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RMBS Research: Single-Family Rental

Performance Summary Covering All Morningstar-Rated Securitizations

January 2016

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Introduction

Vacancy rates in single-family rental securitizations generally declined month over month as fewer properties have lease expirations in the winter months and retention rates remained strong in November, the latest month for which the data to calculate this metric is available. Turnover rates have also generally declined, which could be the result of the lower percentage of lease expirations. Despite a slight uptick in delinquency rates in 12 of the 23 transactions covered in this report, the overall levels remained low and cash flows for these transactions remain sufficient to cover bond obligations. This month's report includes Progress 2015-SFR3, which closed in November 2015. Publication of this month's Morningstar single-family rental performance summary was delayed because the property-level data for some deals was posted to the trustee website later than usual.

Because historical performance data for single-family rental securitizations is relatively limited, Morningstar Credit Ratings, LLC 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 December. Page 22 includes a brief summary of the four multiborrower transactions. For deals seasoned at least one year, Morningstar provides DealView® surveillance reports, available on our website, https://ratingagency.morningstar.com.

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Analysis

Morningstar tracks key metrics to gauge the performance of 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 issuers' monthly reporting to derive its calculations. 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. Vacancy continued to improve in December as fewer leases were set to expire during the winter months. Of the 23 transactions in this report, 16 experienced lower lease expirations in December than in November. AH4R 2015-SFR1 still has the highest vacancy at 8.0%; however, this marks an improvement from 9.0% in November. Vacancy for PRD 2015-SFR2 declined to 6.6% after having shown steady increases for the past five consecutive months. Vacancy for PRD 2015-SFR1 has decreased for four consecutive months and stands at 5.8%. Invitation Homes transactions continue to have low vacancy, as the highest vacancy among the seven deals is 5.1%.

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

		Year 2015												Total Count
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
AH4R 2014-SFR1		249	196	169	176	145	140	165	200	177	187	219	206	3,852
AH4R 2014-SFR2		268	264	268	304	337	294	284	244	203	227	232	212	4,487
AH4R 2014-SFR3		227	245	246	258	258	271	322	283	281	287	273	227	4,503
AH4R 2015-SFR1					185	216	243	255	330	387	388	418	375	4,661
AH4R 2015-SFR2											98	120	146	4,125
ARP 2014-SFR1		262	288	238	231	210	210	206	181	199	208	194	147	2,875
CAH 2014-1		156	133	105	100	102	138	173	230	225	219	205	157	3,375
CAH 2014-2		215	232	220	211	130	123	117	146	162	163	165	154	3,705
CAH 2015-1								170	181	191	206	203	187	3,876
IH 2013-SFR1		122	129	141	110	104	98	100	92	87	95	95	104	3,207
IH 2014-SFR1		191	202	251	294	265	358	350	325	298	267	199	199	6,473
IH 2014-SFR2		134	111	114	119	132	168	204	203	180	145	154	130	3,749
IH 2014-SFR3		130	113	132	129	141	173	194	186	190	169	157	143	4,015
IH 2015-SFR1		149	146	112	74	88	119	106	135	162	157	160	145	3,050
IH 2015-SFR2					104	110	134	144	172	201	203	203	159	3,523
IH 2015-SFR3							267	316	354	397	385	365	370	7,207
PRD 2014-SFR1		173	199	166	142	144	189	139	141	151	161	183	171	3,139
PRD 2015-SFR1			61	97	101	152	230	270	318	295	273	258	233	3,995
PRD 2015-SFR2							50	77	110	153	209	242	219	3,312
PRD 2015-SFR3												75	77	3,164
SBY 2014-1		181	169	141	147	158	156	142	151	156	154	154	146	3,011
SWAY 2014-1		230	215	253	267	260	279	274	254	293	286	284	294	4,081
TAH 2015-SFR1							153	167	149	195	207	238	229	3,505

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

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AH4R 2014-SFR1		6.5	5.1	4.4	4.6	3.8	3.6	4.3	5.2	4.6	4.9	5.7	5.3
AH4R 2014-SFR2		6.0	5.9	6.0	6.8	7.5	6.6	6.3	5.4	4.5	5.1	5.2	4.7
AH4R 2014-SFR3		5.0	5.4	5.5	5.7	5.7	6.0	7.2	6.3	6.2	6.4	6.1	5.0
AH4R 2015-SFR1					4.0	4.6	5.2	5.5	7.1	8.3	8.3	9.0	8.0
AH4R 2015-SFR2											2.4	2.9	3.5
ARP 2014-SFR1		9.1	10.0	8.3	8.0	7.3	7.3	7.2	6.3	6.9	7.2	6.7	5.1
CAH 2014-1		4.6	3.9	3.1	2.9	3.0	4.1	5.1	6.8	6.6	6.5	6.1	4.7
CAH 2014-2		5.8	6.2	5.9	5.7	3.5	3.3	3.2	3.9	4.4	4.4	4.5	4.2
CAH 2015-1								4.4	4.7	4.9	5.3	5.2	4.8
IH 2013-SFR1		3.8	4.0	4.4	3.4	3.2	3.1	3.1	2.9	2.7	3.0	3.0	3.2
IH 2014-SFR1		3.0	3.1	3.9	4.5	4.1	5.5	5.4	5.0	4.6	4.1	3.1	3.1
IH 2014-SFR2		3.6	3.0	3.0	3.2	3.5	4.5	5.4	5.4	4.8	3.9	4.1	3.5
IH 2014-SFR3		3.2	2.8	3.3	3.2	3.5	4.3	4.8	4.6	4.7	4.2	3.9	3.6
IH 2015-SFR1		4.9	4.8	3.7	2.4	2.9	3.9	3.5	4.4	5.3	5.1	5.2	4.8
IH 2015-SFR2					3.0	3.1	3.8	4.1	4.9	5.7	5.8	5.8	4.5
IH 2015-SFR3							3.7	4.4	4.9	5.5	5.3	5.1	5.1
PRD 2014-SFR1		5.5	6.3	5.3	4.5	4.6	6.0	4.4	4.5	4.8	5.1	5.8	5.4
PRD 2015-SFR1			1.5	2.4	2.5	3.8	5.8	6.8	8.0	7.4	6.8	6.5	5.8
PRD 2015-SFR2							1.5	2.3	3.3	4.6	6.3	7.3	6.6
PRD 2015-SFR3												2.4	2.4
SBY 2014-1		5.9	5.5	4.6	4.8	5.1	5.1	4.6	4.9	5.2	5.1	5.1	4.8
SWAY 2014-1		5.6	5.3	6.2	6.5	6.4	6.8	6.7	6.2	7.2	7.0	7.0	7.2
TAH 2015-SFR1							4.4	4.8	4.3	5.6	5.9	6.8	6.5

