



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							
Oct 2014	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
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
Seasonally Adjusted							
Oct 2014	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
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

Source: US Department of HUD/FHA; November 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.

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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 ^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	88,268	29.00	8.18	22.60	12.18	3.46	11.13	13.45
2016Q1-Oct.	30,581	26.99	7.81	22.80	11.75	3.47	11.86	15.32

Source: US Department of HUD/FHA; November 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	7,765,800	12.10	4.66	1.64	3.02	1.85	0.92	5.79
Purchase	65.05	12.84	5.08	1.85	3.19	1.80	0.92	5.91
Refinance	34.95	10.71	3.87	1.26	2.72	1.94	0.90	5.57
Refinance								
Refinance Loans	2,714,459	10.71	3.87	1.26	2.72	1.94	0.90	5.57
Conventional	33.96	13.87	4.69	1.58	3.61	2.79	1.19	7.59
No Cash-Out	23.42	12.7	4.41	1.49	3.33	2.44	1.11	6.87
Cash-Out	10.54	16.29	5.30	1.80	4.24	3.59	1.36	9.19
FHA	8.41	9.23	3.63	1.09	2.20	1.52	0.79	4.50
No Cash-Out	5.88	7.92	3.24	0.93	1.82	1.22	0.70	3.74
Cash-Out	2.53	12.26	4.52	1.46	3.07	2.20	1.00	6.27
Streamline	57.63	9.07	3.43	1.10	2.28	1.51	0.75	4.53
Credit Score Range^d								
Loans with Credit Scores	5,513,620	11.56	4.49	1.58	2.94	1.69	0.84	5.48
Under 500	0.19	38.47	9.90	4.74	11.85	7.89	4.06	23.80
500 - 579	2.74	38.90	11.71	5.13	11.21	7.14	3.72	22.06
580 - 619	7.03	28.57	9.74	3.90	7.77	4.76	2.39	14.92
620 - 659	28.27	16.47	6.74	2.36	4.11	2.08	1.16	7.35
660 - 719	38.12	7.85	3.31	1.05	1.89	1.10	0.49	3.48
720 - 850	23.65	3.24	1.27	0.39	0.79	0.60	0.20	1.58
Fiscal Year Cohort								
All Cohorts	7,765,800	12.10	4.66	1.64	3.02	1.85	0.92	5.79
pre-2004	10.92	18.55	7.19	2.67	4.21	2.95	1.53	8.68
2004	2.75	20.33	7.43	2.89	4.70	3.53	1.77	10.00
2005	1.97	23.27	8.14	3.21	5.58	4.26	2.07	11.91
2006	1.59	27.35	8.76	3.56	6.91	5.65	2.46	15.02
2007	1.56	32.43	9.30	3.92	9.15	7.14	2.91	19.20
2008	3.79	32.43	8.97	3.86	9.46	7.17	2.95	19.59
2009	8.78	19.75	6.41	2.42	5.40	3.81	1.70	10.91
2010	11.38	12.92	4.88	1.75	3.36	1.91	1.02	6.28
2011	9.08	10.18	4.17	1.41	2.56	1.28	0.76	4.60
2012	10.75	8.07	3.58	1.16	1.93	0.86	0.54	3.33
2013	14.27	6.21	2.98	0.88	1.49	0.52	0.33	2.35
2014	7.75	7.87	3.95	1.22	1.97	0.46	0.26	2.70
2015	13.87	2.78	1.91	0.44	0.36	0.03	0.03	0.43
2016	1.53	0.19	0.19	0.00	0.00	0.00	0.00	0.00

^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.

