



# FHA SINGLE FAMILY LOAN PERFORMANCE TRENDS

## Credit Risk Report

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

MARCH  
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 <sup>a</sup> (%)			Exceptions <sup>b</sup> (%)		Serious Delinquency Rate <sup>c</sup> (%)
		30-day	60-day	90-day	In Foreclosure	In Bankruptcy	
<b>Non-Seasonally Adjusted</b>							
Mar 2015	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
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
<b>Seasonally Adjusted</b>							
Mar 2015	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
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

EOM = end of month.

<sup>a</sup> 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.

<sup>b</sup> Exceptions are counted separately from delinquencies, regardless of the length of the delinquency period.

<sup>c</sup> Serious delinquency rates are the sum of 90-day delinquencies plus in-foreclosures and in-bankruptcies.

SOURCE: U.S. Department of HUD/FHA, April 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 <sup>a</sup>
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

<sup>a</sup> 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, April 2016.

**Table 3. Delinquency Rates by Loan and Property Characteristics**

	IIF Shares <sup>a</sup>	Rates of Active Loan Counts (%)						Serious Delinquency Rate <sup>c</sup>
		All Past Due <sup>b</sup>	30-Day	60-Day	90+ Day	In Foreclosure	In Bankruptcy	
<b>Loan Purpose</b>								
All Active Loans	7,809,260	10.44	3.72	1.32	2.76	1.68	0.87	5.31
Purchase	65.24	11.02	4.05	1.45	2.88	1.66	0.89	5.43
Refinance	34.76	9.36	3.13	1.06	2.52	1.71	0.83	5.06
<b>Refinance</b>								
Refinance Loans	2,714,476	9.36	3.13	1.06	2.52	1.71	0.83	5.06
Conventional	33.57	12.16	3.86	1.33	3.35	2.45	1.10	6.90
No Cash Out	22.88	11.25	3.66	1.26	3.06	2.20	1.03	6.29
Cash Out	10.69	14.10	4.30	1.49	3.98	2.99	1.24	8.21
FHA	8.77	7.85	2.83	0.92	1.93	1.31	0.71	3.95
No Cash Out	5.98	6.88	2.57	0.82	1.63	1.09	0.65	3.37
Cash Out	2.79	9.95	3.39	1.14	2.57	1.79	0.85	5.20
Streamline	57.66	7.95	2.75	0.93	2.12	1.35	0.70	4.17
<b>Credit Score Range<sup>d</sup></b>								
Loans with Credit Scores	5,602,348	9.94	3.57	1.25	2.68	1.54	0.81	5.03
< 500	0.18	35.19	8.62	3.95	12.07	6.90	3.64	22.61
500–579	2.59	34.51	10.01	4.16	10.44	6.31	3.57	20.33
580–619	6.94	24.59	8.00	3.09	6.98	4.23	2.24	13.45
620–659	28.55	14.08	5.31	1.84	3.74	1.92	1.14	6.80
660–719	38.51	6.75	2.56	0.84	1.73	1.03	0.48	3.24
720–850	23.23	2.85	1.00	0.32	0.73	0.55	0.19	1.47
<b>Fiscal Year Cohort</b>								
All Cohorts	7,809,260	10.44	3.72	1.32	2.76	1.68	0.87	5.31
pre-2004	10.35	16.36	6.11	2.24	3.85	2.69	1.46	8.00
2004	2.62	17.57	6.22	2.28	4.17	3.22	1.68	9.06
2005	1.87	20.15	6.79	2.62	4.97	3.82	1.95	10.74
2006	1.50	24.05	7.27	2.92	6.38	5.10	2.37	13.86
2007	1.46	28.80	7.74	3.25	8.57	6.44	2.79	17.80
2008	3.55	29.15	7.76	3.20	8.94	6.49	2.74	18.17
2009	8.14	17.91	5.43	2.05	5.24	3.53	1.65	10.42
2010	10.56	11.58	4.03	1.43	3.25	1.82	1.04	6.10
2011	8.46	9.09	3.36	1.17	2.45	1.29	0.80	4.53
2012	10.11	7.20	2.80	0.94	1.83	0.92	0.61	3.36
2013	13.56	5.67	2.34	0.75	1.45	0.64	0.40	2.48
2014	7.18	7.68	3.24	1.02	2.17	0.73	0.39	3.29
2015	13.25	3.91	2.05	0.55	0.74	0.16	0.09	0.99
2016	7.39	1.06	0.75	0.14	0.06	0.00	0.00	0.07

