

# RMBS Research: Single-Family Rental

## Performance Summary Covering All Morningstar-Rated Securitizations

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### Introduction

Lease expirations by percentage have increased for the fourth-consecutive month, contributing to an end of the six-month improvement in the overall vacancy trend. However, the vacancy across 24 single-borrower, single-family rental transactions only increased to 4.3% in April from 4.2% in March. Delinquency rates in single-family rental securitizations improved in April, dropping to 0.4%, the lowest level in the past year. As of March, based on the most recent data available, retention rates remained strong for both full-term leases and month-to-month leases. For regular leases, 23 of the 24 transactions reported a retention rate above 70%, and for MTM leases, 19 of the 24 transactions reported a retention rate of at least 80%. Lastly, turnover continues to increase after declines posted in the last quarter of 2015.

Because historical performance data for single-family rental securitizations is relatively limited, 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 April. 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, <https://ratingagency.morningstar.com>.

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## Single-Borrower Performance

Lease expirations across all single-family rental transactions rose to 7.4% in April from 4.1% in December. While this is a large increase, it is not unusual for this time of year. In general, property managers seek to arrange scheduled lease expirations so they can better manage the renewal process. However, lease expirations should continue to rise as summer nears, as tenants prefer moving when children are out of school. The turnover rate may also increase in the coming months, given families' preferences to move during the summer. Morningstar adjusted its turnover logic this month and now considers a move-out date on the last day of the month as a turnover in that month. Previously, Morningstar viewed this as a turnover in the next month. Higher lease expirations can contribute to higher vacancy rates, and while still low, the vacancy rate ticked up to 4.3% in April, snapping a six-month improvement streak.

Delinquency rates across all 24 transactions improved for the fourth-consecutive month. All but two of the transactions have delinquency rates below 1.0%. The exceptions are ARP 2014-SFR1 at 1.7% and SWAY 2014-1 at 1.2%, both of which changed their delinquency definitions this year. ARP changed its criteria to match the AH4R definition, and SWAY transitioned to the CAH definition. Twenty-three of the 24 transactions reported a retention rate for full-term leases of at least 70% in March, with the exception being PRD 2014-SFR1, which reported 69.3%. The percentage of MTM tenants increased for the third-consecutive month in April, but remains in line with recent MTM measures, and the retention rate of MTM tenants held above 80% in March.

## Multiborrower Performance

To date, there have been five multiborrower transactions brought to market in the single-family rental sector: B2R 2015-1, B2R 2015-2, FKL 2015-SFR1, CAF 2015-1, and CAF 2016-1. These 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 space. 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 loan payments at the loan level. As of the most recent remittance report, B2R 2015-1 has one loan that is newly 30 days delinquent and one loan that is 90 days delinquent, which was transferred to special servicing in January. The 90-day delinquent loan is 0.4% of the total transaction balance. The special servicer sent default notices to the borrower and guarantor, triggered the lockbox, and retained legal counsel, which is preparing to file for foreclosure on the property. B2R 2015-2 has one loan 60 days delinquent that is 0.2% of the total transaction balance. All of the loans in CAF 2015-1 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 2015. The latest report notes that the borrower has notified the servicer of its intent to sell the properties and repay the note in full. There is no performance data on CAF 2016-1, as the deal closed May 20, 2016.

## Single-Borrower Tables

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



		Year 2015								Year 2016				Total Count
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
AH4R 2014-SFR1		145	140	165	200	177	187	219	206	184	151	135	175	3,852
AH4R 2014-SFR2		337	294	284	244	203	227	232	212	212	153	159	202	4,487
AH4R 2014-SFR3		258	271	322	283	281	287	273	226	215	173	179	191	4,503
AH4R 2015-SFR1		216	243	255	330	387	388	418	374	323	249	184	173	4,661
AH4R 2015-SFR2							98	120	146	157	176	212	271	4,125
ARP 2014-SFR1		210	210	206	181	199	208	194	147	148	181	150	167	2,875
CAH 2014-1		102	138	173	230	225	219	205	157	127	114	117	110	3,370
CAH 2014-2		130	123	117	146	162	163	165	154	173	184	187	188	3,704
CAH 2015-1				170	181	191	206	203	187	175	161	167	145	3,875
HPA 2016-1											37	44	47	2,219
IH 2013-SFR1		104	98	100	92	87	95	95	97	136	129	124	118	3,191
IH 2014-SFR1		265	358	350	325	298	267	199	183	203	228	213	247	6,363
IH 2014-SFR2		132	168	204	203	180	145	154	127	138	140	128	116	3,688
IH 2014-SFR3		141	173	194	186	190	169	157	145	141	125	125	116	4,011
IH 2015-SFR1		88	119	106	135	162	157	160	138	141	146	134	110	3,026
IH 2015-SFR2		110	134	144	172	201	203	204	153	138	151	129	121	3,521
IH 2015-SFR3			267	316	354	397	385	365	348	317	314	304	259	7,192
PRD 2014-SFR1		144	189	139	141	151	161	183	171	161	160	206	261	3,138
PRD 2015-SFR1		152	230	270	318	295	273	258	233	203	163	155	155	3,995
PRD 2015-SFR2			50	77	110	153	209	242	219	213	220	224	198	3,311
PRD 2015-SFR3								75	77	83	83	88	112	3,164
SBY 2014-1		158	156	142	151	156	154	154	146	116	107	95	99	3,010
SWAY 2014-1		260	279	274	254	293	286	284	294	293	268	239	229	4,081
TAH 2015-SFR1			153	167	149	195	207	238	229	236	231	179	190	3,505
Overall SFR		2,952	3,793	4,175	4,385	4,583	4,694	4,797	4,369	4,233	4,044	3,877	4,000	92,867

