



FHA SINGLE FAMILY LOAN PERFORMANCE TRENDS

Credit Risk Report

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

JUNE
2017

Table of Contents

| | |
|---|---|
| Table 1. Delinquency Rates by Month | 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. Serious Delinquency Rate by Fiscal Year | 7 |
| Figure 2. Failure Rate by Fiscal Year | 8 |

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 2016 | 7,814,304 | 4.38 | 1.46 | 2.50 | 1.62 | 0.89 | 5.02 |
| Jul | 7,824,682 | 4.74 | 1.52 | 2.50 | 1.59 | 0.87 | 4.96 |
| Aug | 7,834,822 | 4.49 | 1.54 | 2.52 | 1.55 | 0.88 | 4.95 |
| Sep | 7,838,495 | 4.48 | 1.57 | 2.56 | 1.50 | 0.86 | 4.92 |
| Oct | 7,840,261 | 4.55 | 1.60 | 2.58 | 1.47 | 0.86 | 4.91 |
| Nov | 7,839,269 | 4.74 | 1.64 | 2.62 | 1.46 | 0.86 | 4.94 |
| Dec | 7,842,834 | 5.04 | 1.69 | 2.67 | 1.46 | 0.87 | 4.99 |
| Jan 2017 | 7,877,094 | 4.66 | 1.63 | 2.62 | 1.47 | 0.87 | 4.97 |
| Feb | 7,891,926 | 4.44 | 1.47 | 2.49 | 1.46 | 0.86 | 4.81 |
| Mar | 7,904,390 | 3.68 | 1.23 | 2.21 | 1.47 | 0.86 | 4.54 |
| Apr | 7,917,975 | 4.63 | 1.32 | 2.17 | 1.44 | 0.86 | 4.47 |
| May | 7,934,510 | 4.32 | 1.37 | 2.09 | 1.41 | 0.86 | 4.36 |
| Jun | 7,950,029 | 4.37 | 1.39 | 2.07 | 1.37 | 0.85 | 4.28 |
| Seasonally Adjusted | | | | | | | |
| Jun 2016 | 7,814,304 | 4.42 | 1.52 | 2.69 | 1.66 | 0.91 | 5.26 |
| Jul | 7,824,682 | 4.98 | 1.54 | 2.65 | 1.63 | 0.89 | 5.17 |
| Aug | 7,834,822 | 4.28 | 1.52 | 2.64 | 1.63 | 0.93 | 5.20 |
| Sep | 7,838,495 | 4.17 | 1.45 | 2.61 | 1.55 | 0.88 | 5.03 |
| Oct | 7,840,261 | 4.55 | 1.52 | 2.56 | 1.49 | 0.83 | 4.88 |
| Nov | 7,839,269 | 4.47 | 1.52 | 2.46 | 1.48 | 0.82 | 4.76 |
| Dec | 7,842,834 | 4.67 | 1.51 | 2.45 | 1.46 | 0.83 | 4.74 |
| Jan 2017 | 7,877,094 | 4.45 | 1.45 | 2.34 | 1.45 | 0.85 | 4.64 |
| Feb | 7,891,926 | 4.77 | 1.59 | 2.35 | 1.43 | 0.85 | 4.64 |
| Mar | 7,904,390 | 4.27 | 1.42 | 2.28 | 1.43 | 0.87 | 4.58 |
| Apr | 7,917,975 | 5.04 | 1.52 | 2.26 | 1.44 | 0.86 | 4.56 |
| May | 7,934,510 | 4.48 | 1.49 | 2.15 | 1.43 | 0.87 | 4.46 |
| Jun | 7,950,029 | 4.39 | 1.44 | 2.15 | 1.37 | 0.84 | 4.36 |

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 2017.

