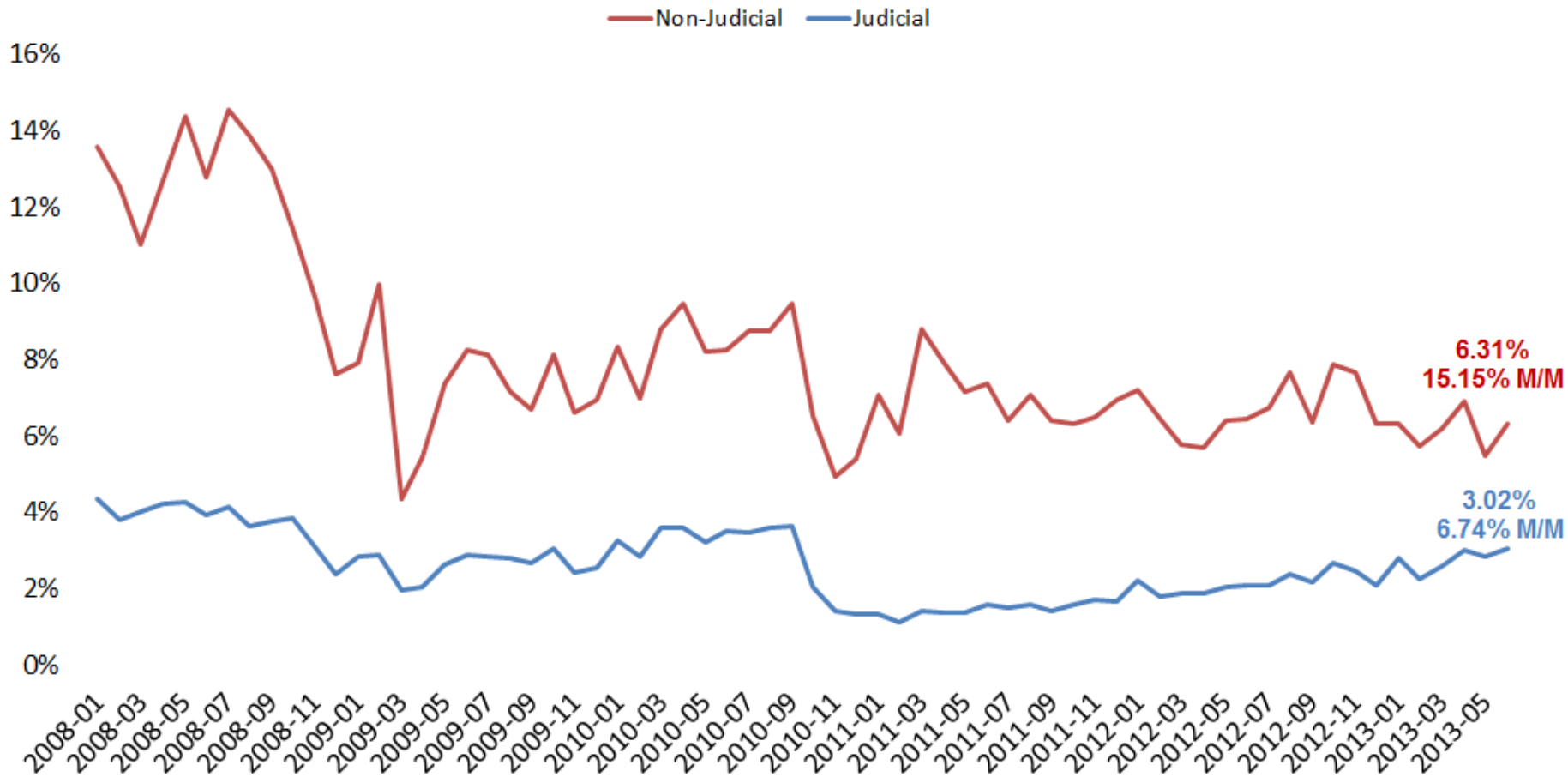


# Focus Point 3: Judicial vs. Non update and regional resolution rates

- The pace of judicial FC sales has been increasing for 3 yrs; still half non-judicial rate
- Foreclosure inventories in judicial states are 26% off their peak vs. 50% in non-judicial
- Increases in FC sales have reduced the judicial pipeline ratios (time to clear)
- Distressed inventory in the northeast remains close to peak

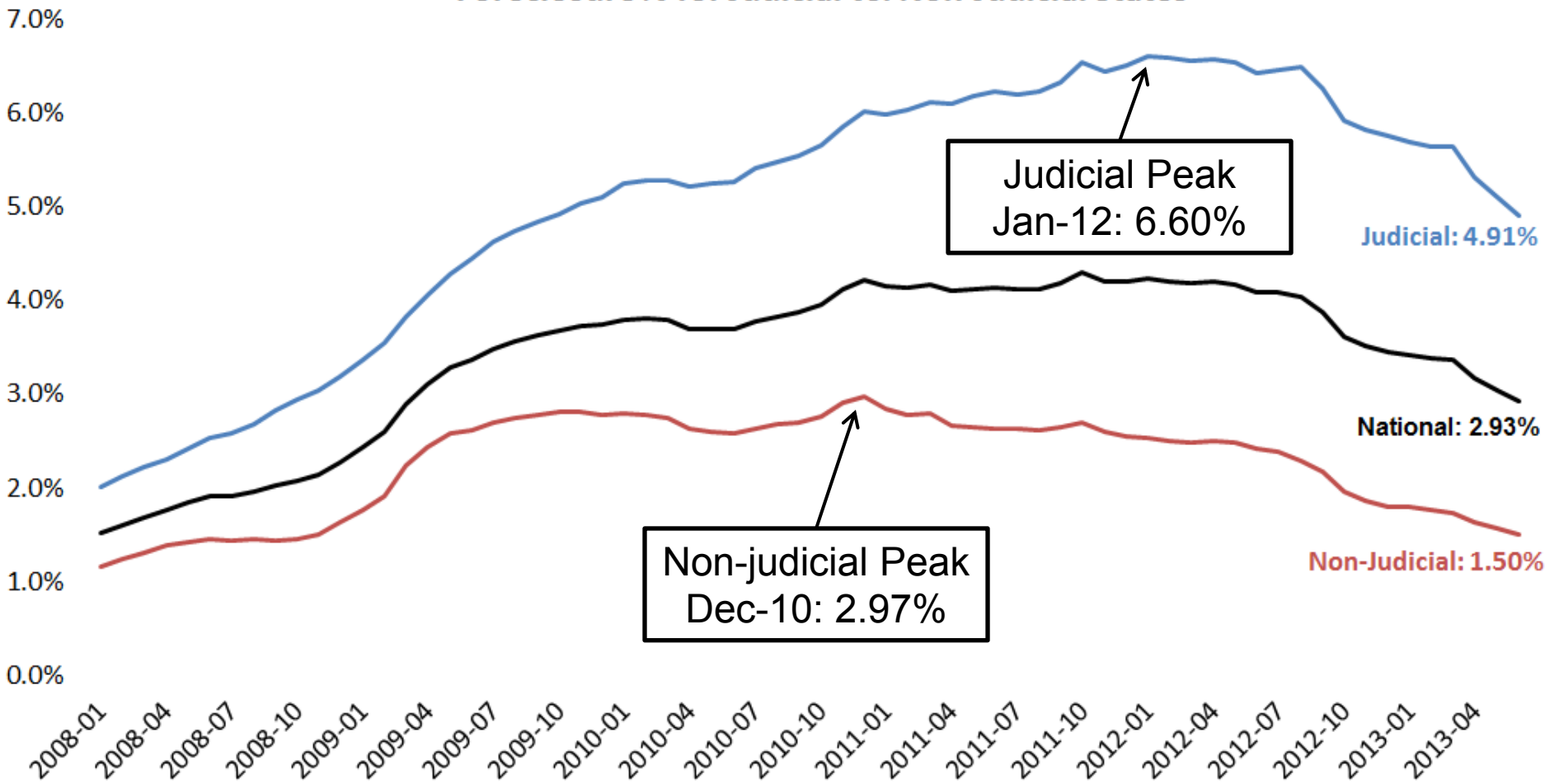
# The pace of judicial FC sales has been steadily increasing for 3 years