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


		Year 2015								Year 2016			
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
AH4R 2014-SFR1		3.8	3.6	4.3	5.2	4.6	4.9	5.7	5.3	4.8	3.9	3.5	4.5
AH4R 2014-SFR2		7.5	6.6	6.3	5.4	4.5	5.1	5.2	4.7	4.7	3.4	3.5	4.5
AH4R 2014-SFR3		5.7	6.0	7.2	6.3	6.2	6.4	6.1	5.0	4.8	3.8	4.0	4.2
AH4R 2015-SFR1		4.6	5.2	5.5	7.1	8.3	8.3	9.0	8.0	6.9	5.3	3.9	3.7
AH4R 2015-SFR2								2.4	2.9	3.5	3.8	4.3	6.6
ARP 2014-SFR1		7.3	7.3	7.2	6.3	6.9	7.2	6.7	5.1	5.1	6.3	5.2	5.8
CAH 2014-1		3.0	4.1	5.1	6.8	6.6	6.5	6.1	4.7	3.8	3.4	3.5	3.3
CAH 2014-2		3.5	3.3	3.2	3.9	4.4	4.4	4.5	4.2	4.7	5.0	5.0	5.1
CAH 2015-1				4.4	4.7	4.9	5.3	5.2	4.8	4.5	4.2	4.3	3.7
HPA 2016-1											1.7	2.0	2.1
IH 2013-SFR1		3.2	3.1	3.1	2.9	2.7	3.0	3.0	3.0	4.2	4.0	3.9	3.7
IH 2014-SFR1		4.1	5.5	5.4	5.0	4.6	4.1	3.1	2.8	3.1	3.5	3.3	3.9
IH 2014-SFR2		3.5	4.5	5.4	5.4	4.8	3.9	4.1	3.4	3.7	3.7	3.5	3.1
IH 2014-SFR3		3.5	4.3	4.8	4.6	4.7	4.2	3.9	3.6	3.5	3.1	3.1	2.9
IH 2015-SFR1		2.9	3.9	3.5	4.4	5.3	5.1	5.2	4.5	4.6	4.8	4.4	3.6
IH 2015-SFR2		3.1	3.8	4.1	4.9	5.7	5.8	5.8	4.3	3.9	4.3	3.7	3.4
IH 2015-SFR3			3.7	4.4	4.9	5.5	5.3	5.1	4.8	4.4	4.4	4.2	3.6
PRD 2014-SFR1		4.6	6.0	4.4	4.5	4.8	5.1	5.8	5.4	5.1	5.1	6.6	8.3
PRD 2015-SFR1		3.8	5.8	6.8	8.0	7.4	6.8	6.5	5.8	5.1	4.1	3.9	3.9
PRD 2015-SFR2			1.5	2.3	3.3	4.6	6.3	7.3	6.6	6.4	6.6	6.8	6.0
PRD 2015-SFR3								2.4	2.4	2.6	2.6	2.8	3.5
SBY 2014-1		5.1	5.1	4.6	4.9	5.2	5.1	5.1	4.8	3.9	3.6	3.2	3.3
SWAY 2014-1		6.4	6.8	6.7	6.2	7.2	7.0	7.0	7.2	7.2	6.6	5.9	5.6
TAH 2015-SFR1			4.4	4.8	4.3	5.6	5.9	6.8	6.5	6.7	6.6	5.1	5.4
Overall SFR		4.5	4.8	5.0	5.2	5.5	5.4	5.3	4.8	4.7	4.3	4.2	4.3

**Table 2a – Lease Expiration (by Count)**


		Year 2015								Year 2016				Total Count
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
AH4R 2014-SFR1		344	341	354	296	251	267	205	172	226	256	287	284	3,852
AH4R 2014-SFR2		679	265	249	196	216	207	183	129	223	299	434	487	4,487
AH4R 2014-SFR3		549	631	420	372	295	219	119	155	230	237	280	331	4,503
AH4R 2015-SFR1		272	474	707	564	470	465	375	260	128	120	131	190	4,661
AH4R 2015-SFR2							108	93	130	312	496	592	621	4,125
ARP 2014-SFR1		221	127	121	101	123	107	164	122	188	248	202	226	2,875
QAH 2014-1		174	225	513	401	371	297	217	105	131	145	178	189	3,370
QAH 2014-2		107	83	143	176	161	229	256	234	278	425	372	336	3,704
QAH 2015-1				512	387	360	329	252	187	127	153	187	230	3,875
HPA 2016-1											71	137	189	2,219
IH 2013-SFR1		237	150	149	116	100	152	139	178	289	312	279	269	3,191
IH 2014-SFR1		692	681	518	377	304	247	134	133	237	342	505	608	6,363
IH 2014-SFR2		316	339	343	267	163	187	197	164	199	200	247	241	3,688
IH 2014-SFR3		343	376	374	239	198	174	200	183	225	198	226	249	4,011
IH 2015-SFR1		85	128	172	236	193	224	210	224	286	234	215	138	3,026
IH 2015-SFR2		135	154	196	231	254	280	268	213	252	277	235	180	3,521
IH 2015-SFR3			334	398	491	488	561	498	482	527	574	478	377	7,192
PRD 2014-SFR1		345	193	71	119	120	153	134	76	136	164	355	269	3,138
PRD 2015-SFR1		520	572	642	464	340	181	77	32	36	61	146	211	3,995
PRD 2015-SFR2			50	63	133	245	397	201	77	137	263	496	280	3,311
PRD 2015-SFR3								21	7	16	31	115	224	3,164
SBY 2014-1		214	266	165	184	172	192	158	125	163	169	192	178	3,010
SWAY 2014-1		254	224	199	157	99	57	61	176	142	254	312	311	4,081
TAH 2015-SFR1			235	270	248	233	232	132	168	211	229	212	208	3,505
Overall SFR		5,487	5,848	6,579	5,755	5,156	5,265	4,294	3,732	4,699	5,758	6,813	6,826	92,867

