



FHA SINGLE FAMILY LOAN PERFORMANCE TRENDS

Credit Risk Report

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

OCTOBER
2016

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							
Oct 2015	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
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
Seasonally Adjusted							
Oct 2015	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
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

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, November 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	133,710	37.71	9.69	16.38	9.51	4.59	12.89	9.24
2011 Q2	117,911	37.30	10.24	16.09	10.15	4.53	11.99	9.70
2011 Q3	99,257	36.63	10.43	16.47	10.67	4.88	10.74	10.17
2011 Q4	133,831	37.28	10.26	17.51	10.94	4.76	9.36	9.89
2012 Q1	158,096	36.51	9.47	19.15	11.08	4.49	9.25	10.05
2012 Q2	114,763	37.12	10.01	17.62	11.36	4.77	8.49	10.63
2012 Q3	101,468	36.77	9.72	17.59	11.70	4.97	8.27	10.98
2012 Q4	125,200	36.76	9.52	18.09	11.85	4.63	8.05	11.09
2013 Q1	124,360	36.21	9.02	18.47	12.00	4.65	8.07	11.57
2013 Q2	104,165	35.79	8.83	18.03	12.22	4.51	8.09	12.52
2013 Q3	86,810	35.93	8.31	18.13	12.35	4.60	8.30	12.37
2013 Q4	105,090	36.22	8.32	19.15	12.39	4.58	8.61	10.73
2014 Q1	112,099	35.25	7.95	20.50	12.16	4.45	9.11	10.58
2014 Q2	93,183	34.71	8.08	19.69	11.78	4.33	10.54	10.88
2014 Q3	80,881	33.23	7.99	19.97	12.25	4.35	11.03	11.19
2014 Q4	101,850	32.41	7.56	21.07	12.60	4.38	11.17	10.80
2015 Q1	106,665	31.70	7.10	22.01	12.66	4.22	11.38	10.94
2015 Q2	82,866	32.04	7.24	21.72	12.52	4.19	11.21	11.08
2015 Q3	71,869	30.66	6.85	21.50	12.69	4.21	12.60	11.48
2015 Q4	88,263	30.35	6.87	22.30	12.73	3.96	11.50	12.28
2016 Q1	92,607	30.06	6.95	22.64	12.81	3.98	10.87	12.69
2016 Q2	78,979	29.25	7.71	22.51	12.73	3.84	11.41	12.55
2016 Q3	66,500	29.04	8.25	22.89	13.31	4.03	10.29	12.19
2016 Q4	85,290	28.59	8.55	23.39	12.80	3.64	10.25	12.78
2017Q1 Oct	30,410	25.49	7.77	22.35	12.16	2.98	11.82	17.42

^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, November 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	7,840,261	11.06	4.55	1.60	2.58	1.47	0.86	4.91
Purchase	65.90	11.87	4.97	1.80	2.80	1.42	0.88	5.10
Refinance	34.10	9.49	3.75	1.20	2.16	1.56	0.82	4.54
Refinance								
Refinance Loans	2,673,210	9.49	3.75	1.20	2.16	1.56	0.82	4.54
Conventional	33.21	11.94	4.44	1.47	2.76	2.22	1.06	6.03
No Cash Out	22.16	11.36	4.32	1.40	2.62	2.02	1.00	5.65
Cash Out	11.05	13.09	4.69	1.60	3.03	2.60	1.16	6.79
FHA	9.37	7.81	3.31	1.01	1.72	1.09	0.68	3.48
No Cash Out	6.14	7.22	3.14	0.90	1.59	0.96	0.64	3.18
Cash Out	3.23	8.93	3.64	1.23	1.97	1.34	0.74	4.06
Streamline	57.43	8.34	3.41	1.08	1.88	1.26	0.70	3.85
Credit Score Range^d								
Loans with Credit Scores	5,731,948	10.69	4.47	1.55	2.53	1.35	0.80	4.67
< 500	0.16	35.44	10.12	4.85	10.38	6.28	3.81	20.47
500–579	2.37	35.00	11.69	4.87	9.27	5.63	3.54	18.44
580–619	6.86	25.12	9.42	3.66	6.33	3.58	2.12	12.03
620–659	29.16	15.46	6.66	2.34	3.65	1.68	1.13	6.46
660–719	39.08	7.39	3.31	1.05	1.64	0.91	0.48	3.04
720–850	22.37	3.06	1.30	0.40	0.66	0.51	0.19	1.37
Fiscal Year Cohort								
All Cohorts	7,840,261	11.06	4.55	1.60	2.58	1.47	0.86	4.91
pre-2004	9.49	16.89	6.74	2.61	3.74	2.33	1.46	7.54
2004	2.43	18.21	7.20	2.66	3.96	2.77	1.62	8.35
2005	1.74	20.87	7.83	3.04	4.75	3.35	1.89	10.00
2006	1.38	24.71	8.50	3.41	6.13	4.41	2.26	12.80
2007	1.34	29.26	9.25	3.86	7.67	5.72	2.76	16.15
2008	3.21	29.41	9.35	3.72	7.74	5.82	2.76	16.33
2009	7.22	18.95	6.73	2.44	4.65	3.42	1.71	9.78
2010	9.33	13.07	5.16	1.86	3.09	1.86	1.10	6.06
2011	7.47	10.61	4.39	1.54	2.46	1.34	0.89	4.69
2012	9.02	8.62	3.71	1.25	2.00	0.94	0.71	3.66
2013	12.28	7.03	3.15	1.03	1.62	0.72	0.51	2.84
2014	6.33	10.42	4.70	1.59	2.60	0.92	0.60	4.12
2015	11.78	7.01	3.61	1.13	1.68	0.35	0.24	2.27
2016	15.51	2.98	2.04	0.48	0.37	0.04	0.04	0.45
2017	1.48	0.27	0.26	0.00	0.00	0.00	0.00	0.00

