



FHA SINGLE FAMILY LOAN PERFORMANCE TRENDS

Credit Risk Report

Office of Risk Management and Regulatory Affairs,
Office of Evaluation, Reporting & Analysis Division

JULY
2018

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Due to late reporting by a large servicer, the delinquency rates for July 2018 are likely understated. We expect delinquency reporting for August 2018 to more accurately reflect the status of the portfolio.

Table 1. Delinquency Rates by Month

Month	Active Insurance in Force (EOM)	Delinquency Rates ^a (%)			Exceptions ^b (%)		Serious Delinquency Rate ^c (%)
		30-day	60-day	90-day	In Foreclosure	In Bankruptcy	
Non-Seasonally Adjusted							
Jul 2017	7,962,527	4.51	1.44	2.08	1.30	0.82	4.20
Aug	7,973,604	4.64	1.52	2.13	1.30	0.81	4.24
Sep	7,982,070	5.77	1.70	2.36	1.19	0.77	4.32
Oct	7,986,663	5.53	2.11	2.46	1.18	0.78	4.42
Nov	7,988,634	5.22	2.22	2.88	1.16	0.79	4.83
Dec	7,989,699	5.57	1.96	3.23	1.17	0.79	5.19
Jan 2018	8,005,645	4.96	1.81	3.24	1.14	0.80	5.18
Feb	8,007,772	4.84	1.66	3.09	1.16	0.81	5.06
Mar	8,007,182	4.16	1.40	2.68	1.15	0.84	4.66
Apr	8,012,065	4.26	1.37	2.56	1.13	0.85	4.54
May	8,015,714	4.27	1.37	2.40	1.11	0.83	4.35
Jun	8,024,523	4.87	1.47	2.35	1.09	0.84	4.28
Jul ^d	8,031,487	4.59	1.48	2.22	1.02	0.83	4.08
Seasonally Adjusted							
Jul 2017	7,962,527	4.50	1.45	2.19	1.30	0.82	4.31
Aug	7,973,604	4.48	1.48	2.18	1.31	0.81	4.31
Sep	7,982,070	5.56	1.61	2.36	1.21	0.77	4.34
Oct	7,986,663	5.37	1.98	2.44	1.20	0.77	4.41
Nov	7,988,634	4.76	2.00	2.76	1.17	0.78	4.71
Dec	7,989,699	5.06	1.71	3.03	1.16	0.79	4.98
Jan 2018	8,005,645	4.75	1.64	3.02	1.13	0.80	4.95
Feb	8,007,772	5.00	1.69	3.00	1.13	0.81	4.95
Mar	8,007,182	4.82	1.62	2.76	1.12	0.85	4.73
Apr	8,012,065	4.63	1.57	2.67	1.12	0.85	4.65
May	8,015,714	4.44	1.50	2.48	1.13	0.84	4.45
Jun	8,024,523	4.88	1.53	2.44	1.09	0.83	4.36
Jul ^d	8,031,487	4.70	1.51	2.37	1.03	0.83	4.24

EOM = end of month.

^a The 90-day category includes all loans that are at least 3 months delinquent excluding those loans in foreclosure or bankruptcy processing. Included in the delinquency counts are loans under active consideration for loss mitigation foreclosure avoidance.

^b Exceptions are counted separately from delinquencies, regardless of the length of the delinquency period.

^c Serious delinquency rates are the sum of 90-day delinquencies plus in-foreclosures and in-bankruptcies.

^d Due to late reporting by a large servicer, the delinquency rates for July 2018 are likely understated. We expect delinquency reporting for August 2018 to more accurately reflect the status of the portfolio.

SOURCE: U.S. Department of HUD/FHA, August 2018.

