



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 ^a (%) | | | Exceptions ^b (%) | | Seriously Delinquent Rate ^c (%) |
| | | 30-day | 60-day | 90-day | In Foreclosure | In Bankruptcy | |
| Non-Seasonally Adjusted | | | | | | | |
| Jul 2014 | 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 |
| Jan 2015 | 7,764,765 | 4.59 | 1.74 | 3.83 | 2.16 | 0.98 | 6.96 |
| Feb | 7,741,878 | 4.30 | 1.55 | 3.60 | 2.18 | 0.98 | 6.76 |
| Mar | 7,701,949 | 3.72 | 1.33 | 3.28 | 2.18 | 0.96 | 6.42 |
| Apr | 7,683,019 | 3.98 | 1.36 | 3.17 | 2.15 | 0.96 | 6.28 |
| May | 7,665,993 | 4.59 | 1.47 | 3.25 | 2.04 | 0.96 | 6.24 |
| Jun | 7,677,944 | 4.37 | 1.51 | 3.19 | 1.98 | 0.95 | 6.12 |
| Jul | 7,699,352 | 3.97 | 1.45 | 3.02 | 1.85 | 0.88 | 5.75 |
| Seasonally Adjusted | | | | | | | |
| Jul 2014 | 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 |
| Jan 2015 | 7,764,765 | 4.39 | 1.56 | 3.42 | 2.13 | 0.95 | 6.50 |
| Feb | 7,741,878 | 4.61 | 1.68 | 3.40 | 2.14 | 0.97 | 6.51 |
| Mar | 7,701,949 | 4.22 | 1.58 | 3.35 | 2.10 | 0.99 | 6.44 |
| Apr | 7,683,019 | 4.24 | 1.53 | 3.39 | 2.03 | 0.98 | 6.40 |
| May | 7,665,993 | 4.61 | 1.58 | 3.48 | 1.98 | 0.97 | 6.44 |
| Jun | 7,677,944 | 4.40 | 1.57 | 3.43 | 2.03 | 0.97 | 6.42 |
| Jul | 7,699,352 | 4.18 | 1.47 | 3.21 | 1.90 | 0.89 | 6.00 |

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

^a 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.

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

^c 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 ^a |
| 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 | 106,665 | 30.98 | 8.63 | 22.20 | 12.23 | 3.76 | 10.96 | 11.24 |
| 2015Q2 | 82,868 | 31.36 | 9.07 | 21.74 | 12.43 | 3.84 | 10.23 | 11.34 |
| 2015Q3 | 71,869 | 30.05 | 8.36 | 21.50 | 12.33 | 3.72 | 12.10 | 11.94 |
| 2015Q4 - Jul | 26,320 | 29.07 | 8.59 | 23.15 | 11.90 | 3.28 | 11.94 | 12.08 |

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

^a 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.