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	7,840,261	11.06	4.55	1.60	2.58	1.47	0.86	4.91
< 50	3.60	13.24	5.54	1.92	2.78	2.02	0.98	5.77
50–99	24.72	12.81	5.28	1.91	2.76	1.80	1.06	5.61
100–149	28.98	11.50	4.78	1.69	2.66	1.40	0.97	5.03
150–199	19.48	10.18	4.24	1.45	2.46	1.25	0.77	4.48
200–249	10.71	9.21	3.77	1.28	2.30	1.23	0.62	4.16
250–399	10.38	9.19	3.60	1.21	2.43	1.38	0.56	4.38
400–499	1.31	7.97	2.89	0.98	2.29	1.36	0.45	4.10
> 499	0.82	6.60	2.30	0.72	2.03	1.20	0.34	3.57
Property Type								
All Property Types	7,840,261	11.06	4.55	1.60	2.58	1.47	0.86	4.91
Detached	86.57	10.98	4.61	1.61	2.54	1.35	0.87	4.76
Manufactured Housing	3.12	15.07	5.54	1.92	3.50	2.94	1.16	7.61
2–4 Units	1.96	11.69	3.58	1.28	2.86	3.37	0.61	6.83
Condo	3.66	8.04	2.82	0.99	2.01	1.62	0.60	4.23
Townhouse	4.69	11.96	4.60	1.72	3.06	1.81	0.77	5.64
Purchase Loan Type								
All Purchase Loans	5,165,641	11.87	4.97	1.80	2.80	1.42	0.88	5.10
Repeat	19.25	9.53	4.11	1.40	2.10	1.19	0.74	4.02
First-time	80.75	12.42	5.17	1.90	2.96	1.48	0.92	5.36
Seller-Funded Down Payment Assistance (DPA)								
All Sources of Funds	7,840,261	11.06	4.55	1.60	2.58	1.47	0.86	4.91
Non-DPA	97.18	10.61	4.42	1.53	2.46	1.40	0.80	4.66
DPA	2.82	26.64	9.23	3.81	6.74	4.01	2.84	13.60

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, November 2016.