**Table 3. Delinquency Rates by Loan and Property Characteristics**

	IIF Shares <sup>a</sup>	Rates of Active Loan Counts (%)						Serious Delinquency Rate <sup>c</sup>
		All Past Due <sup>b</sup>	30-Day	60-Day	90+ Day	In Foreclosure	In Bankruptcy	
<b>Loan Amount at Origination (\$ thousands)</b>								
All Loan Amounts	7,809,260	10.44	3.72	1.32	2.76	1.68	0.87	5.31
< 50	3.83	12.38	4.72	1.58	2.79	2.30	0.98	6.07
50–99	25.33	11.93	4.41	1.52	2.81	2.09	1.07	5.97
100–149	29.23	10.70	3.88	1.39	2.77	1.61	0.99	5.37
150–199	19.26	9.54	3.40	1.20	2.66	1.41	0.77	4.85
200–249	10.38	8.84	3.03	1.07	2.62	1.38	0.61	4.60
250–399	9.95	9.06	2.87	1.06	2.90	1.47	0.54	4.91
400–499	1.25	8.39	2.36	0.93	2.84	1.44	0.39	4.68
> 499	0.78	7.03	1.92	0.71	2.40	1.22	0.30	3.92
<b>Property Type</b>								
All Property Types	7,809,260	10.44	3.72	1.32	2.76	1.68	0.87	5.31
Detached	86.49	10.28	3.77	1.32	2.67	1.54	0.88	5.10
Manufactured Housing	3.11	15.11	4.67	1.64	3.71	3.79	1.29	8.80
2–4 Units	1.93	12.14	2.94	1.11	3.64	3.63	0.59	7.86
Condo	3.85	8.01	2.40	0.88	2.32	1.73	0.60	4.66
Townhouse	4.62	11.66	3.84	1.47	3.65	1.87	0.73	6.25
<b>Purchase Loan Type</b>								
All Purchase Loans	5,090,554	11.02	4.05	1.45	2.88	1.66	0.89	5.43
Repeat	20.00	8.93	3.43	1.16	2.17	1.35	0.74	4.26
First-time	80.00	11.54	4.21	1.52	3.06	1.73	0.93	5.73
<b>Seller-Funded Down Payment Assistance (DPA)</b>								
All Sources of Funds	7,809,260	10.44	3.72	1.32	2.76	1.68	0.87	5.31
Non-DPA	97.00	9.96	3.61	1.26	2.62	1.58	0.81	5.01
DPA	3.00	25.96	7.77	3.21	7.18	4.84	2.96	14.98

IIF = insurance in force.

<sup>a</sup> 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.

<sup>b</sup> Includes all loans 30 or more days past due, including those in bankruptcy or foreclosure.

<sup>c</sup> Includes all loans 90 days past due plus all in-bankruptcy and in-foreclosure cases.

<sup>d</sup> 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, April 2016.

**Table 4. REO Components of Loss by Property Disposition Month**

Disposition Month	2016		2015										
	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb
<b>Loss Components as Percentage of Defaulted Loan Balance</b>													
Claim Expenses <sup>a</sup>	12.93	12.88	12.88	13.37	13.91	13.37	13.58	13.45	13.34	13.79	14.54	15.30	15.21
Holding Costs <sup>b</sup>	5.71	5.89	6.05	5.99	6.00	5.96	6.00	5.96	5.90	5.86	5.89	5.88	5.77
Loss on Collateral <sup>c</sup>	34.60	34.66	34.85	35.37	34.00	34.40	32.80	32.49	32.35	33.03	33.57	34.78	35.55
Sales Expense	4.39	4.30	4.29	4.29	4.37	4.32	4.36	4.39	4.50	4.39	4.37	4.37	4.26
Program Discounts <sup>d</sup>	0.23	0.14	0.15	0.19	0.19	0.17	0.11	0.18	0.35	0.25	0.25	0.31	0.21
Net Loss Rate <sup>e</sup>	57.07	56.46	56.44	57.49	56.64	56.62	55.39	55.32	55.67	56.68	58.22	60.16	60.27
<b>Average Amount (\$)</b>													
Average Dollar Loss	66,449	66,524	66,686	68,501	67,561	68,121	65,626	66,192	66,812	67,962	69,849	72,147	73,480
Average Unpaid Balance	116,471	117,831	118,155	119,151	119,274	120,319	118,488	119,650	120,022	119,900	119,981	119,934	121,926
<b>Occurrence Count</b>													
Number of Dispositions	3,962	4,669	5,678	4,908	5,883	5,426	5,412	6,030	5,564	5,135	5,249	5,082	4,459
Number of Discounts	27	25	31	33	42	33	24	38	56	48	56	51	37
<b>Stage</b>	<b>Average Time in Months</b>												
Delinquency <sup>f</sup>	13.0	13.3	12.5	12.6	12.3	12.2	12.1	11.9	11.7	11.8	11.5	11.7	11.6
Foreclosure <sup>g</sup>	12.2	11.8	12.1	12.1	11.8	11.3	10.9	11.1	11.0	10.7	11.0	11.0	10.7
Deed Transfer <sup>h</sup>	11.7	11.3	11.3	11.0	11.2	10.4	10.4	10.3	10.1	10.1	10.1	9.9	9.9
REO	4.3	4.3	4.2	4.2	4.1	4.1	3.9	3.8	3.7	3.7	3.8	4.0	4.1
All Stages	41.0	40.5	40.1	39.7	39.5	38.0	37.4	37.1	36.5	36.5	36.4	36.8	36.2

