

# Single-Family Rental Research

## Performance Summary Covering All Morningstar-Rated Securitizations

July 2016

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### Authors:

Brian Alan | [brian.alan@morningstar.com](mailto:brian.alan@morningstar.com) | +1 646 560-4516

Rohit Jadhav | [rohit.jadhav@morningstar.com](mailto:rohit.jadhav@morningstar.com) | +91 22 6121 7208

Srikar Polasanapalli | [srikar.polasanapalli@morningstar.com](mailto:srikar.polasanapalli@morningstar.com) | +91 22 6121 7100

### Analytical Manager:

Brian Grow | Managing Director | [brian.grow@morningstar.com](mailto:brian.grow@morningstar.com) | +1 646 560-4513

### Introduction

Rents for properties backing single-family rental securitizations rose 5.4% from their prior contractual rents, outpacing the year-over-year increases of three- and four-bedroom RentRange, LLC median rents. In addition, average contractual rents in the top single-family rental metropolitan statistical areas are mostly higher than their property-level RentRange estimates. Beginning this month, Morningstar Credit Ratings, LLC will include rental trends in our monthly single-family rental performance summary.

Lease expirations leveled off in June; however, preceding months of higher lease expirations contributed to the third straight monthly increase in overall vacancy. The vacancy rate across 24 single-borrower, single-family rental transactions remained low, climbing to 4.7% in June from 4.4% in May. Delinquency rates in single-family rental securitizations held steady at 0.5%. As of May, the most recent data available, retention rates remained strong for full-term leases, while the retention rate on month-to-month leases showed deterioration. For regular leases, 22 of the 24 transactions reported a retention rate of 70% or above. For MTM leases, 10 of the 24 transactions reported a retention rate of at least 80%, down from 17 transactions that posted MTM retention rates greater than 80% in the previous month. Because more leases expire in the summer months, turnover rose for the fifth consecutive month.

Morningstar publishes its performance summary to provide market participants detailed property-level information on each securitization. The data below summarizes issuer-reported property-level information through June. Page 3 includes a brief summary of the five multiborrower transactions. For deals seasoned at least one year, we provide Morningstar DealView® Surveillance Analysis reports, available on our website, [www.morningstarcreditratings.com](http://www.morningstarcreditratings.com).

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## Single-Borrower Performance

Morningstar introduced its rental change analysis with its publication “Increasing Rents on Single-Family Properties Suggest Robust Tenant Demand,” available on our website, [www.morningstarcreditratings.com](http://www.morningstarcreditratings.com). Each month, Morningstar will update the key findings of that paper in this monthly performance summary. The analysis aggregates rent changes across 24 single-borrower transactions and nearly 93,000 properties. Chart 1 shows the rental change of securitized properties against the year-over-year change on three- and four-bedroom median rents from RentRange, weighted by MSA to match the geographic concentration of the Morningstar database. In June, the securitized rental change was 5.4%, down from a revised 5.6% the prior month, but higher than the RentRange benchmark. Chart 2 shows the rental change of renewals versus vacant-to-occupied properties. The seasonality of rent changes is driven by the vacant-to-occupied properties, while renewal rent increases have hovered around 4.5% for the past year. Chart 3 shows that the average contractual rents by MSA have been largely in-line to slightly higher than their property-level RentRange estimates.

Lease expirations across all single-family rental transactions held steady at 8.0% in June, but remain up from 4.1% in December. While this is a large upswing, it is not unusual for this time of year, and Morningstar expected lease expirations to rise through the summer, as tenants prefer moving when children are out of school. As expected, the turnover rate continued to increase. More lease expirations can contribute to higher vacancy rates, and while still low, the vacancy rate ticked up for the third straight month to 4.7% in June. The vacancy rate for Progress 2014-SFR1 improved to 9.4% but remains higher than other transactions. Progress is disposing of properties in the California and Seattle markets, which contributed to its recent elevated vacancy percentage. Delinquency rates in single-family rental securitizations remained low in June, with the average rate among all transactions at 0.5%. Only SWAY 2014-1, at 1.2%, had a delinquency rate above 1.0%. ARP 2014-SFR1’s delinquency rate improved to 0.6% from 1.2% in May.

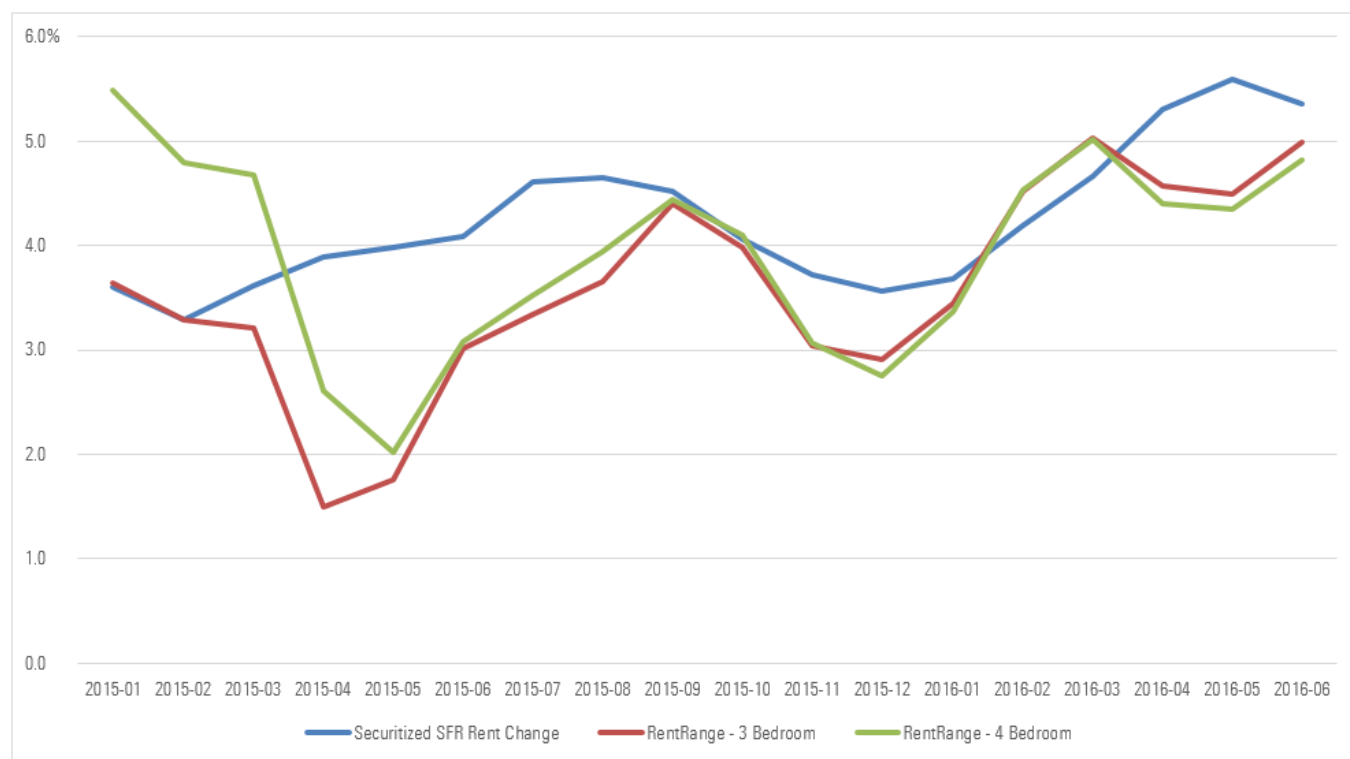
## Multiborrower Performance

There have been five multiborrower transactions in the single-family rental sector: B2R 2015-1, B2R 2015-2, FKL 2015-SFR1, CAF 2015-1, and CAF 2016-1. As of the most recent remittance report, B2R 2015-1 had one loan that is 30 days delinquent and two loans that are 90 or more days delinquent, one of which is in foreclosure. This loan, 0.4% of the total transaction balance, was transferred to special servicing in January. In June, the borrower of this loan filed for bankruptcy. The other loan 90 or more days delinquent in B2R 2015-1 was transferred to special servicing in June because of payment default. B2R 2015-2 had two loans that are 30 days delinquent and one loan, 0.2% of the total transaction balance, which is 60 days delinquent. In May 2016, this loan was transferred to special servicing; however, according to the distribution date statement, the borrower hopes to have past due payments made by