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Table 2a – Lease Expiration (by Count)

		Year 2015												Total Count
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
AH4R 2014-SFR1		245	214	285	291	354	352	365	308	260	277	208	185	3,852
AH4R 2014-SFR2		284	386	553	656	700	272	258	209	230	214	194	141	4,487
AH4R 2014-SFR3		285	322	289	377	559	649	435	393	305	228	128	160	4,503
AH4R 2015-SFR1					222	281	500	747	594	494	486	391	279	4,661
AH4R 2015-SFR2											108	96	141	4,125
ARP 2014-SFR1		234	328	253	196	224	131	127	110	130	114	171	130	2,875
CAH 2014-1		48	82	107	142	179	233	528	414	386	298	228	107	3,375
CAH 2014-2		503	618	394	133	113	87	149	183	171	238	269	249	3,705
CAH 2015-1							512	393	371	344	259	191		3,876
IH 2013-SFR1		378	377	340	269	241	155	154	122	102	158	149	185	3,207
IH 2014-SFR1		178	387	669	724	726	701	538	389	323	253	138	143	6,473
IH 2014-SFR2		221	162	217	239	333	346	355	275	174	198	203	169	3,749
IH 2014-SFR3		209	209	240	267	352	387	389	247	207	180	207	186	4,015
IH 2015-SFR1		299	229	157	87	88	133	179	249	196	234	215	230	3,050
IH 2015-SFR2					136	137	161	209	251	260	290	277	222	3,523
IH 2015-SFR3							334	408	517	513	580	516	502	7,207
PRD 2014-SFR1		246	307	406	387	352	196	73	121	124	155	137	80	3,139
PRD 2015-SFR1			102	182	335	526	587	671	481	354	187	78	32	3,995
PRD 2015-SFR2							50	64	136	257	409	211	84	3,312
PRD 2015-SFR3												21	9	3,164
SBY 2014-1		183	142	209	202	218	275	173	186	177	199	161	131	3,011
SWAY 2014-1		238	272	280	299	264	230	211	164	107	61	68	190	4,081
TAH 2015-SFR1							235	280	261	235	232	143	175	3,505

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Table 2b – Lease Expiration (by Percentage)

		Year 2015											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AH4R 2014-SFR1		6.4	5.6	7.4	7.6	9.2	9.1	9.5	8.0	6.7	7.2	5.4	4.8
AH4R 2014-SFR2		6.3	8.6	12.3	14.6	15.6	6.1	5.7	4.7	5.1	4.8	4.3	3.1
AH4R 2014-SFR3		6.3	7.2	6.4	8.4	12.4	14.4	9.7	8.7	6.8	5.1	2.8	3.6
AH4R 2015-SFR1					4.8	6.0	10.7	16.0	12.7	10.6	10.4	8.4	6.0
AH4R 2015-SFR2											2.6	2.3	3.4
ARP 2014-SFR1		8.1	11.4	8.8	6.8	7.8	4.6	4.4	3.8	4.5	4.0	5.9	4.5
CAH 2014-1		1.4	2.4	3.2	4.2	5.3	6.9	15.6	12.2	11.4	8.8	6.7	3.2
CAH 2014-2		13.5	16.6	10.6	3.6	3.0	2.3	4.0	4.9	4.6	6.4	7.3	6.7
CAH 2015-1								13.2	10.1	9.6	8.9	6.7	4.9
IH 2013-SFR1		11.8	11.8	10.6	8.4	7.5	4.8	4.8	3.8	3.2	4.9	4.6	5.8
IH 2014-SFR1		2.7	6.0	10.3	11.2	11.2	10.8	8.3	6.0	5.0	3.9	2.1	2.2
IH 2014-SFR2		5.9	4.3	5.8	6.4	8.9	9.2	9.5	7.3	4.6	5.3	5.4	4.5
IH 2014-SFR3		5.2	5.2	6.0	6.7	8.8	9.6	9.7	6.2	5.2	4.5	5.2	4.6
IH 2015-SFR1		9.8	7.5	5.1	2.9	2.9	4.4	5.9	8.2	6.4	7.7	7.0	7.5
IH 2015-SFR2					3.9	3.9	4.6	5.9	7.1	7.4	8.2	7.9	6.3
IH 2015-SFR3							4.6	5.7	7.2	7.1	8.0	7.2	7.0
PRD 2014-SFR1		7.8	9.8	12.9	12.3	11.2	6.2	2.3	3.9	3.9	4.9	4.4	2.5
PRD 2015-SFR1			2.6	4.6	8.4	13.2	14.7	16.8	12.0	8.9	4.7	2.0	0.8
PRD 2015-SFR2							1.5	1.9	4.1	7.8	12.3	6.4	2.5
PRD 2015-SFR3												0.7	0.3
SBY 2014-1		5.9	4.6	6.8	6.6	7.1	8.9	5.6	6.0	5.9	6.6	5.3	4.4
SWAY 2014-1		5.8	6.7	6.9	7.3	6.5	5.6	5.2	4.0	2.6	1.5	1.7	4.7
TAH 2015-SFR1							6.7	8.0	7.4	6.7	6.6	4.1	5.0

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Tables 3a and 3b show the number of months of vacancy the December vacant properties have experienced. In other words, if a property is unoccupied as of the December 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 December vacancies. Properties do not tend to be vacant for greater than three to four months.