FHA Single Family Loan Performance Trends

| Table 3: Delinquency Rates by Loan and Property Characteristics | | | | | | | | |
|---|-------------------------|--|--------|--------|---------|----------------|---------------|-------------------------------------|
| | IIF Shares ^a | Rates in Percent of Active Loan Counts | | | | | | Seriously Delinq. Rate ^c |
| | | All Past Due ^b | 30 Day | 60 Day | 90+ Day | In Foreclosure | In Bankruptcy | |
| Loan Purpose | | | | | | | | |
| All Active Loans | 7,699,352 | 11.18 | 3.97 | 1.45 | 3.02 | 1.85 | 0.88 | 5.75 |
| Purchase | 64.78 | 11.87 | 4.37 | 1.64 | 3.14 | 1.82 | 0.88 | 5.84 |
| Refinance | 35.22 | 9.91 | 3.23 | 1.09 | 2.79 | 1.91 | 0.87 | 5.58 |
| Refinance | | | | | | | | |
| Refinance Loans | 2,712,031 | 9.91 | 3.23 | 1.09 | 2.79 | 1.91 | 0.87 | 5.58 |
| Conventional | 34.32 | 12.98 | 3.98 | 1.38 | 3.72 | 2.75 | 1.15 | 7.62 |
| No Cash-Out | 23.80 | 11.80 | 3.70 | 1.27 | 3.39 | 2.38 | 1.06 | 6.83 |
| Cash-Out | 10.52 | 15.65 | 4.62 | 1.62 | 4.47 | 3.57 | 1.37 | 9.40 |
| FHA | 8.16 | 8.66 | 3.01 | 1.00 | 2.26 | 1.58 | 0.78 | 4.63 |
| No Cash-Out | 5.79 | 7.28 | 2.65 | 0.85 | 1.87 | 1.23 | 0.67 | 3.77 |
| Cash-Out | 2.37 | 12.03 | 3.89 | 1.39 | 3.22 | 2.46 | 1.05 | 6.73 |
| Streamline | 57.52 | 8.25 | 2.81 | 0.93 | 2.32 | 1.46 | 0.71 | 4.50 |
| Credit Score Range^d | | | | | | | | |
| Loans with Credit Scores | 5,422,309 | 10.64 | 3.81 | 1.39 | 2.91 | 1.71 | 0.80 | 5.42 |
| Under 500 | 0.20 | 35.59 | 8.08 | 4.47 | 11.71 | 7.50 | 3.82 | 23.03 |
| 500 - 579 | 2.87 | 36.52 | 10.18 | 4.49 | 11.28 | 7.07 | 3.51 | 21.86 |
| 580 - 619 | 7.11 | 27.07 | 8.51 | 3.43 | 7.81 | 4.95 | 2.34 | 15.11 |
| 620 - 659 | 28.04 | 15.00 | 5.70 | 2.09 | 4.02 | 2.08 | 1.09 | 7.19 |
| 660 - 719 | 37.78 | 7.12 | 2.78 | 0.92 | 1.85 | 1.09 | 0.47 | 3.41 |
| 720 - 850 | 24.01 | 2.92 | 1.05 | 0.33 | 0.77 | 0.59 | 0.18 | 1.54 |
| Fiscal Year Cohort | | | | | | | | |
| All Cohorts | 7,699,352 | 11.18 | 3.97 | 1.45 | 3.02 | 1.85 | 0.88 | 5.75 |
| pre-2004 | 11.34 | 17.27 | 6.29 | 2.39 | 4.24 | 2.89 | 1.46 | 8.58 |
| 2004 | 2.86 | 19.35 | 6.72 | 2.53 | 4.82 | 3.53 | 1.76 | 10.10 |
| 2005 | 2.05 | 22.23 | 7.27 | 2.94 | 5.67 | 4.31 | 2.03 | 12.02 |
| 2006 | 1.67 | 26.04 | 7.70 | 3.14 | 7.10 | 5.77 | 2.33 | 15.20 |
| 2007 | 1.63 | 30.84 | 8.03 | 3.51 | 9.22 | 7.24 | 2.83 | 19.29 |
| 2008 | 3.99 | 30.51 | 7.78 | 3.38 | 9.41 | 7.16 | 2.79 | 19.35 |
| 2009 | 9.31 | 17.43 | 5.05 | 1.96 | 5.33 | 3.56 | 1.53 | 10.42 |
| 2010 | 12.09 | 10.93 | 3.80 | 1.38 | 3.12 | 1.75 | 0.88 | 5.75 |
| 2011 | 9.60 | 8.84 | 3.40 | 1.20 | 2.41 | 1.17 | 0.66 | 4.24 |
| 2012 | 11.29 | 7.03 | 2.97 | 1.03 | 1.79 | 0.77 | 0.48 | 3.03 |
| 2013 | 14.88 | 5.23 | 2.43 | 0.75 | 1.33 | 0.44 | 0.28 | 2.04 |
| 2014 | 8.21 | 6.07 | 3.12 | 0.98 | 1.43 | 0.32 | 0.19 | 1.93 |
| 2015 | 11.08 | 1.71 | 1.23 | 0.26 | 0.17 | 0.01 | 0.01 | 0.20 |

^a 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.