Foreclosure Sales as a percentage of Foreclosure Inventory



# Judicial FC inventory down 26% from peak vs. 50% in non-judicial

Foreclosure % for Judicial vs. Non-Judicial States

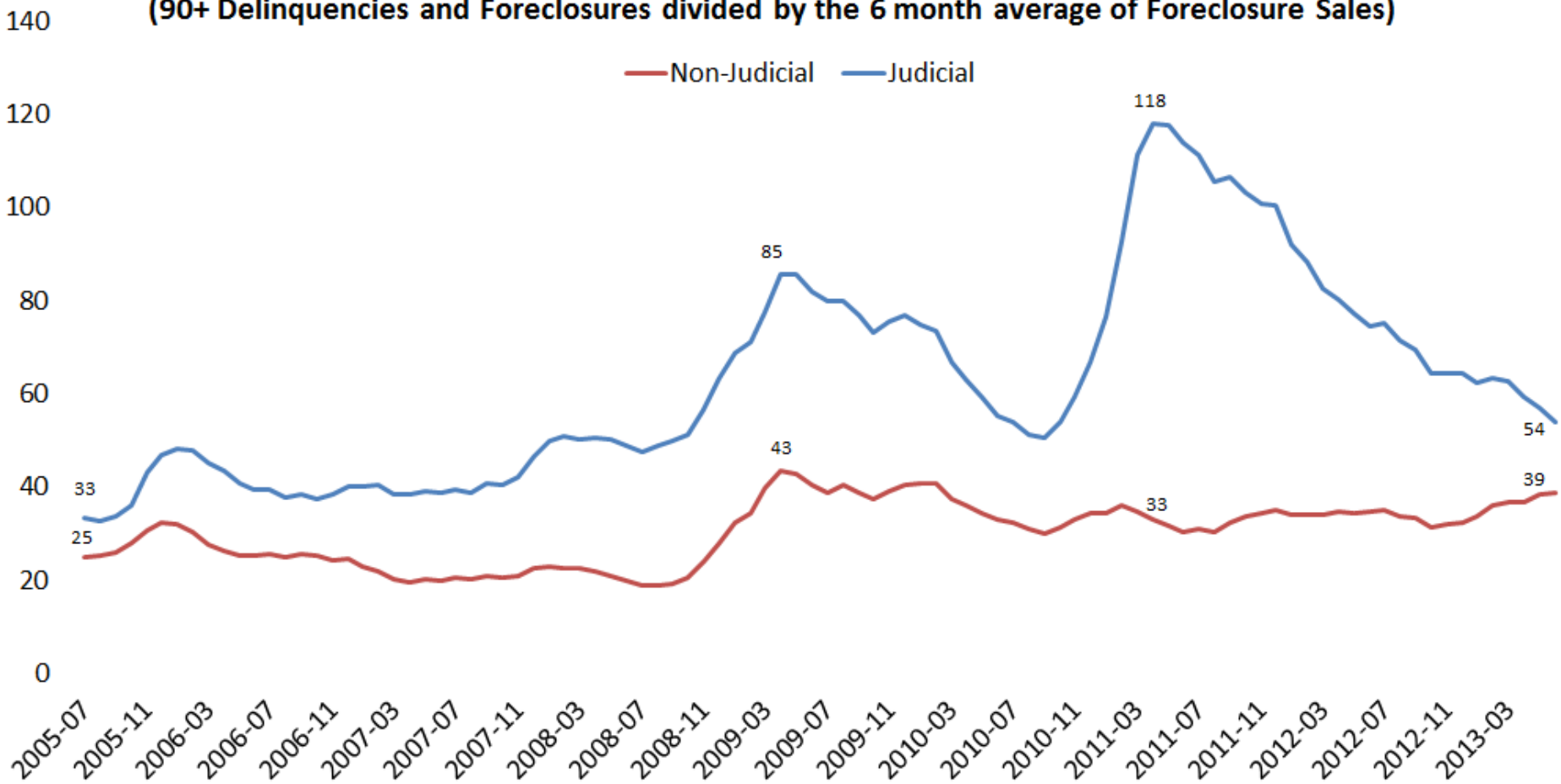




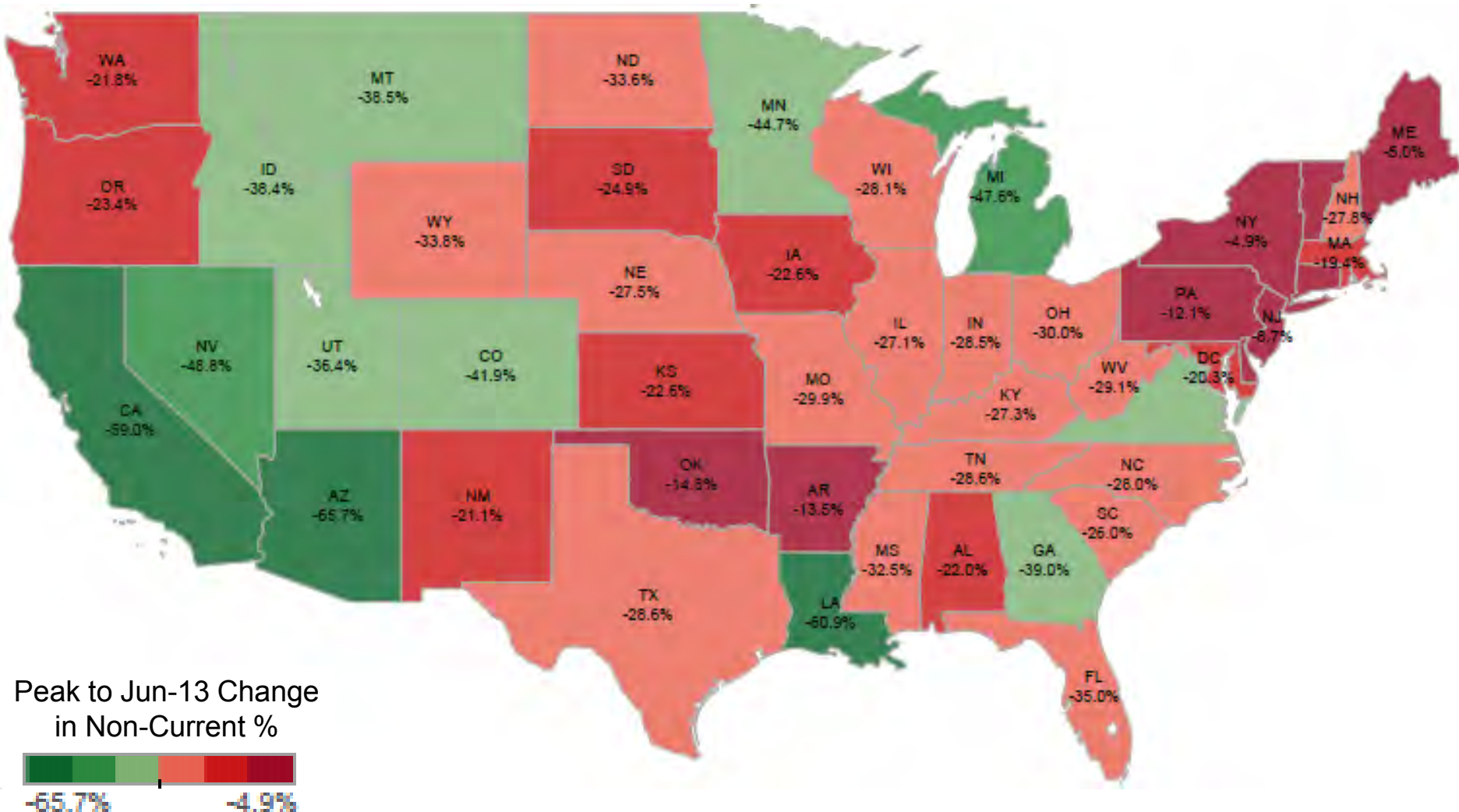
# Pipeline ratios have declined sharply in judicial states