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


		Year 2015					Year 2016							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
AH4R 2014-SFR1		8.9	8.9	9.2	7.7	6.5	6.9	5.3	4.5	5.9	6.6	7.5	7.4	
AH4R 2014-SFR2		15.1	5.9	5.5	4.4	4.8	4.6	4.1	2.9	5.0	6.7	9.7	10.9	
AH4R 2014-SFR3		12.2	14.0	9.3	8.3	6.6	4.9	2.6	3.4	5.1	5.3	6.2	7.4	
AH4R 2015-SFR1		5.8	10.2	15.2	12.1	10.1	10.0	8.0	5.6	2.7	2.6	2.8	4.1	
AH4R 2015-SFR2							2.6	2.3	3.2	7.6	12.0	14.4	15.1	
ARP 2014-SFR1		7.7	4.4	4.2	3.5	4.3	3.7	5.7	4.2	6.5	8.6	7.0	7.9	
CAH 2014-1		5.1	6.6	15.1	11.8	11.0	8.8	6.4	3.1	3.9	4.3	5.3	5.6	
CAH 2014-2		2.9	2.2	3.9	4.7	4.3	6.2	6.9	6.3	7.5	11.5	10.0	9.1	
CAH 2015-1				13.2	10.0	9.3	8.5	6.5	4.8	3.3	3.9	4.8	5.9	
HPA 2016-1											3.2	6.1	8.5	
IH 2013-SFR1		7.4	4.7	4.6	3.6	3.1	4.7	4.3	5.6	9.0	9.7	8.7	8.4	
IH 2014-SFR1		10.7	10.5	8.0	5.8	4.7	3.8	2.1	2.1	3.7	5.3	7.9	9.6	
IH 2014-SFR2		8.4	9.0	9.1	7.1	4.3	5.0	5.3	4.4	5.3	5.3	6.7	6.5	
IH 2014-SFR3		8.5	9.4	9.3	6.0	4.9	4.3	5.0	4.6	5.6	4.9	5.6	6.2	
IH 2015-SFR1		2.8	4.2	5.6	7.7	6.3	7.3	6.9	7.3	9.4	7.7	7.1	4.6	
IH 2015-SFR2		3.8	4.4	5.6	6.6	7.2	7.9	7.6	6.0	7.2	7.9	6.7	5.1	
IH 2015-SFR3			4.6	5.5	6.8	6.8	7.8	6.9	6.7	7.3	8.0	6.6	5.2	
PRD 2014-SFR1		11.0	6.1	2.3	3.8	3.8	4.9	4.3	2.4	4.3	5.2	11.3	8.6	
PRD 2015-SFR1		13.0	14.3	16.1	11.6	8.5	4.5	1.9	0.8	0.9	1.5	3.7	5.3	
PRD 2015-SFR2			1.5	1.9	4.0	7.4	12.0	6.1	2.3	4.1	7.9	15.0	8.5	
PRD 2015-SFR3								0.7	0.2	0.5	1.0	3.6	7.1	
SBY 2014-1		6.9	8.6	5.4	6.0	5.7	6.4	5.2	4.2	5.4	5.6	6.4	5.9	
SWAY 2014-1		6.2	5.5	4.9	3.8	2.4	1.4	1.5	4.3	3.5	6.2	7.6	7.6	
TAH 2015-SFR1			6.7	7.7	7.1	6.6	6.6	3.8	4.8	6.0	6.5	6.0	5.9	
Overall SFR		8.3	7.3	7.9	6.9	6.2	6.0	4.7	4.1	5.2	6.2	7.3	7.4	

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


		1	2	3	4	5	6	7	8	9	10	11	12+	Total
AH4R 2014-SFR1		60	33	26	20	6	11	9	5	3	0	1	1	175
AH4R 2014-SFR2		82	41	37	17	14	6	3	0	1	1	0	0	202
AH4R 2014-SFR3		64	50	33	18	13	5	3	4	0	1	0	0	191
AH4R 2015-SFR1		68	45	25	21	7	4	2	0	1	0	0	0	173
AH4R 2015-SFR2		175	58	25	6	2	3	2						271
ARP 2014-SFR1		51	31	26	13	21	4	16	3	2	0	0	0	167
CAH 2014-1		32	21	15	17	7	6	4	1	1	2	0	4	110
CAH 2014-2		61	56	28	21	10	2	5	3	0	2	0	0	188
CAH 2015-1		68	36	17	11	6	3	1	1	1	1			145
HPA 2016-1		26	13	8										47
IH 2013-SFR1		42	36	16	13	9	0	1	0	0	0	0	1	118
IH 2014-SFR1		114	80	19	17	8	2	3	3	0	0	0	1	247
IH 2014-SFR2		56	22	13	11	4	3	3	0	1	0	0	3	116
IH 2014-SFR3		61	24	15	7	3	3	1	1	1	0	0	0	116
IH 2015-SFR1		36	39	16	7	3	6	1	0	0	0	0	2	110
IH 2015-SFR2		69	30	14	3	2	2	0	0	0	1	0	0	121
IH 2015-SFR3		124	81	27	10	6	1	3	0	2	1	1	3	259
PRD 2014-SFR1		104	83	18	20	14	10	3	4	2	0	1	2	261
PRD 2015-SFR1		68	33	20	12	4	5	4	2	4	1	2	0	155
PRD 2015-SFR2		107	51	15	10	1	6	7	0	1	0	0		198
PRD 2015-SFR3		64	34	0	7	1	3	3						112
SBY 2014-1		34	25	15	7	9	4	4	1	0	0	0	0	99
SWAY 2014-1		97	45	27	23	16	7	0	2	2	2	0	8	229
TAH 2015-SFR1		67	49	40	11	8	9	3	3	0	0	0		190
Overall SFR		1,730	1,016	495	302	174	105	81	33	22	12	5	25	4,000