^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.

| Table 3: Delinquency Rates by Loan and Property Characteristics | | | | | | | | |
|---|-------------------------|--|--------|--------|---------|----------------|---------------|-------------------------------------|
| | IIF Shares ^a | Rates in Percent of Active Loan Counts | | | | | | Seriously Delinq. Rate ^c |
| | | All Past Due ^b | 30 Day | 60 Day | 90+ Day | In Foreclosure | In Bankruptcy | |
| Loan Amount at Origination (In Thousands) | | | | | | | | |
| All Loan Amounts | 7,699,352 | 11.18 | 3.97 | 1.45 | 3.02 | 1.85 | 0.88 | 5.75 |
| Below \$50 | 4.07 | 13.56 | 5.27 | 1.81 | 3.02 | 2.49 | 0.97 | 6.47 |
| \$50 - 99 | 26.02 | 12.98 | 4.81 | 1.76 | 3.09 | 2.26 | 1.06 | 6.42 |
| \$100 - 149 | 29.49 | 11.40 | 4.11 | 1.54 | 3.03 | 1.75 | 0.97 | 5.75 |
| \$150 - 199 | 19.03 | 10.06 | 3.52 | 1.26 | 2.90 | 1.58 | 0.80 | 5.27 |
| \$200 - 249 | 10.03 | 9.23 | 3.08 | 1.08 | 2.87 | 1.55 | 0.63 | 5.05 |
| \$250 - 399 | 9.48 | 9.47 | 2.91 | 1.06 | 3.21 | 1.70 | 0.56 | 5.47 |
| \$400 - 499 | 1.15 | 8.53 | 2.35 | 0.87 | 3.20 | 1.70 | 0.39 | 5.29 |
| \$500 and above | 0.72 | 6.72 | 1.82 | 0.69 | 2.52 | 1.34 | 0.33 | 4.19 |
| Property Type | | | | | | | | |
| All Property Types | 7,699,352 | 11.18 | 3.97 | 1.45 | 3.02 | 1.85 | 0.88 | 5.75 |
| Detached | 86.37 | 10.99 | 4.01 | 1.46 | 2.94 | 1.69 | 0.88 | 5.51 |
| Manufactured Housing | 3.12 | 17.26 | 5.19 | 1.91 | 4.39 | 4.39 | 1.38 | 10.17 |
| 2 – 4 Units | 1.89 | 12.94 | 3.12 | 1.16 | 4.01 | 4.02 | 0.62 | 8.65 |
| Condo | 4.05 | 8.30 | 2.46 | 0.91 | 2.43 | 1.91 | 0.58 | 4.92 |
| Townhouse | 4.57 | 12.41 | 4.09 | 1.58 | 3.66 | 2.31 | 0.77 | 6.73 |
| First-Time Homebuyer | | | | | | | | |
| All Purchase Loans | 4,976,887 | 11.88 | 4.38 | 1.65 | 3.15 | 1.82 | 0.88 | 5.85 |
| Repeat | 20.58 | 9.47 | 3.61 | 1.26 | 2.39 | 1.45 | 0.75 | 4.60 |
| First-time | 79.42 | 12.50 | 4.58 | 1.74 | 3.34 | 1.92 | 0.92 | 6.17 |
| Seller-Funded DPA | | | | | | | | |
| All Sources of Funds | 7,699,352 | 11.18 | 3.97 | 1.45 | 3.02 | 1.85 | 0.88 | 5.75 |
| Non-DPA | 96.80 | 10.59 | 3.83 | 1.37 | 2.84 | 1.73 | 0.81 | 5.38 |
| DPA | 3.20 | 29.00 | 8.34 | 3.70 | 8.48 | 5.51 | 2.97 | 16.95 |