**Pipeline Ratio**  
(90+ Delinquencies and Foreclosures divided by the 6 month average of Foreclosure Sales)

— Non-Judicial — Judicial

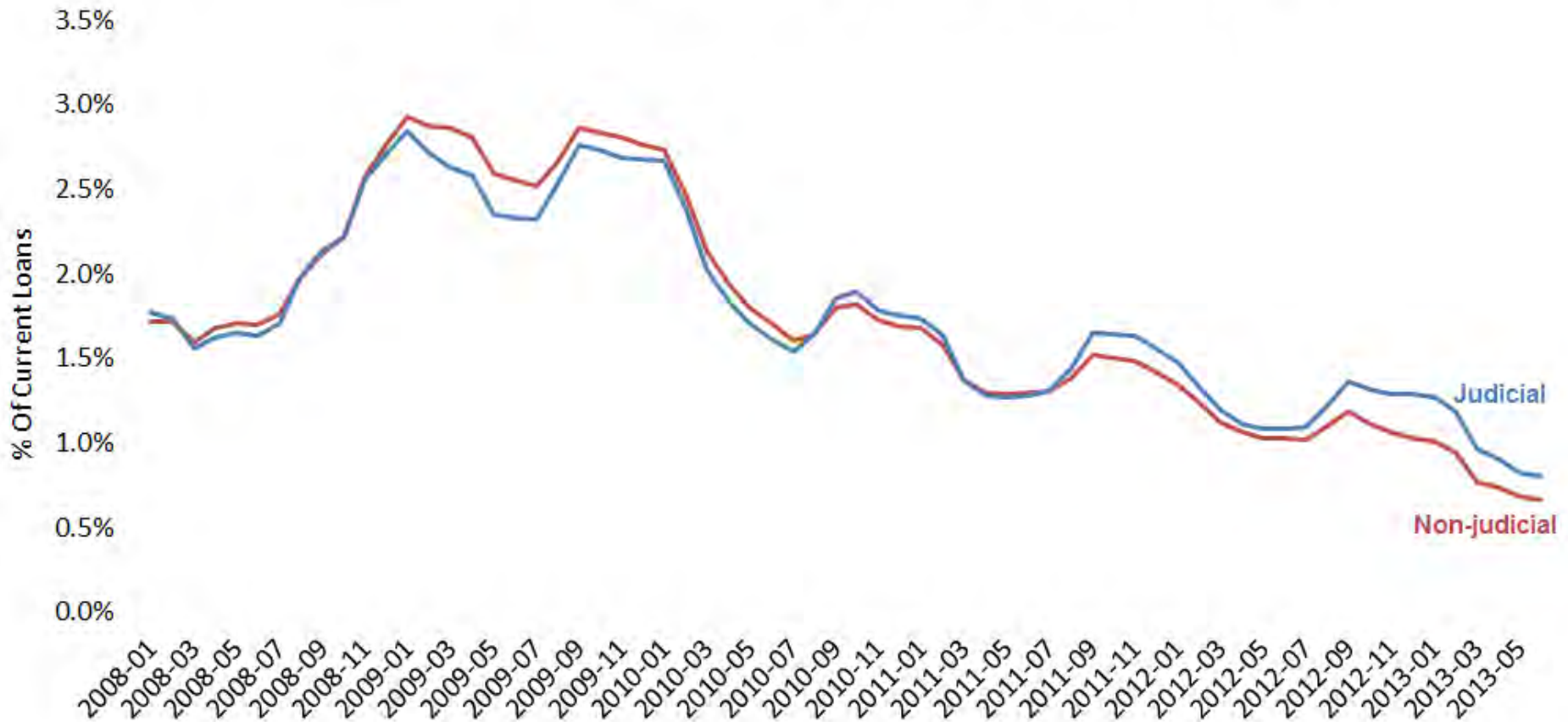


# Non-current inventory in the Northeast remains close to peak



# New problem loan rates remain slightly higher in judicial states

Seriously Delinquent Loans that were Current 6 months ago





# LPS Mortgage Monitor

June 2013 Appendix

Data as of May, 2013 Month-end



# June 2013 Data Summary

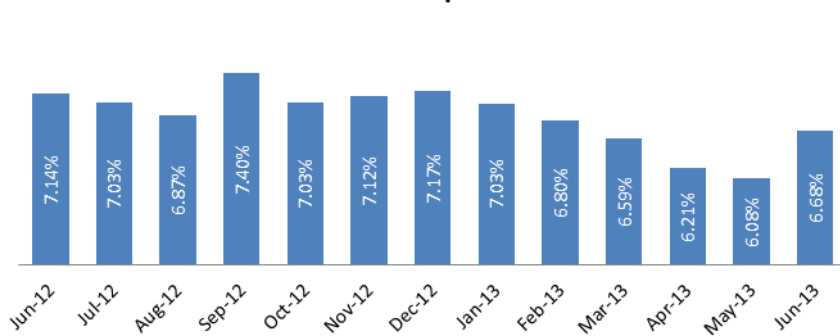
## June Summary Statistics

	Jun-13	Monthly Change	YTD Change	Yearly Change
Delinquencies	6.68%	↑ 9.9%	↓ -6.9%	↓ -6.5%
Foreclosure	2.93%	↓ -3.9%	↓ -15.0%	↓ -28.4%
Foreclosure Starts	109,042	↓ -6.7%	↓ -20.0%	↓ -37.2%
Seriously Delinquent (90+) or in Foreclosure	5.62%	↓ -1.5%	↓ -14.0%	↓ -22.3%
New Originations (data as of May-13)	841K	↑ 5.0%	↑ 5.7%	↑ 25.6%