Table 2. New 90+ Day Delinquencies by Reason for Delinquency

Fiscal Year and Quarter	New 90+ Day Delinquencies	Share by Reason for Delinquency (%)						
		Reduction of Income	Unemployed	Excessive Obligations	Death or Illness of Principal Borrower or Family	Marital Difficulties	No Contact	Other ^a
2011 Q4	133,826	37.31	10.22	17.50	10.94	4.76	9.40	9.88
2012 Q1	158,091	36.54	9.45	19.14	11.09	4.50	9.27	10.00
2012 Q2	114,762	37.13	9.99	17.61	11.35	4.75	8.58	10.59
2012 Q3	101,467	36.78	9.70	17.55	11.68	4.98	8.38	10.93
2012 Q4	125,200	36.78	9.50	18.05	11.85	4.65	8.16	11.01
2013 Q1	124,359	36.21	8.98	18.44	12.00	4.65	8.21	11.50
2013 Q2	104,165	35.81	8.80	18.00	12.23	4.52	8.21	12.43
2013 Q3	86,810	35.94	8.27	18.09	12.35	4.59	8.50	12.26
2013 Q4	105,090	36.32	8.29	19.06	12.38	4.58	8.75	10.63
2014 Q1	112,099	35.31	7.93	20.45	12.16	4.46	9.21	10.48
2014 Q2	93,183	34.74	8.03	19.65	11.78	4.31	10.70	10.78
2014 Q3	80,881	33.28	7.89	19.89	12.28	4.35	11.30	11.01
2014 Q4	101,850	32.49	7.52	20.92	12.61	4.42	11.41	10.63
2015 Q1	106,665	31.75	6.98	21.95	12.71	4.23	11.65	10.73
2015 Q2	82,866	32.21	7.13	21.60	12.56	4.18	11.45	10.86
2015 Q3	71,869	30.84	6.65	21.35	12.67	4.24	13.08	11.16
2015 Q4	88,263	30.59	6.62	22.16	12.74	4.00	12.13	11.76
2016 Q1	92,607	30.69	6.46	22.58	12.97	4.05	11.25	12.00
2016 Q2	78,978	30.22	6.74	22.81	12.83	3.92	11.78	11.71
2016 Q3	66,500	30.87	6.82	23.15	13.37	4.16	10.57	11.05
2016 Q4	85,289	31.81	7.13	23.88	13.12	4.02	9.42	10.62
2017 Q1	94,958	31.33	6.87	24.40	13.10	3.79	9.06	11.44
2017 Q2	75,376	31.39	7.10	24.28	13.31	3.82	9.63	10.46
2017 Q3	65,531	30.33	7.17	24.60	13.80	3.91	9.62	10.56
2017 Q4	87,286	30.59	7.37	24.91	13.05	3.71	9.04	11.33
2018 Q1	157,585	22.69	5.05	21.69	8.39	2.31	7.55	32.31
2018 Q2	88,660	26.92	7.07	24.15	11.66	3.18	9.35	17.67
2018 Q3	64,397	26.56	7.72	24.70	12.65	3.43	11.18	13.77
2018 Q4 Jul ^b	25,758	23.10	7.11	23.47	11.55	2.90	17.52	14.35

^a Includes abandonment of property, distant employment transfer, neighborhood problems, property problems, inability to sell or rent property, military service, business failure, casualty loss, energy-environment cost, servicing problems, payment adjustment, payment dispute, and transfer of ownership pending fraud and incarceration.

^b Due to late reporting by a large servicer, the delinquency rates for July 2018 are likely understated. We expect delinquency reporting for August 2018 to more accurately reflect the status of the portfolio.

SOURCE: U.S. Department of HUD/FHA, August 2018.

