



# FHA SINGLE FAMILY LOAN PERFORMANCE TRENDS

## Credit Risk Report

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

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FHA Single Family Loan Performance Trends

Table 1: Delinquency Rates							
By Month							
Month	Active Insurance in Force (EOM)	Delinquency Rates <sup>a</sup> (%)			Exceptions <sup>b</sup> (%)		Seriously Delinquent Rate <sup>c</sup> (%)
		30-day	60-day	90-day	In Foreclosure	In Bankruptcy	
<b>Non-Seasonally Adjusted</b>							
Nov 2012	7,748,709	4.64	1.81	5.34	2.92	1.23	9.49
Dec	7,719,941	5.19	1.96	5.46	2.94	1.16	9.59
Jan 2013	7,781,633	4.74	1.89	5.36	2.90	1.23	9.49
Feb	7,795,726	4.40	1.65	5.34	2.74	1.20	9.28
Mar	7,801,713	4.15	1.45	4.96	2.71	1.20	8.87
Apr	7,803,709	4.01	1.41	4.76	2.63	1.20	8.58
May	7,803,213	4.08	1.45	4.67	2.41	1.19	8.27
Jun	7,810,825	4.97	1.63	4.80	2.39	1.19	8.38
Jul	7,802,970	4.56	1.66	4.54	2.45	1.19	8.17
Aug	7,810,207	4.57	1.71	4.41	2.42	1.16	7.98
Sep	7,810,422	4.69	1.75	4.48	2.40	1.17	8.04
Oct	7,824,151	4.71	1.78	4.58	2.31	1.16	8.04
Nov	7,822,505	4.95	1.86	4.66	2.22	1.13	8.02
<b>Seasonally Adjusted</b>							
Nov 2012	7,748,709	4.37	1.68	5.01	2.97	1.17	9.15
Dec	7,719,941	4.81	1.75	5.00	2.95	1.14	9.09
Jan 2013	7,781,633	4.53	1.69	4.78	2.86	1.20	8.84
Feb	7,795,726	4.72	1.78	5.04	2.69	1.19	8.92
Mar	7,801,713	4.71	1.72	5.07	2.61	1.23	8.91
Apr	7,803,709	4.27	1.59	5.08	2.48	1.23	8.78
May	7,803,213	4.10	1.55	5.02	2.34	1.21	8.57
Jun	7,810,825	5.01	1.70	5.16	2.44	1.22	8.82
Jul	7,802,970	4.79	1.68	4.82	2.50	1.21	8.53
Aug	7,810,207	4.36	1.70	4.62	2.54	1.22	8.38
Sep	7,810,422	4.37	1.62	4.57	2.47	1.18	8.22
Oct	7,824,151	4.71	1.69	4.55	2.34	1.11	8.00
Nov	7,822,505	4.67	1.73	4.37	2.26	1.08	7.71

Source: US Department of HUD/FHA; December 2013.

<sup>a</sup> The 90-day category includes all loans that are at least 3 months delinquent excluding those loans in-foreclosure or in-bankruptcy processing.

Included in the delinquency counts are loans under active consideration for loss mitigation foreclosure avoidance.

<sup>b</sup> Exceptions are counted separately from delinquencies, regardless of the length of the delinquency period.

<sup>c</sup> Seriously delinquent rates are the sum of 90 day delinquencies, plus in-foreclosures and in-bankruptcies.

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Table 2: New 90+-Day Delinquencies by Reason for Delinquency  
By Quarter