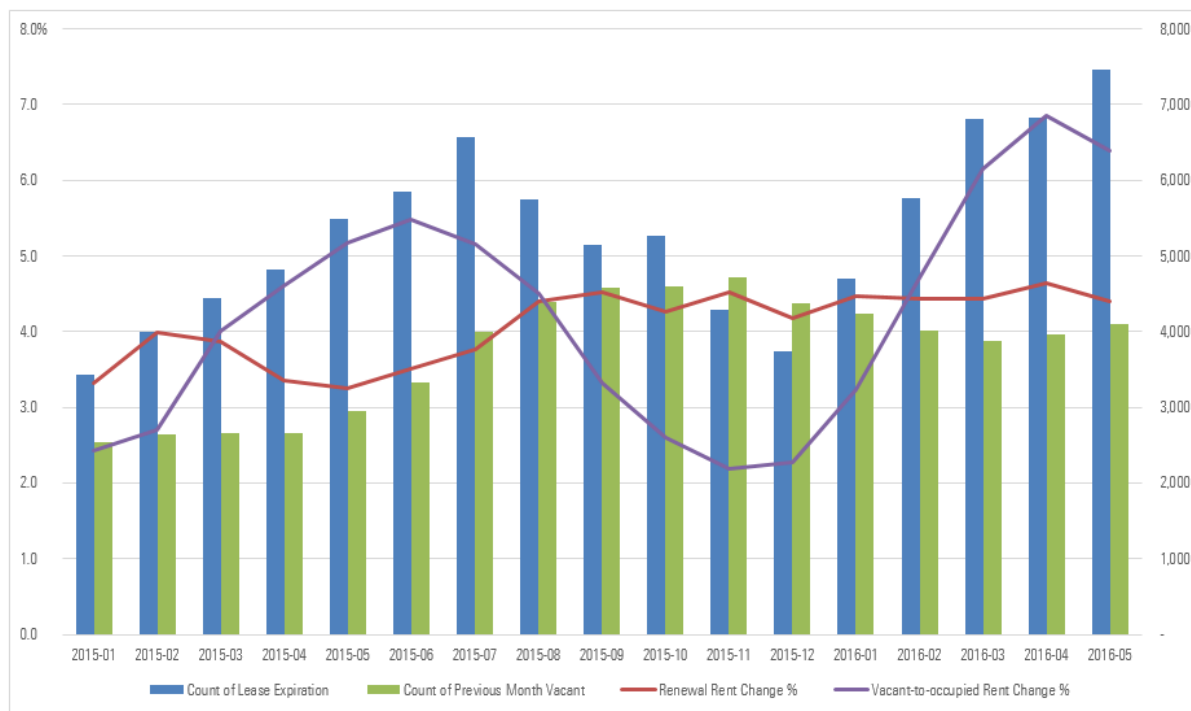
the end of July 2016. All of the loans in CAF 2015-1 and CAF 2016-1 are current. Finally, all borrowers in FKL 2015-SFR1 are current. However, one loan that is approximately 1.7% of the total transaction balance has been listed on the servicer's watchlist report since November. The latest report noted that the borrower's proposed replacement property manager was not acceptable to the lender, and the borrower is now seeking to complete necessary capital expenditures to improve occupancy. Morningstar will continue to monitor the activity on this loan.

## Single-Borrower Charts and Tables

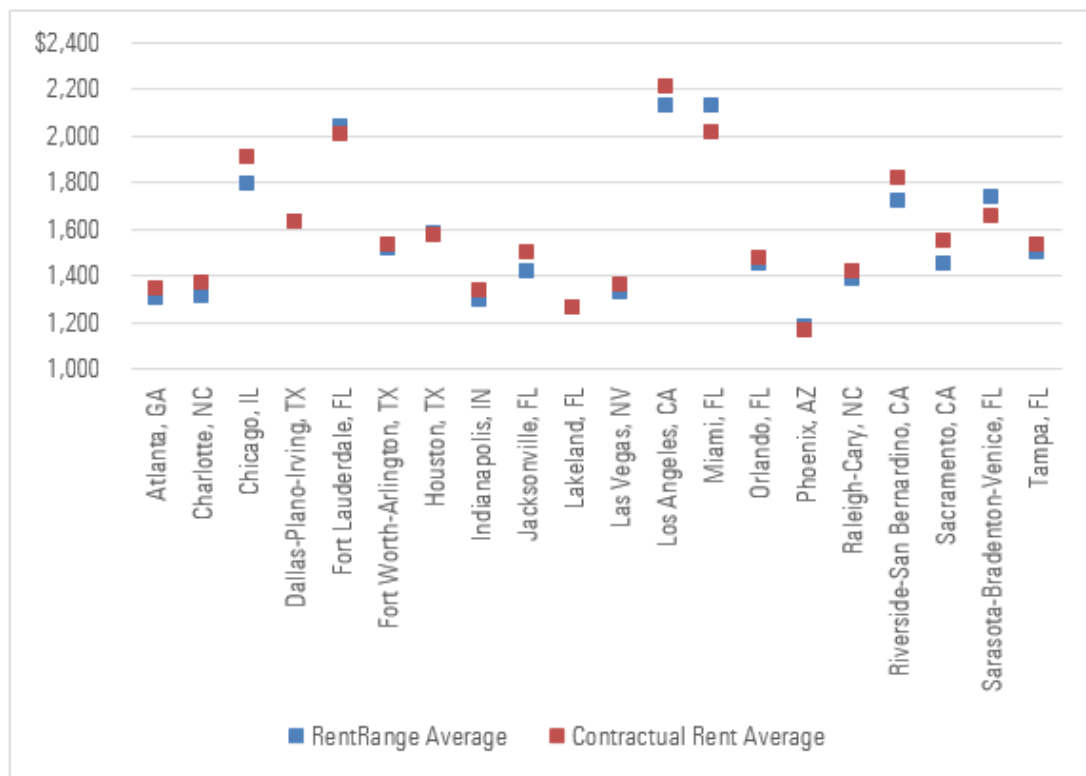
**Chart 1 – Single-Family Rental Rent Change Versus RentRange Year-Over-Year Rent Change**



**Chart 2 – Rental Changes for Renewals Versus Vacant-to-Occupied Properties**



**Chart 3 – June 2016 Average Contractual Rent Versus Property-Level RentRange Estimate by MSA**



**Table 1a – Month-End Vacancy (by Count)**

		Year 2015						Year 2016						Total Count
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
AH4R 2014-SFR1		165	200	177	187	219	206	184	151	135	174	170	144	3,852
AH4R 2014-SFR2		284	244	203	227	232	212	212	153	159	202	225	232	4,487
AH4R 2014-SFR3		322	283	281	287	273	226	215	173	179	191	185	207	4,503
AH4R 2015-SFR1		255	330	387	388	418	374	323	249	184	171	187	197	4,661
AH4R 2015-SFR2					98	120	146	157	176	212	269	286	255	4,125
ARP 2014-SFR1		206	181	199	208	194	147	148	181	150	166	150	139	2,875
CAH 2014-1		173	230	225	219	205	157	127	114	117	110	109	116	3,368
CAH 2014-2		117	146	162	163	165	154	173	184	187	188	150	168	3,702
CAH 2015-1		170	181	191	206	203	187	175	161	167	145	139	170	3,874
HPA 2016-1									37	44	47	40	52	2,177
IH 2013-SFR1		100	92	87	95	95	97	136	129	124	117	101	109	3,191
IH 2014-SFR1		350	325	298	267	199	183	203	228	213	238	282	325	6,363
IH 2014-SFR2		204	203	180	145	154	127	138	140	127	113	137	158	3,688
IH 2014-SFR3		194	186	190	169	157	145	141	125	125	113	151	177	4,011
IH 2015-SFR1		106	135	162	157	160	138	141	146	134	105	112	112	3,026
IH 2015-SFR2		144	172	201	203	204	153	138	151	129	115	116	123	3,523
IH 2015-SFR3		316	354	397	385	365	348	317	314	304	254	246	270	7,192
PRD 2014-SFR1		139	141	151	161	183	171	161	160	206	261	310	293	3,116
PRD 2015-SFR1		270	318	295	273	258	233	203	163	155	155	153	205	3,988
PRD 2015-SFR2		77	110	153	209	242	219	213	220	224	198	162	134	3,305
PRD 2015-SFR3						75	77	83	83	88	112	160	211	3,162
SBY 2014-1		142	151	156	154	154	146	116	107	95	99	92	107	3,010
SWAY 2014-1		274	254	293	286	284	294	293	268	239	229	242	238	4,081
TAH 2015-SFR1		167	149	195	207	238	229	236	231	179	190	189	200	3,502
Overall SFR		4,175	4,385	4,583	4,694	4,797	4,369	4,233	4,044	3,876	3,962	4,094	4,342	92,782