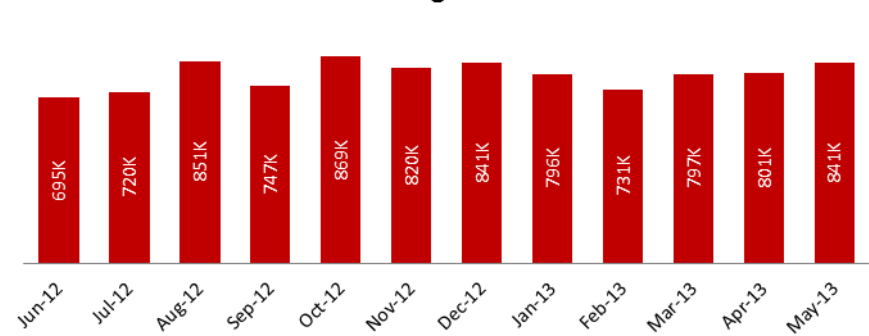
## 12 Month History

	Jun-13	May-13	Apr-13	Mar-13	Feb-13	Jan-13	Dec-12	Nov-12	Oct-12	Sep-12	Aug-12	Jul-12	Jun-12
Delinquencies	6.68%	6.08%	6.21%	6.59%	6.80%	7.03%	7.17%	7.12%	7.03%	7.40%	6.87%	7.03%	7.14%
Foreclosure	2.93%	3.05%	3.17%	3.37%	3.38%	3.41%	3.44%	3.51%	3.61%	3.87%	4.04%	4.08%	4.09%
Foreclosure Starts	109,042	116,812	127,496	121,012	131,826	147,593	136,289	130,053	124,292	159,078	201,173	185,811	173,556
Seriously Delinquent (90+) or in Foreclosure	5.62%	5.71%	5.95%	6.29%	6.34%	6.48%	6.54%	6.66%	6.71%	6.94%	7.08%	7.19%	7.24%
New Originations		841K	801K	797K	731K	796K	841K	820K	869K	747K	851K	720K	695K

### Total Delinquencies



### New Originations



# Seven of the top 10 states for total non-current are judicial

State	Del %	FC %	Non-Curr %	Yr/Yr Change in NC%
<b>National</b>	<b>6.7%</b>	<b>2.9%</b>	<b>9.6%</b>	<b>-14.5%</b>
FL *	7.0%	9.5%	16.6%	-21.7%
MS	13.1%	2.4%	15.4%	-9.1%
NJ *	8.2%	7.1%	15.3%	-4.1%
NY *	7.4%	5.8%	13.1%	-1.4%
ME *	7.1%	5.3%	12.4%	-3.1%
NV	7.7%	4.6%	12.4%	-23.0%
RI	9.1%	3.2%	12.3%	-2.7%
MD *	8.0%	3.8%	11.8%	-9.2%
LA *	9.4%	2.4%	11.8%	-7.9%
CT *	6.8%	4.8%	11.7%	-5.6%
IL *	7.0%	4.3%	11.3%	-17.7%
IN *	8.1%	2.9%	11.0%	-10.6%
AL	9.5%	1.4%	10.9%	-4.0%
DE *	8.0%	2.9%	10.8%	-4.9%
OH *	7.7%	3.1%	10.8%	-11.7%
PA *	7.6%	3.1%	10.7%	-5.2%
AR	8.3%	2.2%	10.5%	-8.1%

\* - Indicates Judicial State

State	Del %	FC %	Non-Curr %	Yr/Yr Change in NC%
<b>National</b>	<b>6.7%</b>	<b>2.9%</b>	<b>9.6%</b>	<b>-14.5%</b>
HI *	4.7%	5.7%	10.5%	-10.6%
GA	8.7%	1.7%	10.4%	-15.5%
SC *	7.1%	3.1%	10.2%	-13.7%
TN	8.8%	1.3%	10.2%	-8.8%
WV	8.6%	1.4%	10.0%	-7.1%
MA	7.5%	2.3%	9.8%	-2.6%
OK *	6.9%	2.6%	9.5%	-5.6%
NC	7.3%	1.8%	9.0%	-13.8%
VT *	5.4%	3.5%	8.9%	-1.3%
KY *	6.6%	2.2%	8.7%	-11.4%
DC	6.1%	2.4%	8.5%	-8.0%
NM *	5.4%	3.1%	8.5%	-12.4%
WI *	6.2%	2.3%	8.4%	-13.5%
TX	7.2%	1.2%	8.3%	-6.9%
MI	6.9%	1.3%	8.1%	-15.7%
MO	7.0%	1.1%	8.1%	-8.9%
NH	6.5%	1.4%	8.0%	-7.0%

State	Del %	FC %	Non-Curr %	Yr/Yr Change in NC%
<b>National</b>	<b>6.7%</b>	<b>2.9%</b>	<b>9.6%</b>	<b>-14.5%</b>
KS *	6.1%	1.5%	7.6%	-9.3%
WA	5.2%	2.4%	7.6%	-21.6%
IA *	5.1%	2.2%	7.3%	-8.0%
OR	4.1%	3.1%	7.2%	-12.1%
UT	5.7%	1.4%	7.1%	-15.8%
ID	4.4%	2.3%	6.7%	-14.4%
CA	5.2%	1.2%	6.4%	-28.9%
VA	5.5%	0.9%	6.4%	-12.6%
NE *	5.1%	1.0%	6.0%	-5.4%
AZ	4.7%	1.2%	5.9%	-33.0%
MN	4.1%	1.1%	5.2%	-17.9%
CO	4.2%	0.9%	5.0%	-18.7%
WY	4.1%	0.6%	4.7%	-1.7%
MT	3.5%	1.2%	4.7%	-15.5%
AK	3.8%	0.8%	4.6%	-9.6%
SD *	3.2%	1.0%	4.2%	-10.9%
ND *	2.4%	0.8%	3.3%	-9.7%

# Loan counts and average days delinquent

Month	TOTAL ACTIVE COUNT	30 DAYS	60 DAYS	90+ DAYS	FC	Total Non-Current	FC Starts	Average Days Delinquent for 90+	Average Days Delinquent for FC
1/31/2008	54,094,282	1,701,163	664,956	940,832	817,948	4,124,899	197,210	189	255
1/31/2009	54,267,187	1,945,997	909,744	1,817,809	1,318,840	5,992,391	249,655	191	321
1/31/2010	53,476,523	1,897,603	882,089	2,870,204	2,031,020	7,680,916	282,601	252	417
1/31/2011	52,138,710	1,682,266	715,350	1,988,781	2,162,601	6,548,999	261,272	332	528
1/31/2012	51,111,780	1,531,458	627,874	1,758,894	2,163,659	6,081,884	219,750	397	668
2/29/2012	50,992,550	1,441,378	560,901	1,708,908	2,142,675	5,853,862	182,184	408	678
3/31/2012	50,894,038	1,322,231	512,511	1,624,223	2,130,388	5,589,352	195,128	425	688
4/30/2012	50,751,364	1,371,185	518,345	1,596,030	2,131,478	5,617,039	183,489	430	702
5/31/2012	50,602,018	1,390,010	533,183	1,571,354	2,110,279	5,604,827	218,909	436	717
6/30/2012	50,427,221	1,464,660	547,533	1,589,729	2,060,619	5,662,541	173,556	441	731
7/31/2012	50,064,842	1,410,175	552,881	1,556,632	2,042,142	5,561,830	185,811	448	743
8/31/2012	49,986,240	1,370,660	544,506	1,518,036	2,018,584	5,451,786	201,173	451	753
9/30/2012	50,044,415	1,590,658	578,216	1,533,569	1,939,159	5,641,601	159,078	452	760
10/31/2012	49,852,808	1,403,340	560,996	1,542,703	1,801,047	5,308,085	124,292	461	778
11/30/2012	50,337,897	1,438,015	561,158	1,584,112	1,767,002	5,350,287	130,053	465	795
12/31/2012	49,865,000	1,454,875	575,845	1,545,186	1,715,648	5,291,554	136,289	465	808
1/31/2013	49,896,142	1,407,343	567,022	1,531,216	1,702,715	5,208,297	147,593	468	814
2/28/2013	50,123,564	1,400,311	526,649	1,483,423	1,693,699	5,104,081	131,826	473	824
3/31/2013	50,186,364	1,346,310	495,352	1,465,953	1,688,809	4,996,424	121,012	492	834
4/30/2013	50,117,188	1,252,302	464,676	1,394,132	1,588,138	4,699,249	127,496	503	843
5/31/2013	50,076,535	1,243,193	465,129	1,334,699	1,524,837	4,567,859	116,812	511	852
6/30/2013	49,823,992	1,471,134	511,731	1,344,818	1,457,699	4,785,382	109,042	512	860