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

		1	2	3	4	5	6	7	8	9	10	11	12+	Total
AH4R 2014-SFR1		53	66	31	27	13	6	8	1	1	0	0	0	206
AH4R 2014-SFR2		65	67	47	13	12	3	2	3	0	0	0	0	212
AH4R 2014-SFR3		72	62	38	29	17	6	1	2	0	0	0	0	227
AH4R 2015-SFR1		122	106	66	47	25	6	1	1	1				375
AH4R 2015-SFR2		75	43	28										146
ARP 2014-SFR1		47	26	29	15	15	6	4	2	1	0	1	1	147
CAH 2014-1		31	33	31	18	22	14	2	3	0	0	0	3	157
CAH 2014-2		61	38	28	11	8	3	5	0	0	0	0	0	154
CAH 2015-1		87	60	28	6	3	3							187
IH 2013-SFR1		31	26	23	10	7	3	0	0	1	1	0	2	104
IH 2014-SFR1		67	43	26	28	13	7	2	4	2	0	0	7	199
IH 2014-SFR2		43	29	20	15	9	3	1	1	3	2	0	4	130
IH 2014-SFR3		48	49	22	14	6	3	1	0	0	0	0	0	143
IH 2015-SFR1		54	49	21	10	2	2	1	0	0	2	2	2	145
IH 2015-SFR2		61	47	25	12	11	1	2	0	0				159
IH 2015-SFR3		163	99	63	19	9	5	1	11					370
PRD 2014-SFR1		40	47	36	21	11	5	4	3	2	1	1	0	171
PRD 2015-SFR1		66	44	53	32	24	6	6	2	0	0	0		233
PRD 2015-SFR2		68	62	49	24	14	0	2						219
PRD 2015-SFR3		31	26	20										77
SBY 2014-1		46	33	34	20	9	4	0	0	0	0	0	0	146
SWAY 2014-1		87	53	43	40	29	16	8	3	1	0	3	11	294
TAH 2015-SFR1		65	85	42	20	5	5	6	1					229

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

		1	2	3	4	5	6	7	8	9	10	11	12+	Total
AH4R 2014-SFR1		25.7	32.0	15.0	13.1	6.3	2.9	3.9	0.5	0.5	0.0	0.0	0.0	100.0
AH4R 2014-SFR2		30.7	31.6	22.2	6.1	5.7	1.4	0.9	1.4	0.0	0.0	0.0	0.0	100.0
AH4R 2014-SFR3		31.7	27.3	16.7	12.8	7.5	2.6	0.4	0.9	0.0	0.0	0.0	0.0	100.0
AH4R 2015-SFR1		32.5	28.3	17.6	12.5	6.7	1.6	0.3	0.3	0.3				100.0
AH4R 2015-SFR2		51.4	29.5	19.2										100.0
ARP 2014-SFR1		32.0	17.7	19.7	10.2	10.2	4.1	2.7	1.4	0.7	0.0	0.7	0.7	100.0
CAH 2014-1		19.7	21.0	19.7	11.5	14.0	8.9	1.3	1.9	0.0	0.0	0.0	1.9	100.0
CAH 2014-2		39.6	24.7	18.2	7.1	5.2	1.9	3.2	0.0	0.0	0.0	0.0	0.0	100.0
CAH 2015-1		46.5	32.1	15.0	3.2	1.6	1.6							100.0
IH 2013-SFR1		29.8	25.0	22.1	9.6	6.7	2.9	0.0	0.0	1.0	1.0	0.0	1.9	100.0
IH 2014-SFR1		33.7	21.6	13.1	14.1	6.5	3.5	1.0	2.0	1.0	0.0	0.0	3.5	100.0
IH 2014-SFR2		33.1	22.3	15.4	11.5	6.9	2.3	0.8	0.8	2.3	1.5	0.0	3.1	100.0
IH 2014-SFR3		33.6	34.3	15.4	9.8	4.2	2.1	0.7	0.0	0.0	0.0	0.0	0.0	100.0
IH 2015-SFR1		37.2	33.8	14.5	6.9	1.4	1.4	0.7	0.0	0.0	1.4	1.4	1.4	100.0
IH 2015-SFR2		38.4	29.6	15.7	7.5	6.9	0.6	1.3	0.0	0.0				100.0
IH 2015-SFR3		44.1	26.8	17.0	5.1	2.4	1.4	0.3	3.0					100.0
PRD 2014-SFR1		23.4	27.5	21.1	12.3	6.4	2.9	2.3	1.8	1.2	0.6	0.6	0.0	100.0
PRD 2015-SFR1		28.3	18.9	22.7	13.7	10.3	2.6	2.6	0.9	0.0	0.0	0.0		100.0
PRD 2015-SFR2		31.1	28.3	22.4	11.0	6.4	0.0	0.9						100.0
PRD 2015-SFR3		40.3	33.8	26.0										100.0
SBY 2014-1		31.5	22.6	23.3	13.7	6.2	2.7	0.0	0.0	0.0	0.0	0.0	0.0	100.0
SWAY 2014-1		29.6	18.0	14.6	13.6	9.9	5.4	2.7	1.0	0.3	0.0	1.0	3.7	100.0
TAH 2015-SFR1		28.4	37.1	18.3	8.7	2.2	2.2	2.6	0.4					100.0

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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. These conditions can differ by the total dollar threshold an issuer uses to classify a tenant as delinquent, as well as 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, American Residential Properties, 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. Across most deals, delinquency rates have been migrating slightly higher; however, the overall delinquency levels remain low. ARP 2014-SFR1 and PRD 2015-SFR2 have the highest delinquency percentages at 1.7% each. However, this is an improvement for ARP 2014-SFR1 from its peak of 3.0% in June 2015. Table 5a shows the month-end count of delinquencies based on these definitions, and Table 5b shows delinquency as a percentage of the total number of properties in each pool.