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 | 133,710 | 37.73 | 9.68 | 16.38 | 9.50 | 4.59 | 12.89 | 9.23 |
| 2011 Q2 | 117,908 | 37.31 | 10.24 | 16.08 | 10.15 | 4.52 | 12.01 | 9.69 |
| 2011 Q3 | 99,256 | 36.67 | 10.42 | 16.47 | 10.66 | 4.88 | 10.78 | 10.12 |
| 2011 Q4 | 133,829 | 37.31 | 10.25 | 17.49 | 10.94 | 4.76 | 9.38 | 9.88 |
| 2012 Q1 | 158,092 | 36.54 | 9.47 | 19.12 | 11.09 | 4.50 | 9.27 | 10.02 |
| 2012 Q2 | 114,763 | 37.12 | 10.00 | 17.60 | 11.37 | 4.76 | 8.56 | 10.59 |
| 2012 Q3 | 101,467 | 36.77 | 9.72 | 17.57 | 11.69 | 4.97 | 8.35 | 10.93 |
| 2012 Q4 | 125,200 | 36.78 | 9.50 | 18.07 | 11.85 | 4.65 | 8.13 | 11.01 |
| 2013 Q1 | 124,359 | 36.17 | 9.00 | 18.47 | 12.02 | 4.65 | 8.20 | 11.49 |
| 2013 Q2 | 104,165 | 35.79 | 8.81 | 18.03 | 12.22 | 4.52 | 8.19 | 12.44 |
| 2013 Q3 | 86,810 | 35.92 | 8.29 | 18.11 | 12.36 | 4.58 | 8.46 | 12.28 |
| 2013 Q4 | 105,090 | 36.29 | 8.30 | 19.08 | 12.38 | 4.58 | 8.74 | 10.64 |
| 2014 Q1 | 112,099 | 35.29 | 7.92 | 20.47 | 12.16 | 4.46 | 9.23 | 10.47 |
| 2014 Q2 | 93,183 | 34.74 | 8.05 | 19.66 | 11.79 | 4.31 | 10.70 | 10.74 |
| 2014 Q3 | 80,881 | 33.28 | 7.94 | 19.87 | 12.28 | 4.37 | 11.27 | 10.99 |
| 2014 Q4 | 101,850 | 32.45 | 7.52 | 20.94 | 12.62 | 4.43 | 11.40 | 10.64 |
| 2015 Q1 | 106,665 | 31.78 | 7.00 | 21.98 | 12.69 | 4.22 | 11.63 | 10.70 |
| 2015 Q2 | 82,866 | 32.18 | 7.15 | 21.63 | 12.55 | 4.19 | 11.47 | 10.82 |
| 2015 Q3 | 71,869 | 30.81 | 6.69 | 21.43 | 12.71 | 4.22 | 13.02 | 11.12 |
| 2015 Q4 | 88,263 | 30.56 | 6.67 | 22.24 | 12.75 | 3.96 | 12.08 | 11.73 |
| 2016 Q1 | 92,607 | 30.57 | 6.58 | 22.54 | 12.94 | 4.04 | 11.32 | 12.01 |
| 2016 Q2 | 78,978 | 30.13 | 6.94 | 22.75 | 12.79 | 3.92 | 11.79 | 11.67 |
| 2016 Q3 | 66,500 | 30.64 | 7.15 | 23.13 | 13.36 | 4.14 | 10.52 | 11.05 |
| 2016 Q4 | 85,289 | 31.40 | 7.90 | 23.85 | 13.29 | 3.97 | 9.10 | 10.47 |
| 2017 Q1 | 94,958 | 30.48 | 7.90 | 24.28 | 13.28 | 3.75 | 8.87 | 11.45 |
| 2017 Q2 | 75,376 | 29.88 | 8.36 | 24.02 | 13.44 | 3.70 | 10.20 | 10.41 |
| 2017 Q3 | 65,532 | 26.81 | 7.83 | 23.17 | 13.13 | 3.41 | 13.57 | 12.08 |

^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 2017.