Fiscal Year and Quarter	New 90+ Day Delinquencies	Share by Reason for Delinquency in Percent (Rows sum to 100%)						
		Reduction of Income	Unemployed	Excessive Obligations	Death or Illness of Principal Borrower or Family	Marital Difficulties	No Contact	Other <sup>a</sup>
2009Q1	122,363	31.83	7.45	19.42	7.43	3.33	14.13	16.40
2009Q2	111,448	34.85	8.67	16.91	6.52	3.15	13.75	16.15
2009Q3	107,998	37.14	9.33	15.11	6.53	3.29	13.02	15.58
2009Q4	146,707	37.80	9.36	14.41	6.64	3.24	12.92	15.63
2010Q1	152,882	38.80	9.36	14.31	7.29	3.52	12.93	13.79
2010Q2	124,578	38.73	9.19	14.53	7.42	3.58	13.95	12.61
2010Q3	104,105	37.91	9.85	15.37	8.39	4.08	14.51	9.89
2010Q4	131,027	38.03	10.00	15.96	9.05	4.39	12.94	9.63
2011Q1	133,712	37.74	9.77	16.47	9.54	4.53	12.74	9.20
2011Q2	117,915	37.33	10.42	16.13	10.23	4.43	11.76	9.69
2011Q3	99,259	36.63	10.58	16.60	10.86	4.76	10.45	10.12
2011Q4	133,834	37.13	10.50	17.64	11.31	4.70	8.92	9.80
2012Q1	158,096	36.31	9.74	19.16	11.53	4.41	8.87	9.98
2012Q2	114,763	36.73	10.33	17.63	12.00	4.69	8.02	10.60
2012Q3	101,470	36.29	10.22	17.48	12.61	4.84	7.61	10.95
2012Q4	125,201	35.80	10.08	17.94	13.28	4.49	7.33	11.08
2013Q1	124,360	34.86	10.00	18.20	13.73	4.53	7.16	11.53
2013Q2	104,166	33.91	10.10	17.48	14.43	4.21	7.24	12.64
2013Q3	86,810	33.82	9.71	17.27	15.39	4.27	7.33	12.21
2013Q4	105,091	33.55	9.92	18.16	15.68	4.03	7.91	10.75
2014Q1-Oct	37,334	32.34	9.70	19.37	14.92	3.72	9.46	10.50
2014Q1-Nov	37,139	30.83	9.18	19.52	13.95	3.41	12.59	10.52

Source: US Department of HUD/FHA; December 2013.

<sup>a</sup> Other 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, transfer of ownership pending, fraud, and incarceration.

Table 3: Delinquency Rates by Loan and Property Characteristics

	IIF Shares <sup>a</sup>	Rates in Percent of Active Loan Counts							Seriously Delinq. Rate <sup>c</sup>
		All Past Due <sup>b</sup>	30 Day	60 Day	90+ Day	In Foreclosure	In Bankruptcy		
<b>Loan Purpose</b>									
All Active Loans	7,822,505	14.95	4.95	1.86	4.66	2.22	1.13	8.02	
Purchase	63.74	15.46	5.29	2.05	4.65	2.19	1.11	7.95	
Refinance	36.26	14.07	4.35	1.53	4.69	2.26	1.18	8.13	
<b>Refinance</b>									
Refinance Loans	2,836,339	14.07	4.35	1.53	4.69	2.26	1.18	8.13	
Conventional	36.96	17.88	5.18	1.85	6.07	3.14	1.55	10.75	
No Cash-Out	25.90	16.18	4.81	1.69	5.44	2.73	1.44	9.60	
Cash-Out	11.05	21.85	6.06	2.22	7.55	4.10	1.82	13.47	
FHA	7.49	12.70	4.18	1.39	3.98	2.03	1.04	7.05	
No Cash-Out	5.48	10.11	3.55	1.12	3.04	1.52	0.80	5.37	
Cash-Out	2.01	19.76	5.89	2.13	6.53	3.40	1.69	11.63	
Streamline	55.55	11.72	3.82	1.33	3.87	1.71	0.96	6.53	
<b>Credit Score Range<sup>d</sup></b>									
Loans with Credit Scores	5,352,495	14.19	4.62	1.73	4.60	2.09	1.02	7.71	
Under 500	0.25	45.69	9.55	4.69	18.01	9.01	4.36	31.38	
500 - 579	3.56	45.86	11.71	5.35	16.27	8.01	4.39	28.68	
580 - 619	7.81	36.60	10.41	4.43	12.40	5.96	3.09	21.45	
620 - 659	26.21	20.24	7.06	2.63	6.38	2.61	1.36	10.35	
660 - 719	35.73	9.33	3.36	1.11	2.87	1.32	0.56	4.75	
720 - 850	26.45	3.56	1.17	0.37	1.15	0.63	0.21	1.99	
<b>Fiscal Year Cohort</b>									
All Cohorts	7,822,505	14.95	4.95	1.86	4.66	2.22	1.13	8.02	
pre-2004	13.15	21.64	7.92	3.04	5.51	3.11	1.85	10.47	
2004	3.39	24.70	8.07	3.36	6.85	4.09	2.22	13.16	
2005	2.46	28.06	8.56	3.70	8.12	4.95	2.59	15.66	
2006	2.07	32.30	8.74	3.78	10.22	6.35	3.00	19.58	
2007	2.09	37.83	9.26	3.88	13.08	7.70	3.69	24.46	
2008	5.26	37.55	8.75	3.75	13.89	7.56	3.42	24.87	
2009	11.97	22.51	6.27	2.45	8.14	3.71	1.81	13.66	
2010	15.14	13.40	4.57	1.64	4.54	1.66	0.83	7.03	
2011	11.99	9.46	3.71	1.31	3.00	0.85	0.47	4.32	
2012	13.68	6.17	2.94	0.97	1.58	0.39	0.20	2.17	
2013	16.96	2.59	1.73	0.40	0.34	0.05	0.04	0.43	
2014	1.86	0.45	0.43	0.01	0.00	0.00	0.00	0.00	