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

FHA Single Family Loan Performance Trends

Table 4: REO Components of Loss by Property Disposition Month

June 2014 – June 2015

| Disposition Month | 2015 | | | | | | 2014 | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Jun | May | Apr | Mar | Feb | Jan | Dec | Nov | Oct | Sep | Aug | Jul | Jun |
| <i>Loss Components as Percent of Defaulted Loan Balance</i> | | | | | | | | | | | | | |
| Claim Expenses ^a (%) | 10.53 | 11.60 | 12.77 | 13.98 | 14.19 | 14.57 | 14.61 | 13.97 | 13.65 | 13.29 | 12.78 | 12.87 | 13.20 |
| Holding Costs ^b (%) | 5.62 | 5.83 | 5.89 | 5.87 | 5.80 | 5.87 | 5.82 | 5.86 | 5.83 | 5.75 | 5.63 | 5.48 | 5.50 |
| Loss on Collateral ^c (%) | 32.42 | 32.93 | 33.61 | 34.62 | 35.59 | 35.82 | 34.86 | 34.78 | 34.21 | 34.86 | 34.14 | 32.99 | 34.06 |
| Sales Expense (%) | 4.49 | 4.39 | 4.36 | 4.38 | 4.27 | 4.34 | 4.39 | 4.46 | 4.38 | 4.36 | 4.42 | 4.48 | 4.55 |
| Program Discounts ^d (%) | 0.34 | 0.24 | 0.24 | 0.30 | 0.23 | 0.31 | 0.32 | 0.39 | 0.22 | 0.24 | 0.29 | 0.31 | 0.45 |
| Net Loss Rate ^e (%) | 51.55 | 52.78 | 55.53 | 57.77 | 58.78 | 59.58 | 58.62 | 57.44 | 56.60 | 57.74 | 56.84 | 55.36 | 56.96 |
| <i>Average Amounts (Dollars)</i> | | | | | | | | | | | | | |
| Average Dollar Loss (\$) | 61,900 | 63,400 | 66,800 | 69,600 | 71,700 | 70,400 | 71,100 | 70,000 | 68,100 | 69,400 | 69,500 | 70,000 | 70,700 |
| Average Unpaid Balance (\$) | 120,100 | 120,100 | 120,200 | 120,500 | 122,100 | 118,200 | 121,300 | 121,900 | 120,300 | 120,300 | 122,300 | 126,400 | 124,100 |
| <i>Occurrence Counts</i> | | | | | | | | | | | | | |
| Number of Dispositions | 5,700 | 5,200 | 5,300 | 5,200 | 4,500 | 4,500 | 4,700 | 3,800 | 4,800 | 4,200 | 4,400 | 4,500 | 4,800 |
| Number of Discounts | 56 | 48 | 56 | 51 | 38 | 49 | 46 | 42 | 36 | 38 | 51 | 51 | 65 |
| <i>Stage</i> | | | | | | | | | | | | | |
| <i>Average Time in Months</i> | | | | | | | | | | | | | |
| Delinquency ^f | 11.70 | 11.75 | 11.41 | 11.70 | 11.56 | 12.00 | 12.11 | 11.42 | 11.73 | 11.40 | 10.99 | 10.94 | 11.12 |
| Foreclosure ^g | 10.99 | 10.77 | 11.02 | 11.02 | 10.67 | 10.25 | 10.73 | 10.04 | 9.57 | 9.42 | 9.53 | 9.72 | 9.59 |
| Deed Transfer ^h | 10.07 | 10.09 | 10.07 | 9.94 | 9.90 | 9.63 | 8.95 | 8.50 | 8.02 | 7.65 | 7.33 | 7.10 | 6.92 |
| REO | 3.76 | 3.75 | 3.85 | 4.08 | 4.14 | 3.96 | 3.84 | 3.87 | 3.89 | 4.03 | 4.06 | 4.05 | 3.94 |
| All Stages | 36.57 | 36.52 | 36.42 | 36.83 | 36.30 | 35.92 | 35.70 | 33.94 | 33.25 | 32.54 | 31.88 | 31.80 | 31.54 |

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

^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.