Table 4. REO Components of Loss by Property Disposition Month

Disposition Month	2016									2015			
	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep
Loss Components as Percentage of Defaulted Loan Balance													
Claim Expenses ^a	13.57	14.74	14.22	14.89	15.79	15.84	15.81	15.35	14.86	14.48	14.61	14.98	14.19
Holding Costs ^b	4.54	4.88	4.82	5.17	5.66	5.70	5.71	5.81	5.90	6.07	6.01	6.02	5.97
Loss on Collateral ^c	31.48	31.53	29.00	27.42	30.85	32.70	34.71	34.40	34.54	34.84	35.37	33.98	34.40
Sales Expense	4.22	4.35	4.54	4.70	4.49	4.37	4.43	4.44	4.36	4.31	4.29	4.37	4.32
Program Discounts ^d	0.09	0.17	0.13	0.25	0.15	0.09	0.15	0.21	0.15	0.16	0.19	0.19	0.16
Net Loss Rate ^e	49.44	51.32	47.57	48.51	54.25	56.31	59.27	59.41	58.36	58.07	58.85	57.94	57.74
Average Amount (\$)													
Average Dollar Loss	57,464	58,817	53,849	58,433	61,979	63,772	68,762	69,727	68,998	68,636	70,116	69,098	69,479
Average Unpaid Balance	116,235	114,610	113,203	120,462	114,242	113,252	116,014	117,398	118,230	118,191	119,136	119,263	120,335
Occurrence Count													
Number of Dispositions	3,904	4,561	3,342	3,321	4,574	4,871	5,005	4,745	4,796	5,684	4,912	5,899	5,443
Number of Discounts	10	26	14	20	22	18	21	30	27	33	33	42	33
Stage	Average Time in Months												
Delinquency ^f	12.8	12.9	12.8	12.9	12.8	12.7	13.0	12.9	13.3	12.5	12.6	12.4	12.2
Foreclosure ^g	12.9	12.9	12.3	12.6	12.2	12.1	12.4	12.3	11.9	12.1	12.0	11.8	11.3
Deed Transfer ^h	11.3	11.9	11.6	11.3	11.6	11.4	11.7	11.5	11.2	11.3	11.0	11.2	10.4
REO	4.8	4.7	4.4	4.1	4.0	4.0	4.2	4.3	4.3	4.2	4.2	4.1	4.1
All Stages	41.7	42.4	41.1	40.8	40.6	40.2	41.2	41.0	40.7	40.1	39.7	39.5	38.0

^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.

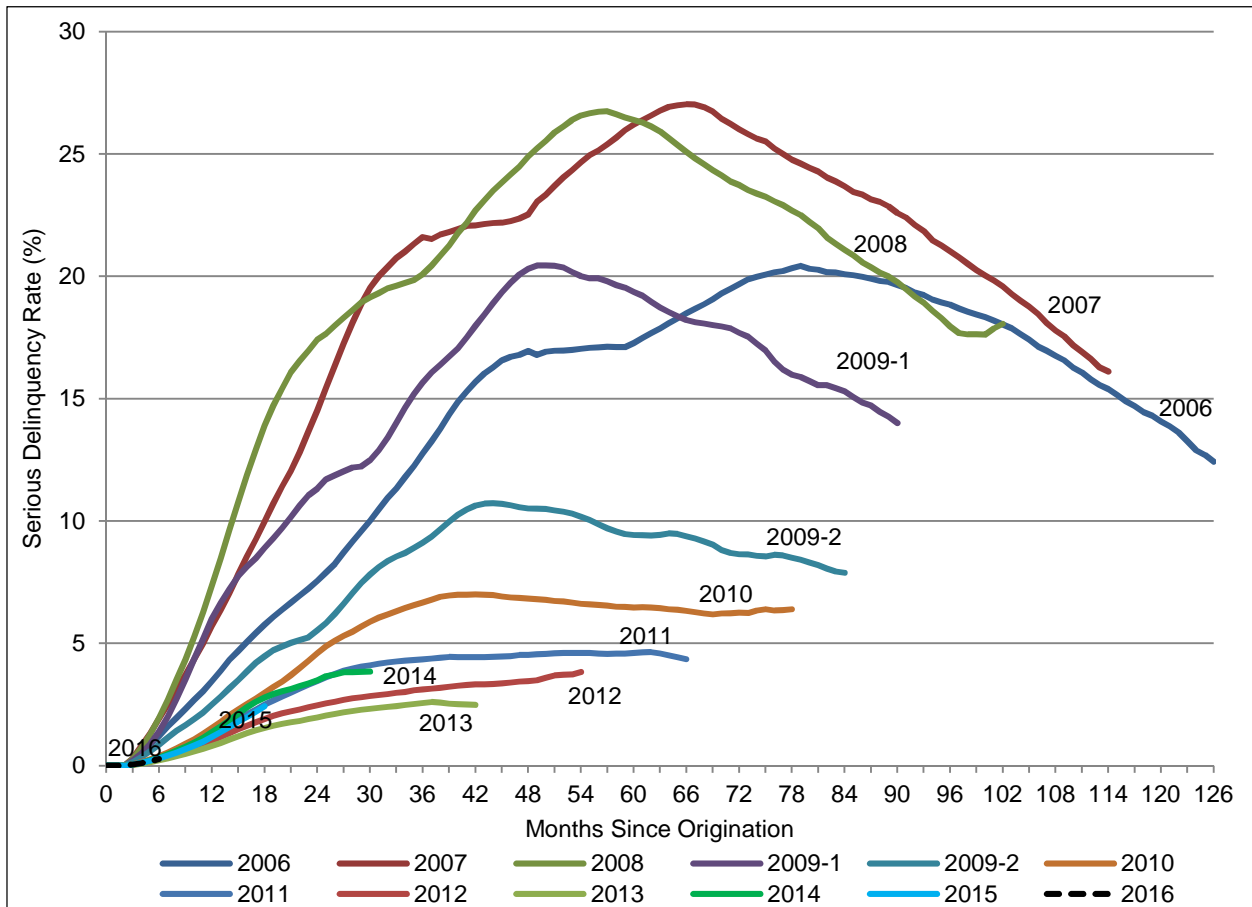
^f First missed payment to date foreclosure initiated.