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

		1	2	3	4	5	6	7	8	9	10	11	12+	Total
AH4R 2014-SFR1		34.3	18.9	14.9	11.4	3.4	6.3	5.1	2.9	1.7	0.0	0.6	0.6	100.0
AH4R 2014-SFR2		40.6	20.3	18.3	8.4	6.9	3.0	1.5	0.0	0.5	0.5	0.0	0.0	100.0
AH4R 2014-SFR3		33.5	26.2	17.3	9.4	6.8	2.6	1.6	2.1	0.0	0.5	0.0	0.0	100.0
AH4R 2015-SFR1		39.3	26.0	14.5	12.1	4.0	2.3	1.2	0.0	0.6	0.0	0.0	0.0	100.0
AH4R 2015-SFR2		64.6	21.4	9.2	2.2	0.7	1.1	0.7	0.0	0.0	0.0	0.0	0.0	100.0
ARP 2014-SFR1		30.5	18.6	15.6	7.8	12.6	2.4	9.6	1.8	1.2	0.0	0.0	0.0	100.0
CAH 2014-1		29.1	19.1	13.6	15.5	6.4	5.5	3.6	0.9	0.9	1.8	0.0	3.6	100.0
CAH 2014-2		32.4	29.8	14.9	11.2	5.3	1.1	2.7	1.6	0.0	1.1	0.0	0.0	100.0
CAH 2015-1		46.9	24.8	11.7	7.6	4.1	2.1	0.7	0.7	0.7	0.7	0.0	0.0	100.0
HPA 2016-1		55.3	27.7	17.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0
IH 2013-SFR1		35.6	30.5	13.6	11.0	7.6	0.0	0.8	0.0	0.0	0.0	0.0	0.8	100.0
IH 2014-SFR1		46.2	32.4	7.7	6.9	3.2	0.8	1.2	1.2	0.0	0.0	0.0	0.4	100.0
IH 2014-SFR2		48.3	19.0	11.2	9.5	3.4	2.6	2.6	0.0	0.9	0.0	0.0	2.6	100.0
IH 2014-SFR3		52.6	20.7	12.9	6.0	2.6	2.6	0.9	0.9	0.9	0.0	0.0	0.0	100.0
IH 2015-SFR1		32.7	35.5	14.5	6.4	2.7	5.5	0.9	0.0	0.0	0.0	0.0	1.8	100.0
IH 2015-SFR2		57.0	24.8	11.6	2.5	1.7	1.7	0.0	0.0	0.0	0.8	0.0	0.0	100.0
IH 2015-SFR3		47.9	31.3	10.4	3.9	2.3	0.4	1.2	0.0	0.8	0.4	0.4	1.2	100.0
PRD 2014-SFR1		39.8	31.8	6.9	7.7	5.4	3.8	1.1	1.5	0.8	0.0	0.4	0.8	100.0
PRD 2015-SFR1		43.9	21.3	12.9	7.7	2.6	3.2	2.6	1.3	2.6	0.6	1.3	0.0	100.0
PRD 2015-SFR2		54.0	25.8	7.6	5.1	0.5	3.0	3.5	0.0	0.5	0.0	0.0	0.0	100.0
PRD 2015-SFR3		57.1	30.4	0.0	6.3	0.9	2.7	2.7	0.0	0.0	0.0	0.0	0.0	100.0
SBY 2014-1		34.3	25.3	15.2	7.1	9.1	4.0	4.0	1.0	0.0	0.0	0.0	0.0	100.0
SWAY 2014-1		42.4	19.7	11.8	10.0	7.0	3.1	0.0	0.9	0.9	0.9	0.0	3.5	100.0
TAH 2015-SFR1		35.3	25.8	21.1	5.8	4.2	4.7	1.6	1.6	0.0	0.0	0.0	0.0	100.0
Overall SFR		43.3	25.4	12.4	7.6	4.4	2.6	2.0	0.8	0.6	0.3	0.1	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	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. Before March 2016, 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 reporting was converted to the Colony American Homes delinquency definition. Before January 2016, 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
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr		
AH4R 2014-SFR1		46	35	35	30	36	18	21	34	22	9	8	9	3,852	
AH4R 2014-SFR2		39	34	44	33	25	26	30	36	31	16	12	14	4,487	
AH4R 2014-SFR3		36	28	22	18	17	22	22	30	20	13	5	5	4,503	
AH4R 2015-SFR1		61	38	32	33	32	24	26	27	23	17	10	16	4,661	
AH4R 2015-SFR2							18	23	26	30	13	14	9	4,125	
ARP 2014-SFR1*		73	87	62	62	58	55	49	48	63	62	24	48	2,875	
CAH 2014-1		27	27	15	20	20	17	16	17	29	18	16	14	3,370	
CAH 2014-2		47	34	28	34	35	20	22	27	34	27	30	18	3,704	
CAH 2015-1				26	28	27	25	27	25	19	19	16	14	3,875	
HPA 2016-1											9	28	17	2,219	
IH 2013-SFR1		33	32	32	28	26	30	32	36	9	9	9	8	3,191	
IH 2014-SFR1		48	47	40	46	59	46	67	81	45	26	14	14	6,363	
IH 2014-SFR2		32	31	36	33	28	24	25	33	22	18	14	15	3,688	
IH 2014-SFR3		33	39	27	31	34	28	32	32	23	25	8	5	4,011	
IH 2015-SFR1		33	39	33	39	36	30	33	37	22	17	11	10	3,026	
IH 2015-SFR2		17	28	24	30	27	31	30	35	21	10	7	8	3,521	
IH 2015-SFR3			90	98	87	100	93	86	113	70	40	21	25	7,192	
PRD 2014-SFR1		23	32	30	25	26	38	30	31	42	26	22	17	3,138	
PRD 2015-SFR1		31	32	29	30	32	43	47	41	45	27	22	15	3,995	
PRD 2015-SFR2			42	41	38	43	40	52	55	40	32	26	28	3,311	
PRD 2015-SFR3								16	26	31	20	21	11	3,164	
SBY 2014-1		19	45	40	35	29	29	31	26	32	18	18	10	3,010	
SWAY 2014-1**		8	15	20	24	29	29	20	15	42	53	53	49	4,081	
TAH 2015-SFR1			83	76	68	80	74	61	50	46	34	41	30	3,505	
Overall SFR		606	838	790	772	799	760	798	881	761	558	450	409	92,867	