Table 4 – Delinquency Definition

Issuer	Definition
American Homes 4 Rent	Past due 30 days or more and owing $200 or more
American Residential Properties	Past due 30 days or more and owing $500 or more[1]
Colony American Homes	Past due 30 days or more and owing $200 or more
Invitation Homes	Past due 30 days or more and owing 25% of one month's rent or more
Progress Residential	Past due 30 days or more and owing $200 or more[2]
Silver Bay Realty	Past due 30 days or more and owing $500 or more[1]
SWAY Residential	Past due 30 days or more and owing $500 or more
Tricon American Homes	Past due 30 days or more and owing $500 or more[1]

[1]Based on total receivables

[2]Includes Section 8 rent, pet fees, and MTM fees but excludes late fees and damage fees

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

		Year 2015												Total Count
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
AH4R 2014-SFR1		45	55	40	23	46	35	35	30	36	18	21	34	3,852
AH4R 2014-SFR2		70	71	49	37	39	34	44	33	25	26	30	36	4,487
AH4R 2014-SFR3		30	37	24	25	36	28	22	18	17	22	22	30	4,503
AH4R 2015-SFR1					39	61	38	32	33	32	24	26	27	4,661
AH4R 2015-SFR2											18	23	26	4,125
ARP 2014-SFR1		71	48	54	65	73	87	62	62	58	55	49	48	2,875
CAH 2014-1		56	22	20	21	27	27	15	20	20	17	16	17	3,375
CAH 2014-2		61	45	32	27	47	34	28	34	35	20	22	27	3,705
CAH 2015-1								26	28	27	25	27	25	3,876
IH 2013-SFR1		27	20	16	26	33	32	32	28	26	30	32	36	3,207
IH 2014-SFR1		66	55	48	25	48	47	40	46	59	46	67	81	6,473
IH 2014-SFR2		49	39	30	29	32	31	36	33	28	24	25	33	3,749
IH 2014-SFR3		33	32	22	29	33	39	27	31	34	28	32	31	4,015
IH 2015-SFR1		54	47	29	27	33	39	33	39	36	30	33	37	3,050
IH 2015-SFR2					24	17	28	24	30	27	31	30	35	3,523
IH 2015-SFR3							90	98	87	100	93	86	113	7,207
PRD 2014-SFR1		30	24	26	16	23	32	30	25	26	38	30	31	3,139
PRD 2015-SFR1			21	23	26	31	32	29	30	32	43	47	41	3,995
PRD 2015-SFR2							42	41	38	43	40	52	55	3,312
PRD 2015-SFR3												16	26	3,164
SBY 2014-1		33	33	25	16	19	45	40	35	29	29	31	26	3,011
SWAY 2014-1		18	26	5	7	8	15	20	24	29	29	20	15	4,081
TAH 2015-SFR1							83	76	68	80	74	61	57	3,505

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

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AH4R 2014-SFR1		1.2	1.4	1.0	0.6	1.2	0.9	0.9	0.8	0.9	0.5	0.5	0.9
AH4R 2014-SFR2		1.6	1.6	1.1	0.8	0.9	0.8	1.0	0.7	0.6	0.6	0.7	0.8
AH4R 2014-SFR3		0.7	0.8	0.5	0.6	0.8	0.6	0.5	0.4	0.4	0.5	0.5	0.7
AH4R 2015-SFR1					0.8	1.3	0.8	0.7	0.7	0.7	0.5	0.6	0.6
AH4R 2015-SFR2											0.4	0.6	0.6
ARP 2014-SFR1		2.5	1.7	1.9	2.3	2.5	3.0	2.2	2.2	2.0	1.9	1.7	1.7
CAH 2014-1		1.6	0.6	0.6	0.6	0.8	0.8	0.4	0.6	0.6	0.5	0.5	0.5
CAH 2014-2		1.6	1.2	0.9	0.7	1.3	0.9	0.8	0.9	0.9	0.5	0.6	0.7
CAH 2015-1							0.7	0.7	0.7	0.6	0.7	0.6	
IH 2013-SFR1		0.8	0.6	0.5	0.8	1.0	1.0	1.0	0.9	0.8	0.9	1.0	1.1
IH 2014-SFR1		1.0	0.8	0.7	0.4	0.7	0.7	0.6	0.7	0.9	0.7	1.0	1.3
IH 2014-SFR2		1.3	1.0	0.8	0.8	0.9	0.8	1.0	0.9	0.7	0.6	0.7	0.9
IH 2014-SFR3		0.8	0.8	0.5	0.7	0.8	1.0	0.7	0.8	0.8	0.7	0.8	0.8
IH 2015-SFR1		1.8	1.5	1.0	0.9	1.1	1.3	1.1	1.3	1.2	1.0	1.1	1.2
IH 2015-SFR2					0.7	0.5	0.8	0.7	0.9	0.8	0.9	0.9	1.0
IH 2015-SFR3							1.2	1.4	1.2	1.4	1.3	1.2	1.6
PRD 2014-SFR1		1.0	0.8	0.8	0.5	0.7	1.0	1.0	0.8	0.8	1.2	1.0	1.0
PRD 2015-SFR1			0.5	0.6	0.7	0.8	0.8	0.7	0.8	0.8	1.1	1.2	1.0
PRD 2015-SFR2							1.3	1.2	1.1	1.3	1.2	1.6	1.7
PRD 2015-SFR3												0.5	0.8
SBY 2014-1		1.1	1.1	0.8	0.5	0.6	1.5	1.3	1.1	1.0	1.0	1.0	0.9
SWAY 2014-1		0.4	0.6	0.1	0.2	0.2	0.4	0.5	0.6	0.7	0.7	0.5	0.4
TAH 2015-SFR1							2.4	2.2	1.9	2.3	2.1	1.7	1.6

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 that were retained with a full-term lease. Considering the different methods issuers use to designate tenants with either a renewal or a month-to-month 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 on full-term leases plus those properties that kept the previous tenant on a month-to-month basis divided by the total number of leases due to expire in that period. 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 compute the November retention rate, Morningstar looks for all November lease expirations in the August property tape. Morningstar looks three months back to more accurately account for tenants that renew their leases in months prior to their scheduled lease expiration. Certain issuers have indicated that they proactively work to renew tenants with upcoming lease expirations a few months before the lease expiration date, and so the current retention rate calculation should capture these renewals. If there is not enough seasoning in the deal to look three months back, 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 those properties with November 2015 lease expirations, Morningstar looks at the most recent property tape to determine the lease status of the properties. In this example, Morningstar uses the December 2015 property tape to determine the lease status. 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. Retention rates continue to be strong with most transactions experiencing rates in the 70s or above. The retention rate for AH4R 2014-SFR3 dipped back into the 60s for this reporting period and has been in the 60s for four of the past five months, and the retention rate for AH4R 2015-SFR2 dropped to 69.8% in November from 79.6% in October. The first retention rate calculated for PRD 2015-SFR3 was 66.7%.