Table 3. Delinquency Rates by Loan and Property Characteristics^e

	IIF Shares ^a	Rates of Active Loan Counts (%)						Serious Delinquency Rate ^c
		All Past Due ^b	30-Day	60-Day	90+ Day	In Foreclosure	In Bankruptcy	
Loan Purpose								
All Active Loans	8,031,487	10.15	4.59	1.48	2.22	1.02	0.83	4.08
Purchase	68.33	11.00	5.01	1.66	2.46	1.01	0.86	4.33
Refinance	31.67	8.30	3.69	1.09	1.71	1.05	0.77	3.52
Refinance								
Refinance Loans	2,543,307	8.30	3.69	1.09	1.71	1.05	0.77	3.52
Conventional	34.72	9.45	4.05	1.22	1.95	1.36	0.88	4.19
No Cash Out	21.37	9.38	4.02	1.21	1.92	1.33	0.90	4.15
Cash Out	13.35	9.58	4.09	1.23	2.01	1.40	0.85	4.26
FHA	12.10	6.42	3.09	0.84	1.31	0.61	0.57	2.49
No Cash Out	6.42	6.59	3.10	0.86	1.31	0.67	0.64	2.62
Cash Out	5.68	6.22	3.07	0.81	1.30	0.55	0.49	2.34
Streamline	53.19	7.98	3.60	1.06	1.64	0.94	0.74	3.32
Credit Score Range^d								
Loans with Credit Scores	6,237,310	9.89	4.51	1.44	2.19	0.96	0.78	3.93
< 500	0.11	34.52	11.40	4.75	8.81	5.17	4.38	18.36
500–579	1.96	28.75	11.13	4.12	6.65	3.70	3.15	13.50
580–619	7.39	20.31	8.81	3.07	4.57	2.12	1.73	8.43
620–659	30.61	14.39	6.65	2.16	3.20	1.24	1.14	5.58
660–719	39.55	7.05	3.35	0.99	1.53	0.67	0.51	2.71
720–850	20.38	2.89	1.32	0.38	0.62	0.38	0.19	1.19
Fiscal Year Cohort								
All Cohorts	8,031,487	10.15	4.59	1.48	2.22	1.02	0.83	4.08
pre-2004	7.25	15.66	6.89	2.48	3.35	1.60	1.33	6.28
2004	1.92	16.48	7.24	2.56	3.40	1.80	1.48	6.69
2005	1.40	18.28	7.70	2.85	3.85	2.12	1.75	7.73
2006	1.10	21.16	8.31	3.15	4.59	3.04	2.07	9.71
2007	1.04	25.04	9.31	3.40	5.72	3.93	2.68	12.33
2008	2.47	24.76	9.23	3.28	5.69	4.01	2.55	12.25
2009	5.38	16.51	6.71	2.22	3.47	2.48	1.63	7.59
2010	6.91	11.96	5.14	1.65	2.50	1.52	1.15	5.17
2011	5.57	9.92	4.35	1.39	2.11	1.11	0.97	4.19
2012	6.84	8.67	3.84	1.25	1.87	0.85	0.85	3.57
2013	9.52	7.36	3.33	1.04	1.58	0.70	0.72	3.00
2014	4.65	12.00	5.29	1.68	2.73	1.17	1.13	5.03
2015	8.78	9.97	4.53	1.46	2.39	0.81	0.78	3.98
2016	12.55	8.58	4.14	1.27	2.08	0.59	0.50	3.17
2017	14.22	6.89	3.66	1.09	1.62	0.30	0.22	2.14
2018	10.40	2.73	2.00	0.42	0.26	0.03	0.02	0.31

Table 3. Delinquency Rates by Loan and Property Characteristics^e

	IIF Shares ^a	Rates of Active Loan Counts (%)						Serious Delinquency Rate ^c
		All Past Due ^b	30-Day	60-Day	90+ Day	In Foreclosure	In Bankruptcy	
Loan Amount at Origination (\$ thousands)								
All Loan Amounts	8,031,487	10.15	4.59	1.48	2.22	1.02	0.83	4.08
< 50	2.95	12.28	5.58	1.84	2.26	1.68	0.91	4.85
50–99	22.51	11.75	5.32	1.76	2.36	1.30	1.00	4.67
100–149	27.70	10.65	4.83	1.56	2.30	1.00	0.96	4.27
150–199	20.08	9.57	4.38	1.39	2.16	0.86	0.77	3.80
200–249	11.95	8.70	3.96	1.22	2.07	0.81	0.63	3.51
250–399	12.26	8.55	3.78	1.20	2.13	0.89	0.55	3.57
400–499	1.56	7.47	3.25	1.02	1.81	0.93	0.46	3.20
> 499	0.99	6.58	2.71	0.85	1.66	1.00	0.37	3.03
Property Type								
All Property Types	8,031,487	10.15	4.59	1.48	2.22	1.02	0.83	4.08
Detached	86.54	10.17	4.66	1.50	2.22	0.96	0.84	4.02
Manufactured Housing	3.21	12.11	5.22	1.67	2.32	1.84	1.07	5.22
2–4 Units	2.08	9.31	3.45	1.13	2.10	2.05	0.58	4.73
Condo	3.17	7.60	3.03	0.99	1.92	1.05	0.60	3.58
Townhouse	5.00	10.45	4.52	1.52	2.45	1.21	0.75	4.41
Purchase Loan Type								
All Purchase Loans	5,487,656	11.00	5.01	1.66	2.46	1.01	0.86	4.33
Repeat	17.77	8.80	4.15	1.26	1.88	0.82	0.69	3.39
First-time	82.23	11.48	5.20	1.74	2.59	1.06	0.89	4.54
Down Payment Assistance (DPA) Type								
All Sources of Funds	8,031,487	10.15	4.59	1.48	2.22	1.02	0.83	4.08
Government	6.65	12.10	5.36	1.85	2.85	0.99	1.05	4.89
Relative	15.76	12.42	5.81	1.92	2.78	1.05	0.85	4.69
Other	2.17	18.18	7.63	2.78	3.95	1.86	1.96	7.76
Seller Funded	0.62	28.84	10.54	3.96	6.83	3.96	3.54	14.33
No DPA	74.79	9.11	4.13	1.29	1.96	0.97	0.75	3.68

IIF = insurance in force.