**Table 1b – Month-End Vacancy (by Percentage)**

		Year 2015					Year 2016						
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
AH4R 2014-SFR1		4.3	5.2	4.6	4.9	5.7	5.3	4.8	3.9	3.5	4.5	4.4	3.7
AH4R 2014-SFR2		6.3	5.4	4.5	5.1	5.2	4.7	4.7	3.4	3.5	4.5	5.0	5.2
AH4R 2014-SFR3		7.2	6.3	6.2	6.4	6.1	5.0	4.8	3.8	4.0	4.2	4.1	4.6
AH4R 2015-SFR1		5.5	7.1	8.3	8.3	9.0	8.0	6.9	5.3	3.9	3.7	4.0	4.2
AH4R 2015-SFR2					2.4	2.9	3.5	3.8	4.3	5.1	6.5	6.9	6.2
ARP 2014-SFR1		7.2	6.3	6.9	7.2	6.7	5.1	5.1	6.3	5.2	5.8	5.2	4.8
CAH 2014-1		5.1	6.8	6.6	6.5	6.1	4.7	3.8	3.4	3.5	3.3	3.2	3.4
CAH 2014-2		3.2	3.9	4.4	4.4	4.5	4.2	4.7	5.0	5.0	5.1	4.0	4.5
CAH 2015-1		4.4	4.7	4.9	5.3	5.2	4.8	4.5	4.2	4.3	3.7	3.6	4.4
HPA 2016-1									1.7	2.0	2.1	1.8	2.4
IH 2013-SFR1		3.1	2.9	2.7	3.0	3.0	3.0	4.2	4.0	3.9	3.7	3.2	3.4
IH 2014-SFR1		5.4	5.0	4.6	4.1	3.1	2.8	3.1	3.5	3.3	3.7	4.4	5.1
IH 2014-SFR2		5.4	5.4	4.8	3.9	4.1	3.4	3.7	3.7	3.4	3.1	3.7	4.3
IH 2014-SFR3		4.8	4.6	4.7	4.2	3.9	3.6	3.5	3.1	3.1	2.8	3.8	4.4
IH 2015-SFR1		3.5	4.4	5.3	5.1	5.2	4.5	4.6	4.8	4.4	3.5	3.7	3.7
IH 2015-SFR2		4.1	4.9	5.7	5.8	5.8	4.3	3.9	4.3	3.7	3.3	3.3	3.5
IH 2015-SFR3		4.4	4.9	5.5	5.3	5.1	4.8	4.4	4.4	4.2	3.5	3.4	3.8
PRD 2014-SFR1		4.4	4.5	4.8	5.1	5.8	5.4	5.1	5.1	6.6	8.3	9.9	9.4
PRD 2015-SFR1		6.8	8.0	7.4	6.8	6.5	5.8	5.1	4.1	3.9	3.9	3.8	5.1
PRD 2015-SFR2		2.3	3.3	4.6	6.3	7.3	6.6	6.4	6.6	6.8	6.0	4.9	4.1
PRD 2015-SFR3						2.4	2.4	2.6	2.6	2.8	3.5	5.1	6.7
SBY 2014-1		4.6	4.9	5.2	5.1	5.1	4.8	3.9	3.6	3.2	3.3	3.1	3.6
SWAY 2014-1		6.7	6.2	7.2	7.0	7.0	7.2	7.2	6.6	5.9	5.6	5.9	5.8
TAH 2015-SFR1		4.8	4.3	5.6	5.9	6.8	6.5	6.7	6.6	5.1	5.4	5.4	5.7
Overall SFR		5.0	5.2	5.5	5.4	5.3	4.8	4.7	4.3	4.2	4.3	4.4	4.7

Table 2a – Lease Expiration (by Count)



		Year 2015						Year 2016						Total Count
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
AH4R 2014-SFR1		354	296	251	267	205	172	226	256	287	284	341	322	3,852
AH4R 2014-SFR2		249	196	216	207	183	129	223	299	434	487	551	388	4,487
AH4R 2014-SFR3		420	372	295	219	119	155	230	237	280	331	461	556	4,503
AH4R 2015-SFR1		707	564	470	465	375	260	128	120	131	190	232	420	4,661
AH4R 2015-SFR2					108	93	130	312	496	592	621	620	422	4,125
ARP 2014-SFR1		121	101	123	107	164	122	188	248	202	226	229	185	2,875
CAH 2014-1		513	401	371	297	217	105	131	145	178	189	214	260	3,368
CAH 2014-2		143	176	161	229	256	234	278	425	372	336	276	240	3,702
CAH 2015-1		512	387	360	329	252	187	127	153	187	230	321	393	3,874
HPA 2016-1									71	137	186	170	271	2,177
IH 2013-SFR1		149	116	100	152	139	178	289	312	279	269	237	178	3,191
IH 2014-SFR1		518	377	304	247	134	133	237	342	505	608	630	601	6,363
IH 2014-SFR2		343	267	163	187	197	164	199	200	247	241	281	301	3,688
IH 2014-SFR3		374	239	198	174	200	183	225	198	226	249	302	366	4,011
IH 2015-SFR1		172	236	193	224	210	224	286	234	215	138	125	142	3,026
IH 2015-SFR2		196	231	254	280	268	213	252	277	235	180	155	188	3,523
IH 2015-SFR3		398	491	488	561	498	482	527	574	478	377	292	353	7,192
PRD 2014-SFR1		71	119	120	153	134	76	136	164	355	269	320	182	3,116
PRD 2015-SFR1		642	464	340	181	77	32	36	61	146	210	389	371	3,988
PRD 2015-SFR2		63	133	245	397	201	77	137	263	496	280	130	105	3,305
PRD 2015-SFR3						21	7	16	31	115	224	501	446	3,162
SBY 2014-1		165	184	172	192	158	125	163	169	192	178	207	232	3,010
SWAY 2014-1		199	157	99	57	61	176	142	254	312	311	268	253	4,081
TAH 2015-SFR1		270	248	233	232	132	168	211	229	212	208	215	253	3,502
Overall SFR		6,579	5,755	5,156	5,265	4,294	3,732	4,699	5,758	6,813	6,822	7,467	7,428	92,782

**Table 2b – Lease Expiration (by Percentage)**

		Year 2015					Year 2016						
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
AH4R 2014-SFR1		9.2	7.7	6.5	6.9	5.3	4.5	5.9	6.6	7.5	7.4	8.9	8.4
AH4R 2014-SFR2		5.5	4.4	4.8	4.6	4.1	2.9	5.0	6.7	9.7	10.9	12.3	8.6
AH4R 2014-SFR3		9.3	8.3	6.6	4.9	2.6	3.4	5.1	5.3	6.2	7.4	10.2	12.3
AH4R 2015-SFR1		15.2	12.1	10.1	10.0	8.0	5.6	2.7	2.6	2.8	4.1	5.0	9.0
AH4R 2015-SFR2					2.6	2.3	3.2	7.6	12.0	14.4	15.1	15.0	10.2
ARP 2014-SFR1		4.2	3.5	4.3	3.7	5.7	4.2	6.5	8.6	7.0	7.9	8.0	6.4
CAH 2014-1		15.1	11.8	11.0	8.8	6.4	3.1	3.9	4.3	5.3	5.6	6.4	7.7
CAH 2014-2		3.9	4.7	4.3	6.2	6.9	6.3	7.5	11.5	10.0	9.1	7.5	6.5
CAH 2015-1		13.2	10.0	9.3	8.5	6.5	4.8	3.3	3.9	4.8	5.9	8.3	10.1
HPA 2016-1									3.2	6.1	8.4	7.7	12.4
IH 2013-SFR1		4.6	3.6	3.1	4.7	4.3	5.6	9.0	9.7	8.7	8.4	7.4	5.6
IH 2014-SFR1		8.0	5.8	4.7	3.8	2.1	2.1	3.7	5.3	7.9	9.6	9.9	9.4
IH 2014-SFR2		9.1	7.1	4.3	5.0	5.3	4.4	5.3	5.3	6.7	6.5	7.6	8.2
IH 2014-SFR3		9.3	6.0	4.9	4.3	5.0	4.6	5.6	4.9	5.6	6.2	7.5	9.1
IH 2015-SFR1		5.6	7.7	6.3	7.3	6.9	7.3	9.4	7.7	7.1	4.6	4.1	4.7
IH 2015-SFR2		5.6	6.6	7.2	7.9	7.6	6.0	7.2	7.9	6.7	5.1	4.4	5.3
IH 2015-SFR3		5.5	6.8	6.8	7.8	6.9	6.7	7.3	8.0	6.6	5.2	4.1	4.9
PRD 2014-SFR1		2.3	3.8	3.8	4.9	4.3	2.4	4.3	5.2	11.3	8.6	10.2	5.8
PRD 2015-SFR1		16.1	11.6	8.5	4.5	1.9	0.8	0.9	1.5	3.7	5.3	9.7	9.3
PRD 2015-SFR2		1.9	4.0	7.4	12.0	6.1	2.3	4.1	7.9	15.0	8.5	3.9	3.2
PRD 2015-SFR3						0.7	0.2	0.5	1.0	3.6	7.1	15.8	14.1
SBY 2014-1		5.4	6.0	5.7	6.4	5.2	4.2	5.4	5.6	6.4	5.9	6.9	7.7
SWAY 2014-1		4.9	3.8	2.4	1.4	1.5	4.3	3.5	6.2	7.6	7.6	6.6	6.2
TAH 2015-SFR1		7.7	7.1	6.6	6.6	3.8	4.8	6.0	6.5	6.0	5.9	6.1	7.2
Overall SFR		7.9	6.9	6.2	6.0	4.7	4.1	5.2	6.2	7.3	7.3	8.0	8.0

