



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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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 | | | | | | | |
| Jun 2015 | 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 |
| Aug | 7,723,992 | 4.58 | 1.60 | 3.09 | 1.91 | 0.91 | 5.91 |
| Sep | 7,742,143 | 4.63 | 1.64 | 3.07 | 1.87 | 0.92 | 5.86 |
| Oct | 7,765,800 | 4.66 | 1.64 | 3.02 | 1.85 | 0.92 | 5.79 |
| Nov | 7,780,970 | 4.77 | 1.67 | 3.07 | 1.84 | 0.92 | 5.82 |
| Dec | 7,779,458 | 4.70 | 1.68 | 3.04 | 1.85 | 0.90 | 5.79 |
| Jan 2016 | 7,797,476 | 5.10 | 1.78 | 3.07 | 1.81 | 0.91 | 5.80 |
| Feb | 7,809,458 | 4.14 | 1.50 | 2.88 | 1.78 | 0.89 | 5.55 |
| Mar | 7,809,260 | 3.72 | 1.32 | 2.76 | 1.68 | 0.87 | 5.31 |
| Apr | 7,810,381 | 4.08 | 1.30 | 2.60 | 1.67 | 0.88 | 5.16 |
| May | 7,813,695 | 4.21 | 1.37 | 2.57 | 1.63 | 0.87 | 5.07 |
| Jun | 7,814,304 | 4.38 | 1.46 | 2.50 | 1.62 | 0.89 | 5.02 |
| Seasonally Adjusted | | | | | | | |
| Jun 2015 | 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 |
| Aug | 7,723,992 | 4.37 | 1.58 | 3.24 | 2.00 | 0.96 | 6.20 |
| Sep | 7,742,143 | 4.31 | 1.52 | 3.13 | 1.93 | 0.93 | 6.00 |
| Oct | 7,765,800 | 4.66 | 1.56 | 3.01 | 1.88 | 0.88 | 5.76 |
| Nov | 7,780,970 | 4.50 | 1.55 | 2.88 | 1.87 | 0.88 | 5.62 |
| Dec | 7,779,458 | 4.36 | 1.50 | 2.78 | 1.85 | 0.87 | 5.50 |
| Jan 2016 | 7,797,476 | 4.88 | 1.59 | 2.74 | 1.79 | 0.89 | 5.42 |
| Feb | 7,809,458 | 4.45 | 1.62 | 2.72 | 1.74 | 0.88 | 5.34 |
| Mar | 7,809,260 | 4.22 | 1.57 | 2.82 | 1.61 | 0.90 | 5.33 |
| Apr | 7,810,381 | 4.35 | 1.47 | 2.78 | 1.58 | 0.90 | 5.26 |
| May | 7,813,695 | 4.23 | 1.46 | 2.76 | 1.59 | 0.88 | 5.23 |
| Jun | 7,814,304 | 4.42 | 1.52 | 2.69 | 1.66 | 0.91 | 5.26 |

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.

SOURCE: U.S. Department of HUD/FHA, July 2016.