<sup>a</sup> For each subpanel, the loan shares add to 100%. However, in some of the subpanels, the total loans in the analysis do not add to 100% of IIF. For example, the IIF shares for refinance loans add 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.

<sup>b</sup> Includes all loans 30 or more days past due, including those in bankruptcy or foreclosure.

<sup>c</sup> Includes all loans 90-days past due plus all in-bankruptcy and in-foreclosure cases.

<sup>d</sup> Credit score reporting began in May 2004 but was not mandatory until July 2008. Streamline Refinance loans do not require credit score reporting.

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Table 3: Delinquency Rates by Loan and Property Characteristics

	IIF Shares <sup>a</sup>	Rates in Percent of Active Loan Counts							Seriously Delinq. Rate <sup>c</sup>
		All Past Due <sup>b</sup>	30 Day	60 Day	90+ Day	In Foreclosure	In Bankruptcy		
<b>Loan Amount at Origination (In Thousands)</b>									
All Loan Amounts	7,822,505	14.95	4.95	1.86	4.66	2.22	1.13	8.02	
Below \$50	4.41	16.46	6.72	2.35	3.61	2.37	1.22	7.20	
\$50 - 99	26.21	16.90	6.07	2.29	4.40	2.60	1.38	8.38	
\$100 - 149	29.26	15.38	5.12	1.97	4.68	2.21	1.28	8.17	
\$150 - 199	18.77	13.80	4.32	1.61	4.74	1.98	1.03	7.75	
\$200 - 249	9.88	12.89	3.78	1.36	4.88	1.96	0.82	7.65	
\$250 - 399	9.48	13.03	3.51	1.30	5.49	1.99	0.67	8.15	
\$400 - 499	1.18	11.19	2.84	1.10	4.98	1.77	0.43	7.18	
\$500 and above	0.81	8.15	2.01	0.73	3.70	1.34	0.31	5.35	
<b>Property Type</b>									
All Property Types	7,822,505	14.95	4.95	1.86	4.66	2.22	1.13	8.02	
Detached	86.01	14.71	5.01	1.87	4.53	2.03	1.15	7.70	
Manufactured Housing	3.11	23.22	6.45	2.51	6.72	5.37	1.96	14.04	
2 – 4 Units	1.79	17.58	3.98	1.63	6.46	4.53	0.82	11.82	
Condo	4.54	11.07	3.01	1.13	3.79	2.36	0.68	6.84	
Townhouse	4.55	16.75	5.05	2.00	6.02	2.56	0.92	9.50	
<b>First-Time Homebuyer</b>									
All Borrowers	4,961,029	15.51	5.30	2.06	4.67	2.20	1.11	7.98	
Repeat	21.85	12.45	4.51	1.61	3.46	1.75	0.98	6.18	
First-time	78.15	16.36	5.53	2.18	5.01	2.33	1.15	8.48	
<b>Seller-Funded DPA</b>									
All Sources of Funds	7,822,505	14.95	4.95	1.86	4.66	2.22	1.13	8.02	
Non-DPA	96.10	14.06	4.76	1.76	4.35	2.04	1.02	7.41	
DPA	3.90	37.08	9.68	4.43	12.39	6.68	3.84	22.91	