\*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							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
AH4R 2014-SFR1		1.2	0.9	0.9	0.8	0.9	0.5	0.5	0.9	0.6	0.2	0.2	0.2	
AH4R 2014-SFR2		0.9	0.8	1.0	0.7	0.6	0.6	0.7	0.8	0.7	0.4	0.3	0.3	
AH4R 2014-SFR3		0.8	0.6	0.5	0.4	0.4	0.5	0.5	0.7	0.4	0.3	0.1	0.1	
AH4R 2015-SFR1		1.3	0.8	0.7	0.7	0.7	0.5	0.6	0.6	0.5	0.4	0.2	0.3	
AH4R 2015-SFR2							0.4	0.6	0.6	0.7	0.3	0.3	0.2	
ARP 2014-SFR1**		2.5	3.0	2.2	2.2	2.0	1.9	1.7	1.7	2.2	2.2	0.8	1.7	
CAH 2014-1		0.8	0.8	0.4	0.6	0.6	0.5	0.5	0.5	0.9	0.5	0.5	0.4	
CAH 2014-2		1.3	0.9	0.8	0.9	0.9	0.5	0.6	0.7	0.9	0.7	0.8	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	
HPA 2016-1											0.4	1.3	0.8	
IH 2013-SFR1		1.0	1.0	1.0	0.9	0.8	0.9	1.0	1.1	0.3	0.3	0.3	0.3	
IH 2014-SFR1		0.7	0.7	0.6	0.7	0.9	0.7	1.0	1.3	0.7	0.4	0.2	0.2	
IH 2014-SFR2		0.9	0.8	1.0	0.9	0.7	0.6	0.7	0.9	0.6	0.5	0.4	0.4	
IH 2014-SFR3		0.8	1.0	0.7	0.8	0.8	0.7	0.8	0.8	0.6	0.6	0.2	0.1	
IH 2015-SFR1		1.1	1.3	1.1	1.3	1.2	1.0	1.1	1.2	0.7	0.6	0.4	0.3	
IH 2015-SFR2		0.5	0.8	0.7	0.9	0.8	0.9	0.9	1.0	0.6	0.3	0.2	0.2	
IH 2015-SFR3			1.2	1.4	1.2	1.4	1.3	1.2	1.6	1.0	0.6	0.3	0.3	
PRD 2014-SFR1		0.7	1.0	1.0	0.8	0.8	1.2	1.0	1.0	1.3	0.8	0.7	0.5	
PRD 2015-SFR1		0.8	0.8	0.7	0.8	0.8	1.1	1.2	1.0	1.1	0.7	0.6	0.4	
PRD 2015-SFR2			1.3	1.2	1.1	1.3	1.2	1.6	1.7	1.2	1.0	0.8	0.8	
PRD 2015-SFR3								0.5	0.8	1.0	0.6	0.7	0.3	
SBY 2014-1		0.6	1.5	1.3	1.1	1.0	1.0	1.0	0.9	1.1	0.6	0.6	0.3	
SWAY 2014-1***		0.2	0.4	0.5	0.6	0.7	0.7	0.5	0.4	1.0	1.3	1.3	1.2	
TAH 2015-SFR1			2.4	2.2	1.9	2.3	2.1	1.7	1.4	1.3	1.0	1.2	0.9	
Overall SFR		0.9	1.0	0.9	0.9	1.0	0.9	0.9	1.0	0.8	0.6	0.5	0.4	