# LPS Mortgage Monitor

Disclosures: Product / Metric Definitions and  
July 2012 Market Sizing Revisions





# Disclosure Page: Product Definitions

Product Waterfall	English
Seconds (excluded from Mortgage Monitor Statistics)	Mortgage Type is "Second Lien"
Government	Product Type is "FHA" or "VA" or Investor is "GNMA"
Agency Prime	Mortgage Type is "First Grade A" and Investor is "Fannie Mae" or "Freddie Mac"
Option ARM	Negative Amortization is "Allowed"

**Credit score for the following products is at time of origination - if no credit score is available, products are categorized based on the interest type and spread at origination matrix below**

Subprime	Mortgage Type is "First Grade BC" or Credit Score is less than 620
Alt A	Credit score is between 620 and 719 and the loan is not a full documentation loan or credit score is between 620 and 679 with full documentation
Jumbo Prime	Original loan amount is above the conforming limit and credit score is greater than or equal to 680 with full documentation or greater than or equal to 720 otherwise.
Non-Agency Conforming Prime	Original loan amount is below the conforming limit and credit score is greater than or equal to 680 for full documentation or greater than or equal to 720 otherwise.

	Fixed Rate	ARMs
Prime	< 100 bps	< 270 bps
Alt-A	100 - 249 bps	270-369 bps
Subprime	>= 250 bps	>= 370 bps

\*Conforming limits do not account for temporary or high-cost area increases.

# Disclosure Page: Metrics Definitions

- **Total Active Count:** All active loans as of month-end including loans in any state of delinquency or foreclosure. Post-sale loans and loans in REO are excluded from the total active count.
- **Delinquency Statuses (30, 60, 90+, etc):** All delinquency statuses are calculated using the MBA methodology based on the payment due date provided by the servicer. Loans in foreclosure are reported separately and are not included in the MBA days delinquent.
- **90 Day Defaults:** Loans that were less than 90 days delinquent in the prior month and were 90 days delinquent, but not in foreclosure, in the current month.
- **Foreclosure Inventory:** The servicer has referred the loan to an attorney for foreclosure. Loans remain in foreclosure inventory from referral to sale.
- **Foreclosure Starts** – Any active loan that was not in foreclosure in the prior month that moves into foreclosure inventory in the current month.
- **Non-Current:** Loans in any stage of delinquency or foreclosure.
- **Foreclosure Sale / New REO:** Any loan that was in foreclosure in the prior month that moves into post-sale status or is flagged as a foreclosure liquidation.
- **REO:** The loan is in post-sale foreclosure status. Listing status is not a consideration, this includes all properties on and off the market.
- **Deterioration Ratio:** The ratio of the percentage of loans deteriorating in delinquency status vs. those improving.

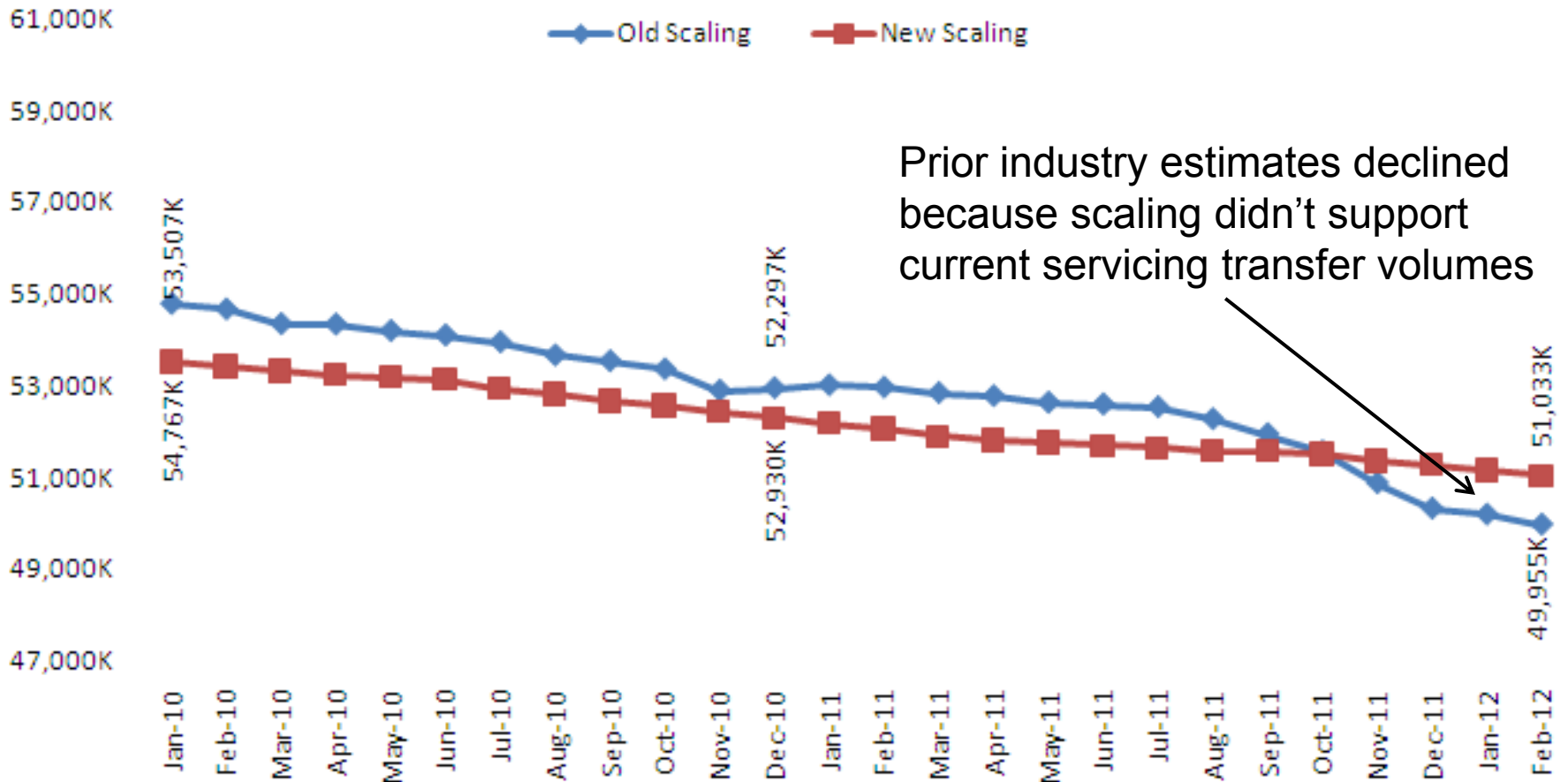
With the June 2012 month-end data, LPS has updated its extrapolation methodology to incorporate, among other things, improved estimates of market size, which includes higher coverage of government and subprime products and increases LPS' estimate of the total first lien residential mortgage market by three percent to 50.4 million.