<sup>a</sup> Includes interest on principal.

<sup>b</sup> Management, maintenance, repairs, administration, and security, net of rent and other income.

<sup>c</sup> Value when foreclosed (UPB) minus value received in REO; does not include Streamline refinances.

<sup>d</sup> Rate over all dispositions; effect is greater in the cases where a discount actually is given.

<sup>e</sup> Profit (loss) divided by Unpaid Principal Balance (UPB). The listed cost categories are not exhaustive, and they will not sum to the loss rate.

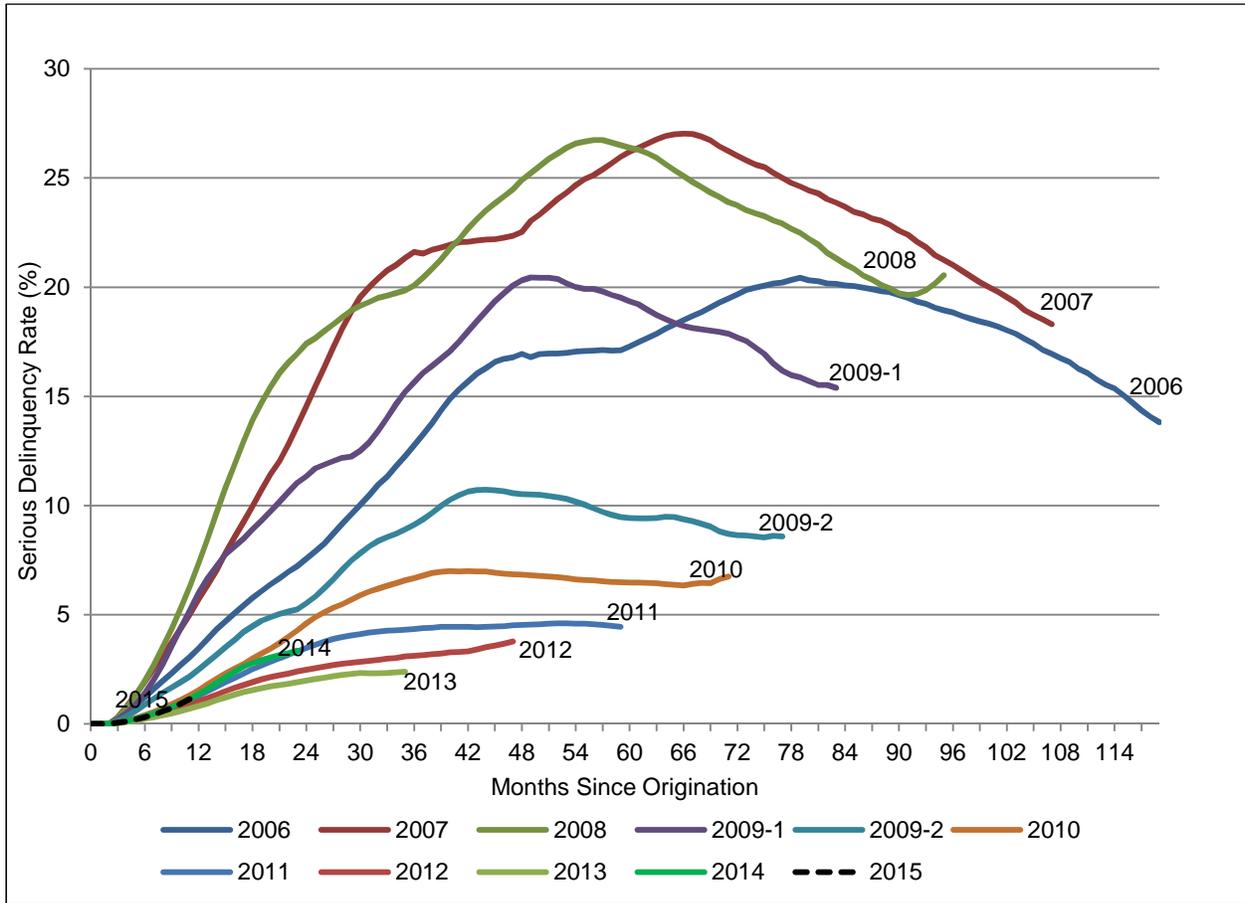
<sup>f</sup> First missed payment to date foreclosure initiated.

