



# FHA SINGLE FAMILY LOAN PERFORMANCE TRENDS

## Credit Risk Report

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

DECEMBER  
2014

## Table of Contents

---

Table 1: Delinquency Rates.....	2
Table 2: New 90+-Day Delinquencies by Reason for Delinquency .....	3
Table 3: Delinquency Rates by Loan and Property Characteristics.....	4
Table 4: REO Components of Loss by Property Disposition Month.....	6

## Table of Figures

---

Figure 1: Seriously Delinquent Vintage Rate Curves by Fiscal Year (All Loans) .....	7
Figure 2: Failure Rates .....	8

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>							
Dec 2013	7,818,596	4.97	1.89	4.70	2.21	1.10	8.02
Jan 2014	7,822,609	4.57	1.83	4.54	2.22	1.07	7.83
Feb	7,821,027	4.18	1.61	4.38	2.27	1.06	7.71
Mar	7,812,937	3.77	1.40	4.10	2.28	1.06	7.44
Apr	7,809,896	4.08	1.46	4.08	2.18	0.99	7.25
May	7,806,677	4.23	1.50	4.06	2.15	0.98	7.19
Jun	7,799,793	4.38	1.55	3.87	2.24	1.03	7.14
Jul	7,787,937	4.36	1.61	3.70	2.25	1.03	6.98
Aug	7,784,625	4.86	1.69	3.81	2.14	0.99	6.94
Sep	7,787,092	4.57	1.72	3.91	2.08	1.00	6.99
Oct	7,779,646	4.34	1.70	3.82	2.10	1.02	6.94
Nov	7,766,528	5.10	1.78	3.88	2.15	0.99	7.02
Dec	7,758,608	4.67	1.80	3.88	2.14	0.98	7.00
<b>Seasonally Adjusted</b>							
Dec 2013	7,818,596	4.61	1.68	4.30	2.22	1.06	7.58
Jan 2014	7,822,609	4.37	1.64	4.05	2.19	1.05	7.28
Feb	7,821,027	4.48	1.74	4.14	2.23	1.05	7.42
Mar	7,812,937	4.28	1.66	4.18	2.20	1.09	7.47
Apr	7,809,896	4.34	1.65	4.36	2.05	1.01	7.42
May	7,806,677	4.26	1.60	4.36	2.09	0.99	7.45
Jun	7,799,793	4.41	1.62	4.16	2.29	1.04	7.50
Jul	7,787,937	4.59	1.63	3.93	2.30	1.05	7.28
Aug	7,784,625	4.63	1.67	3.99	2.24	1.04	7.28
Sep	7,787,092	4.26	1.59	3.99	2.14	1.02	7.15
Oct	7,779,646	4.34	1.62	3.79	2.13	0.98	6.91
Nov	7,766,528	4.82	1.65	3.63	2.19	0.95	6.76
Dec	7,758,608	4.33	1.60	3.56	2.14	0.94	6.64

Source: US Department of HUD/FHA; January 2015.

<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.

FHA Single Family Loan Performance Trends

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>
2009Q4	146,707	37.78	9.38	14.40	6.65	3.25	12.91	15.62
2010Q1	152,882	38.81	9.39	14.31	7.29	3.51	12.91	13.79
2010Q2	124,578	38.71	9.20	14.53	7.41	3.58	13.95	12.61
2010Q3	104,105	37.87	9.86	15.38	8.40	4.09	14.52	9.89
2010Q4	131,027	38.03	10.03	15.94	9.05	4.40	12.95	9.61
2011Q1	133,712	37.76	9.79	16.45	9.50	4.54	12.71	9.24
2011Q2	117,915	37.36	10.43	16.12	10.21	4.44	11.74	9.70
2011Q3	99,259	36.68	10.60	16.56	10.81	4.77	10.44	10.13
2011Q4	133,834	37.27	10.49	17.63	11.15	4.73	8.91	9.83
2012Q1	158,096	36.46	9.73	19.21	11.37	4.44	8.85	9.95
2012Q2	114,763	36.96	10.28	17.67	11.76	4.70	8.00	10.62
2012Q3	101,470	36.64	10.10	17.52	12.33	4.86	7.57	10.99
2012Q4	125,201	36.26	9.93	18.13	12.67	4.53	7.35	11.13
2013Q1	124,360	35.40	9.74	18.36	13.09	4.59	7.19	11.63
2013Q2	104,166	34.66	9.76	17.73	13.63	4.29	7.22	12.72
2013Q3	86,810	34.69	9.41	17.80	14.08	4.31	7.28	12.43
2013Q4	105,091	34.40	9.72	18.48	14.70	4.24	7.55	10.92
2014Q1	112,099	34.94	9.57	20.65	12.16	4.11	7.91	10.66
2014Q2	93,187	33.30	9.74	19.89	11.32	3.57	10.60	11.57
2014Q3	80,882	32.12	9.41	20.36	11.46	3.66	11.09	11.88
2014Q4	101,853	31.59	9.10	21.41	11.96	3.69	10.75	11.51
2015Q1	106,669	30.48	8.38	22.13	11.96	3.60	11.83	11.62