**Table 3a – Historical Months of Vacancy for June Vacancies (by Count)**

		1	2	3	4	5	6	7	8	9	10	11	12+	Total
AH4R 2014-SFR1		53	28	22	17	6	7	1	1	4	3	1	1	144
AH4R 2014-SFR2		111	58	22	16	8	7	5	3	0	0	1	1	232
AH4R 2014-SFR3		100	42	33	15	9	4	1	0	1	1	0	1	207
AH4R 2015-SFR1		94	57	30	9	6	1	0	0	0	0	0	0	197
AH4R 2015-SFR2		169	53	29	3	0	0	1	0	0				255
ARP 2014-SFR1		48	23	16	15	11	11	7	3	4	1	0	0	139
CAH 2014-1		42	24	17	11	7	6	3	2	1	0	1	2	116
CAH 2014-2		55	45	28	22	8	4	3	1	1	0	0	1	168
CAH 2015-1		114	37	8	5	1	0	1	0	1	1	1	1	170
HPA 2016-1		39	9	3	0	1								52
IH 2013-SFR1		26	27	24	20	6	2	3	0	0	0	0	1	109
IH 2014-SFR1		103	121	54	22	14	6	1	1	2	0	0	1	325
IH 2014-SFR2		64	50	26	6	8	3	0	0	0	0	0	1	158
IH 2014-SFR3		87	47	23	8	7	0	2	1	0	1	1	0	177
IH 2015-SFR1		62	28	8	5	3	1	1	3	0	0	0	1	112
IH 2015-SFR2		59	41	15	5	1	0	1	0	0	0	0	1	123
IH 2015-SFR3		143	57	36	10	8	7	1	0	1	0	3	4	270
PRD 2014-SFR1		76	68	58	45	17	11	10	5	2	0	1	0	293
PRD 2015-SFR1		87	57	31	15	5	3	1	0	2	0	2	2	205
PRD 2015-SFR2		73	31	13	7	3	0	0	3	4	0	0	0	134
PRD 2015-SFR3		147	49	9	3	0	1	0	1	1				211
SBY 2014-1		55	15	14	8	7	4	1	3	0	0	0	0	107
SWAY 2014-1		88	57	35	27	7	10	5	1	0	0	2	6	238
TAH 2015-SFR1		65	50	37	17	14	5	3	7	1	1	0	0	200
Overall SFR		1,960	1,074	591	311	157	93	51	35	25	8	13	24	4,342

**Table 3b – Historical Months of Vacancy for June Vacancies (by Percentage)**

		1	2	3	4	5	6	7	8	9	10	11	12+	Total
AH4R 2014-SFR1		36.8	19.4	15.3	11.8	4.2	4.9	0.7	0.7	2.8	2.1	0.7	0.7	100.0
AH4R 2014-SFR2		47.8	25.0	9.5	6.9	3.4	3.0	2.2	1.3	0.0	0.0	0.4	0.4	100.0
AH4R 2014-SFR3		48.3	20.3	15.9	7.2	4.3	1.9	0.5	0.0	0.5	0.5	0.0	0.5	100.0
AH4R 2015-SFR1		47.7	28.9	15.2	4.6	3.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	100.0
AH4R 2015-SFR2		66.3	20.8	11.4	1.2	0.0	0.0	0.4	0.0	0.0				100.0
ARP 2014-SFR1		34.5	16.5	11.5	10.8	7.9	7.9	5.0	2.2	2.9	0.7	0.0	0.0	100.0
CAH 2014-1		36.2	20.7	14.7	9.5	6.0	5.2	2.6	1.7	0.9	0.0	0.9	1.7	100.0
CAH 2014-2		32.7	26.8	16.7	13.1	4.8	2.4	1.8	0.6	0.6	0.0	0.0	0.6	100.0
CAH 2015-1		67.1	21.8	4.7	2.9	0.6	0.0	0.6	0.0	0.6	0.6	0.6	0.6	100.0
HPA 2016-1		75.0	17.3	5.8	0.0	1.9								100.0
IH 2013-SFR1		23.9	24.8	22.0	18.3	5.5	1.8	2.8	0.0	0.0	0.0	0.0	0.9	100.0
IH 2014-SFR1		31.7	37.2	16.6	6.8	4.3	1.8	0.3	0.3	0.6	0.0	0.0	0.3	100.0
IH 2014-SFR2		40.5	31.6	16.5	3.8	5.1	1.9	0.0	0.0	0.0	0.0	0.0	0.6	100.0
IH 2014-SFR3		49.2	26.6	13.0	4.5	4.0	0.0	1.1	0.6	0.0	0.6	0.6	0.0	100.0
IH 2015-SFR1		55.4	25.0	7.1	4.5	2.7	0.9	0.9	2.7	0.0	0.0	0.0	0.9	100.0
IH 2015-SFR2		48.0	33.3	12.2	4.1	0.8	0.0	0.8	0.0	0.0	0.0	0.0	0.8	100.0
IH 2015-SFR3		53.0	21.1	13.3	3.7	3.0	2.6	0.4	0.0	0.4	0.0	1.1	1.5	100.0
PRD 2014-SFR1		25.9	23.2	19.8	15.4	5.8	3.8	3.4	1.7	0.7	0.0	0.3	0.0	100.0
PRD 2015-SFR1		42.4	27.8	15.1	7.3	2.4	1.5	0.5	0.0	1.0	0.0	1.0	1.0	100.0
PRD 2015-SFR2		54.5	23.1	9.7	5.2	2.2	0.0	0.0	2.2	3.0	0.0	0.0	0.0	100.0
PRD 2015-SFR3		69.7	23.2	4.3	1.4	0.0	0.5	0.0	0.5	0.5				100.0
SBY 2014-1		51.4	14.0	13.1	7.5	6.5	3.7	0.9	2.8	0.0	0.0	0.0	0.0	100.0
SWAY 2014-1		37.0	23.9	14.7	11.3	2.9	4.2	2.1	0.4	0.0	0.0	0.8	2.5	100.0
TAH 2015-SFR1		32.5	25.0	18.5	8.5	7.0	2.5	1.5	3.5	0.5	0.5	0.0	0.0	100.0
Overall SFR		45.1	24.7	13.6	7.2	3.6	2.1	1.2	0.8	0.6	0.2	0.3	0.6	100.0

**Table 4 – Delinquency Definition**

Issuer	Definition
American Homes 4 Rent	Past due one calendar month or more (not dependent on day count) and owing \$200 or more
American Residential Properties	Past due one calendar month or more (not dependent on day count) and owing \$200 or more <sup>1</sup>
Colony American Homes/Colony Starwood Homes	Past due one calendar month or more (not dependent on day count) and owing \$200 or more
Home Partners of America	Past due 30 days or more (not dependent on calendar month) and owing \$500 or more
Invitation Homes	Past due 30 days or more (not dependent on calendar month) and owing 25% of one month's rent or more
Progress Residential	Past due 30 days or more (not dependent on calendar month) and owing \$200 or more <sup>2</sup>
Silver Bay Realty	Past due 30 days or more (not dependent on calendar month) and owing \$500 or more <sup>3</sup>
SWAY Residential	Past due one calendar month or more (not dependent on day count) and owing \$200 or more <sup>4</sup>
Tricon American Homes	Past due 30 days or more (not dependent on calendar month) and owing \$500 or more <sup>3</sup>

<sup>1</sup>As of March 2016, American Residential Properties reporting was converted to the American Homes 4 Rent delinquency definition. Previously, ARP defined delinquencies as past due 30 days or more (not dependent on calendar month) and owing \$500 or more based on total receivables.

<sup>2</sup>Includes Section 8 rent, pet fees, and MTM fees, but excludes late fees and damage fees.

<sup>3</sup>Based on total receivables.

<sup>4</sup>As of January 2016, SWAY Residential reporting was converted to the Colony American Homes delinquency definition. Previously, SWAY defined delinquencies as past due 30 days or more following a calendar month grace period, and owing \$500 or more.

**Table 5a – Month-End Delinquency (by Count)**

		Year 2015						Year 2016						Total Count
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
AH4R 2014-SFR1		35	30	36	18	21	34	22	9	8	9	12	13	3,852
AH4R 2014-SFR2		44	33	25	26	30	36	31	16	12	14	15	13	4,487
AH4R 2014-SFR3		22	18	17	22	22	30	20	13	5	5	13	13	4,503
AH4R 2015-SFR1		32	33	32	24	26	27	23	17	10	16	18	15	4,661
AH4R 2015-SFR2					18	23	26	30	13	14	9	12	20	4,125
ARP 2014-SFR1*		62	62	58	55	49	48	63	62	24	48	34	18	2,875
CAH 2014-1		15	20	20	17	16	17	29	18	16	14	19	17	3,368
CAH 2014-2		28	34	35	20	22	27	34	27	30	18	21	20	3,702
CAH 2015-1		26	28	27	25	27	25	19	19	16	14	19	23	3,874
HPA 2016-1									9	28	17	19	19	2,177
IH 2013-SFR1		32	28	26	30	32	36	9	9	9	8	16	14	3,191
IH 2014-SFR1		40	46	59	46	67	81	45	26	14	14	15	23	6,363
IH 2014-SFR2		36	33	28	24	25	33	22	18	14	15	17	19	3,688
IH 2014-SFR3		27	31	34	28	32	32	23	25	8	5	14	9	4,011
IH 2015-SFR1		33	39	36	30	33	37	22	17	11	10	13	15	3,026
IH 2015-SFR2		24	30	27	31	30	35	21	10	7	8	17	16	3,523
IH 2015-SFR3		98	87	100	93	86	113	70	40	21	25	36	36	7,192
PRD 2014-SFR1		30	25	26	38	30	31	42	26	22	17	27	29	3,116
PRD 2015-SFR1		29	30	32	43	47	41	45	27	22	15	26	28	3,988
PRD 2015-SFR2		41	38	43	40	52	55	40	32	26	28	23	14	3,305
PRD 2015-SFR3						16	26	31	20	21	11	14	19	3,162
SBY 2014-1		40	35	29	29	31	26	32	18	18	10	12	13	3,010
SWAY 2014-1**		20	24	29	29	20	15	42	53	53	49	46	49	4,081
TAH 2015-SFR1		76	68	80	74	61	50	46	34	41	30	22	22	3,502
Overall SFR		790	772	799	760	798	881	761	558	450	409	480	477	92,782

\*Using American Residential Properties' new delinquency definition March 2016 and beyond as well as its old delinquency definition before March 2016.