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Table 6 – Monthly Retention Rate of Expiring Leases

		Year 2015 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AH4R 2014-SFR1		75.9	77.6	75.8	79.7	77.4	68.5	75.6	72.7	78.1	71.8	75.0	TBD
AH4R 2014-SFR2		76.1	75.9	72.3	74.1	73.0	64.0	71.3	68.9	64.8	70.1	72.2	TBD
AH4R 2014-SFR3		75.1	73.6	73.4	73.5	73.7	74.6	68.3	67.4	69.2	70.2	62.5	TBD
AH4R 2015-SFR1					73.0	66.9	71.2	69.1	68.5	65.8	72.8	72.1	TBD
AH4R 2015-SFR2											79.6	69.8	TBD
ARP 2014-SFR1		81.6	80.5	83.0	78.6	80.8	79.4	77.2	71.8	72.3	76.3	78.4	TBD
CAH 2014-1		81.3	74.4	73.8	81.7	68.2	76.8	70.6	72.7	72.5	74.2	75.0	TBD
CAH 2014-2		76.5	76.4	73.4	81.2	69.9	65.5	73.8	73.8	69.6	82.4	78.8	TBD
CAH 2015-1								75.2	71.5	71.7	75.3	71.8	TBD
IH 2013-SFR1		81.7	78.8	76.5	77.7	80.5	78.7	71.4	72.1	78.4	79.7	77.9	TBD
IH 2014-SFR1		82.6	77.3	78.3	80.2	77.1	74.5	76.2	76.9	73.7	79.1	79.0	TBD
IH 2014-SFR2		85.1	75.9	82.5	77.4	77.8	74.6	69.0	77.8	75.3	76.8	77.8	TBD
IH 2014-SFR3		85.2	78.5	78.8	77.9	77.0	77.0	71.7	73.3	74.4	79.4	79.2	TBD
IH 2015-SFR1		79.9	77.3	79.6	78.2	77.3	77.4	79.3	73.9	72.4	76.1	77.7	TBD
IH 2015-SFR2					70.6	72.3	80.1	76.1	67.7	68.1	75.2	81.6	TBD
IH 2015-SFR3							72.2	73.5	76.4	74.1	78.1	79.3	TBD
PRD 2014-SFR1		74.4	72.3	75.9	76.7	76.7	73.5	61.6	72.7	73.4	71.0	80.3	TBD
PRD 2015-SFR1			68.6	72.0	75.8	75.1	76.3	77.3	75.1	70.6	74.9	70.5	TBD
PRD 2015-SFR2							70.0	78.1	80.1	72.4	76.8	72.0	TBD
PRD 2015-SFR3												66.7	TBD
SBY 2014-1		72.1	78.2	76.6	79.7	79.4	74.5	77.5	81.2	83.1	79.9	80.7	TBD
SWAY 2014-1		76.1	78.3	76.1	77.3	77.7	68.7	75.4	76.8	74.8	70.5	70.6	TBD
TAH 2015-SFR1							82.1	83.2	83.5	83.4	83.6	84.6	TBD

TBD – To Be Determined

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In Table 7, Morningstar reviews the retention rate of those properties in a month-to-month status. This table looks at previous tenants that went to a month-to-month status and either renewed or remained in the property on a month-to-month 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 November 2015 retention rates are the December 2015 statuses of November 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 MTM tenants to eventually sign full-term leases. Overall, the percentage of MTM tenants is similar to that of last month. As has historically been the case, TAH 2015-SFR1 has the largest percentage of MTM tenants at 15.2% and this transaction also had the highest November retention rate of MTM leases at 95.5%. The retention rate of MTM leases dropped for CAH 2014-2 to 65.5% from 89.1% in October, and this metric dropped for PRD 2015-SFR2 to 57.1% from 76.9% in October. These drops may be attributable to small sample sizes.

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Table 7 – Monthly Retention Rate of Month-to-Month Leases

Year 2015

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AH4R 2014-SFR1	89.0	89.6	84.8	85.1	80.1	86.2	83.1	88.4	84.9	88.3	85.0	TBD
AH4R 2014-SFR2	88.1	84.0	82.6	85.1	77.2	79.6	79.9	81.2	83.6	83.2	90.5	TBD
AH4R 2014-SFR3	85.1	82.5	78.4	76.4	73.0	72.5	76.1	80.4	82.9	80.0	85.5	TBD
AH4R 2015-SFR1				86.2	79.3	78.8	71.4	80.3	82.5	81.8	86.1	TBD
AH4R 2015-SFR2										84.3	82.0	TBD
ARP 2014-SFR1	90.4	95.1	92.0	94.2	88.6	86.1	90.8	88.1	84.2	90.7	88.9	TBD
CAH 2014-1	76.6	83.3	83.8	82.3	76.2	76.6	73.2	73.3	75.0	81.9	70.3	TBD
CAH 2014-2	84.8	82.9	76.2	79.7	76.5	73.3	82.0	72.4	80.4	89.1	65.5	TBD
CAH 2015-1							58.3	76.9	67.2	83.8	80.3	TBD
IH 2013-SFR1	74.3	87.5	75.0	76.6	76.9	72.6	78.0	76.7	91.9	88.6	88.1	TBD
IH 2014-SFR1	84.2	81.6	82.4	79.3	65.0	72.0	70.1	78.7	74.6	85.0	86.4	TBD
IH 2014-SFR2	75.8	72.7	76.5	87.5	76.7	77.6	83.0	85.7	73.3	75.6	76.5	TBD
IH 2014-SFR3	75.8	81.8	87.9	76.3	73.2	78.8	67.3	73.2	76.2	79.1	78.0	TBD
IH 2015-SFR1	82.4	62.2	87.8	79.4	80.0	80.0	70.8	87.5	68.6	78.1	76.3	TBD
IH 2015-SFR2				81.8	71.0	85.7	75.9	82.8	79.4	71.9	75.0	TBD
IH 2015-SFR3						82.3	84.2	83.3	83.1	83.1	80.9	TBD
PRD 2014-SFR1	85.0	84.3	92.3	83.7	78.2	83.3	83.8	82.8	85.5	87.0	80.8	TBD
PRD 2015-SFR1		85.7	81.8	78.2	74.7	65.3	64.4	70.0	67.3	80.2	73.9	TBD
PRD 2015-SFR2						82.4	57.1	75.0	71.4	76.9	57.1	TBD
PRD 2015-SFR3											84.6	TBD
SBY 2014-1	90.1	96.2	92.9	90.2	89.3	87.7	89.8	85.1	87.8	91.3	90.7	TBD
SWAY 2014-1	90.5	85.8	83.3	86.3	84.3	87.0	87.6	77.9	84.8	86.5	88.1	TBD
TAH 2015-SFR1						90.1	93.8	94.0	93.6	93.6	95.5	TBD