^a For each subpanel, the loan shares sum to 100%. However, in some of the subpanels, the total loans in the analysis do not sum to 100% of IIF. For example, the IIF shares for refinance loans sum to 100% of refinance loans. Streamline refinance loans are not included in the Credit Score Range analysis; the IIF shares in that panel, add to 100% of fully-underwritten loans.

^b Includes all loans 30 or more days past due, including those in bankruptcy or foreclosure.

^c Includes all loans 90 days past due plus all in-bankruptcy and in-foreclosure cases.

^d Credit score reporting began in May 2004 but was not mandatory until July 2008. Streamline refinance loans do not require credit score reporting.

^e Due to late reporting by a large servicer, the delinquency rates for July 2018 are likely understated. We expect delinquency reporting for August 2018 to more accurately reflect the status of the portfolio.

SOURCE: U.S. Department of HUD/FHA, August 2018.

Table 4. REO Components of Loss by Property Disposition Month

Disposition Month	2018						2017						
	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun
Loss Components as Percentage of Defaulted Loan Balance													
Claim Expenses ^a	18.74	17.90	18.60	19.29	19.01	19.69	19.35	19.73	19.33	19.01	20.32	19.21	19.56
Holding Costs ^b	4.53	4.85	4.86	4.77	4.44	4.69	4.85	4.85	4.83	4.95	5.04	4.70	4.73
Loss on Collateral ^c	26.91	26.21	27.50	28.05	29.47	29.38	28.78	28.34	29.95	28.49	29.79	28.82	28.91
Sales Expense	4.60	4.50	4.51	4.55	4.58	4.33	4.36	4.42	4.32	4.43	4.45	4.62	4.47
Program Discounts ^d	0.29	0.13	0.14	0.23	0.30	0.26	0.17	0.38	0.04	0.08	0.12	0.40	0.22
Net Loss Rate ^e	48.05	47.16	50.25	52.67	54.79	55.75	54.82	55.20	57.11	56.55	59.78	57.47	57.76
Average Amount (\$)													
Average Dollar Loss	56,969	57,348	60,430	62,405	64,973	65,234	64,795	65,089	69,700	68,019	71,921	69,439	69,746
Average Unpaid Balance	118,567	121,598	120,265	118,488	118,577	117,016	118,196	117,907	122,042	120,292	120,313	120,827	120,758
Occurrence Count													
Number of Dispositions	1,589	2,180	2,167	2,446	2,367	2,285	2,406	2,220	2,360	2,452	2,871	2,627	3,360
Number of Discounts	9	6	7	12	16	7	10	5	3	6	11	15	21
Stage	Average Time in Months												
Delinquency ^f	12.1	12.0	11.3	12.2	12.5	12.3	12.1	12.6	12.4	13.3	13.1	12.9	13.2
Foreclosure ^g	12.9	13.3	13.4	13.7	13.1	13.1	13.0	12.9	13.3	13.0	14.6	13.8	13.9
Deed Transfer ^h	13.5	13.3	13.5	14.3	13.3	13.2	13.1	13.5	13.8	13.0	12.9	12.3	12.3
REO	4.1	4.1	4.2	4.3	4.3	4.3	4.3	4.6	4.7	4.6	4.7	4.6	4.6
All Stages	42.6	42.5	42.3	44.4	43.2	42.9	42.6	43.7	44.1	43.9	45.3	43.5	44.0

^a Includes interest on principal.

^b Management, maintenance, repairs, administration, and security, net of rent and other income.

^c Value when foreclosed (UPB) minus value received in REO; does not include Streamline refinances.

^d Rate over all dispositions; effect is greater in the cases where a discount actually is given.

^e Profit (loss) divided by Unpaid Principal Balance (UPB). The listed cost categories are not exhaustive, and they will not sum to the loss rate.