<sup>g</sup> Initiation of foreclosure proceedings to auction date.

<sup>h</sup> Auction date to HUD acquisition date.

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

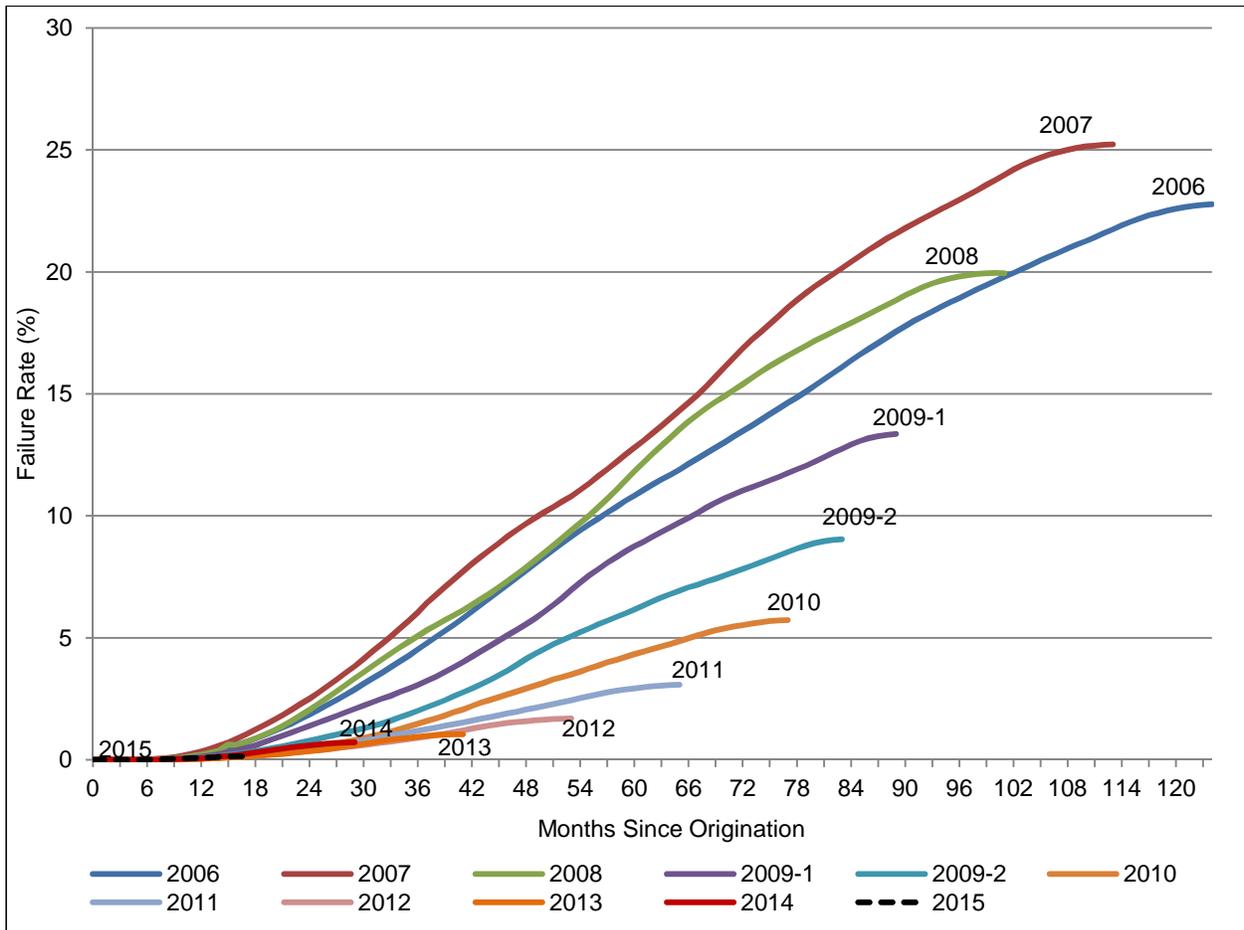
Figure 1. Serious Delinquency Rate by Fiscal Year



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, April 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, April 2016.