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 | 7,950,029 | 10.05 | 4.37 | 1.39 | 2.07 | 1.37 | 0.85 | 4.28 |
| Purchase | 66.44 | 10.83 | 4.79 | 1.56 | 2.25 | 1.33 | 0.88 | 4.46 |
| Refinance | 33.56 | 8.52 | 3.54 | 1.04 | 1.71 | 1.43 | 0.79 | 3.93 |
| Refinance | | | | | | | | |
| Refinance Loans | 2,667,781 | 8.52 | 3.54 | 1.04 | 1.71 | 1.43 | 0.79 | 3.93 |
| Conventional | 33.37 | 10.46 | 4.14 | 1.24 | 2.10 | 1.99 | 0.98 | 5.07 |
| No Cash Out | 21.60 | 10.13 | 4.07 | 1.21 | 2.05 | 1.83 | 0.96 | 4.84 |
| Cash Out | 11.77 | 11.05 | 4.27 | 1.28 | 2.20 | 2.27 | 1.02 | 5.49 |
| FHA | 10.26 | 6.68 | 3.01 | 0.83 | 1.29 | 0.91 | 0.64 | 2.84 |
| No Cash Out | 6.26 | 6.48 | 2.95 | 0.80 | 1.22 | 0.85 | 0.65 | 2.72 |
| Cash Out | 4.00 | 6.99 | 3.10 | 0.87 | 1.39 | 1.01 | 0.62 | 3.02 |
| Streamline | 56.38 | 7.70 | 3.28 | 0.97 | 1.55 | 1.20 | 0.70 | 3.45 |
| Credit Score Range^d | | | | | | | | |
| Loans with Credit Scores | 5,936,568 | 9.65 | 4.25 | 1.33 | 2.02 | 1.25 | 0.79 | 4.06 |
| < 500 | 0.15 | 32.23 | 10.54 | 3.88 | 8.02 | 5.97 | 3.81 | 17.81 |
| 500–579 | 2.17 | 32.07 | 11.62 | 4.41 | 7.23 | 5.25 | 3.52 | 16.01 |
| 580–619 | 6.90 | 21.97 | 8.91 | 3.09 | 4.77 | 3.19 | 1.99 | 9.96 |
| 620–659 | 29.67 | 13.96 | 6.30 | 2.01 | 2.93 | 1.58 | 1.13 | 5.65 |
| 660–719 | 39.49 | 6.70 | 3.12 | 0.89 | 1.35 | 0.85 | 0.49 | 2.69 |
| 720–850 | 21.63 | 2.77 | 1.22 | 0.33 | 0.54 | 0.48 | 0.20 | 1.22 |
| Fiscal Year Cohort | | | | | | | | |
| All Cohorts | 7,950,029 | 10.05 | 4.37 | 1.39 | 2.07 | 1.37 | 0.85 | 4.28 |
| pre-2004 | 8.50 | 16.37 | 7.01 | 2.46 | 3.15 | 2.26 | 1.45 | 6.86 |
| 2004 | 2.22 | 17.14 | 7.26 | 2.44 | 3.24 | 2.57 | 1.62 | 7.42 |
| 2005 | 1.59 | 19.51 | 7.73 | 2.81 | 3.81 | 3.24 | 1.91 | 8.95 |
| 2006 | 1.26 | 22.99 | 8.49 | 3.14 | 4.71 | 4.33 | 2.29 | 11.33 |
| 2007 | 1.21 | 26.89 | 9.22 | 3.42 | 6.10 | 5.41 | 2.73 | 14.24 |
| 2008 | 2.87 | 26.98 | 9.38 | 3.31 | 6.20 | 5.42 | 2.68 | 14.30 |
| 2009 | 6.36 | 17.61 | 6.60 | 2.22 | 3.75 | 3.34 | 1.69 | 8.79 |
| 2010 | 8.20 | 12.36 | 5.06 | 1.64 | 2.55 | 1.95 | 1.16 | 5.66 |
| 2011 | 6.59 | 10.11 | 4.29 | 1.38 | 2.07 | 1.40 | 0.96 | 4.43 |
| 2012 | 8.03 | 8.24 | 3.61 | 1.14 | 1.69 | 0.99 | 0.80 | 3.48 |
| 2013 | 11.07 | 6.84 | 3.09 | 0.92 | 1.43 | 0.78 | 0.62 | 2.83 |
| 2014 | 5.55 | 10.43 | 4.69 | 1.44 | 2.33 | 1.13 | 0.83 | 4.29 |
| 2015 | 10.47 | 7.81 | 3.84 | 1.11 | 1.81 | 0.59 | 0.45 | 2.86 |
| 2016 | 14.32 | 5.29 | 3.04 | 0.83 | 1.00 | 0.24 | 0.17 | 1.42 |
| 2017 | 11.76 | 1.80 | 1.35 | 0.26 | 0.15 | 0.01 | 0.02 | 0.18 |