To ensure consistency in trend analysis, the new methodology has been applied to all historical data and previously reported mortgage performance statistics have been adjusted accordingly.

The following section contains information on market coverage and comparisons with previously reported statistics. Additional information is available upon request.

# The new scaling increases overall estimated industry loan count by approximately 1.2 million loans

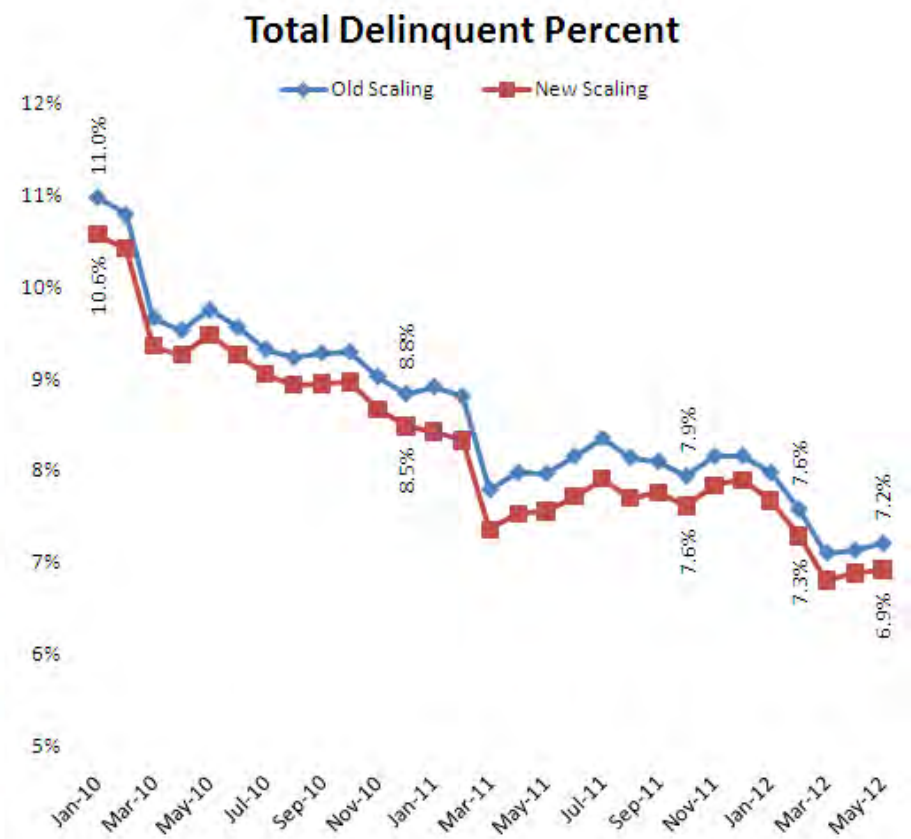
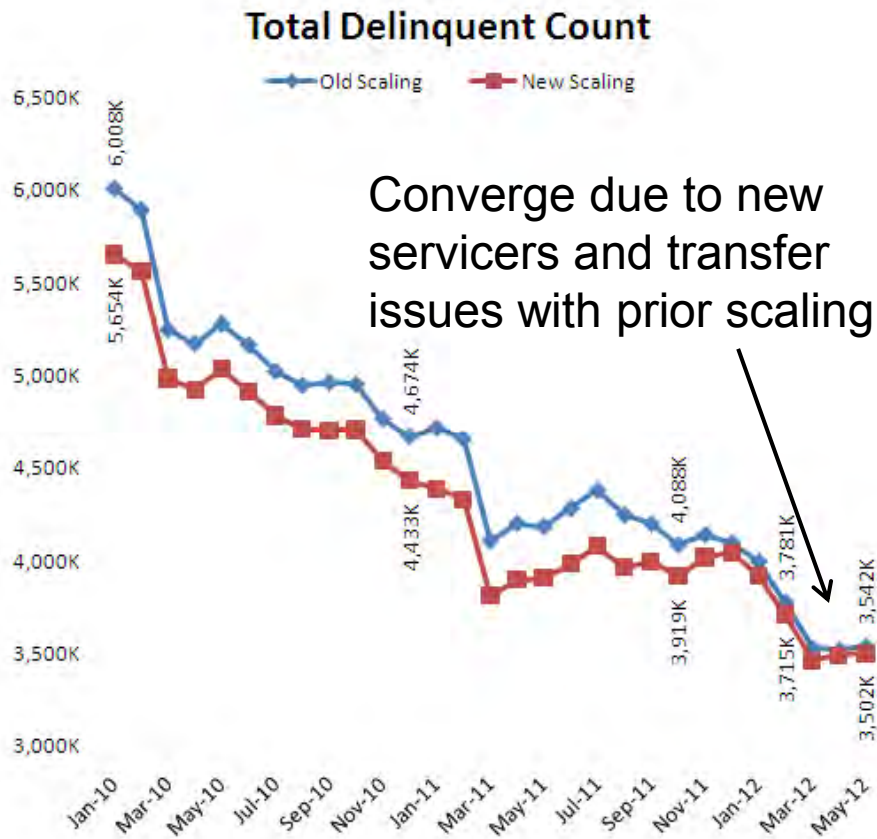
## Total Industry Counts



## New scaling reflects the higher coverage of government loans and allows for the incorporation of new servicers

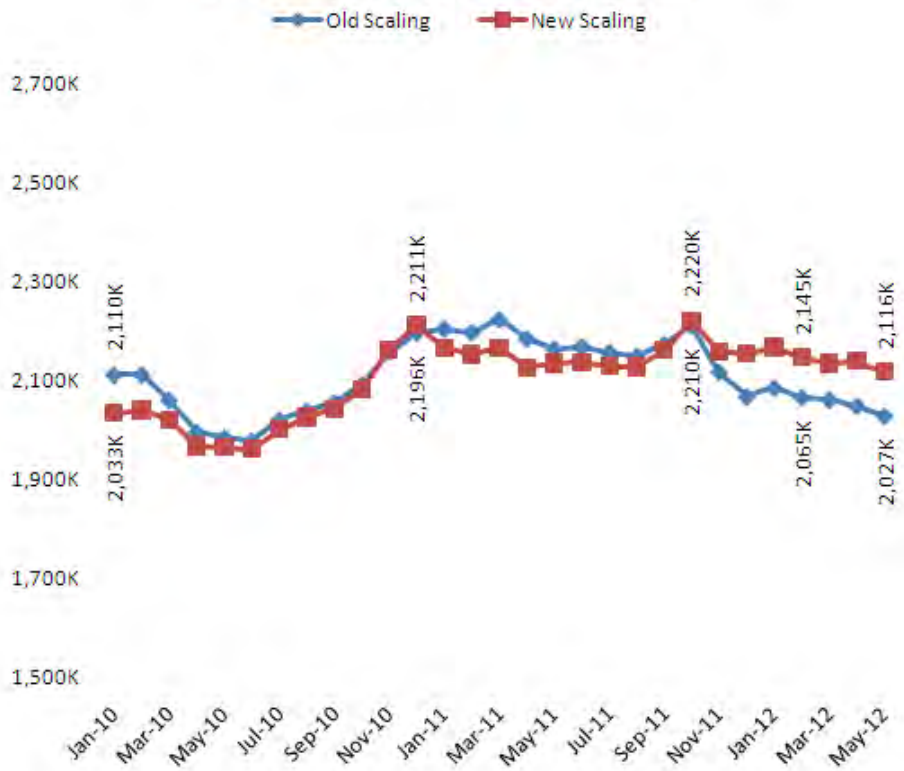
Grade	Old Scaling	New Scaling
Agency Prime	70%	71%
Alt A	56%	60%
FHA/VA	70%	86%
Non-Agency Conforming Prime	66%	53%
Non-Agency Jumbo Prime	83%	56%
Option ARM	65%	52%
Subprime	39%	69%
<b>Grand Total</b>	<b>67%</b>	<b>71%</b>