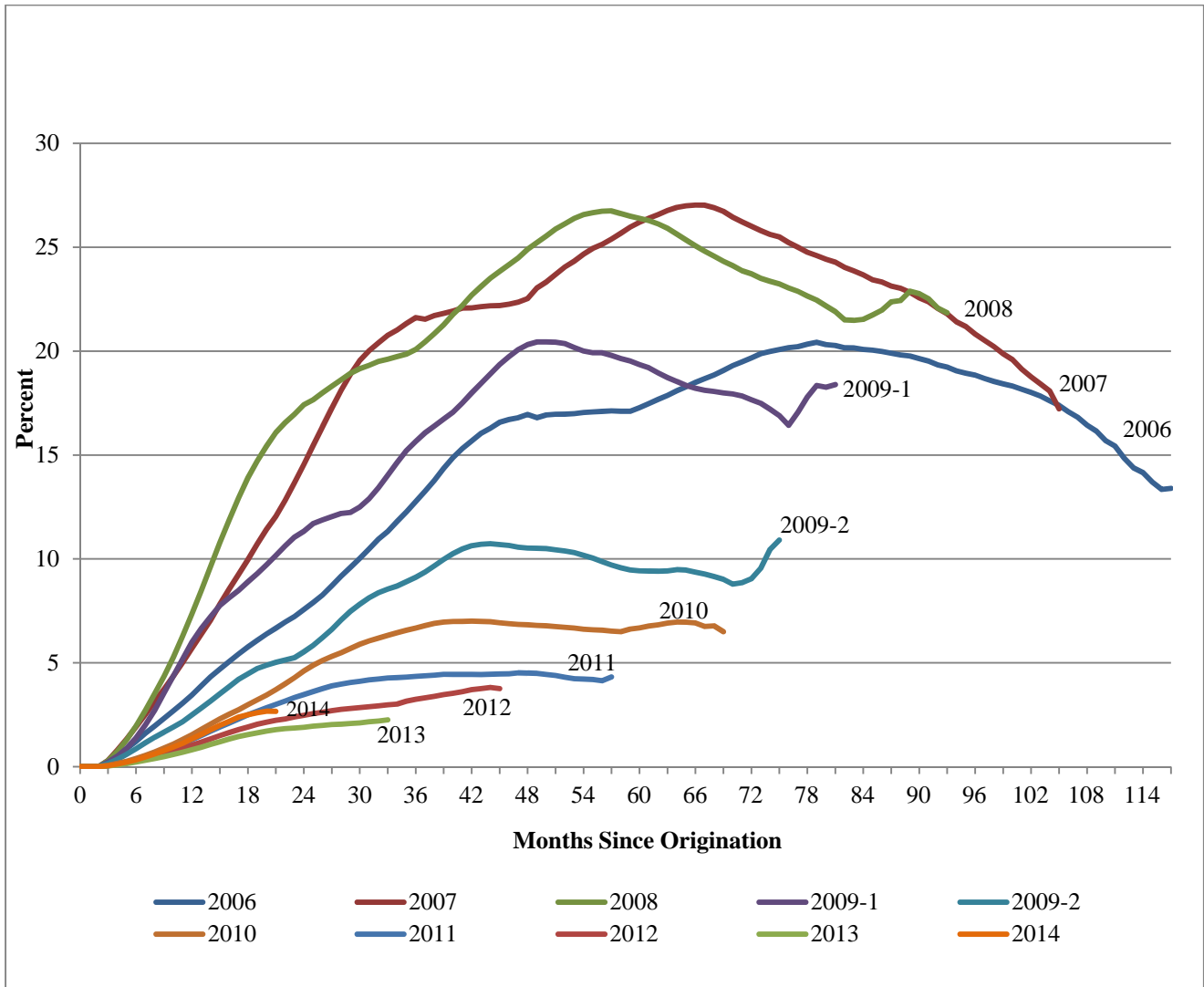
^f First missed payment to date foreclosure initiated.

^g Initiation of foreclosure proceedings to auction date.

^h Auction date to HUD acquisition date.