TBD – To Be Determined

Table 8a – Month-to-Month Tenants (by Count)

		Year 2015												Total Count
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
AH4R 2014-SFR1		144	167	172	156	167	164	193	212	231	244	258	248	3,852
AH4R 2014-SFR2		106	143	169	206	250	259	213	190	173	183	169	172	4,487
AH4R 2014-SFR3		110	120	126	119	165	186	214	203	193	191	159	145	4,503
AH4R 2015-SFR1					87	102	126	168	209	224	257	266	287	4,661
AH4R 2015-SFR2											53	64	65	4,125
ARP 2014-SFR1		251	271	345	365	353	317	286	265	235	216	206	193	2,875
CAH 2014-1		148	90	88	62	68	70	119	133	122	79	82	61	3,375
CAH 2014-2		222	188	236	155	126	91	81	78	82	59	66	62	3,705
CAH 2015-1								129	126	128	99	92	78	3,876
IH 2013-SFR1		51	75	86	86	88	69	61	52	44	56	51	71	3,207
IH 2014-SFR1		42	68	87	124	155	153	157	125	87	77	71	75	6,473
IH 2014-SFR2		59	56	48	61	60	72	72	65	55	47	52	51	3,749
IH 2014-SFR3		43	46	43	56	70	81	94	79	57	57	62	54	4,015
IH 2015-SFR1		63	68	54	41	38	34	32	39	45	52	55	61	3,050
IH 2015-SFR2					39	44	40	43	39	46	50	56	68	3,523
IH 2015-SFR3							84	101	109	110	118	128	149	7,207
PRD 2014-SFR1		112	145	146	169	154	128	111	88	76	72	75	67	3,139
PRD 2015-SFR1			51	55	58	86	111	108	117	115	102	89	65	3,995
PRD 2015-SFR2							17	15	22	34	42	53	36	3,312
PRD 2015-SFR3												13	12	3,164
SBY 2014-1		290	221	252	258	229	248	236	242	212	235	237	223	3,011
SWAY 2014-1		105	155	200	191	140	108	208	217	186	171	154	143	4,081
TAH 2015-SFR1							603	545	557	544	585	538	533	3,505

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Table 8b – Month-to-Month Tenants (by Percentage)

		Year 2015 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AH4R 2014-SFR1		3.7	4.3	4.5	4.0	4.3	4.3	5.0	5.5	6.0	6.3	6.7	6.4
AH4R 2014-SFR2		2.4	3.2	3.8	4.6	5.6	5.8	4.7	4.2	3.9	4.1	3.8	3.8
AH4R 2014-SFR3		2.4	2.7	2.8	2.6	3.7	4.1	4.8	4.5	4.3	4.2	3.5	3.2
AH4R 2015-SFR1					1.9	2.2	2.7	3.6	4.5	4.8	5.5	5.7	6.2
AH4R 2015-SFR2											1.3	1.6	1.6
ARP 2014-SFR1		8.7	9.4	12.0	12.7	12.3	11.0	9.9	9.2	8.2	7.5	7.2	6.7
CAH 2014-1		4.4	2.7	2.6	1.8	2.0	2.1	3.5	3.9	3.6	2.3	2.4	1.8
CAH 2014-2		6.0	5.1	6.3	4.2	3.4	2.4	2.2	2.1	2.2	1.6	1.8	1.7
CAH 2015-1								3.3	3.2	3.3	2.6	2.4	2.0
IH 2013-SFR1		1.6	2.3	2.7	2.7	2.7	2.2	1.9	1.6	1.4	1.7	1.6	2.2
IH 2014-SFR1		0.6	1.1	1.3	1.9	2.4	2.4	2.4	1.9	1.3	1.2	1.1	1.2
IH 2014-SFR2		1.6	1.5	1.3	1.6	1.6	1.9	1.9	1.7	1.5	1.3	1.4	1.4
IH 2014-SFR3		1.1	1.1	1.1	1.4	1.7	2.0	2.3	2.0	1.4	1.4	1.5	1.3
IH 2015-SFR1		2.1	2.2	1.8	1.3	1.2	1.1	1.0	1.3	1.5	1.7	1.8	2.0
IH 2015-SFR2					1.1	1.2	1.1	1.2	1.1	1.3	1.4	1.6	1.9
IH 2015-SFR3							1.2	1.4	1.5	1.5	1.6	1.8	2.1
PRD 2014-SFR1		3.6	4.6	4.6	5.4	4.9	4.1	3.5	2.8	2.4	2.3	2.4	2.1
PRD 2015-SFR1			1.3	1.4	1.5	2.2	2.8	2.7	2.9	2.9	2.6	2.2	1.6
PRD 2015-SFR2							0.5	0.5	0.7	1.0	1.3	1.6	1.1
PRD 2015-SFR3												0.4	0.4
SBY 2014-1		9.4	7.2	8.2	8.4	7.4	8.1	7.7	7.9	7.0	7.8	7.9	7.4
SWAY 2014-1		2.6	3.8	4.9	4.7	3.4	2.6	5.1	5.3	4.6	4.2	3.8	3.5
TAH 2015-SFR1							17.2	15.5	15.9	15.5	16.7	15.3	15.2

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In evaluating how effective an issuer is at retaining tenants, Morningstar also considers the monthly turnover rate, as reported in Table 9. 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; 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; or the property was occupied in the prior month and the move-out date is on or after the last day of the previous month but is before the last day of the current month. Overall, turnover rates have been declining for the last few months. In fact, the turnover rate dropped for 17 of the 23 deals in December. AH4R 2015-SFR1 has the highest turnover rate at 3.8%, but this is an improvement from 4.6% in November. The declining percentage of expiring leases could be contributing to the overall drop in turnover rates.