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 | 7,950,029 | 10.05 | 4.37 | 1.39 | 2.07 | 1.37 | 0.85 | 4.28 |
| < 50 | 3.33 | 12.60 | 5.57 | 1.77 | 2.30 | 1.98 | 0.95 | 5.23 |
| 50–99 | 23.83 | 11.85 | 5.17 | 1.67 | 2.22 | 1.73 | 1.05 | 5.00 |
| 100–149 | 28.53 | 10.49 | 4.61 | 1.47 | 2.12 | 1.31 | 0.97 | 4.40 |
| 150–199 | 19.72 | 9.23 | 4.05 | 1.27 | 1.97 | 1.16 | 0.77 | 3.91 |
| 200–249 | 11.19 | 8.26 | 3.56 | 1.12 | 1.87 | 1.09 | 0.62 | 3.58 |
| 250–399 | 11.08 | 8.24 | 3.44 | 1.07 | 1.98 | 1.22 | 0.53 | 3.73 |
| 400–499 | 1.42 | 7.29 | 2.83 | 0.87 | 1.98 | 1.19 | 0.41 | 3.58 |
| > 499 | 0.89 | 6.21 | 2.38 | 0.73 | 1.68 | 1.09 | 0.33 | 3.10 |
| Property Type | | | | | | | | |
| All Property Types | 7,950,029 | 10.05 | 4.37 | 1.39 | 2.07 | 1.37 | 0.85 | 4.28 |
| Detached | 86.60 | 10.00 | 4.43 | 1.40 | 2.05 | 1.26 | 0.85 | 4.16 |
| Manufactured Housing | 3.13 | 13.14 | 5.23 | 1.63 | 2.51 | 2.59 | 1.17 | 6.27 |
| 2–4 Units | 2.00 | 10.29 | 3.29 | 1.07 | 2.30 | 3.02 | 0.61 | 5.93 |
| Condo | 3.47 | 7.57 | 2.86 | 0.91 | 1.63 | 1.54 | 0.62 | 3.79 |
| Townhouse | 4.80 | 10.78 | 4.42 | 1.50 | 2.39 | 1.69 | 0.77 | 4.85 |
| Purchase Loan Type | | | | | | | | |
| All Purchase Loans | 5,281,517 | 10.83 | 4.79 | 1.56 | 2.25 | 1.33 | 0.88 | 4.46 |
| Repeat | 18.56 | 8.73 | 3.99 | 1.18 | 1.72 | 1.10 | 0.73 | 3.55 |
| First-time | 81.44 | 11.31 | 4.98 | 1.65 | 2.38 | 1.39 | 0.91 | 4.67 |
| Seller-Funded Down Payment Assistance (DPA) | | | | | | | | |
| All Sources of Funds | 7,950,029 | 10.05 | 4.37 | 1.39 | 2.07 | 1.37 | 0.85 | 4.28 |
| Non-DPA | 97.36 | 9.68 | 4.25 | 1.34 | 1.98 | 1.31 | 0.80 | 4.09 |
| DPA | 2.64 | 23.94 | 8.93 | 3.37 | 5.26 | 3.58 | 2.78 | 11.62 |

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 2017.