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 Q1 | 133,712 | 37.76 | 9.79 | 16.45 | 9.50 | 4.54 | 12.71 | 9.24 |
| 2011 Q2 | 117,915 | 37.36 | 10.43 | 16.12 | 10.21 | 4.44 | 11.74 | 9.70 |
| 2011 Q3 | 99,259 | 36.68 | 10.60 | 16.56 | 10.81 | 4.77 | 10.44 | 10.13 |
| 2011 Q4 | 133,834 | 37.27 | 10.49 | 17.63 | 11.15 | 4.73 | 8.91 | 9.83 |
| 2012 Q1 | 158,096 | 36.46 | 9.73 | 19.21 | 11.37 | 4.44 | 8.85 | 9.95 |
| 2012 Q2 | 114,763 | 36.96 | 10.28 | 17.67 | 11.76 | 4.70 | 8.00 | 10.62 |
| 2012 Q3 | 101,470 | 36.64 | 10.10 | 17.52 | 12.33 | 4.86 | 7.57 | 10.99 |
| 2012 Q4 | 125,201 | 36.26 | 9.93 | 18.13 | 12.67 | 4.53 | 7.35 | 11.13 |
| 2013 Q1 | 124,360 | 35.40 | 9.74 | 18.36 | 13.09 | 4.59 | 7.19 | 11.63 |
| 2013 Q2 | 104,166 | 34.66 | 9.76 | 17.73 | 13.63 | 4.29 | 7.22 | 12.72 |
| 2013 Q3 | 86,810 | 34.69 | 9.41 | 17.80 | 14.08 | 4.31 | 7.28 | 12.43 |
| 2013 Q4 | 105,091 | 34.40 | 9.72 | 18.48 | 14.70 | 4.24 | 7.55 | 10.92 |
| 2014 Q1 | 112,099 | 34.94 | 9.57 | 20.65 | 12.16 | 4.11 | 7.91 | 10.66 |
| 2014 Q2 | 93,187 | 33.30 | 9.74 | 19.89 | 11.32 | 3.57 | 10.60 | 11.57 |
| 2014 Q3 | 80,882 | 32.12 | 9.41 | 20.36 | 11.46 | 3.66 | 11.09 | 11.88 |
| 2014 Q4 | 101,853 | 31.59 | 9.10 | 21.41 | 11.96 | 3.69 | 10.75 | 11.51 |
| 2015 Q1 | 106,665 | 30.98 | 8.63 | 22.20 | 12.23 | 3.76 | 10.96 | 11.24 |
| 2015 Q2 | 82,868 | 31.36 | 9.07 | 21.74 | 12.43 | 3.84 | 10.23 | 11.34 |
| 2015 Q3 | 71,869 | 30.05 | 8.36 | 21.50 | 12.33 | 3.72 | 12.10 | 11.94 |
| 2015 Q4 | 88,268 | 29.00 | 8.18 | 22.60 | 12.18 | 3.46 | 11.13 | 13.45 |
| 2016 Q1 | 92,612 | 28.04 | 7.84 | 22.44 | 11.81 | 3.43 | 11.37 | 15.07 |
| 2016 Q2 | 78,982 | 27.52 | 8.29 | 21.98 | 12.37 | 3.58 | 11.70 | 14.55 |
| 2016 Q3 | 66,500 | 26.61 | 8.61 | 22.48 | 12.71 | 3.57 | 12.03 | 13.98 |

^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.
SOURCE: U.S. Department of HUD/FHA, July 2016.