Source: US Department of HUD/FHA; January 2014.

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Table 4: REO Components of Loss by Property Disposition Month

October 2012 - October 2013

Disposition Month	2013										2012		
	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct
<b>Loss Components as Percent of Defaulted Loan Balance</b>													
Claim Expenses <sup>a</sup> (%)	10.09	10.32	10.41	10.49	10.7	10.83	10.96	11.18	11.46	11.48	11.44	11.81	11.56
Holding Costs <sup>b</sup> (%)	5.51	5.57	5.54	5.50	5.47	5.60	5.70	5.84	5.91	5.95	6.01	6.02	5.99
Loss on Collateral <sup>c</sup> (%)	38.69	38.04	37.01	36.89	37.29	38.43	39.5	40.75	41.91	42.69	42.95	44.12	44.39
Sales Expense (%)	4.35	4.35	4.55	4.54	4.52	4.45	4.40	4.39	4.42	4.36	4.31	4.29	4.21
Program Discounts <sup>d</sup> (%)	0.34	0.29	0.42	0.39	0.41	0.37	0.32	0.34	0.37	0.35	0.32	0.36	0.34
Net Loss Rate <sup>e</sup> (%)	56.76	56.99	57.22	57.3	57.98	59.27	60.43	62.25	63.78	64.45	64.78	66.19	66.12
<b>Average Amounts (Dollars)</b>													
Average Dollar Loss (\$)	72,500	72,400	74,200	75,300	76,300	77,800	79,100	80,600	81,700	83,200	83,700	84,800	85,100
Average Unpaid Balance (\$)	127,700	127,100	129,800	131,600	131,700	131,200	130,800	129,500	128,000	129,200	129,200	128,100	128,800
<b>Occurrence Counts</b>													
Number of Dispositions	9,500	9,400	10,200	9,600	9,200	10,100	10,000	9,900	8,600	8,900	8,400	8,700	9,400
Number of Discounts	112	98	125	130	141	134	113	117	120	127	100	114	103
<b>Stage</b>													
<b>Average Time in Months</b>													
Delinquency <sup>f</sup>	11.87	12.20	12.07	11.83	11.69	11.44	11.13	10.92	10.72	10.22	9.43	9.26	9.24
Foreclosure <sup>g</sup>	9.32	9.01	8.85	8.95	8.46	8.41	8.32	8.04	8.02	8.18	7.96	7.87	7.63
Deed Transfer <sup>h</sup>	6.55	6.57	6.48	6.32	6.25	6.10	6.01	5.77	5.72	5.88	5.90	6.23	6.52
REO	4.01	3.95	3.86	3.81	3.79	3.81	3.92	4.01	4.05	4.19	4.09	4.11	4.04
All Stages	31.71	31.69	31.22	30.87	30.17	29.74	29.37	28.72	28.48	28.45	27.36	27.47	27.40

Source: US Department of HUD/FHA; February 2014.

<sup>a</sup> Includes interest on principal

<sup>b</sup> Management, maintenance, repairs, administration, and security, net of rent and other income

<sup>c</sup> Value when foreclosed (UPB) minus value received in REO; does not include Streamline refinances

<sup>d</sup> Rate over all dispositions; effect is greater in the cases where a discount actually is given

<sup>e</sup> Profit (loss) divided by Unpaid Principal Balance (UPB). It is on average, within 44 basis points of the Sum of Costs.