Table 4. REO Components of Loss by Property Disposition Month

| Disposition Month | 2017 | | | | | 2016 | | | | | | | |
|--|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | May | Apr | Mar | Feb | Jan | Dec | Nov | Oct | Sep | Aug | Jul | Jun | May |
| Loss Components as Percentage of Defaulted Loan Balance | | | | | | | | | | | | | |
| Claim Expenses ^a | 17.85 | 18.26 | 18.13 | 18.50 | 17.83 | 17.19 | 17.91 | 17.95 | 17.46 | 18.15 | 17.28 | 16.65 | 17.55 |
| Holding Costs ^b | 4.73 | 5.29 | 4.79 | 4.73 | 4.82 | 4.91 | 4.81 | 4.95 | 4.92 | 4.96 | 4.84 | 5.17 | 5.65 |
| Loss on Collateral ^c | 29.36 | 29.22 | 31.65 | 33.48 | 32.33 | 31.13 | 31.68 | 32.66 | 31.38 | 31.49 | 28.87 | 27.55 | 30.95 |
| Sales Expense | 4.56 | 4.66 | 4.38 | 4.29 | 4.40 | 4.33 | 4.30 | 4.20 | 4.24 | 4.36 | 4.55 | 4.69 | 4.49 |
| Program Discounts ^d | 0.13 | 0.19 | 0.15 | 0.15 | 0.17 | 0.11 | 0.14 | 0.14 | 0.11 | 0.18 | 0.13 | 0.24 | 0.15 |
| Net Loss Rate ^e | 52.29 | 54.31 | 56.77 | 59.45 | 57.87 | 55.81 | 57.71 | 58.13 | 57.15 | 58.06 | 54.48 | 53.31 | 58.14 |
| Average Amount (\$) | | | | | | | | | | | | | |
| Average Dollar Loss | 63,212 | 66,886 | 68,696 | 70,386 | 68,074 | 65,916 | 68,493 | 67,664 | 66,565 | 66,436 | 61,820 | 64,445 | 66,621 |
| Average Unpaid Balance | 120,886 | 123,159 | 121,019 | 118,404 | 117,628 | 118,106 | 118,684 | 116,412 | 116,477 | 114,432 | 113,473 | 120,894 | 114,595 |
| Occurrence Count | | | | | | | | | | | | | |
| Number of Dispositions | 3,261 | 3,525 | 4,473 | 3,628 | 3,620 | 4,186 | 4,192 | 4,516 | 4,762 | 4,627 | 3,378 | 3,375 | 4,666 |
| Number of Discounts | 13 | 19 | 23 | 14 | 18 | 11 | 14 | 19 | 17 | 27 | 14 | 20 | 22 |
| Stage | Average Time in Months | | | | | | | | | | | | |
| Delinquency ^f | 13.3 | 13.2 | 13.2 | 13.4 | 12.9 | 13.1 | 13.3 | 12.8 | 12.7 | 12.9 | 12.8 | 12.9 | 12.8 |
| Foreclosure ^g | 13.5 | 14.0 | 13.5 | 13.4 | 12.7 | 12.3 | 13.1 | 13.0 | 13.1 | 13.0 | 12.4 | 12.7 | 12.3 |
| Deed Transfer ^h | 12.3 | 12.0 | 11.9 | 12.0 | 11.5 | 12.0 | 11.8 | 11.7 | 11.5 | 12.0 | 11.7 | 11.4 | 11.7 |
| REO | 4.7 | 4.9 | 5.1 | 5.1 | 5.1 | 5.0 | 5.0 | 5.0 | 4.8 | 4.7 | 4.4 | 4.1 | 4.0 |
| All Stages | 43.7 | 43.9 | 43.5 | 43.8 | 42.1 | 42.3 | 43.1 | 42.4 | 42.0 | 42.5 | 41.2 | 41.0 | 40.8 |

^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.