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

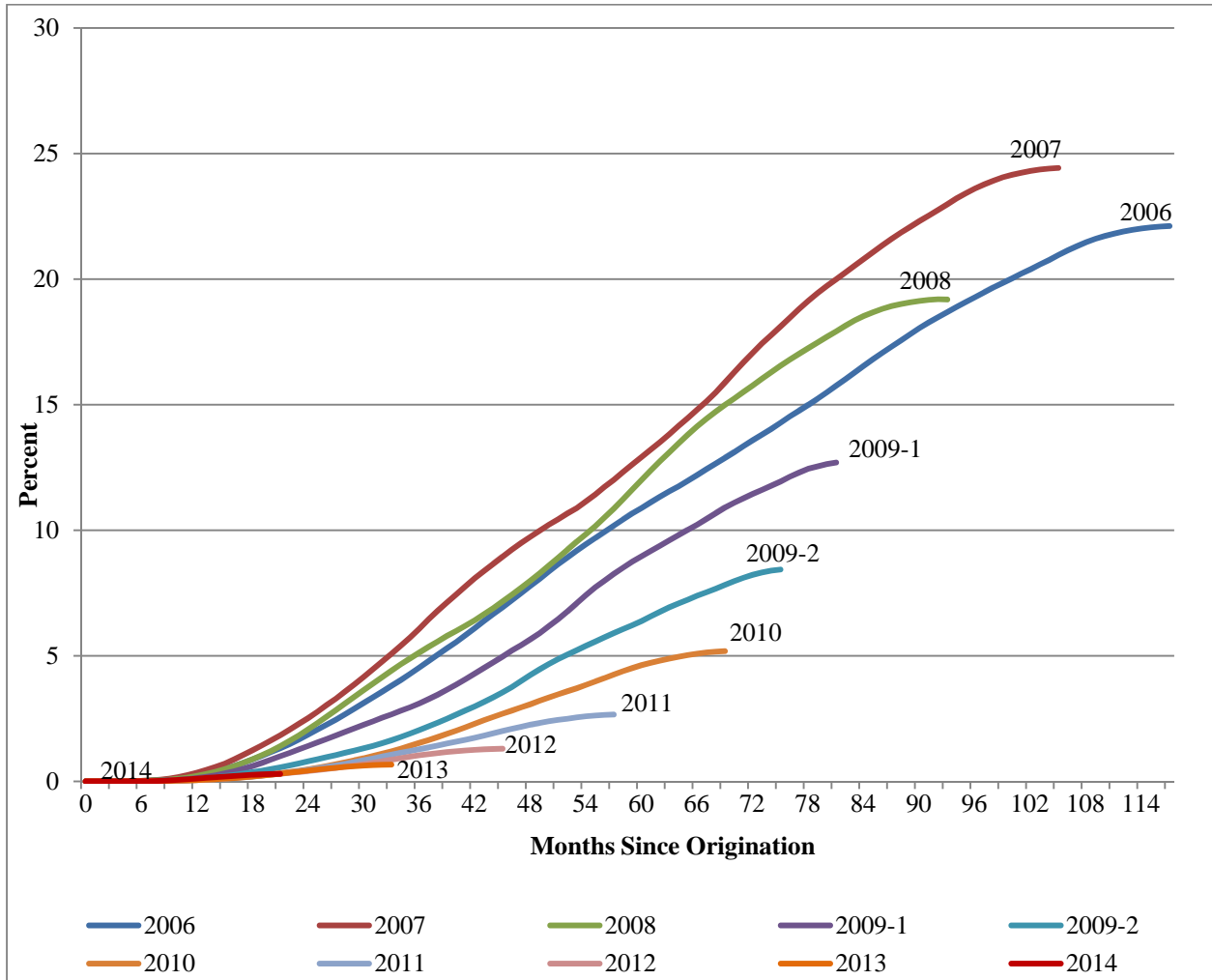
FY 2009 Shown in Two 6-month Periods ^a



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

^a 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^a Rates (All Loans)
 FY 2009 Shown in Two 6-month Periods^b



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

^a 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.

^b 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.