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Table 9 – Monthly Turnover Rate

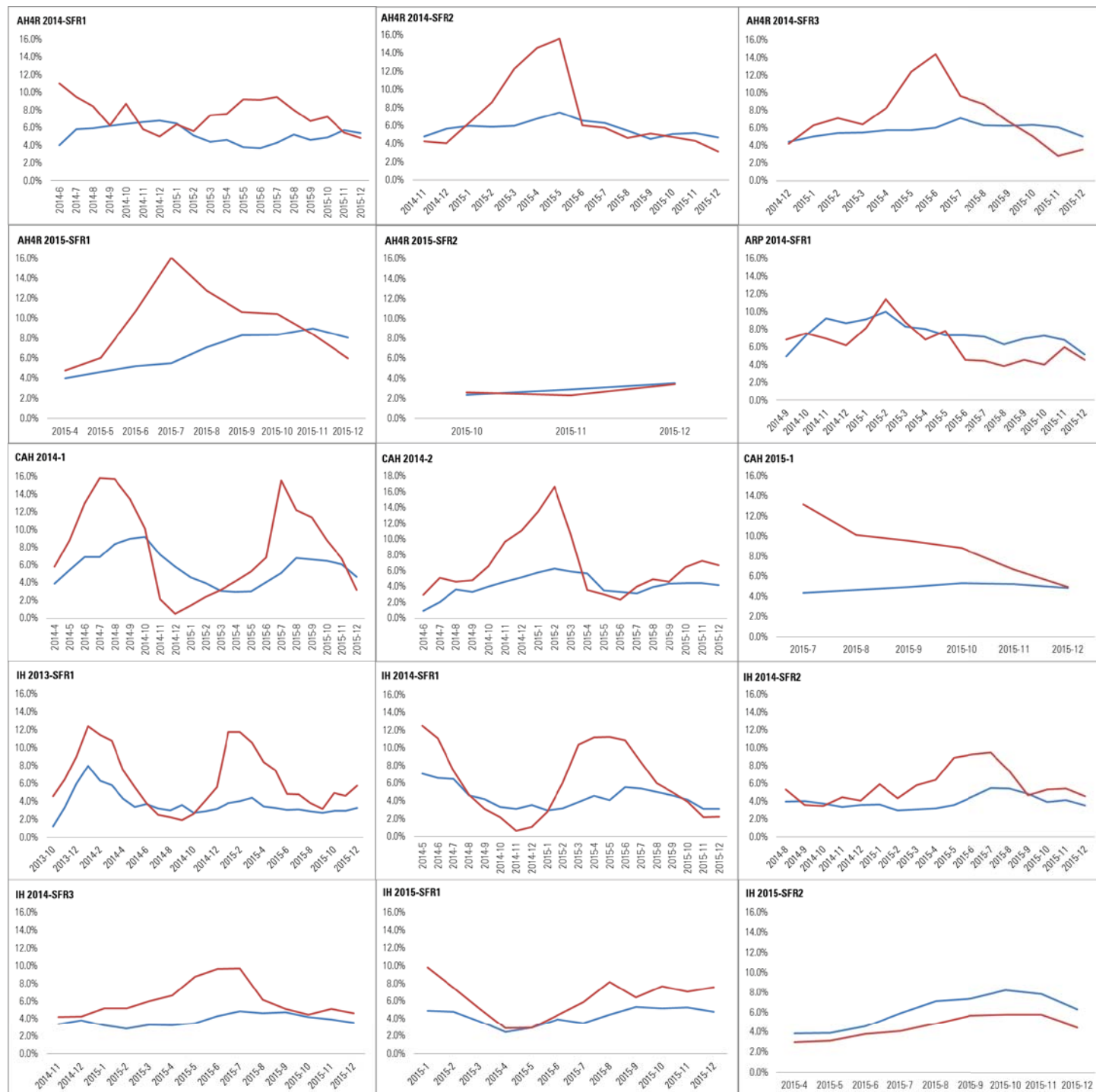| Year 2015		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AH4R 2014-SFR1		2.3	2.4	2.3	3.1	2.6	3.5	4.0	4.1	2.6	3.0	3.8	3.5
AH4R 2014-SFR2		2.3	2.3	3.4	3.6	4.8	5.3	4.1	3.5	2.4	3.4	3.3	2.3
AH4R 2014-SFR3		2.1	2.4	2.4	2.9	3.4	4.8	5.3	4.4	3.7	3.3	3.3	2.6
AH4R 2015-SFR1					2.0	2.6	3.8	4.4	5.9	5.3	4.1	4.6	3.8
AH4R 2015-SFR2											2.1	2.2	2.6
ARP 2014-SFR1		2.6	4.2	1.7	2.9	3.0	3.5	3.4	3.0	3.2	3.1	2.2	2.6
CAH 2014-1		1.4	2.0	1.7	2.0	2.2	3.4	4.0	5.9	4.2	4.1	2.8	2.2
CAH 2014-2		3.4	4.2	4.6	4.1	1.9	2.5	2.3	3.2	2.9	2.5	2.5	2.6
CAH 2015-1								4.3	4.1	3.7	3.5	3.3	2.6
IH 2013-SFR1		2.9	3.3	3.8	3.1	2.9	2.9	2.7	2.6	2.1	2.4	2.2	2.1
IH 2014-SFR1		1.6	2.3	3.3	3.9	3.2	4.7	3.9	3.3	2.5	2.5	1.5	1.7
IH 2014-SFR2		2.4	2.0	2.5	2.5	3.0	4.0	4.4	3.7	2.8	2.3	2.3	2.0
IH 2014-SFR3		1.9	2.0	2.6	2.5	3.3	3.8	4.4	3.9	2.9	2.7	2.2	1.9
IH 2015-SFR1			3.0	2.4	1.7	2.2	2.7	2.3	3.1	3.2	3.2	3.0	2.7
IH 2015-SFR2						2.4	3.1	3.0	3.8	3.7	3.1	3.3	2.1
IH 2015-SFR3								3.2	3.3	3.1	3.2	2.7	2.6
PRD 2014-SFR1		2.6	3.3	4.1	3.8	4.1	4.2	2.8	2.2	2.5	2.3	2.4	2.2
PRD 2015-SFR1			1.3	1.9	2.3	3.8	4.9	5.1	5.1	4.1	3.8	2.2	2.1
PRD 2015-SFR2							1.2	1.8	2.2	3.1	4.1	3.1	2.2
PRD 2015-SFR3												1.0	1.1
SBY 2014-1		2.5	1.9	2.0	2.5	2.9	3.1	3.1	2.9	3.0	2.8	2.4	2.2
SWAY 2014-1		2.1	2.3	3.0	2.8	2.7	3.8	2.9	2.2	2.7	2.4	1.7	2.5
TAH 2015-SFR1							2.4	2.8	3.4	2.3	2.2	2.8	2.0