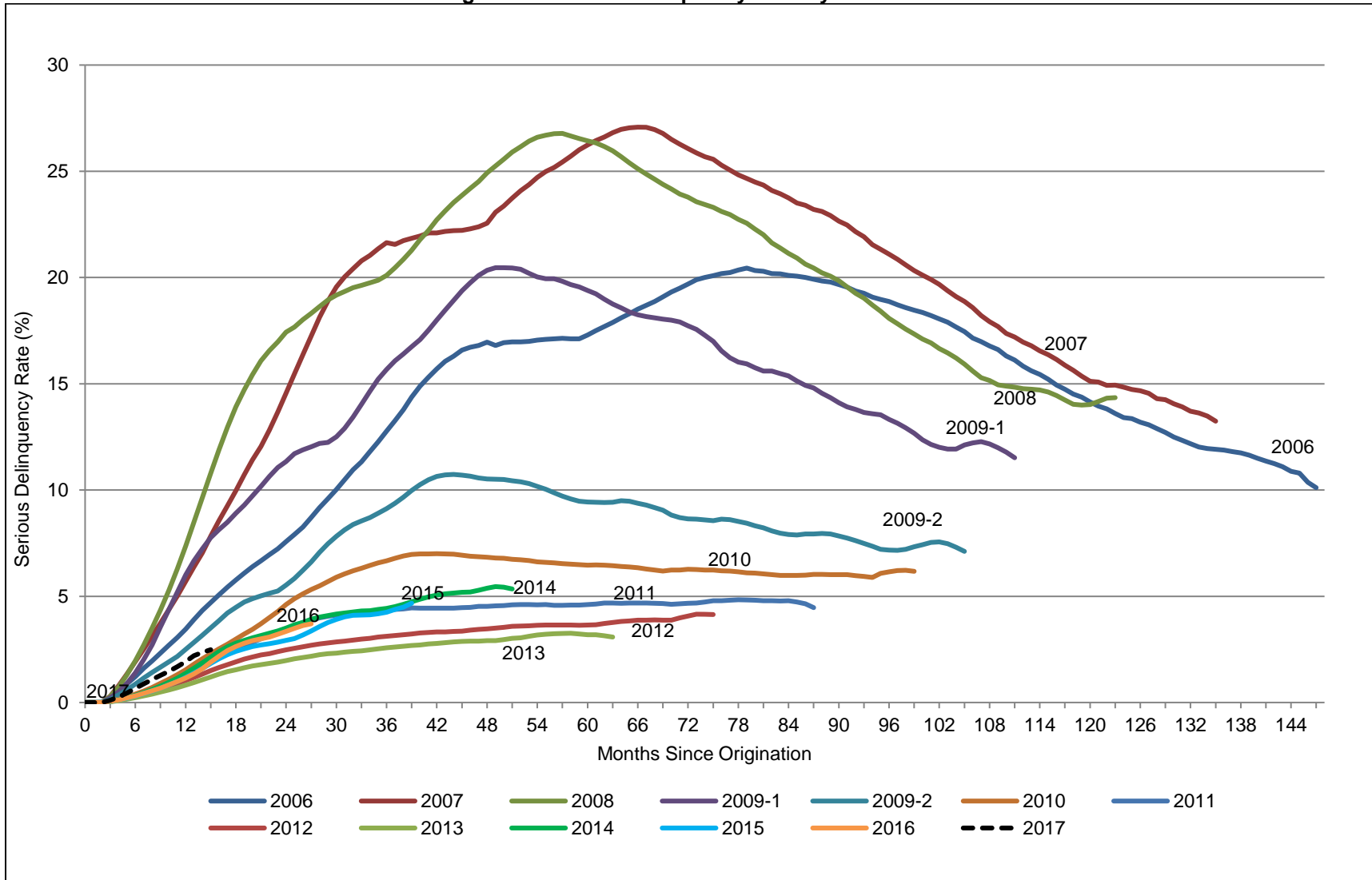
^f First missed payment to date foreclosure initiated.

^g Initiation of foreclosure proceedings to auction date.

^h Auction date to HUD acquisition date.

SOURCE: U.S. Department of HUD/FHA, August 2018.