Source: US Department of HUD/FHA; January 2015.

<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	7,758,608	13.47	4.67	1.80	3.88	2.14	0.98	7.00
Purchase	65.17	14.02	5.01	2.00	3.98	2.07	0.96	7.01
Refinance	34.83	12.46	4.02	1.44	3.71	2.26	1.03	7.00
<b>Refinance</b>								
Refinance Loans	2,702,449	12.46	4.02	1.44	3.71	2.26	1.03	7.00
Conventional	35.99	15.72	4.79	1.74	4.73	3.14	1.32	9.19
No Cash-Out	25.16	14.27	4.45	1.60	4.28	2.72	1.23	8.22
Cash-Out	10.82	19.10	5.57	2.08	5.80	4.11	1.54	11.44
FHA	7.80	11.20	3.85	1.34	3.15	1.96	0.90	6.00
No Cash-Out	5.57	9.33	3.38	1.13	2.57	1.50	0.75	4.82
Cash-Out	2.24	15.84	5.03	1.85	4.60	3.10	1.25	8.94
Streamline	56.21	10.54	3.55	1.26	3.13	1.74	0.85	5.73
<b>Credit Score Range<sup>d</sup></b>								
Loans with Credit Scores	5,447,134	12.76	4.46	1.72	3.73	1.97	0.88	6.58
Under 500	0.21	41.86	9.90	4.76	14.67	8.67	3.86	27.21
500 - 579	3.03	42.71	11.62	5.32	13.97	7.96	3.84	25.76
580 - 619	7.16	32.87	10.01	4.30	10.17	5.74	2.65	18.56
620 - 659	27.34	18.26	6.79	2.63	5.22	2.43	1.19	8.84
660 - 719	37.27	8.54	3.27	1.14	2.36	1.26	0.51	4.13
720 - 850	24.98	3.39	1.19	0.39	0.96	0.65	0.20	1.81
<b>Fiscal Year Cohort</b>								
All Cohorts	7,758,608	13.47	4.67	1.80	3.88	2.14	0.98	7.00
pre-2004	11.93	20.18	7.14	2.83	5.35	3.22	1.64	10.21
2004	3.02	22.40	7.31	3.10	6.03	4.02	1.93	11.98
2005	2.18	25.81	8.13	3.50	7.06	4.91	2.21	14.18
2006	1.79	29.96	8.45	3.71	8.78	6.43	2.59	17.80
2007	1.76	35.58	9.09	4.01	11.32	7.97	3.20	22.48
2008	4.32	35.45	8.83	3.97	11.71	7.84	3.10	22.64
2009	10.22	21.06	6.20	2.45	6.68	4.00	1.73	12.41
2010	13.36	13.15	4.66	1.77	3.88	1.95	0.89	6.72
2011	10.61	9.93	3.84	1.44	2.89	1.15	0.60	4.65
2012	12.36	7.47	3.15	1.18	2.10	0.66	0.38	3.14
2013	16.03	5.22	2.55	0.83	1.35	0.31	0.19	1.85
2014	9.83	3.96	2.46	0.68	0.69	0.08	0.05	0.83
2015	2.60	0.83	0.75	0.07	0.01	0.00	0.00	0.01

<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.