\*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				
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
AH4R 2014-SFR1		79.7	70.7	78.0	75.7	80.9	74.5	76.1	76.7	78.8	78.1	73.9	TBD
AH4R 2014-SFR2		75.1	65.7	73.5	73.5	69.0	72.5	76.5	76.0	78.5	79.6	77.0	TBD
AH4R 2014-SFR3		75.0	76.7	70.7	71.2	71.5	73.1	67.2	73.5	77.4	73.0	77.9	TBD
AH4R 2015-SFR1		69.1	75.1	73.0	72.2	69.1	76.1	75.2	76.5	71.9	74.2	77.9	TBD
AH4R 2015-SFR2							79.6	72.0	78.5	80.1	76.8	75.0	TBD
ARP 2014-SFR1		81.4	80.3	78.5	76.2	74.8	78.5	79.3	77.9	73.4	64.5	76.7	TBD
CAH 2014-1		70.1	79.6	72.7	75.1	75.5	75.8	75.6	76.2	80.2	75.9	74.7	TBD
CAH 2014-2		73.8	68.7	76.9	76.7	73.9	83.8	78.9	85.0	77.7	77.4	82.8	TBD
CAH 2015-1				75.2	72.6	73.9	76.0	71.8	75.9	70.9	73.2	77.5	TBD
HPA 2016-1											83.1	82.5	TBD
IH 2013-SFR1		81.0	78.0	71.8	72.4	79.0	78.9	78.4	80.9	80.6	77.2	77.8	TBD
IH 2014-SFR1		77.2	74.3	76.1	76.7	73.4	79.4	79.1	82.0	80.6	80.1	80.8	TBD
IH 2014-SFR2		77.5	74.9	69.1	77.5	77.3	77.5	78.2	78.0	76.9	79.0	81.0	TBD
IH 2014-SFR3		76.7	77.1	71.7	72.8	73.7	79.9	79.5	79.2	80.4	80.3	80.5	TBD
IH 2015-SFR1		76.5	78.9	80.2	74.6	72.5	76.3	77.1	81.3	78.3	78.2	77.2	TBD
IH 2015-SFR2		71.9	79.2	75.0	68.8	68.9	75.4	81.7	79.3	81.0	77.6	74.5	TBD
IH 2015-SFR3			72.2	73.9	77.2	74.0	78.6	79.9	79.0	83.3	78.7	78.9	TBD
PRD 2014-SFR1		76.5	74.1	60.6	73.1	75.0	71.2	81.3	85.5	75.7	78.0	69.3	TBD
PRD 2015-SFR1		75.2	76.9	78.3	76.5	72.1	75.1	71.4	59.4	77.8	68.9	78.1	TBD
PRD 2015-SFR2			70.0	79.4	82.0	74.3	76.8	73.1	81.8	73.7	77.2	73.4	TBD
PRD 2015-SFR3								66.7	85.7	87.5	77.4	74.8	TBD
SBY 2014-1		79.4	74.4	78.8	81.5	83.1	80.7	80.4	80.0	83.4	77.5	80.2	TBD
SWAY 2014-1		79.1	69.6	76.4	78.3	77.8	73.7	75.4	75.0	76.1	77.6	76.6	TBD
TAH 2015-SFR1			82.1	85.9	83.9	84.1	83.6	88.6	83.3	85.8	90.8	83.5	TBD
Overall SFR		76.3	75.1	74.9	75.3	74.2	77.2	77.4	78.9	79.1	77.6	77.3	TBD

TBD – To Be Determined


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

		Year 2015								Year 2016				
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
AH4R 2014-SFR1		80.1	86.2	83.1	88.4	84.9	88.3	85.0	91.1	94.8	89.6	87.6	TBD	
AH4R 2014-SFR2		77.2	79.6	79.9	81.2	83.6	83.2	90.5	86.4	90.7	86.7	87.8	TBD	
AH4R 2014-SFR3		73.0	72.5	76.1	80.4	82.9	80.0	85.5	84.6	86.2	86.7	84.9	TBD	
AH4R 2015-SFR1		79.3	78.8	71.4	80.3	82.5	81.8	86.1	86.1	88.6	85.3	87.9	TBD	
AH4R 2015-SFR2								84.3	82.0	87.5	83.8	86.7	82.1	TBD
ARP 2014-SFR1		88.6	86.1	90.8	88.1	84.2	90.7	88.9	88.6	85.3	86.1	88.1	TBD	
CAH 2014-1		76.2	76.6	73.2	73.3	75.0	81.9	70.3	82.0	81.3	83.0	89.8	TBD	
CAH 2014-2		76.5	73.3	82.0	72.4	80.4	89.1	65.5	86.3	81.5	88.7	72.6	TBD	
CAH 2015-1				58.3	76.9	67.2	83.8	80.3	81.0	84.3	77.1	72.9	TBD	
HPA 2016-1													TBD	
IH 2013-SFR1		76.9	72.6	78.0	76.7	91.9	88.6	88.1	82.0	87.7	77.6	87.0	TBD	
IH 2014-SFR1		65.0	72.0	70.1	78.7	74.6	85.0	86.4	80.4	84.5	80.4	82.1	TBD	
IH 2014-SFR2		76.7	77.6	83.0	85.7	73.3	75.6	76.5	87.9	90.9	90.7	90.2	TBD	
IH 2014-SFR3		73.2	78.8	67.3	73.2	76.2	79.1	78.0	80.0	87.1	84.2	83.3	TBD	
IH 2015-SFR1		80.0	80.0	70.8	87.5	68.6	78.1	76.3	91.9	87.5	85.7	79.1	TBD	
IH 2015-SFR2		71.0	85.7	75.9	82.8	79.4	71.9	71.4	82.9	65.8	77.3	82.2	TBD	
IH 2015-SFR3			82.3	84.2	83.3	83.1	83.1	80.9	83.7	73.7	78.7	82.5	TBD	
PRD 2014-SFR1		78.2	83.3	83.8	82.8	85.5	87.0	80.8	86.2	87.5	81.5	72.9	TBD	
PRD 2015-SFR1		74.7	65.3	64.4	70.0	67.3	80.2	73.9	85.9	80.4	76.9	85.4	TBD	
PRD 2015-SFR2			82.4	57.1	75.0	71.4	76.9	57.1	69.0	75.0	78.6	80.0	TBD	
PRD 2015-SFR3								84.6	75.0	70.0	83.3	85.7	TBD	
SBY 2014-1		89.3	87.7	89.8	85.1	87.8	91.3	90.7	92.3	93.7	89.5	86.4	TBD	
SWAY 2014-1		84.3	87.0	87.6	77.9	84.8	86.5	88.1	87.8	89.6	89.2	85.4	TBD	
TAH 2015-SFR1			90.1	93.8	94.0	93.6	93.6	95.5	93.8	91.1	95.3	94.9	TBD	
Overall SFR		79.9	82.3	82.4	83.8	83.9	86.5	85.9	88.0	87.9	87.3	86.4	TBD	