Table 3. Delinquency Rates by Loan and Property Characteristics

| | 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 | 7,814,304 | 10.86 | 4.38 | 1.46 | 2.50 | 1.62 | 0.89 | 5.02 |
| Purchase | 65.51 | 11.58 | 4.79 | 1.64 | 2.67 | 1.57 | 0.91 | 5.15 |
| Refinance | 34.49 | 9.50 | 3.61 | 1.11 | 2.19 | 1.72 | 0.86 | 4.77 |
| Refinance | | | | | | | | |
| Refinance Loans | 2,695,130 | 9.50 | 3.61 | 1.11 | 2.19 | 1.72 | 0.86 | 4.77 |
| Conventional | 33.44 | 12.20 | 4.36 | 1.37 | 2.88 | 2.46 | 1.13 | 6.47 |
| No Cash Out | 22.61 | 11.43 | 4.16 | 1.30 | 2.69 | 2.21 | 1.07 | 5.97 |
| Cash Out | 10.83 | 13.79 | 4.78 | 1.50 | 3.28 | 2.98 | 1.25 | 7.51 |
| FHA | 9.01 | 7.81 | 3.20 | 0.92 | 1.71 | 1.26 | 0.71 | 3.68 |
| No Cash Out | 6.06 | 7.02 | 2.95 | 0.83 | 1.53 | 1.05 | 0.66 | 3.25 |
| Cash Out | 2.96 | 9.41 | 3.73 | 1.11 | 2.08 | 1.68 | 0.82 | 4.57 |
| Streamline | 57.54 | 8.19 | 3.24 | 0.99 | 1.86 | 1.37 | 0.73 | 3.96 |
| Credit Score Range^d | | | | | | | | |
| Loans with Credit Scores | 5,652,584 | 10.40 | 4.24 | 1.40 | 2.44 | 1.49 | 0.82 | 4.75 |
| < 500 | 0.17 | 35.30 | 9.57 | 4.17 | 10.76 | 6.91 | 3.89 | 21.57 |
| 500–579 | 2.50 | 35.14 | 11.42 | 4.50 | 9.46 | 6.18 | 3.59 | 19.22 |
| 580–619 | 6.91 | 25.30 | 9.30 | 3.43 | 6.26 | 4.08 | 2.25 | 12.58 |
| 620–659 | 28.81 | 14.91 | 6.36 | 2.10 | 3.45 | 1.84 | 1.16 | 6.45 |
| 660–719 | 38.74 | 7.09 | 3.08 | 0.93 | 1.58 | 1.00 | 0.49 | 3.07 |
| 720–850 | 22.87 | 2.93 | 1.19 | 0.34 | 0.65 | 0.54 | 0.20 | 1.40 |
| Fiscal Year Cohort | | | | | | | | |
| All Cohorts | 7,814,304 | 10.86 | 4.38 | 1.46 | 2.50 | 1.62 | 0.89 | 5.02 |
| pre-2004 | 9.99 | 16.93 | 6.81 | 2.44 | 3.62 | 2.56 | 1.50 | 7.68 |
| 2004 | 2.54 | 18.29 | 7.19 | 2.52 | 3.88 | 3.02 | 1.68 | 8.58 |
| 2005 | 1.82 | 21.02 | 7.82 | 2.87 | 4.72 | 3.68 | 1.94 | 10.33 |
| 2006 | 1.45 | 24.87 | 8.39 | 3.21 | 6.02 | 4.90 | 2.35 | 13.27 |
| 2007 | 1.41 | 29.32 | 9.03 | 3.46 | 7.63 | 6.36 | 2.84 | 16.83 |
| 2008 | 3.41 | 29.51 | 8.92 | 3.39 | 7.90 | 6.45 | 2.85 | 17.20 |
| 2009 | 7.75 | 18.64 | 6.34 | 2.30 | 4.61 | 3.64 | 1.76 | 10.01 |
| 2010 | 10.04 | 12.41 | 4.81 | 1.62 | 2.97 | 1.91 | 1.10 | 5.98 |
| 2011 | 8.05 | 9.90 | 4.05 | 1.35 | 2.31 | 1.34 | 0.86 | 4.50 |
| 2012 | 9.66 | 7.97 | 3.48 | 1.09 | 1.80 | 0.93 | 0.67 | 3.39 |
| 2013 | 13.03 | 6.33 | 2.89 | 0.89 | 1.41 | 0.68 | 0.45 | 2.54 |
| 2014 | 6.82 | 8.97 | 4.22 | 1.27 | 2.20 | 0.80 | 0.48 | 3.48 |
| 2015 | 12.68 | 5.17 | 2.95 | 0.82 | 1.02 | 0.23 | 0.15 | 1.40 |
| 2016 | 11.35 | 1.72 | 1.32 | 0.23 | 0.14 | 0.01 | 0.02 | 0.16 |

Table 3. Delinquency Rates by Loan and Property Characteristics

| | 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 | 7,814,304 | 10.86 | 4.38 | 1.46 | 2.50 | 1.62 | 0.89 | 5.02 |
| < 50 | 3.74 | 13.14 | 5.47 | 1.82 | 2.61 | 2.22 | 1.02 | 5.85 |
| 50–99 | 25.11 | 12.62 | 5.20 | 1.75 | 2.59 | 1.99 | 1.09 | 5.67 |
| 100–149 | 29.14 | 11.20 | 4.58 | 1.52 | 2.55 | 1.54 | 1.00 | 5.09 |
| 150–199 | 19.34 | 9.90 | 4.00 | 1.32 | 2.41 | 1.38 | 0.80 | 4.59 |
| 200–249 | 10.50 | 9.06 | 3.58 | 1.16 | 2.31 | 1.37 | 0.65 | 4.32 |
| 250–399 | 10.11 | 9.03 | 3.31 | 1.10 | 2.53 | 1.51 | 0.57 | 4.62 |
| 400–499 | 1.27 | 8.07 | 2.78 | 0.90 | 2.50 | 1.46 | 0.43 | 4.39 |
| > 499 | 0.80 | 6.77 | 2.30 | 0.70 | 2.18 | 1.28 | 0.31 | 3.77 |
| Property Type | | | | | | | | |
| All Property Types | 7,814,304 | 10.86 | 4.38 | 1.46 | 2.50 | 1.62 | 0.89 | 5.02 |
| Detached | 86.53 | 10.74 | 4.43 | 1.47 | 2.45 | 1.49 | 0.90 | 4.83 |
| Manufactured Housing | 3.11 | 15.41 | 5.47 | 1.76 | 3.33 | 3.54 | 1.32 | 8.18 |
| 2–4 Units | 1.94 | 11.79 | 3.27 | 1.14 | 3.10 | 3.65 | 0.63 | 7.38 |
| Condo | 3.77 | 8.15 | 2.80 | 0.94 | 2.02 | 1.76 | 0.63 | 4.41 |
| Townhouse | 4.64 | 11.95 | 4.48 | 1.62 | 3.12 | 1.94 | 0.80 | 5.86 |
| Purchase Loan Type | | | | | | | | |
| All Purchase Loans | 5,116,449 | 11.58 | 4.79 | 1.64 | 2.67 | 1.57 | 0.91 | 5.15 |
| Repeat | 19.66 | 9.31 | 3.96 | 1.27 | 2.03 | 1.30 | 0.76 | 4.09 |
| First-time | 80.34 | 12.13 | 4.99 | 1.73 | 2.83 | 1.64 | 0.94 | 5.41 |
| Seller-Funded Down Payment Assistance (DPA) | | | | | | | | |
| All Sources of Funds | 7,814,304 | 10.86 | 4.38 | 1.46 | 2.50 | 1.62 | 0.89 | 5.02 |
| Non-DPA | 97.07 | 10.39 | 4.25 | 1.40 | 2.38 | 1.54 | 0.83 | 4.75 |
| DPA | 2.93 | 26.44 | 8.85 | 3.50 | 6.64 | 4.52 | 2.93 | 14.10 |