# Delinquencies decline based on higher estimated coverage of FHA and subprime loans.

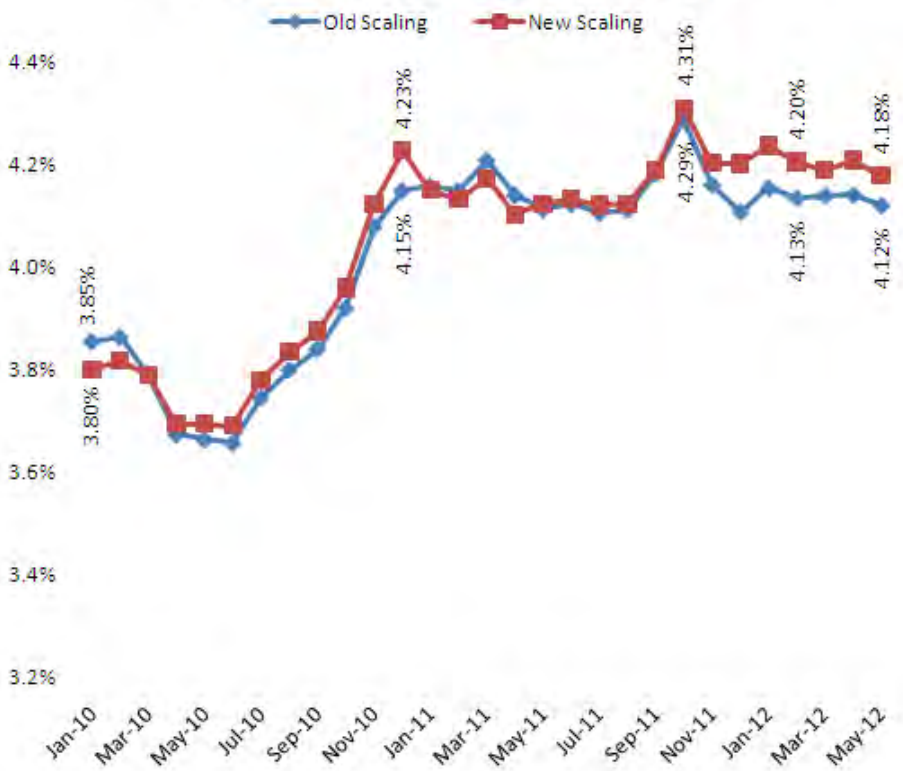


# Foreclosure inventory remains almost identical, but shifts up in recent months as transfer bias is repaired

Foreclosure Inventory Count



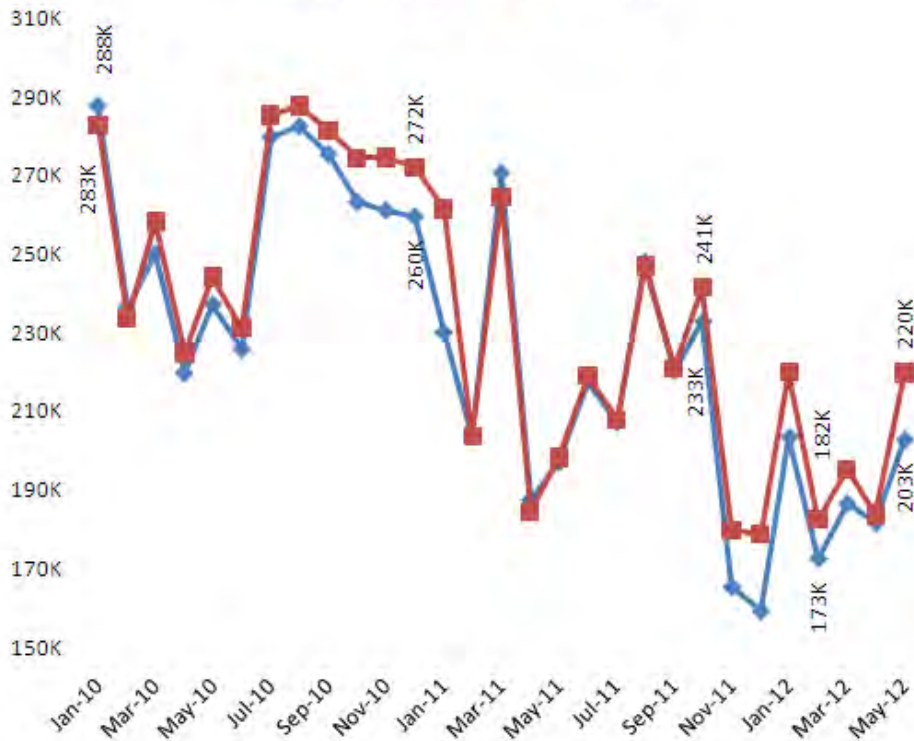
Foreclosure Inventory Percent



# Foreclosure starts remain consistent, with rates shifting up slightly

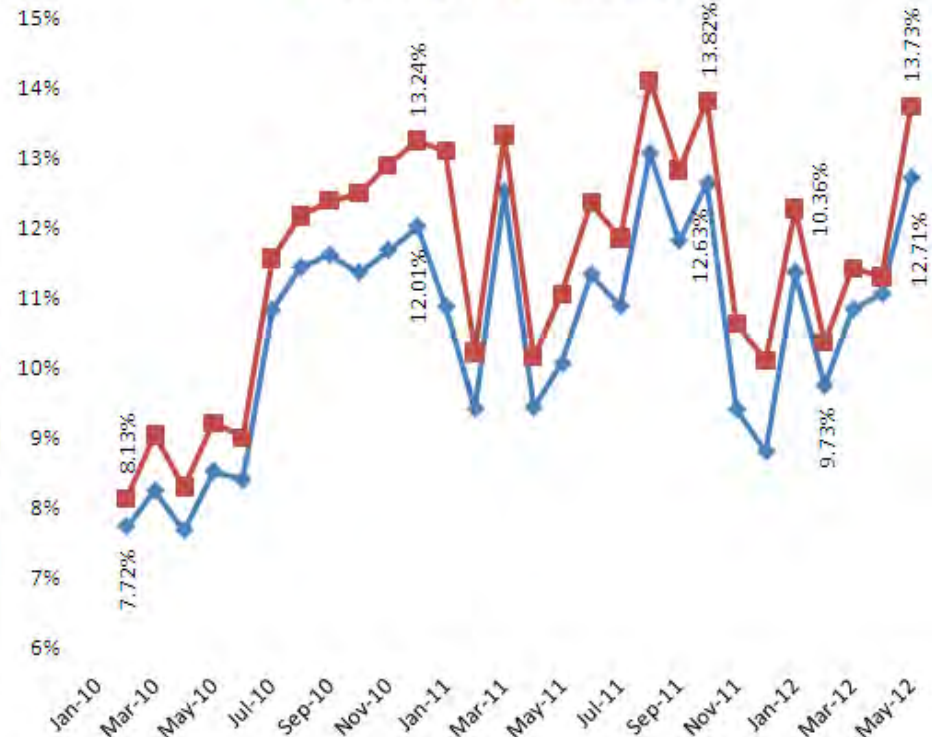
## Foreclosure Starts Count

Old Scaling (Blue line with diamond markers)    New Scaling (Red line with square markers)