TBD – To Be Determined

**Table 8a – MTM Tenants (by Count)**


		Year 2015								Year 2016				Total Count
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
AH4R 2014-SFR1		167	164	193	212	231	244	258	248	248	260	258	248	3,852
AH4R 2014-SFR2		250	259	213	190	173	183	169	172	153	166	176	223	4,487
AH4R 2014-SFR3		165	186	214	203	193	191	159	145	147	172	177	186	4,503
AH4R 2015-SFR1		102	126	168	209	224	257	266	287	275	240	208	203	4,661
AH4R 2015-SFR2							53	64	65	93	134	204	262	4,125
ARP 2014-SFR1		353	317	286	265	235	216	206	193	177	164	204	218	2,875
CAH 2014-1		68	70	119	133	122	79	82	61	48	47	50	55	3,370
CAH 2014-2		126	91	81	78	82	59	66	62	54	53	73	76	3,704
CAH 2015-1				129	126	128	99	92	78	51	48	48	45	3,875
HPA 2016-1											0	0	1	2,219
IH 2013-SFR1		88	69	61	52	44	56	51	71	78	99	88	101	3,191
IH 2014-SFR1		155	153	157	125	87	77	71	75	83	95	94	135	6,363
IH 2014-SFR2		60	72	72	65	55	47	52	51	54	58	69	81	3,688
IH 2014-SFR3		70	81	94	79	57	57	62	50	58	63	56	67	4,011
IH 2015-SFR1		38	34	32	39	45	52	55	61	59	64	63	64	3,026
IH 2015-SFR2		44	40	43	39	46	50	56	61	68	72	53	59	3,521
IH 2015-SFR3			84	101	109	110	118	128	149	131	144	140	142	7,192
PRD 2014-SFR1		154	128	111	88	76	72	75	67	67	83	70	113	3,138
PRD 2015-SFR1		86	111	108	117	115	102	89	65	56	58	52	56	3,995
PRD 2015-SFR2			17	15	22	34	42	53	36	28	44	75	94	3,311
PRD 2015-SFR3								13	12	10	9	26	51	3,164
SBY 2014-1		229	248	236	242	212	235	237	223	211	213	218	217	3,010
SWAY 2014-1		140	108	208	217	186	171	154	143	134	148	178	169	4,081
TAH 2015-SFR1			603	545	557	544	585	538	533	542	522	480	450	3,505
Overall SFR		2,295	2,961	3,186	3,167	2,999	3,045	2,996	2,908	2,825	2,956	3,060	3,316	92,867

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


		Year 2015						Year 2016					
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
AH4R 2014-SFR1		4.3	4.3	5.0	5.5	6.0	6.3	6.7	6.4	6.4	6.7	6.7	6.4
AH4R 2014-SFR2		5.6	5.8	4.7	4.2	3.9	4.1	3.8	3.8	3.4	3.7	3.9	5.0
AH4R 2014-SFR3		3.7	4.1	4.8	4.5	4.3	4.2	3.5	3.2	3.3	3.8	3.9	4.1
AH4R 2015-SFR1		2.2	2.7	3.6	4.5	4.8	5.5	5.7	6.2	5.9	5.1	4.5	4.4
AH4R 2015-SFR2							1.3	1.6	1.6	2.3	3.2	4.9	6.4
ARP 2014-SFR1		12.3	11.0	9.9	9.2	8.2	7.5	7.2	6.7	6.2	5.7	7.1	7.6
CAH 2014-1		2.0	2.1	3.5	3.9	3.6	2.3	2.4	1.8	1.4	1.4	1.5	1.6
CAH 2014-2		3.4	2.4	2.2	2.1	2.2	1.6	1.8	1.7	1.5	1.4	2.0	2.1
CAH 2015-1				3.3	3.2	3.3	2.6	2.4	2.0	1.3	1.2	1.2	1.2
HPA 2016-1											0.0	0.0	0.0
IH 2013-SFR1		2.7	2.2	1.9	1.6	1.4	1.7	1.6	2.2	2.4	3.1	2.8	3.2
IH 2014-SFR1		2.4	2.4	2.4	1.9	1.3	1.2	1.1	1.2	1.3	1.5	1.5	2.1
IH 2014-SFR2		1.6	1.9	1.9	1.7	1.5	1.3	1.4	1.4	1.4	1.5	1.9	2.2
IH 2014-SFR3		1.7	2.0	2.3	2.0	1.4	1.4	1.5	1.2	1.4	1.6	1.4	1.7
IH 2015-SFR1		1.2	1.1	1.0	1.3	1.5	1.7	1.8	2.0	1.9	2.1	2.1	2.1
IH 2015-SFR2		1.2	1.1	1.2	1.1	1.3	1.4	1.6	1.7	1.9	2.0	1.5	1.7
IH 2015-SFR3			1.2	1.4	1.5	1.5	1.6	1.8	2.1	1.8	2.0	1.9	2.0
PRD 2014-SFR1		4.9	4.1	3.5	2.8	2.4	2.3	2.4	2.1	2.1	2.6	2.2	3.6
PRD 2015-SFR1		2.2	2.8	2.7	2.9	2.9	2.6	2.2	1.6	1.4	1.5	1.3	1.4
PRD 2015-SFR2			0.5	0.5	0.7	1.0	1.3	1.6	1.1	0.8	1.3	2.3	2.8
PRD 2015-SFR3								0.4	0.4	0.3	0.3	0.8	1.6
SBY 2014-1		7.4	8.1	7.7	7.9	7.0	7.8	7.9	7.4	7.0	7.1	7.2	7.2
SWAY 2014-1		3.4	2.6	5.1	5.3	4.6	4.2	3.8	3.5	3.3	3.6	4.4	4.1
TAH 2015-SFR1			17.2	15.5	15.9	15.5	16.7	15.3	15.2	15.5	14.9	13.7	12.8
Overall SFR		3.5	3.7	3.8	3.8	3.6	3.5	3.3	3.2	3.1	3.2	3.3	3.6