FHA Single Family Loan Performance Trends

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	7,758,608	13.47	4.67	1.80	3.88	2.14	0.98	7.00
Below \$50	4.19	15.79	5.98	2.16	3.85	2.72	1.08	7.65
\$50 - 99	26.09	15.69	5.66	2.18	4.07	2.59	1.19	7.85
\$100 - 149	29.41	13.79	4.83	1.91	3.91	2.05	1.10	7.06
\$150 - 199	18.94	12.18	4.13	1.60	3.71	1.85	0.88	6.45
\$200 - 249	9.97	11.19	3.67	1.38	3.65	1.78	0.71	6.14
\$250 - 399	9.50	11.23	3.40	1.30	4.01	1.92	0.60	6.53
\$400 - 499	1.16	9.97	2.82	1.07	3.80	1.87	0.41	6.08
\$500 and above	0.75	7.86	2.14	0.80	3.12	1.49	0.30	4.92
<b>Property Type</b>								
All Property Types	7,758,608	13.47	4.67	1.80	3.88	2.14	0.98	7.00
Detached	86.21	13.28	4.72	1.81	3.80	1.95	0.99	6.74
Manufactured Housing	3.11	20.77	6.03	2.40	5.76	5.01	1.56	12.33
2 – 4 Units	1.86	15.31	3.64	1.50	4.91	4.59	0.67	10.16
Condo	4.23	9.79	2.82	1.11	2.95	2.30	0.62	5.86
Townhouse	4.59	14.90	4.82	1.96	4.75	2.54	0.83	8.12
<b>First-Time Homebuyer</b>								
All Purchase Loans	5,040,042	14.04	5.02	2.00	3.99	2.08	0.96	7.02
Repeat	21.11	11.10	4.12	1.53	2.98	1.64	0.83	5.45
First-time	78.89	14.83	5.26	2.13	4.26	2.19	0.99	7.45
<b>Seller-Funded DPA</b>								
All Sources of Funds	7,758,608	13.47	4.67	1.80	3.88	2.14	0.98	7.00
Non-DPA	96.63	12.75	4.50	1.71	3.65	1.99	0.90	6.54
DPA	3.37	34.23	9.34	4.41	10.77	6.37	3.34	20.47

Source: US Department of HUD/FHA; January 2015.

FHA Single Family Loan Performance Trends

Table 4: REO Components of Loss by Property Disposition Month

November 2013 – November 2014

Disposition Month	2014											2013	
	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov
<i>Loss Components as Percent of Defaulted Loan Balance</i>													
Claim Expenses <sup>a</sup> (%)	12.66	12.84	12.90	12.47	12.56	12.96	13.35	13.57	13.82	13.47	13.42	13.26	12.58
Holding Costs <sup>b</sup> (%)	5.46	5.77	5.73	5.63	5.48	5.50	5.40	5.47	5.50	5.61	5.89	5.77	5.68
Loss on Collateral <sup>c</sup> (%)	34.79	34.21	34.86	34.14	33.00	34.06	35.31	36.77	39.03	39.43	39.38	39.64	38.47
Sales Expense (%)	4.46	4.38	4.36	4.42	4.48	4.55	4.63	4.41	4.27	4.28	4.31	4.26	4.34
Program Discounts <sup>d</sup> (%)	0.39	0.22	0.24	0.28	0.31	0.45	0.58	0.41	0.33	0.35	0.32	0.30	0.32
Net Loss Rate <sup>e</sup> (%)	54.70	55.53	57.34	56.53	55.13	56.72	58.33	60.01	62.42	62.62	62.61	62.41	60.63
<i>Average Amounts (Dollars)</i>													
Average Dollar Loss (\$)	66,600	66,800	69,000	69,100	69,700	70,400	71,700	74,700	76,700	77,600	77,500	77,600	77,100
Average Unpaid Balance (\$)	121,800	120,300	120,300	122,400	126,400	124,100	123,000	124,500	122,900	123,900	123,800	124,400	127,200
<i>Occurrence Counts</i>													
Number of Dispositions	3,748	4,809	4,221	4,437	4,499	4,774	5,440	6,103	6,478	6,539	7,405	7,544	7,665
Number of Discounts	42	36	38	50	51	65	87	81	66	76	74	82	83
<i>Stage</i>													
<i>Average Time in Months</i>													
Delinquency <sup>f</sup>	11.41	11.73	11.39	10.99	10.94	11.14	11.42	11.25	11.40	11.50	11.78	11.54	11.91
Foreclosure <sup>g</sup>	10.07	9.57	9.42	9.53	9.73	9.57	9.75	9.89	10.00	9.84	9.71	9.92	9.50
Deed Transfer <sup>h</sup>	8.51	8.02	7.65	7.34	7.10	6.92	6.99	6.81	6.81	7.04	6.72	6.76	6.52
REO	3.87	3.89	4.04	4.06	4.05	3.94	3.96	4.10	4.25	4.29	4.24	4.23	4.20
All Stages	33.95	33.25	32.54	31.88	31.80	31.54	32.10	32.02	32.38	32.64	32.40	32.40	32.11

Source: US Department of HUD/FHA; January 2015.