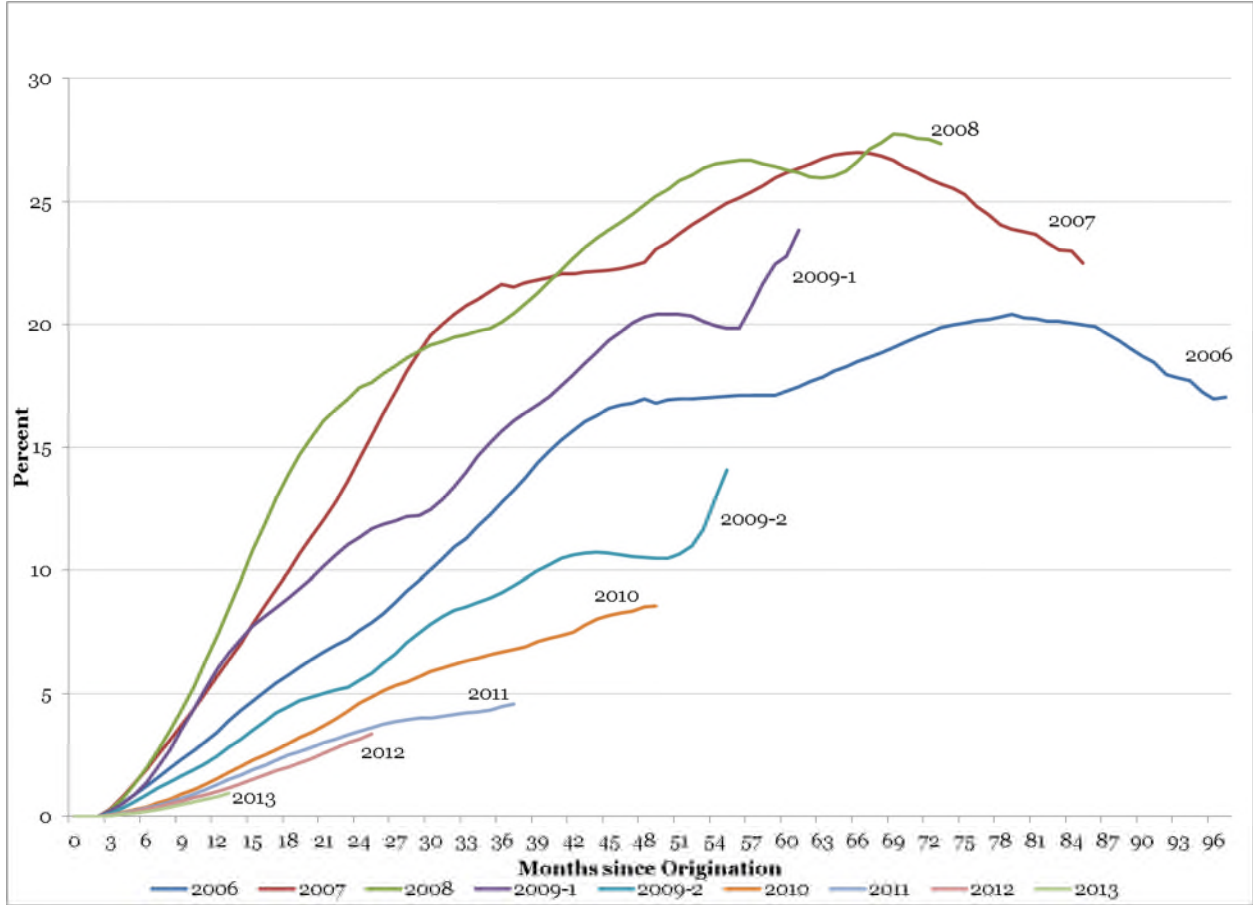
<sup>f</sup> First missed payment to date foreclosure initiated