## Foreclosure Starts Percent (of prior 90+)

Old Scaling (Blue line with diamond markers)    New Scaling (Red line with square markers)





# Performance Statistics Changes: Database Counts

Month	Old Scaling Factors					New Scaling Factors				
	TOTAL ACTIVE	30 DAYS	60 DAYS	90+ DAYS	FC	TOTAL ACTIVE	30 DAYS	60 DAYS	90+ DAYS	FC
1/31/2010	54,767,392	2,018,656	928,172	3,060,719	2,110,473	53,506,588	1,898,944	882,720	2,872,435	2,033,064
1/31/2011	52,993,580	1,796,189	754,542	2,168,008	2,203,088	52,171,466	1,683,631	715,946	1,991,634	2,164,999
2/28/2011	52,944,488	1,785,219	709,255	2,165,008	2,196,408	52,061,644	1,675,553	673,783	1,984,269	2,150,987
3/31/2011	52,824,601	1,512,968	608,384	1,989,215	2,222,473	51,884,640	1,417,486	578,012	1,819,265	2,164,290
4/30/2011	52,756,979	1,626,936	615,608	1,960,972	2,184,075	51,810,336	1,522,499	583,376	1,794,179	2,124,658
5/31/2011	52,613,012	1,635,979	629,952	1,920,941	2,163,616	51,751,558	1,534,171	601,988	1,771,966	2,133,634
6/30/2011	52,577,817	1,727,955	650,777	1,906,032	2,167,185	51,691,110	1,612,614	618,361	1,754,447	2,135,471
7/31/2011	52,517,002	1,801,018	682,031	1,898,888	2,156,131	51,635,256	1,682,803	647,991	1,750,525	2,127,348
8/31/2011	52,253,866	1,709,426	673,963	1,865,780	2,148,179	51,575,084	1,600,015	642,324	1,723,746	2,126,287
9/30/2011	51,928,166	1,687,753	669,967	1,843,975	2,171,621	51,571,847	1,601,448	650,232	1,747,820	2,160,509
10/31/2011	51,550,659	1,663,160	665,804	1,759,386	2,210,004	51,511,506	1,580,158	645,613	1,692,832	2,219,629
11/30/2011	50,860,573	1,673,258	661,367	1,809,387	2,115,835	51,353,742	1,605,690	647,058	1,768,838	2,157,770
12/31/2011	50,305,943	1,657,941	651,077	1,791,688	2,066,118	51,263,586	1,607,882	645,110	1,792,936	2,153,172
1/31/2012	50,176,858	1,587,821	638,072	1,772,287	2,084,246	51,152,745	1,533,045	628,527	1,760,941	2,166,488
2/29/2012	49,954,788	1,489,693	568,505	1,722,331	2,065,192	51,032,524	1,442,807	561,409	1,710,766	2,145,357
3/31/2012	49,774,017	1,368,003	519,283	1,643,231	2,060,099	50,933,322	1,323,582	513,026	1,625,970	2,133,028
4/30/2012	49,459,221	1,407,366	519,547	1,595,238	2,047,618	50,802,193	1,373,742	519,286	1,599,618	2,137,752
5/31/2012	49,213,591	1,431,205	535,774	1,574,613	2,027,170	50,652,004	1,392,291	534,154	1,575,318	2,115,902

# Performance Statistics Changes: State Level Detail

State	Old		New		Change in
	Delinquency	Foreclosure	Delinquency	Foreclosure	Non-Current
National	7.93%	4.29%	7.61%	4.31%	-0.30%
FL	7.6%	13.7%	7.5%	13.8%	0.0%
NV	10.2%	5.2%	10.4%	5.8%	0.9%
MS	13.0%	4.0%	12.5%	4.1%	-0.3%
NJ	8.1%	7.6%	7.9%	7.8%	-0.1%
IL	7.1%	6.8%	6.8%	6.8%	-0.3%
GA	10.1%	2.9%	9.5%	2.8%	-0.7%
IN	8.7%	4.5%	7.8%	4.3%	-1.1%
NY	6.9%	6.1%	6.8%	6.2%	0.0%
OH	8.6%	4.9%	7.6%	4.4%	-1.5%
RI	8.5%	3.9%	8.5%	3.9%	0.0%
MD	8.2%	4.6%	7.9%	4.8%	-0.1%
LA	9.4%	3.2%	9.2%	3.3%	-0.1%
CT	6.6%	5.6%	6.6%	5.6%	0.0%
SC	7.6%	4.5%	7.0%	4.5%	-0.5%
ME	7.1%	5.1%	7.1%	5.4%	0.3%
TN	9.6%	2.2%	8.9%	2.1%	-0.9%
AL	9.7%	1.9%	9.2%	1.9%	-0.5%
DE	8.3%	3.3%	8.0%	3.2%	-0.4%
NC	7.9%	3.1%	7.2%	3.0%	-0.7%
WV	9.1%	2.4%	8.3%	2.2%	-1.0%
MI	8.0%	2.5%	7.2%	2.3%	-0.9%
PA	7.4%	3.9%	7.1%	3.9%	-0.3%
HI	5.0%	5.9%	5.2%	6.3%	0.6%
AZ	5.9%	2.9%	5.9%	3.0%	0.2%
CA	6.2%	2.8%	6.2%	2.9%	0.1%

State	Old		New		Change in
	Delinquency	Foreclosure	Delinquency	Foreclosure	Non-Current
AR	9.4%	1.9%	9.2%	2.1%	0.0%
KY	7.3%	3.7%	6.4%	3.4%	-1.3%
WI	6.3%	3.5%	6.1%	3.4%	-0.3%
OK	6.8%	3.3%	6.4%	3.3%	-0.3%
MA	7.2%	2.5%	7.2%	2.6%	0.1%
MO	7.4%	1.9%	6.9%	1.9%	-0.4%
TX	7.4%	1.8%	7.1%	1.7%	-0.5%
NM	5.6%	4.1%	5.3%	4.1%	-0.3%
WA	7.4%	2.1%	7.2%	2.4%	0.1%
DC	6.6%	2.8%	6.2%	2.7%	-0.5%
UT	6.0%	1.9%	6.0%	2.1%	0.0%
KS	6.5%	2.1%	6.1%	2.1%	-0.4%
NH	6.4%	2.0%	6.3%	2.0%	0.0%
OR	4.6%	3.4%	4.5%	3.6%	0.1%
IA	5.1%	2.9%	4.8%	2.8%	-0.4%
VT	4.9%	3.8%	4.9%	3.8%	0.0%
ID	5.0%	2.9%	4.9%	2.8%	-0.1%
VA	5.9%	1.7%	5.5%	1.7%	-0.5%
MN	4.4%	1.9%	4.3%	1.9%	0.0%
NE	5.1%	1.3%	4.8%	1.3%	-0.3%
CO	4.5%	1.6%	4.3%	1.6%	-0.2%
MT	3.9%	1.8%	3.6%	1.8%	-0.3%
AK	4.1%	1.0%	4.0%	1.0%	-0.2%
WY	4.0%	0.9%	3.8%	0.9%	-0.2%
SD	3.4%	1.5%	3.1%	1.5%	-0.3%
ND	2.6%	1.2%	2.3%	1.1%	-0.3%