\*\*Using SWAY Residential's new delinquency definition January 2016 and beyond as well as its old delinquency definition before January 2016.

**Table 5b – Month-End Delinquency (by Percentage)**

		Year 2015					Year 2016						
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
AH4R 2014-SFR1		0.9	0.8	0.9	0.5	0.5	0.9	0.6	0.2	0.2	0.2	0.3	0.3
AH4R 2014-SFR2		1.0	0.7	0.6	0.6	0.7	0.8	0.7	0.4	0.3	0.3	0.3	0.3
AH4R 2014-SFR3		0.5	0.4	0.4	0.5	0.5	0.7	0.4	0.3	0.1	0.1	0.3	0.3
AH4R 2015-SFR1		0.7	0.7	0.7	0.5	0.6	0.6	0.5	0.4	0.2	0.3	0.4	0.3
AH4R 2015-SFR2					0.4	0.6	0.6	0.7	0.3	0.3	0.2	0.3	0.5
ARP 2014-SFR1*		2.2	2.2	2.0	1.9	1.7	1.7	2.2	2.2	0.8	1.7	1.2	0.6
CAH 2014-1		0.4	0.6	0.6	0.5	0.5	0.5	0.9	0.5	0.5	0.4	0.6	0.5
CAH 2014-2		0.8	0.9	0.9	0.5	0.6	0.7	0.9	0.7	0.8	0.5	0.6	0.5
CAH 2015-1		0.7	0.7	0.7	0.6	0.7	0.6	0.5	0.5	0.4	0.4	0.5	0.6
HPA 2016-1									0.4	1.3	0.8	0.9	0.9
IH 2013-SFR1		1.0	0.9	0.8	0.9	1.0	1.1	0.3	0.3	0.3	0.3	0.5	0.4
IH 2014-SFR1		0.6	0.7	0.9	0.7	1.0	1.3	0.7	0.4	0.2	0.2	0.2	0.4
IH 2014-SFR2		1.0	0.9	0.7	0.6	0.7	0.9	0.6	0.5	0.4	0.4	0.5	0.5
IH 2014-SFR3		0.7	0.8	0.8	0.7	0.8	0.8	0.6	0.6	0.2	0.1	0.3	0.2
IH 2015-SFR1		1.1	1.3	1.2	1.0	1.1	1.2	0.7	0.6	0.4	0.3	0.4	0.5
IH 2015-SFR2		0.7	0.9	0.8	0.9	0.9	1.0	0.6	0.3	0.2	0.2	0.5	0.5
IH 2015-SFR3		1.4	1.2	1.4	1.3	1.2	1.6	1.0	0.6	0.3	0.3	0.5	0.5
PRD 2014-SFR1		1.0	0.8	0.8	1.2	1.0	1.0	1.3	0.8	0.7	0.5	0.9	0.9
PRD 2015-SFR1		0.7	0.8	0.8	1.1	1.2	1.0	1.1	0.7	0.6	0.4	0.7	0.7
PRD 2015-SFR2		1.2	1.1	1.3	1.2	1.6	1.7	1.2	1.0	0.8	0.8	0.7	0.4
PRD 2015-SFR3						0.5	0.8	1.0	0.6	0.7	0.3	0.4	0.6
SBY 2014-1		1.3	1.1	1.0	1.0	1.0	0.9	1.1	0.6	0.6	0.3	0.4	0.4
SWAY 2014-1**		0.5	0.6	0.7	0.7	0.5	0.4	1.0	1.3	1.3	1.2	1.1	1.2
TAH 2015-SFR1		2.2	1.9	2.3	2.1	1.7	1.4	1.3	1.0	1.2	0.9	0.6	0.6
Overall SFR		0.9	0.9	1.0	0.9	0.9	1.0	0.8	0.6	0.5	0.4	0.5	0.5

\*Using American Residential Properties' new delinquency definition March 2016 and beyond as well as its old delinquency definition before March 2016.

\*\*Using SWAY Residential's new delinquency definition January 2016 and beyond as well as its old delinquency definition before January 2016

**Table 6 – Monthly Retention Rate of Expiring Leases**

		Year 2015						Year 2016					
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
AH4R 2014-SFR1		78.0	75.7	80.9	74.5	76.1	76.7	78.8	78.1	73.9	76.1	81.5	TBD
AH4R 2014-SFR2		73.5	73.5	69.0	72.5	76.5	76.0	78.5	79.6	77.0	73.9	77.7	TBD
AH4R 2014-SFR3		70.7	71.2	71.5	73.1	67.2	73.5	77.4	73.0	77.9	73.4	77.0	TBD
AH4R 2015-SFR1		73.0	72.2	69.1	76.1	75.2	76.5	71.9	74.2	77.9	70.0	74.1	TBD
AH4R 2015-SFR2					79.6	72.0	78.5	80.1	76.8	75.0	73.6	72.6	TBD
ARP 2014-SFR1		78.5	76.2	74.8	78.5	79.3	77.9	73.4	64.5	76.7	79.6	75.1	TBD
CAH 2014-1		72.7	75.1	75.5	75.8	75.6	76.2	80.2	75.9	74.7	78.3	81.8	TBD
CAH 2014-2		76.9	76.7	73.9	83.8	78.9	85.0	77.7	77.4	82.8	74.7	78.6	TBD
CAH 2015-1		75.2	72.6	73.9	76.0	71.8	75.9	70.9	73.2	77.5	80.0	76.3	TBD
HPA 2016-1									83.1	82.5	81.7	77.6	TBD
IH 2013-SFR1		71.8	72.4	79.0	78.9	78.4	80.9	80.6	77.2	77.8	76.6	77.2	TBD
IH 2014-SFR1		76.1	76.7	73.4	79.4	79.1	82.0	80.6	80.1	80.8	77.0	74.0	TBD
IH 2014-SFR2		69.1	77.5	77.3	77.5	78.2	78.0	76.9	79.0	80.2	75.1	77.6	TBD
IH 2014-SFR3		71.7	72.8	73.7	79.9	79.5	79.2	80.4	80.3	80.5	78.7	77.5	TBD
IH 2015-SFR1		80.2	74.6	72.5	76.3	77.1	81.3	78.3	78.2	77.2	76.8	66.4	TBD
IH 2015-SFR2		75.0	68.8	68.9	75.4	81.7	79.3	81.0	77.6	74.5	75.6	78.7	TBD
IH 2015-SFR3		73.9	77.2	74.0	78.6	79.9	79.0	83.3	78.7	78.7	77.7	74.3	TBD
PRD 2014-SFR1		60.6	73.1	75.0	71.2	81.3	85.5	75.7	78.0	69.3	64.7	73.8	TBD
PRD 2015-SFR1		78.3	76.5	72.1	75.1	71.4	59.4	77.8	68.9	78.1	76.2	72.8	TBD
PRD 2015-SFR2		79.4	82.0	74.3	76.8	73.1	81.8	73.7	77.2	73.4	72.5	70.0	TBD
PRD 2015-SFR3						66.7	85.7	87.5	77.4	74.8	75.9	73.1	TBD
SBY 2014-1		78.8	81.5	83.1	80.7	80.4	80.0	83.4	77.5	80.2	84.3	82.1	TBD
SWAY 2014-1		76.4	78.3	77.8	73.7	75.4	75.0	76.1	77.6	76.6	74.0	69.0	TBD
TAH 2015-SFR1		85.9	83.9	84.1	83.6	88.6	83.3	85.8	90.8	83.5	85.1	85.6	TBD
Overall SFR		74.9	75.3	74.2	77.2	77.4	78.9	79.1	77.6	77.3	75.8	75.8	TBD