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.

SOURCE: U.S. Department of HUD/FHA, July 2016.

Table 4. REO Components of Loss by Property Disposition Month

| Disposition Month | 2016 | | | | | 2015 | | | | | | | |
|--|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | May | Apr | Mar | Feb | Jan | Dec | Nov | Oct | Sep | Aug | Jul | Jun | May |
| Loss Components as Percentage of Defaulted Loan Balance | | | | | | | | | | | | | |
| Claim Expenses ^a | 13.05 | 13.45 | 14.01 | 13.88 | 13.74 | 13.58 | 14.00 | 14.40 | 13.78 | 13.98 | 13.77 | 13.58 | 14.03 |
| Holding Costs ^b | 5.64 | 5.71 | 5.76 | 5.82 | 5.92 | 6.06 | 6.00 | 6.01 | 5.97 | 6.01 | 5.96 | 5.90 | 5.86 |
| Loss on Collateral ^c | 30.94 | 32.30 | 34.53 | 34.52 | 34.62 | 34.85 | 35.38 | 33.99 | 34.40 | 32.79 | 32.49 | 32.35 | 33.03 |
| Sales Expense | 4.47 | 4.36 | 4.38 | 4.40 | 4.33 | 4.29 | 4.29 | 4.37 | 4.32 | 4.36 | 4.39 | 4.50 | 4.39 |
| Program Discounts ^d | 0.15 | 0.10 | 0.16 | 0.21 | 0.15 | 0.15 | 0.19 | 0.19 | 0.16 | 0.11 | 0.18 | 0.35 | 0.25 |
| Net Loss Rate ^e | 51.82 | 53.59 | 57.48 | 57.98 | 57.36 | 57.21 | 58.17 | 57.32 | 57.30 | 56.24 | 55.92 | 55.93 | 56.91 |
| Average Amount (\$) | | | | | | | | | | | | | |
| Average Dollar Loss | 58,403 | 59,912 | 66,345 | 68,137 | 67,774 | 67,607 | 69,314 | 68,363 | 68,954 | 66,631 | 66,905 | 67,120 | 68,223 |
| Average Unpaid Balance | 112,706 | 111,804 | 115,424 | 117,536 | 118,147 | 118,179 | 119,148 | 119,269 | 120,330 | 118,485 | 119,646 | 120,007 | 119,887 |
| Occurrence Count | | | | | | | | | | | | | |
| Number of Dispositions | 3,945 | 4,667 | 4,773 | 4,669 | 4,731 | 5,681 | 4,911 | 5,893 | 5,437 | 5,418 | 6,038 | 5,565 | 5,136 |
| Number of Discounts | 20 | 18 | 21 | 29 | 26 | 31 | 33 | 42 | 33 | 24 | 38 | 56 | 48 |
| Stage | Average Time in Months | | | | | | | | | | | | |
| Delinquency ^f | 12.8 | 12.7 | 12.9 | 12.9 | 13.3 | 12.5 | 12.6 | 12.4 | 12.2 | 12.2 | 11.9 | 11.7 | 11.8 |
| Foreclosure ^g | 11.9 | 11.7 | 12.2 | 12.2 | 11.8 | 12.1 | 12.0 | 11.8 | 11.3 | 10.9 | 11.1 | 11.0 | 10.7 |
| Deed Transfer ^h | 11.7 | 11.4 | 11.7 | 11.5 | 11.2 | 11.3 | 11.0 | 11.2 | 10.4 | 10.4 | 10.3 | 10.1 | 10.1 |
| REO | 4.0 | 4.0 | 4.2 | 4.3 | 4.3 | 4.2 | 4.2 | 4.1 | 4.1 | 3.9 | 3.8 | 3.7 | 3.7 |
| All Stages | 40.3 | 39.7 | 40.9 | 40.9 | 40.6 | 40.1 | 39.7 | 39.5 | 38.0 | 37.4 | 37.1 | 36.5 | 36.5 |