<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). The listed cost categories are not exhaustive, and they will not sum to the loss rate.

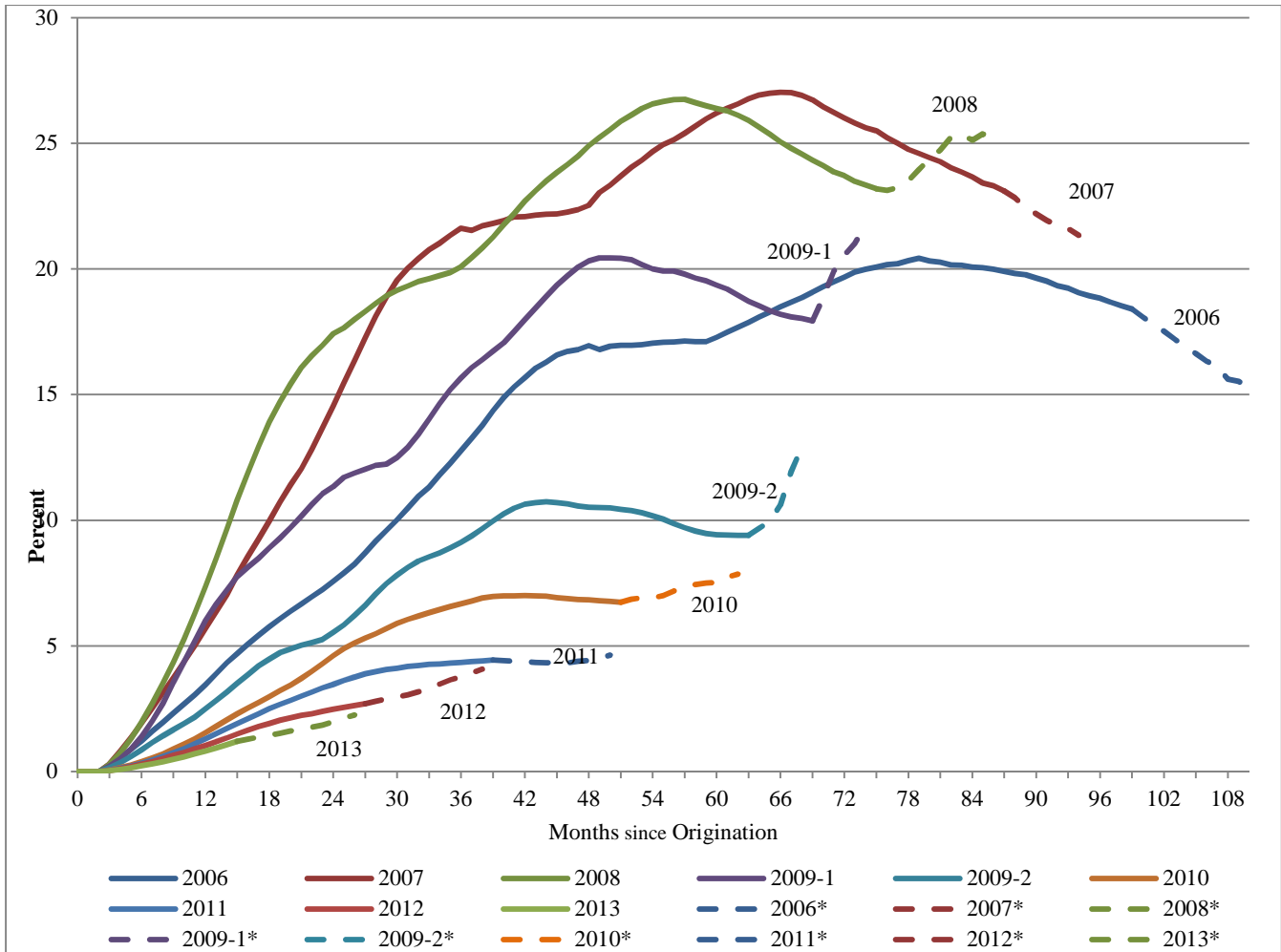
<sup>f</sup> First missed payment to date foreclosure initiated.