TBD – To Be Determined

**Table 7 – Monthly Retention Rate of MTM Leases**

		Year 2015					Year 2016						
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
AH4R 2014-SFR1		83.1	88.4	84.9	88.3	85.0	91.1	94.8	89.6	87.6	88.4	84.1	TBD
AH4R 2014-SFR2		79.9	81.2	83.6	83.2	90.5	86.4	90.7	86.7	87.8	82.9	82.3	TBD
AH4R 2014-SFR3		76.1	80.4	82.9	80.0	85.5	84.6	86.2	86.7	84.9	89.7	82.8	TBD
AH4R 2015-SFR1		71.4	80.3	82.5	81.8	86.1	86.1	88.6	85.3	87.9	83.7	80.8	TBD
AH4R 2015-SFR2					84.3	82.0	87.5	83.8	86.7	82.1	80.1	73.9	TBD
ARP 2014-SFR1		90.8	88.1	84.2	90.7	88.9	88.6	85.3	86.1	88.1	89.9	87.6	TBD
CAH 2014-1		73.2	73.3	75.0	81.9	70.3	82.0	81.3	83.0	89.8	92.7	81.7	TBD
CAH 2014-2		82.0	72.4	80.4	89.1	65.5	86.3	81.5	88.7	72.6	75.0	74.3	TBD
CAH 2015-1		58.3	76.9	67.2	83.8	80.3	81.0	84.3	77.1	72.9	84.4	74.5	TBD
HPA 2016-1											100.0	0.0	TBD
IH 2013-SFR1		78.0	76.7	91.9	88.6	88.1	82.0	87.7	77.6	87.0	85.9	78.3	TBD
IH 2014-SFR1		70.1	78.7	74.6	85.0	86.4	80.4	84.5	80.4	82.1	80.5	71.2	TBD
IH 2014-SFR2		83.0	85.7	73.3	75.6	76.5	87.9	90.9	90.7	90.2	80.6	78.1	TBD
IH 2014-SFR3		67.3	73.2	76.2	79.1	78.0	80.0	87.1	84.2	83.3	69.8	84.8	TBD
IH 2015-SFR1		70.8	87.5	68.6	78.1	76.3	91.9	87.5	85.7	79.1	89.1	86.3	TBD
IH 2015-SFR2		75.9	82.8	79.4	71.9	71.4	82.9	65.8	77.3	82.2	66.7	75.7	TBD
IH 2015-SFR3		84.2	83.3	83.1	83.1	80.9	83.7	73.7	78.7	82.5	80.8	77.1	TBD
PRD 2014-SFR1		83.8	82.8	85.5	87.0	80.8	86.2	87.5	81.5	72.9	73.6	70.9	TBD
PRD 2015-SFR1		64.4	70.0	67.3	80.2	73.9	85.9	80.4	76.9	85.4	75.9	76.3	TBD
PRD 2015-SFR2		57.1	75.0	71.4	76.9	57.1	69.0	75.0	78.6	80.0	67.7	59.4	TBD
PRD 2015-SFR3						84.6	75.0	70.0	83.3	85.7	71.4	71.4	TBD
SBY 2014-1		89.8	85.1	87.8	91.3	90.7	92.3	93.7	89.5	86.4	91.6	89.5	TBD
SWAY 2014-1		87.6	77.9	84.8	86.5	88.1	87.8	89.6	89.2	85.4	85.8	77.7	TBD
TAH 2015-SFR1		93.8	94.0	93.6	93.6	95.5	93.8	91.1	95.3	94.9	95.0	92.5	TBD
Overall SFR		82.4	83.8	83.9	86.5	85.9	88.0	87.9	87.3	86.4	85.3	81.4	TBD

TBD – To Be Determined

**Table 8a – MTM Tenants (by Count)**

		Year 2015					Year 2016							Total Count
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
AH4R 2014-SFR1		193	212	231	244	258	248	248	260	258	248	239	268	3,852
AH4R 2014-SFR2		213	190	173	183	169	172	153	166	176	223	257	257	4,487
AH4R 2014-SFR3		214	203	193	191	159	145	147	172	177	186	225	250	4,503
AH4R 2015-SFR1		168	209	224	257	266	287	275	240	208	203	200	207	4,661
AH4R 2015-SFR2					53	64	65	93	134	204	262	323	319	4,125
ARP 2014-SFR1		286	285	235	216	206	193	177	164	204	218	248	249	2,875
CAH 2014-1		119	133	122	79	82	61	48	47	50	55	60	64	3,368
CAH 2014-2		81	78	82	59	66	62	54	53	73	76	70	66	3,702
CAH 2015-1		129	126	128	99	92	78	51	48	48	45	47	63	3,874
HPA 2016-1									0	0	1	1	0	2,177
IH 2013-SFR1		61	52	44	56	51	71	78	99	88	102	110	80	3,191
IH 2014-SFR1		157	125	87	77	71	75	83	95	94	134	165	169	6,363
IH 2014-SFR2		72	65	55	47	52	51	54	58	69	80	80	88	3,688
IH 2014-SFR3		94	79	57	57	62	50	58	63	56	67	75	87	4,011
IH 2015-SFR1		32	39	45	52	55	61	59	64	63	64	74	61	3,026
IH 2015-SFR2		43	39	46	50	56	61	68	72	53	59	58	62	3,523
IH 2015-SFR3		101	109	110	118	128	149	131	144	139	133	135	131	7,192
PRD 2014-SFR1		111	88	76	72	75	67	67	83	70	113	123	108	3,116
PRD 2015-SFR1		108	117	115	102	89	65	56	58	52	56	74	99	3,988
PRD 2015-SFR2		15	22	34	42	53	36	28	44	75	94	75	46	3,305
PRD 2015-SFR3						13	12	10	9	26	51	106	121	3,162
SBY 2014-1		236	242	212	235	237	223	211	213	218	217	223	236	3,010
SWAY 2014-1		208	217	186	171	154	143	134	148	178	169	166	156	4,081
TAH 2015-SFR1		545	557	544	585	538	533	542	522	480	450	445	444	3,502
Overall SFR		3,186	3,167	2,999	3,045	2,996	2,908	2,825	2,956	3,059	3,306	3,579	3,631	92,782

**Table 8b – MTM Tenants (by Percentage)**

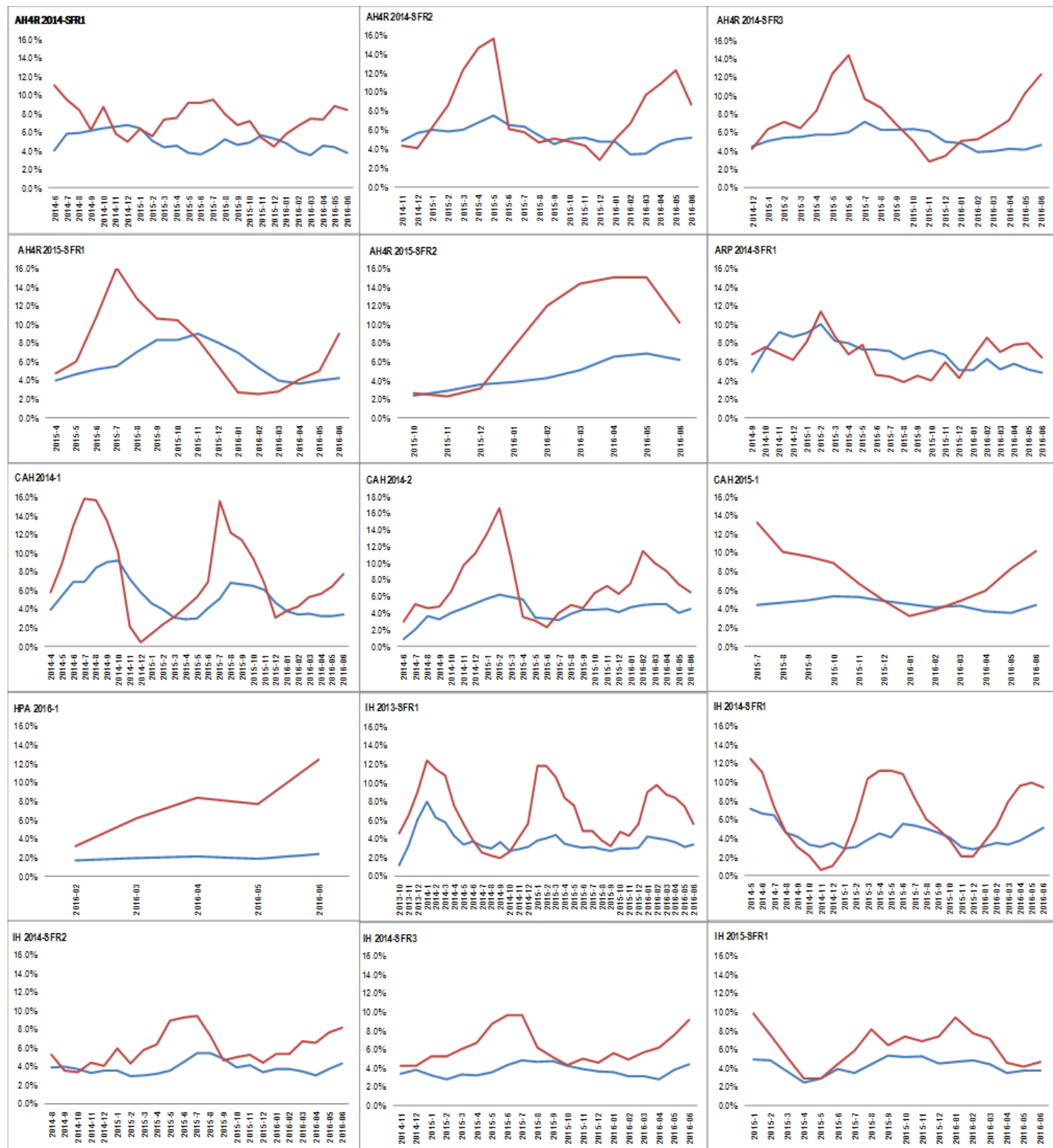
		Year 2015						Year 2016					
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
AH4R 2014-SFR1		5.0	5.5	6.0	6.3	6.7	6.4	6.4	6.7	6.7	6.4	6.2	7.0
AH4R 2014-SFR2		4.7	4.2	3.9	4.1	3.8	3.8	3.4	3.7	3.9	5.0	5.7	5.7
AH4R 2014-SFR3		4.8	4.5	4.3	4.2	3.5	3.2	3.3	3.8	3.9	4.1	5.0	5.6
AH4R 2015-SFR1		3.6	4.5	4.8	5.5	5.7	6.2	5.9	5.1	4.5	4.4	4.3	4.4
AH4R 2015-SFR2					1.3	1.6	1.6	2.3	3.2	4.9	6.4	7.8	7.7
ARP 2014-SFR1		9.9	9.2	8.2	7.5	7.2	6.7	6.2	5.7	7.1	7.6	8.6	8.7
CAH 2014-1		3.5	3.9	3.6	2.3	2.4	1.8	1.4	1.4	1.5	1.6	1.8	1.9
CAH 2014-2		2.2	2.1	2.2	1.6	1.8	1.7	1.5	1.4	2.0	2.1	1.9	1.8
CAH 2015-1		3.3	3.2	3.3	2.6	2.4	2.0	1.3	1.2	1.2	1.2	1.2	1.6
HPA 2016-1									0.0	0.0	0.0	0.0	0.0
IH 2013-SFR1		1.9	1.6	1.4	1.7	1.6	2.2	2.4	3.1	2.8	3.2	3.4	2.5
IH 2014-SFR1		2.4	1.9	1.3	1.2	1.1	1.2	1.3	1.5	1.5	2.1	2.6	2.7
IH 2014-SFR2		1.9	1.7	1.5	1.3	1.4	1.4	1.4	1.5	1.9	2.2	2.2	2.4
IH 2014-SFR3		2.3	2.0	1.4	1.4	1.5	1.2	1.4	1.6	1.4	1.7	1.9	2.2
IH 2015-SFR1		1.0	1.3	1.5	1.7	1.8	2.0	1.9	2.1	2.1	2.1	2.4	2.0
IH 2015-SFR2		1.2	1.1	1.3	1.4	1.6	1.7	1.9	2.0	1.5	1.7	1.6	1.8
IH 2015-SFR3		1.4	1.5	1.5	1.6	1.8	2.1	1.8	2.0	1.9	1.8	1.9	1.8
PRD 2014-SFR1		3.5	2.8	2.4	2.3	2.4	2.1	2.1	2.6	2.2	3.6	3.9	3.5
PRD 2015-SFR1		2.7	2.9	2.9	2.6	2.2	1.6	1.4	1.5	1.3	1.4	1.9	2.5
PRD 2015-SFR2		0.5	0.7	1.0	1.3	1.6	1.1	0.8	1.3	2.3	2.8	2.3	1.4
PRD 2015-SFR3						0.4	0.4	0.3	0.3	0.8	1.6	3.4	3.8
SBY 2014-1		7.7	7.9	7.0	7.8	7.9	7.4	7.0	7.1	7.2	7.2	7.4	7.8
SWAY 2014-1		5.1	5.3	4.6	4.2	3.8	3.5	3.3	3.6	4.4	4.1	4.1	3.8
TAH 2015-SFR1		15.5	15.9	15.5	16.7	15.3	15.2	15.5	14.9	13.7	12.8	12.7	12.7
Overall SFR		3.8	3.8	3.6	3.5	3.3	3.2	3.1	3.2	3.3	3.6	3.9	3.9