<sup>g</sup> Initiation of foreclosure proceedings to auction date

<sup>h</sup> Auction date to HUD acquisition date

**Figure 1: Seriously Delinquent Vintage Rate Curves by Fiscal Year (All Loans)**

FY 2009 Breakdown in to 6-Month Periods<sup>a</sup>

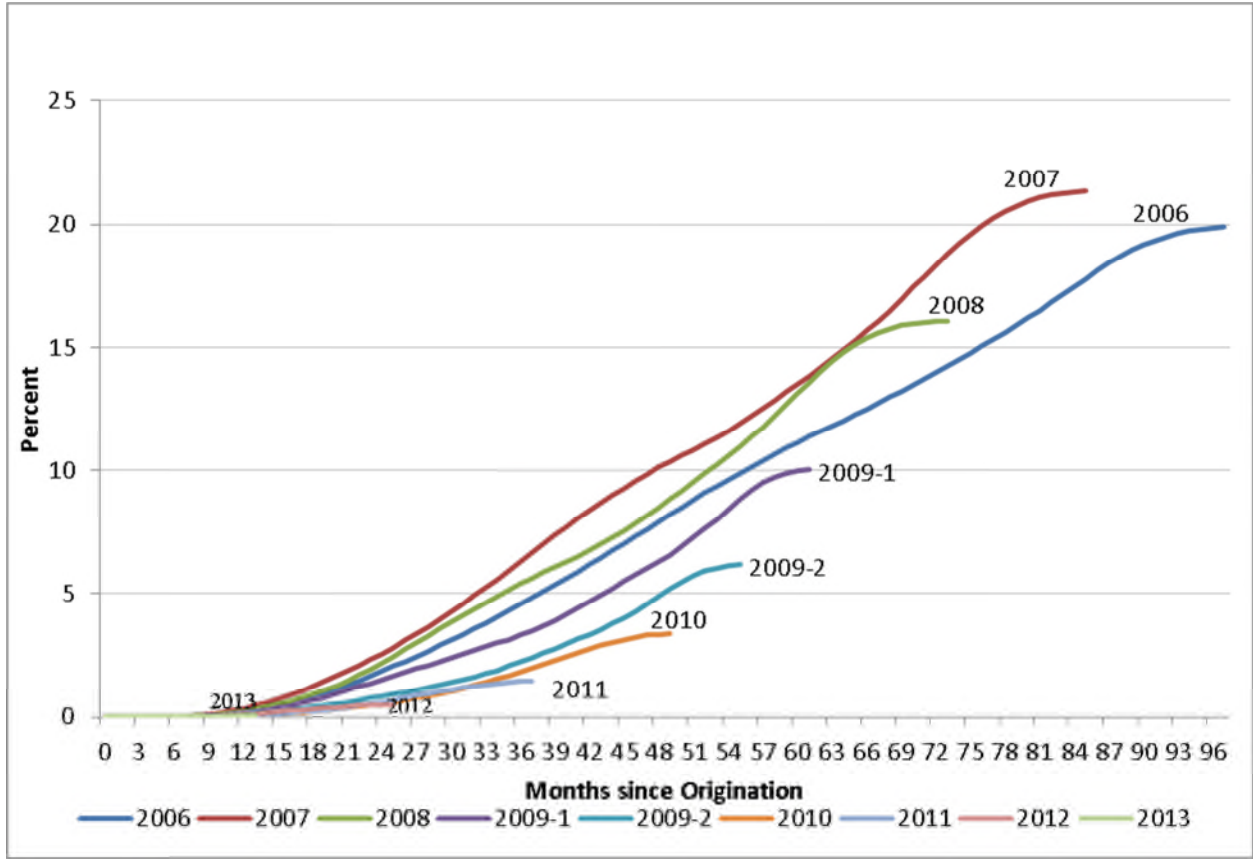


Source: US Department of HUD/FHA; December 2013.

<sup>a</sup> The 2009 cohort is separated into two parts, representing loan originations from October through March in 2009-1 and loan originations from April through October in 2009-2.



**Figure 2: Failure<sup>a</sup> Rates by Seasoning and Vintage (All Loans)**



Source: US Department of HUD/FHA; December 2013.

<sup>a</sup> 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.