<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 Shown in Two 6-month Periods<sup>a</sup>

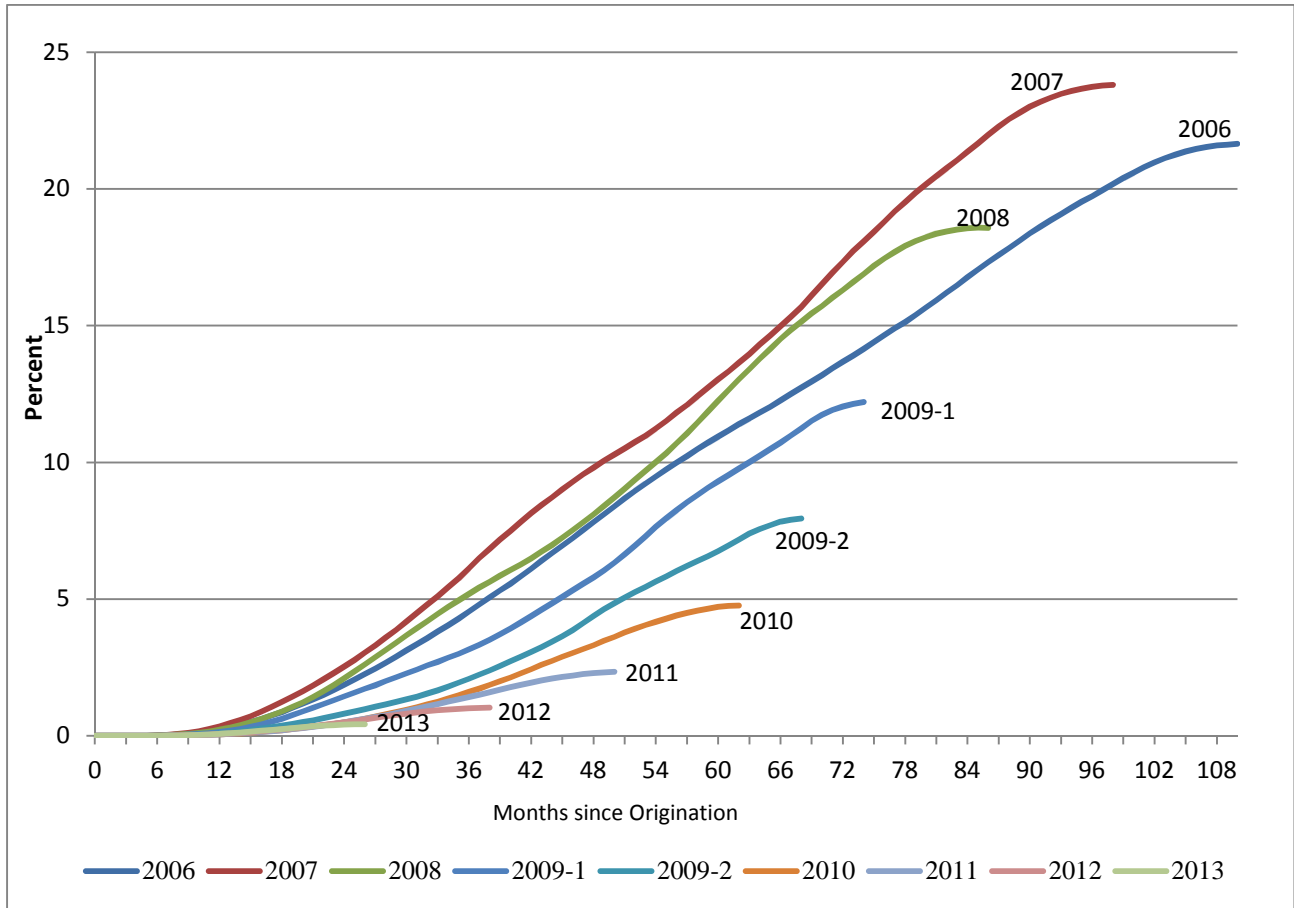


Source: US Department of HUD/FHA; January 2015.

<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 September in 2009-2.



**Figure 2: Failure<sup>a</sup> Rates (All Loans)**  
 FY 2009 Shown in Two 6-month Periods<sup>b</sup>



Source: US Department of HUD/FHA; January 2015.

<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.

<sup>b</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 September in 2009-2.