^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.

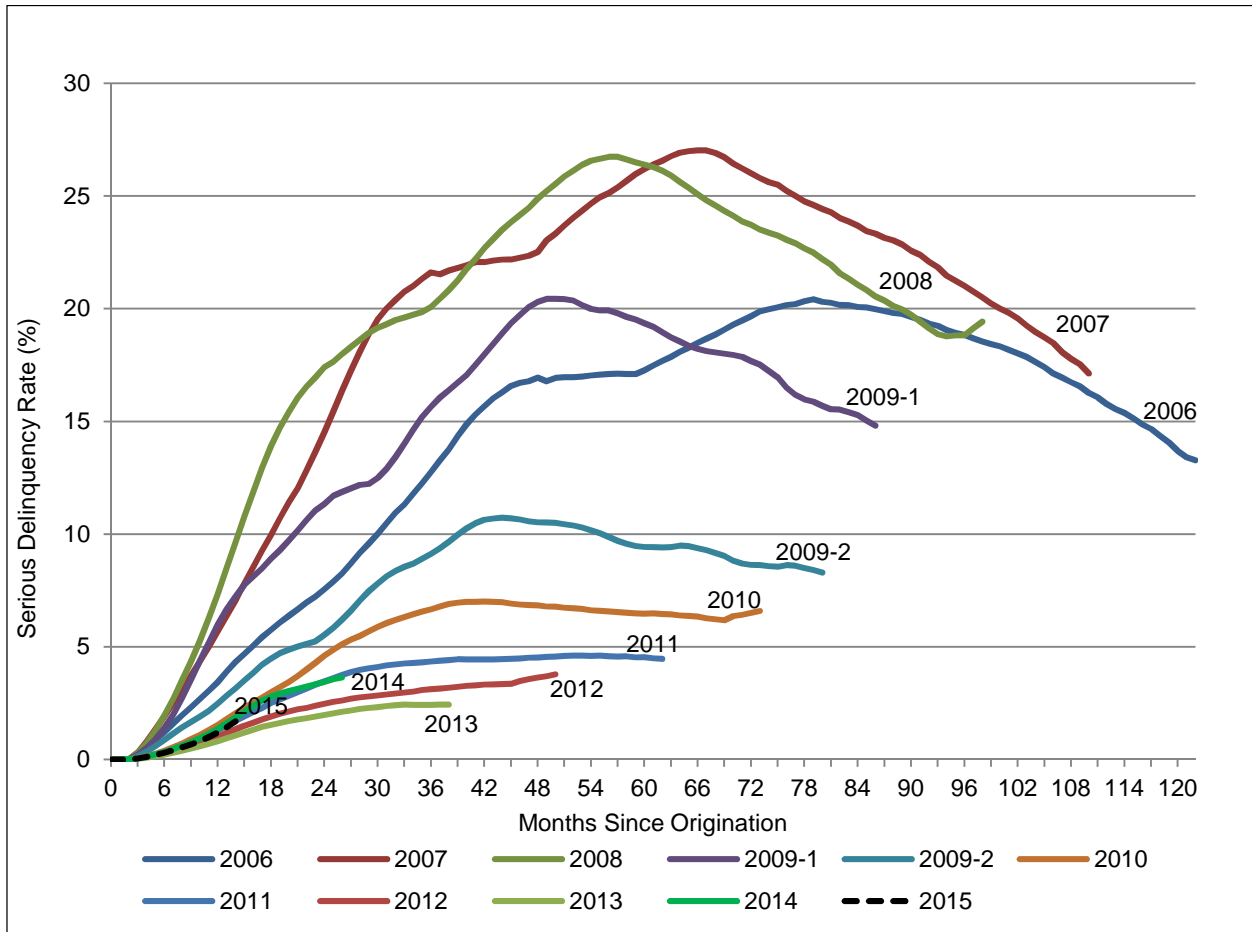
^f First missed payment to date foreclosure initiated.