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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	7,765,800	12.10	4.66	1.64	3.02	1.85	0.92	5.79
Below \$50	3.97	14.52	5.83	2.03	3.10	2.51	1.04	6.66
\$50 - 99	25.70	14.08	5.52	1.99	3.18	2.26	1.12	6.56
\$100 - 149	29.35	12.41	4.83	1.73	3.07	1.75	1.03	5.85
\$150 - 199	19.13	10.94	4.21	1.46	2.87	1.58	0.81	5.26
\$200 - 249	10.19	10.01	3.76	1.27	2.76	1.56	0.65	4.97
\$250 - 399	9.71	10.13	3.57	1.21	3.08	1.70	0.57	5.35
\$400 - 499	1.20	9.09	2.94	1.02	2.98	1.74	0.41	5.12
\$500 and above	0.75	7.35	2.32	0.80	2.54	1.37	0.32	4.23
Property Type								
All Property Types	7,765,800	12.10	4.66	1.64	3.02	1.85	0.92	5.79
Detached	86.43	11.94	4.71	1.65	2.95	1.69	0.93	5.57
Manufactured Housing	3.11	17.82	5.74	2.07	4.34	4.26	1.39	9.99
2 – 4 Units	1.91	13.57	3.69	1.33	3.85	4.08	0.62	8.55
Condo	3.96	8.96	2.91	1.06	2.42	1.96	0.61	4.99
Townhouse	4.59	13.32	4.76	1.82	3.67	2.27	0.80	6.74
First-Time Homebuyer								
All Purchase Loans	5,043,534	12.85	5.08	1.85	3.19	1.80	0.93	5.92
Repeat	20.36	10.27	4.23	1.42	2.37	1.46	0.79	4.62
First-time	79.64	13.51	5.30	1.96	3.39	1.89	0.96	6.25
Seller-Funded Down Payment Assistance (DPA)								
All Sources of Funds	7,765,800	12.10	4.66	1.64	3.02	1.85	0.92	5.79
Non-DPA	96.89	11.52	4.51	1.57	2.86	1.74	0.85	5.44
DPA	3.11	30.02	9.24	4.07	8.23	5.36	3.12	16.71

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

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Table 4: REO Components of Loss by Property Disposition Month
September 2014 – September 2015

Disposition Month	2015									2014			
	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep
Loss Components as Percent of Defaulted Loan Balance													
Claim Expenses ^a (%)	11.76	12.10	12.14	12.32	12.86	13.62	14.49	14.54	14.81	14.81	14.19	13.85	13.53
Holding Costs ^b (%)	5.67	5.97	5.99	5.92	5.88	5.90	5.90	5.81	5.88	5.83	5.86	5.83	5.75
Loss on Collateral ^c (%)	34.33	32.76	32.48	32.42	32.93	33.61	34.62	35.59	35.82	34.86	34.78	34.21	34.86
Sales Expense (%)	4.32	4.36	4.39	4.49	4.39	4.36	4.38	4.27	4.34	4.39	4.46	4.38	4.36
Program Discounts ^d (%)	0.16	0.11	0.19	0.34	0.24	0.24	0.30	0.23	0.31	0.32	0.39	0.22	0.24
Net Loss Rate ^e (%)	54.44	53.44	53.38	53.92	54.97	56.93	58.82	59.50	60.17	59.62	58.83	57.92	58.11
Average Amounts (Dollars)													
Average Dollar Loss (\$)	65,567	63,479	64,066	64,778	66,035	68,454	70,870	72,621	71,095	72,305	71,682	69,672	69,882
Average Unpaid Balance (\$)	120,443	118,801	120,013	120,133	120,134	120,236	120,484	122,062	118,156	121,279	121,850	120,292	120,262
Occurrence Counts													
Number of Dispositions	5,512	5,475	6,107	5,651	5,212	5,320	5,166	4,516	4,512	4,706	3,752	4,809	4,224
Number of Discounts	33	24	39	56	48	56	51	38	49	46	42	36	38
Stage	Average Time in Months												
Delinquency ^f	12.2	12.2	11.9	11.7	11.8	11.4	11.7	11.6	12.0	12.1	11.4	11.7	11.4
Foreclosure ^g	11.3	10.9	11.1	11.0	10.8	11.0	11.0	10.7	10.3	10.7	10.0	9.6	9.4
Deed Transfer ^h	10.5	10.4	10.3	10.1	10.1	10.1	9.9	9.9	9.6	9.0	8.5	8.0	7.7
REO	4.1	3.9	3.8	3.8	3.8	3.9	4.1	4.1	4.0	3.8	3.9	3.9	4.0
All Stages	38.1	37.4	37.1	36.6	36.5	36.4	36.8	36.3	35.9	35.7	33.9	33.3	32.5

Source: US Department of HUD/FHA; November 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.