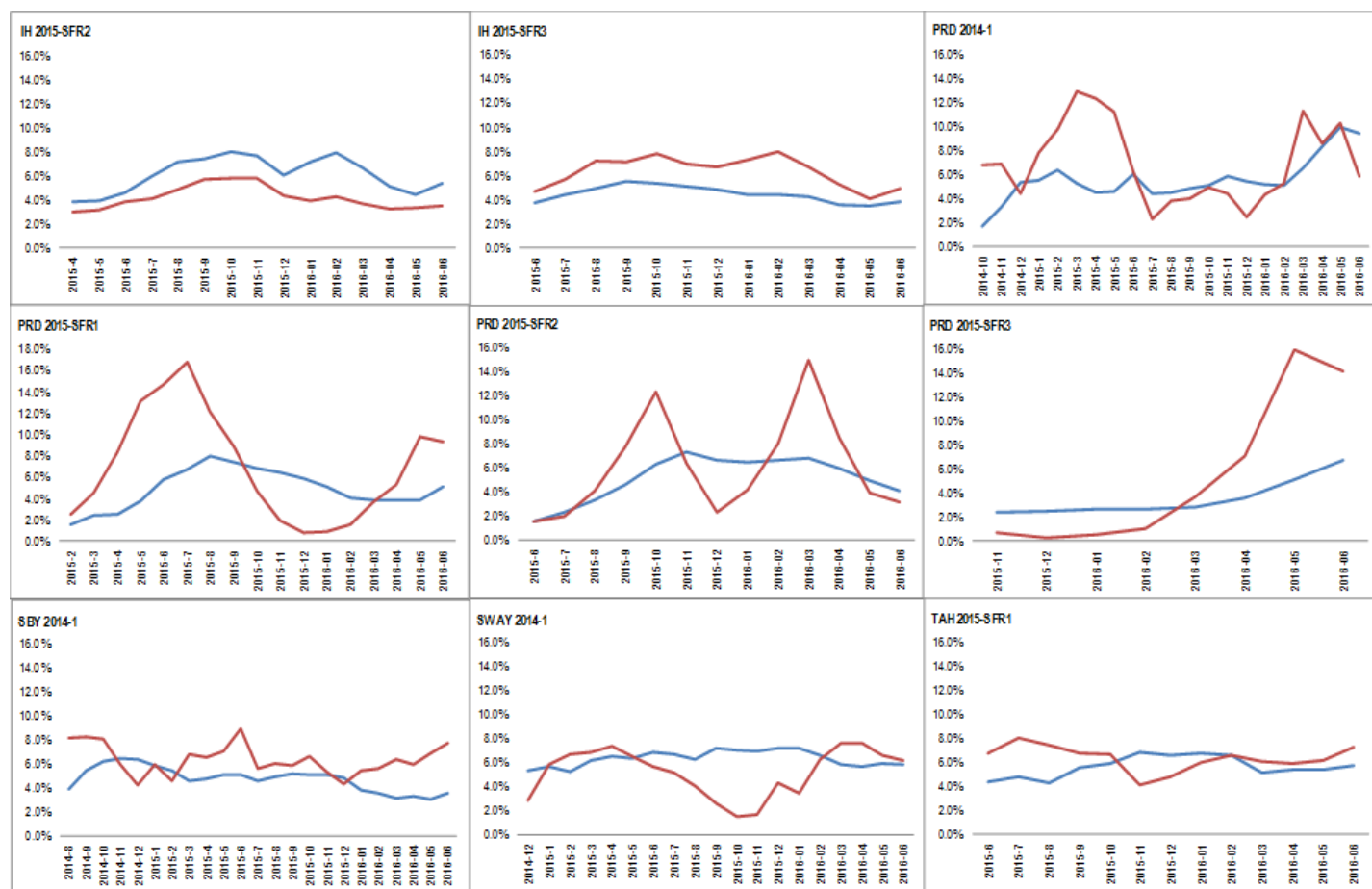
**Table 9 – Monthly Turnover Rate**

		Year 2015						Year 2016					
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
AH4R 2014-SFR1		4.0	2.7	3.0	3.4	2.6	2.8	2.4	2.7	3.2	3.2	3.5	TBD
AH4R 2014-SFR2		3.4	3.0	3.6	2.9	2.3	1.8	2.5	2.5	3.1	4.8	4.6	TBD
AH4R 2014-SFR3		4.8	4.3	3.3	3.0	2.2	2.6	2.5	2.6	3.0	3.4	3.7	TBD
AH4R 2015-SFR1		5.5	6.1	4.3	4.2	3.4	3.1	2.9	2.2	2.0	2.8	3.5	TBD
AH4R 2015-SFR2						1.9	2.1	2.9	4.0	4.9	5.6	6.2	TBD
ARP 2014-SFR1		3.3	2.9	3.1	3.1	2.6	2.7	3.0	4.3	3.6	2.7	3.9	TBD
CAH 2014-1		5.2	4.8	4.3	3.6	2.6	1.9	1.3	1.4	1.8	2.3	2.2	TBD
CAH 2014-2		2.4	3.0	2.6	2.8	2.4	2.3	2.8	3.2	3.2	3.7	3.4	TBD
CAH 2015-1			3.8	3.8	3.4	3.2	2.3	2.2	1.9	2.3	2.5	3.5	TBD
HPA 2016-1										1.4	1.9	2.6	TBD
IH 2013-SFR1		2.7	2.6	2.1	2.4	2.2	2.1	3.0	3.3	3.4	3.2	2.8	TBD
IH 2014-SFR1		3.9	3.3	2.5	2.5	1.5	1.7	2.1	2.4	2.8	3.4	4.2	TBD
IH 2014-SFR2		4.4	3.7	2.8	2.3	2.3	1.9	2.2	2.3	2.6	2.8	3.3	TBD
IH 2014-SFR3		4.4	3.9	2.9	2.7	2.2	2.1	1.9	1.9	2.8	2.6	3.2	TBD
IH 2015-SFR1		2.3	3.1	3.2	3.2	3.0	2.7	2.9	3.5	2.9	2.3	2.5	TBD
IH 2015-SFR2		3.0	3.8	3.7	3.1	3.3	2.2	2.0	3.2	2.9	2.5	2.7	TBD
IH 2015-SFR3		3.2	3.3	3.1	3.2	2.7	2.6	2.3	3.1	2.9	2.4	2.7	TBD
PRD 2014-SFR1		2.3	2.5	2.3	2.4	2.3	2.0	2.2	2.7	4.8	4.9	5.0	TBD
PRD 2015-SFR1		5.1	4.4	4.2	2.6	2.1	1.7	1.2	1.4	2.5	2.5	3.7	TBD
PRD 2015-SFR2		2.0	2.2	3.7	3.9	3.0	1.9	2.2	2.7	4.7	3.9	2.8	TBD
PRD 2015-SFR3							1.0	1.1	1.0	1.7	2.6	5.4	TBD
SBY 2014-1		3.1	3.0	3.1	3.0	2.4	2.4	2.2	2.4	2.2	2.5	2.5	TBD
SWAY 2014-1		3.2	2.8	2.9	2.4	1.9	2.6	2.3	2.5	3.2	3.2	3.7	TBD
TAH 2015-SFR1		3.0	2.0	2.3	2.6	2.8	2.0	2.3	3.5	2.2	2.3	2.6	TBD
Overall SFR		3.5	3.4	3.2	2.8	2.4	2.2	2.3	2.6	2.9	3.1	3.5	TBD

TBD – To Be Determined

## Appendix I – Vacancy Versus Lease Expiration





## **Appendix II – Description of Analysis**

Morningstar tracks key metrics to gauge the performance of single-borrower, single-family rental transactions. There are a number of ways to view these metrics. For example, the vacancy rate might be calculated based on property count, by cash flow, or by days of occupancy. To account for different reporting across issuers, Morningstar seeks commonality across the single-borrower issuers' monthly reporting to derive its calculations.