^g Initiation of foreclosure proceedings to auction date.

^h Auction date to HUD acquisition date.

SOURCE: U.S. Department of HUD/FHA, July 2016.

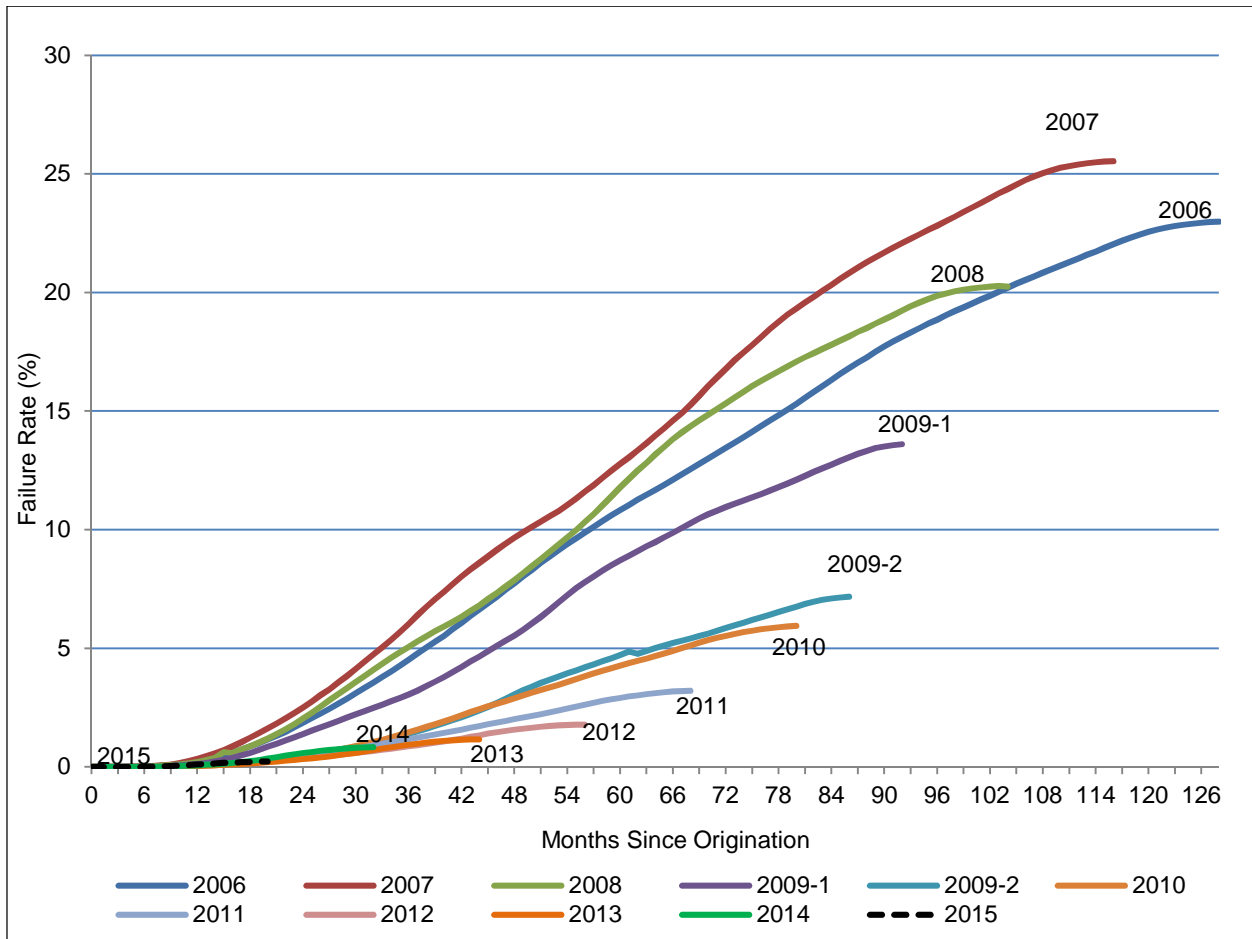
Figure 1. Serious Delinquency Rate by Fiscal Year



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, July 2016.

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.
 SOURCE: U.S. Department of HUD/FHA, July 2016.