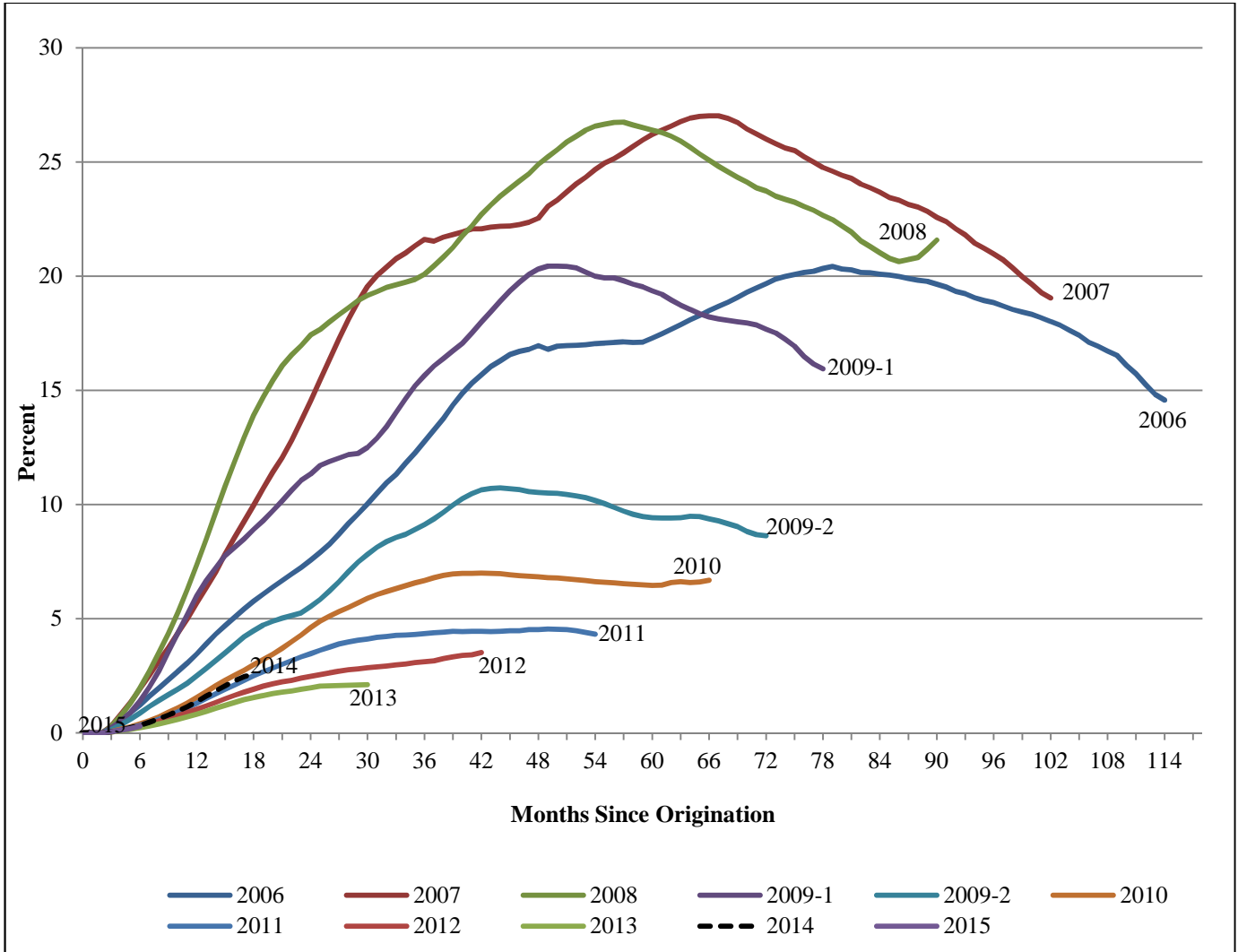
^f First missed payment to date foreclosure initiated.