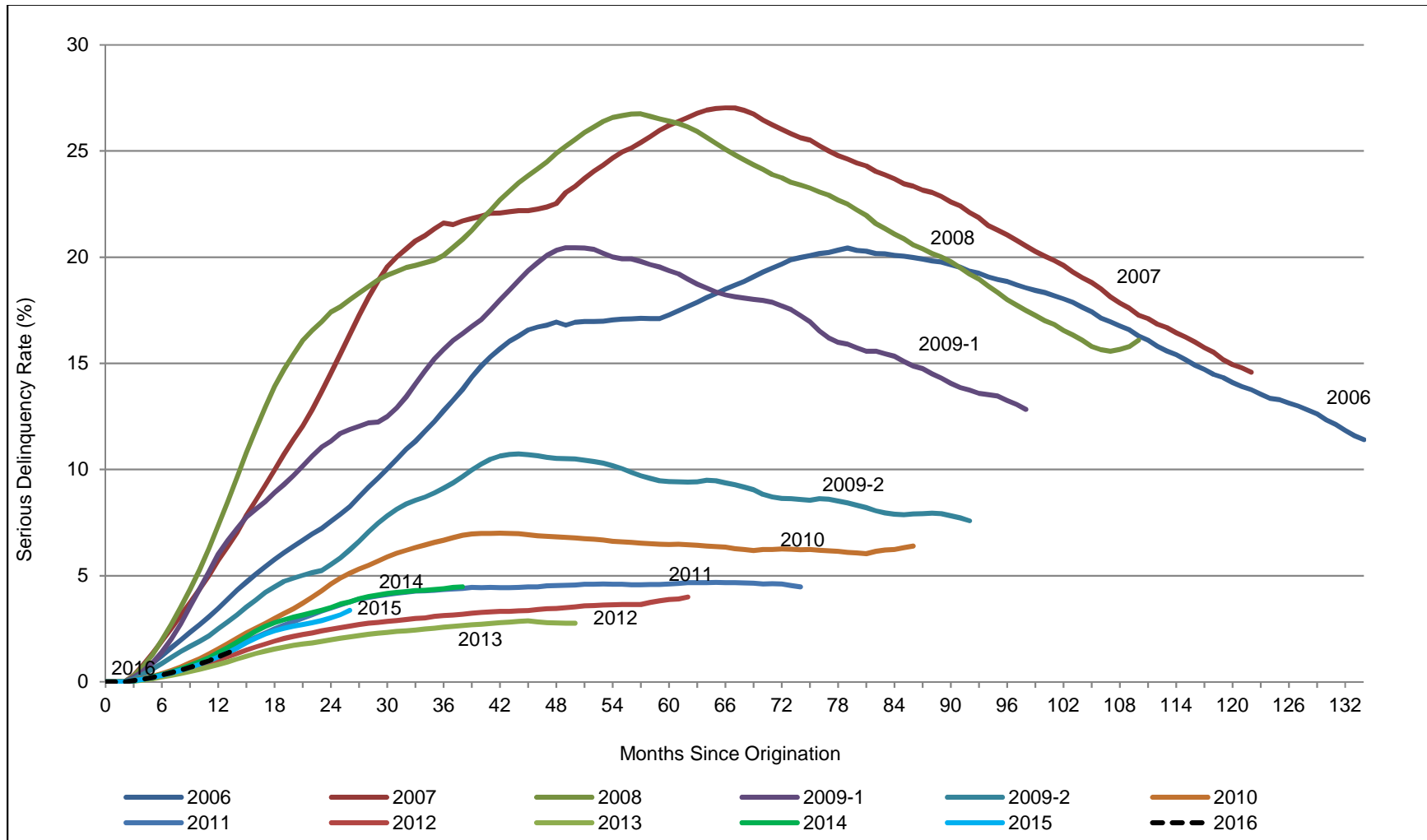
^f First missed payment to date foreclosure initiated.

^g Initiation of foreclosure proceedings to auction date.

^h Auction date to HUD acquisition date.