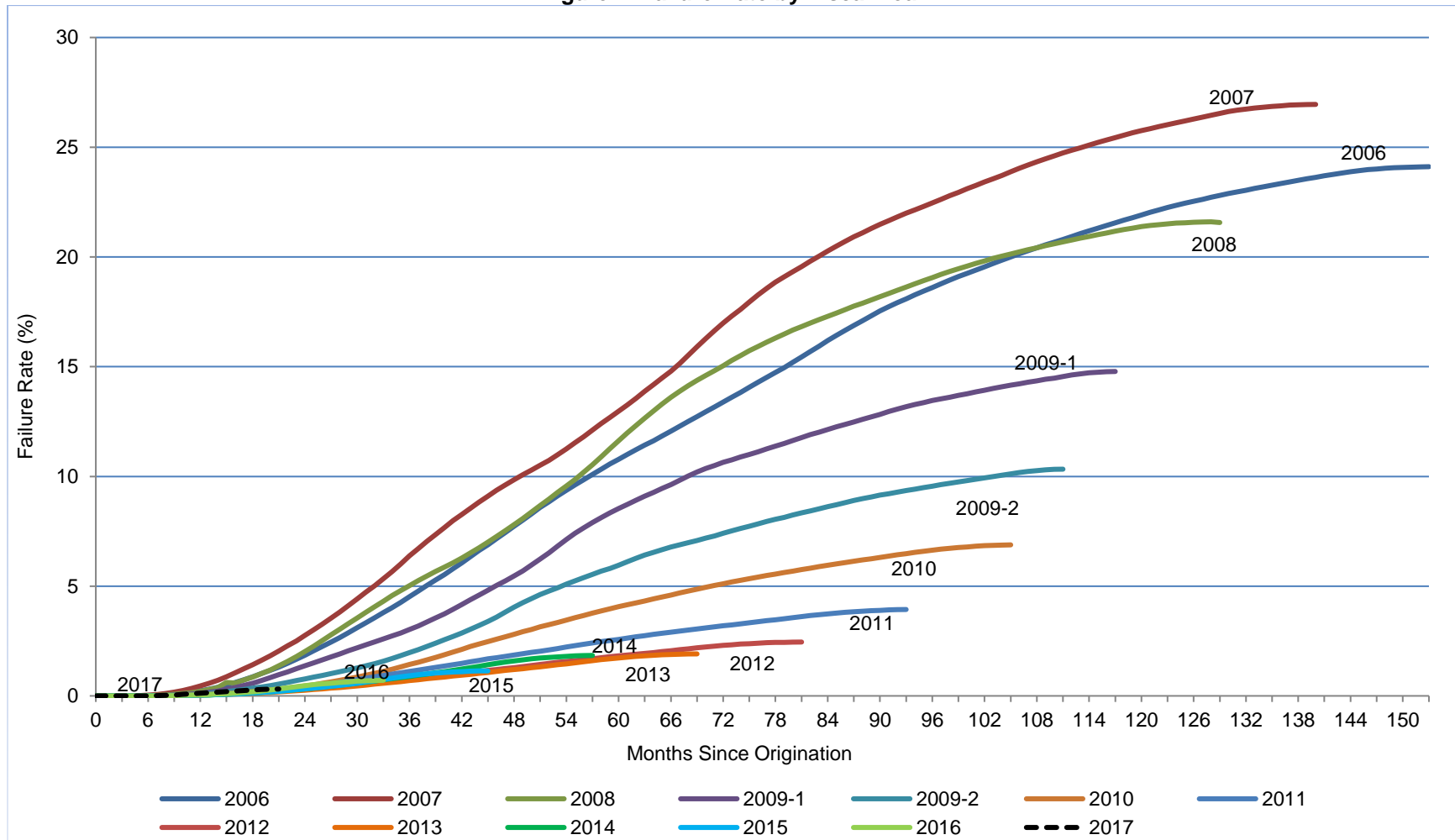
Figure 1. Serious Delinquency Rate by Fiscal Year



NOTE: The FY 2009 cohort is separated into two parts, representing loan originations from October through March in 2009-1 and loan originations from April through September in 2009-2. The last six months of the origination period have been removed to ensure seasoning of loans.

SOURCE: U.S. Department of HUD/FHA, August 2018.

Figure 2. Failure Rate by Fiscal Year



NOTES: The FY 2009 cohort is separated into two parts, representing loan originations from October through March in 2009-1 and loan originations from April through September in 2009-2. A loan that is in foreclosure processing or has gone to claim is deemed to be a 'failure' for this illustration. The failure rate is the sum of Cumulative Claim Rate and Cumulative Active Foreclosure Rate divided by Total Loans.

SOURCE: U.S. Department of HUD/FHA, August 2018.