^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)

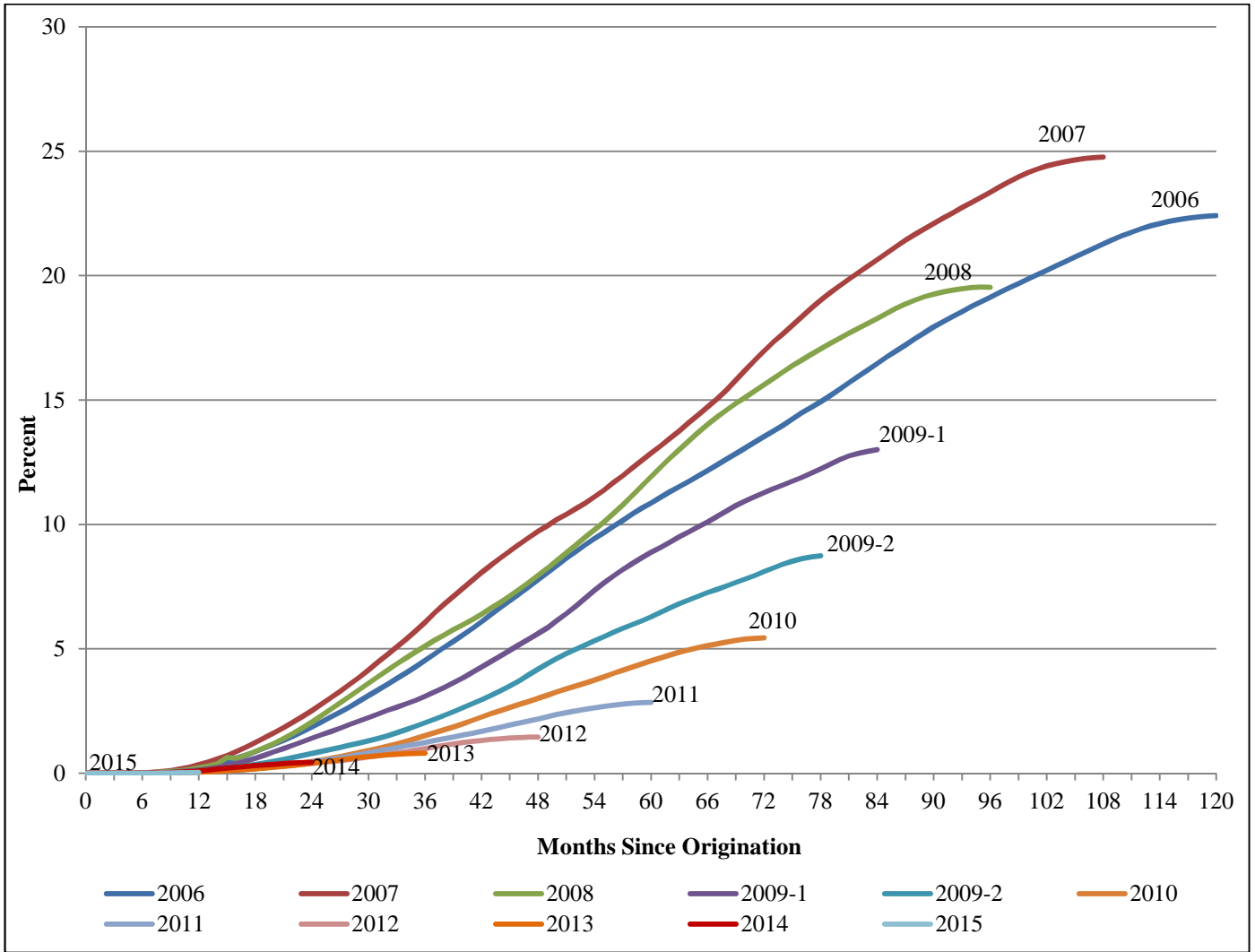
FY 2009 Shown in Two 6-month Periods ^a



Source: US Department of HUD/FHA; November 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. The last six months of the origination period have been removed to ensure seasoning of loans.

Figure 2: Failure^a Rates (All Loans)
 FY 2009 Shown in Two 6-month Periods^b



Source: US Department of HUD/FHA; November 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.