^g Initiation of foreclosure proceedings to auction date.

^h Auction date to HUD acquisition date.

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

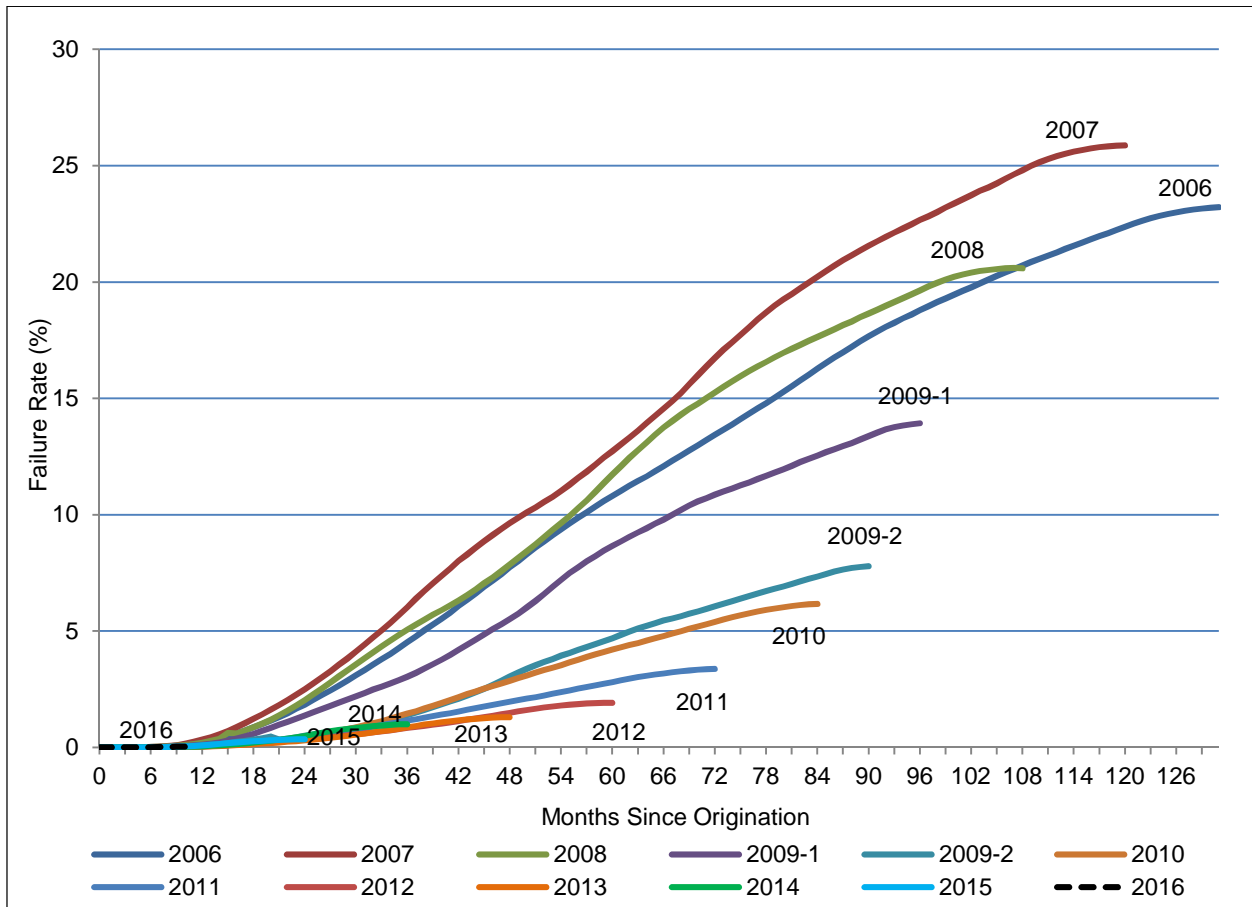
Figure 1. Serious Delinquency Rate by Fiscal Year



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.

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