Multiborrower deals are similar to single-borrower transactions in that the underlying collateral is generally single-family rental properties. They differ, though, in that single-borrower deals are backed by one loan, while multiborrower deals have many loans. B2R 2015-1 is secured by 144 loans; B2R 2015-2, 211 loans; FKL 2015-SFR1, 16 loans; CAF 2015-1, 69 loans; and CAF 2016-1, 85 loans. As such, the monthly reporting for multiborrower deals is different from the data reported in the single-borrower sector. For example, delinquency reported in Tables 5a and 5b are tenants that are past due on rental payments at a property level. For multiborrower transactions, delinquency is measured by borrowers that are past due on payments at the loan level.

### **Chart 1 – Single-Family Rental Rent Change Versus RentRange Year-Over-Year Rent Change**

To calculate the rent change across 24 single-family rental transactions, Morningstar isolated the leases starting in a given period and compared the contractual rent in that period to the prior occupied contractual rent. Morningstar then compared this rent change with the year-over-year change in three- and four-bedroom median rents from RentRange. Morningstar weighted the RentRange median rents by geography to match the MSA concentration of the Morningstar single-family rental database.

### **Chart 2 – Rental Changes for Renewals Versus Vacant-to-Occupied Properties**

For Chart 2, Morningstar calculated the rent change using the contractual rent for the corresponding period versus the prior occupied contractual rent. To determine the lease expiration sample, Morningstar used the logic outlined below in the section, Tables 2a and 2b – Lease Expiration. Morningstar then looked at the property tape to determine the renewed properties, and compared that contractual rent to the prior contractual rent. For vacant properties subsequently occupied by new tenants, Morningstar isolated those properties that were vacant in a given month and occupied in the next month, and again compared the current contractual rent to the prior contractual rent.

### Chart 3 – June 2016 Average Contractual Rent Versus Property-Level RentRange Estimate by MSA

Chart 3, which shows some of the MSAs most frequently found in single-family rental securitizations, takes a snapshot of the June contractual rents in the Morningstar single-family rental database and compares these rents with their property-specific rent estimates from RentRange.

### Tables 1a and 1b – Month-End Vacancy

Table 1a displays vacancy by the month-end count of empty properties. Table 1b shows the vacancy as a percentage of the total properties in each pool. The vacancy rate is heavily influenced by the number of lease expirations in a given month. Generally, the more leases expiring in a given month, the higher the vacancy rate will be. Because each transaction has a distinct lease expiration schedule, the vacancy rate should not be viewed at one point in time, but rather in the context of its lease expiration cycle, as reported in Tables 2a and 2b and as seen in the charts in Appendix I.

### Tables 2a and 2b – Lease Expiration

Because lease expiration profiles change over time as previous tenants renew or new tenants occupy vacant properties, Morningstar seeks to rely on more recently published reporting of lease expirations, rather than solely using the lease expiration schedule from the cutoff date. To determine June lease expirations, Morningstar looks for all June lease expirations in the March property tape. Morningstar looks three months back to set a lease expiration sample that more accurately captures tenants who renew their leases in months before their scheduled lease expiration. Certain issuers have indicated that they proactively work to renew tenants a few months before the lease expiration date. Because Morningstar is looking three months back to determine its sample, there are instances when tenants vacate properties between the time Morningstar determines its sample and the month in which the tenant must make a decision to stay in the property. Morningstar excludes those vacated properties from its lease expiration sample and its retention rate calculation in Table 6. In the current example, properties that become vacant or that have move out dates in either April or May are removed from the June lease expiration count.

### Tables 3a and 3b – Historical Months of Vacancy

Tables 3a and 3b show the number of months of vacancy the June unoccupied properties have experienced. In other words, if a property is unoccupied as of the June property tape, these tables summarize the number of total months the property has been vacant since the transaction cutoff date. Depending on the length of performance history, the overall vacancy may be in line with the number of consecutive vacant months, but this might not always be the case for those properties that have gone through multiple leasing cycles. Table 3a shows historical months of vacancy by count, and Table 3b is as a percentage of the June vacancies.

**Table 4 – Delinquency Definition**

Morningstar’s calculation of delinquency is based on the number of properties flagged as delinquent in the monthly property-level data. Each issuer uses its own criteria for classifying a tenant as delinquent. Table 4 summarizes the delinquency definition for each issuer and contains details on the length of time that must pass from a tenant’s due date to be considered delinquent. The length of time is either based on a count of 30 days or is based on the calendar month. The slight distinction, for example, either results in a property with payment due on March 1 considered as delinquent after 30 days or as delinquent on April 1. None of the issuers factor a grace period into their delinquency definition, meaning their respective measures of past due begin if payment has not been received by the stated due date. In addition to timing, these conditions can also differ by the total dollar threshold an issuer uses to classify a tenant as delinquent and by the types of overdue payments that the issuer uses to count toward that threshold. For example, most issuers use only base rent to determine the dollar amount of delinquency. However, Silver Bay Realty and Tricon American Homes each count total receivables to determine the past due amount. Progress Residential includes certain fees above base rent but not total receivables.

**Tables 5a and 5b – Month-End Delinquency**

Table 5a shows the month-end count of delinquencies based on the definition in Table 4, and Table 5b shows delinquency as a percentage of the total number of properties in each pool. Any review of delinquency should be viewed within the context of the delinquency definitions in Table 4.

**Table 6 – Monthly Retention Rate of Expiring Leases**

When evaluating an issuer’s ability to keep tenants in a property, Morningstar considers a retention rate. Once again, differences in monthly reporting affect the calculation that Morningstar uses. Typically, a renewal rate would review those tenants who signed a full-term lease. Considering the different methods issuers use to designate tenants with either a renewal or an MTM status, Morningstar opted to report the retention rate instead of the renewal rate. The retention rate is defined as those properties that retained previous tenants, whether on full-term or MTM leases, divided by the total number of leases due to expire in that period, as reported in Table 2a and explained in Appendix II. If there is not enough seasoning in the deal to look three months back to determine the lease expiration sample, Morningstar relies on the cutoff tape lease expiration profile. As a result, the first three months of retention rate reported in Table 6 will use the cutoff tape to find the sample of lease expirations. After isolating the applicable lease expiration sample, Morningstar looks at the most recent property tape to determine the lease status of the properties. In this report, Morningstar uses the June property tape to determine the lease status for May expirations. Morningstar continues to rely on the issuer’s labeling of vacant, renewal, new lease, or MTM, to the extent that these notations are available in each tape.

## Table 7 – Monthly Retention Rate of MTM Leases

In Table 7, Morningstar reviews the retention rate of those properties in an MTM status. This table looks at previous tenants who went to an MTM status and either renewed or remained in the property on an MTM basis. For the MTM retention rate, Morningstar looks for MTM tenants in the previous month's property tape, and then looks to the current month for their occupancy status. For example, the May 2016 retention rates are the June statuses of May MTM tenants.

## Tables 8a and 8b – MTM Tenants

In Tables 8a and 8b, Morningstar shows the count and percentage of properties with MTM tenants. Securitizations with higher concentrations of MTM tenants typically report higher retention rates of their MTM leases. MTM tenants are usually subject to a monthly fee, which may encourage them to eventually sign full-term leases.

## Table 9 – Monthly Turnover Rate

In evaluating how effective an issuer is at retaining tenants, Morningstar also considers the monthly turnover rate. For this metric, Morningstar strives to apply a consistent calculation given the differences in issuers' monthly reporting. Morningstar considers a property turned over if it meets one of three criteria:

- The property is vacant but was occupied in the previous month and the move-out date, if available, is on or after the first day of the current month;
- The move-out date is on or after the first day of the current month including the last day of the current month;
- Or the property was occupied in the prior month and a tenant has signed a new lease that starts on or after the second day of the current month.

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To reprint, translate, or use the data or information other than as provided herein, contact Vanessa Sussman (+1 646 560-4541) or by email to: [vanessa.sussman@morningstar.com](mailto:vanessa.sussman@morningstar.com).