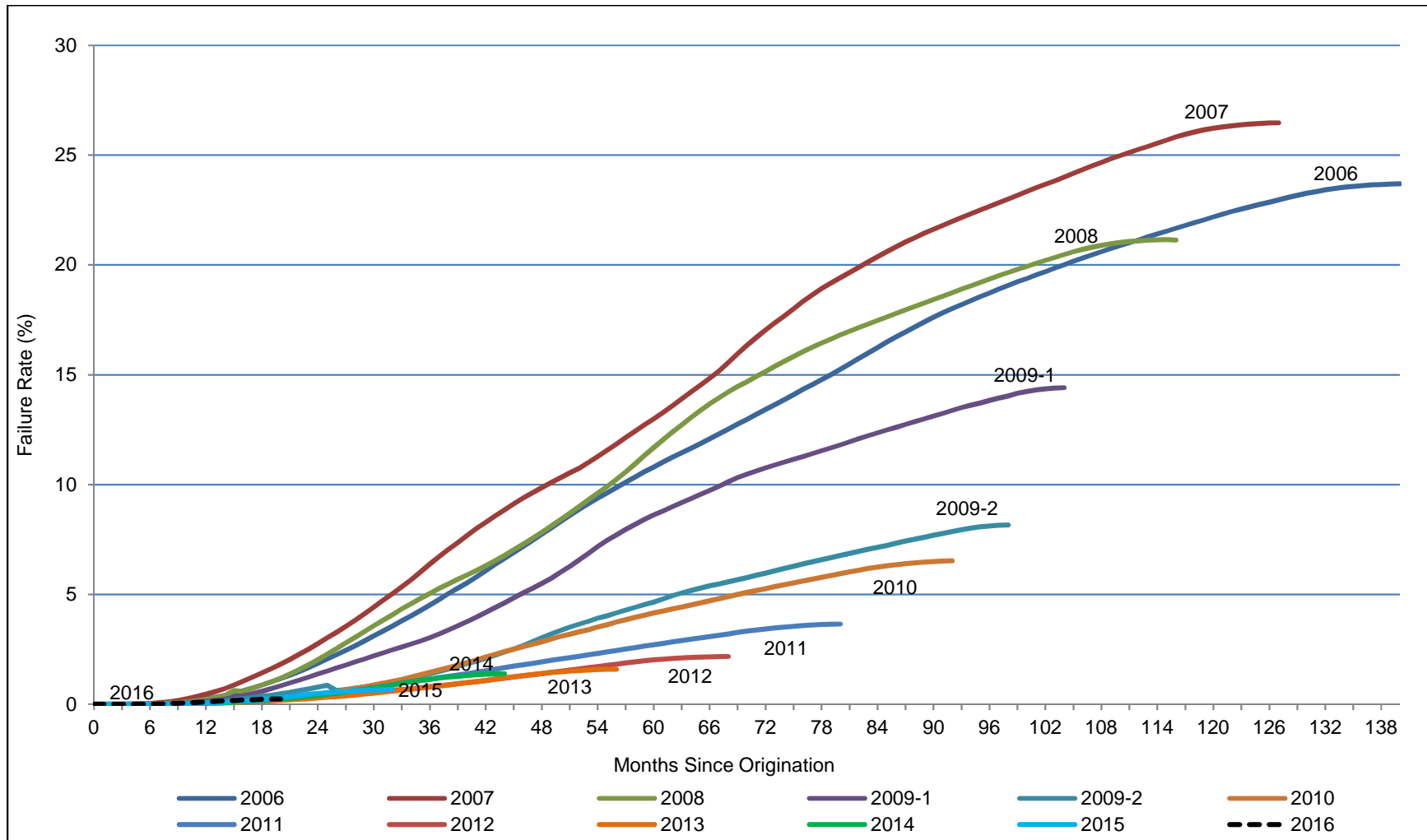
SOURCE: U.S. Department of HUD/FHA, July 2017.

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 2017.

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, July 2017.