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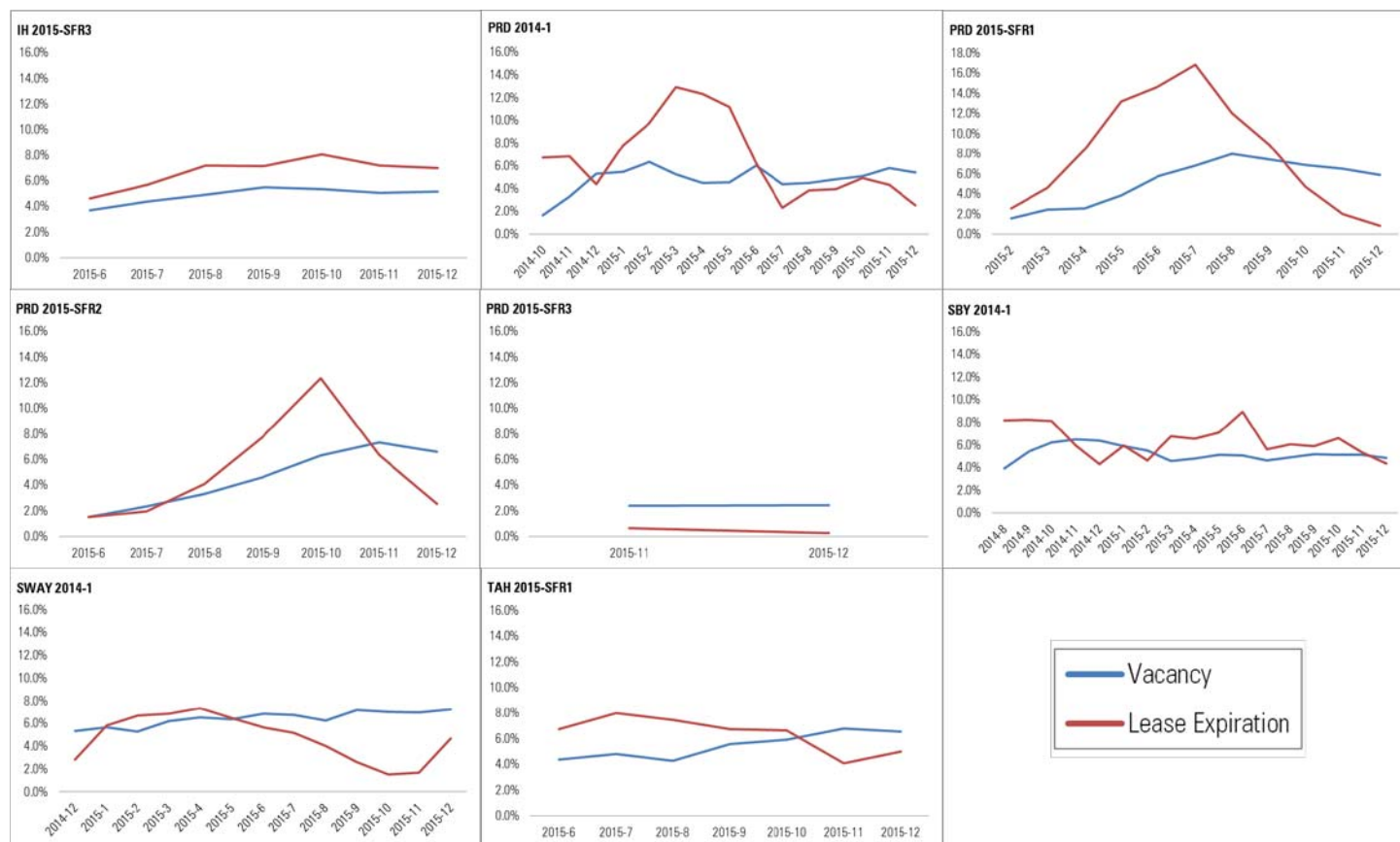
Multiborrower Performance

To date there have been four multiborrower transactions brought to market in the single-family rental sector: B2R 2015-1, B2R 2015-2, FKL 2015-SFR1, and CAF 2015-1. The deals are similar to single-borrower transactions in that the underlying collateral are 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 is secured by 211 loans; FKL 2015-SFR1 is secured by 16 loans; and CAF 2015-1 is secured by 69 loans. As such, the monthly reporting for multiborrower deals is different from the data reported in the single-borrower space. For example, delinquency reported in Tables 5a and 5b are tenants that are past due on rental payments at a property level. For these multiborrower transactions, delinquency is measured by borrowers that are past due on loan payments at the loan level. As of the most recent remittance report, B2R 2015-1 has one loan that is 60 days delinquent and comprises approximately 0.4% of the total transaction balance. B2R 2015-2 has one loan that is 30 days delinquent. All loans in CAF 2015-1 are current, but, according to the remittance report, one loan, which is approximately 0.4% of the transaction balance, was transferred to the special servicer in November. Also, all borrowers in the FKL 2015-SFR1 transaction are current. However, one loan that comprises approximately 1.7% of the total transaction balance is listed on the watchlist report and has been since November 2015. The report notes that the loan has entered into a trigger period, and the servicer has implemented the excess cash trap provisions in the loan agreement. Morningstar will monitor the performance of these loans.

The December property-level data shows performance of the single-borrower, single-family rental asset class has remained strong. Vacancy and turnover rates have been improving and delinquency rates continue to be low and in line with Morningstar's expectations. Monitoring the monthly performance of key metrics in both the single-borrower and multiborrower areas of the single-family rental asset class is important as more historical data becomes available, particularly as issuers employ different strategies in managing their securitized pools. It is equally important to view each of these metrics in the appropriate context. For example, month-end vacancy rates should be viewed in the context of a transaction's lease expiration cycle, and delinquency rates are dependent upon each issuer's definition of delinquency.

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Appendix I – Vacancy versus Lease Expiration

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