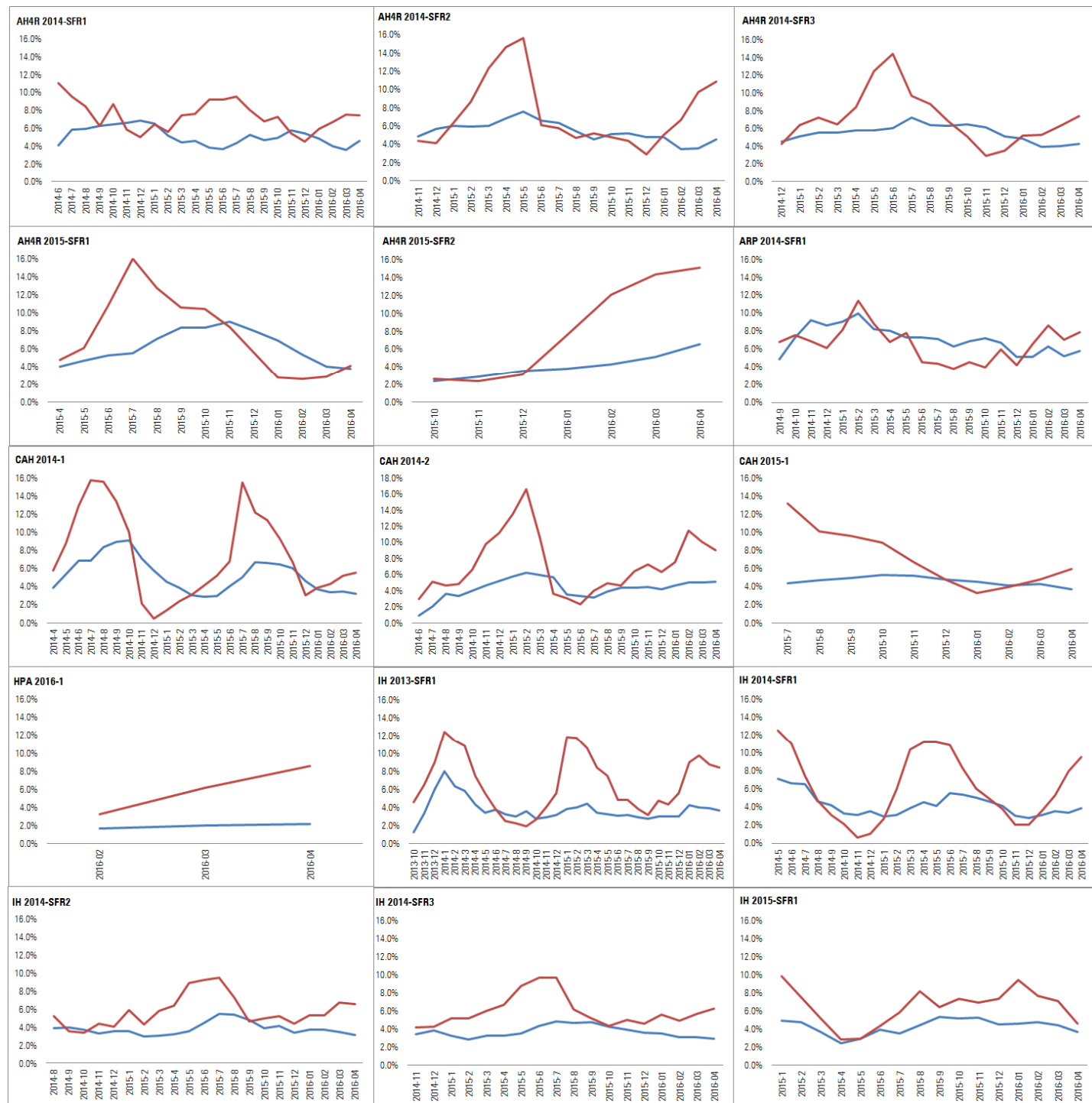
**Table 9 – Monthly Turnover Rate**

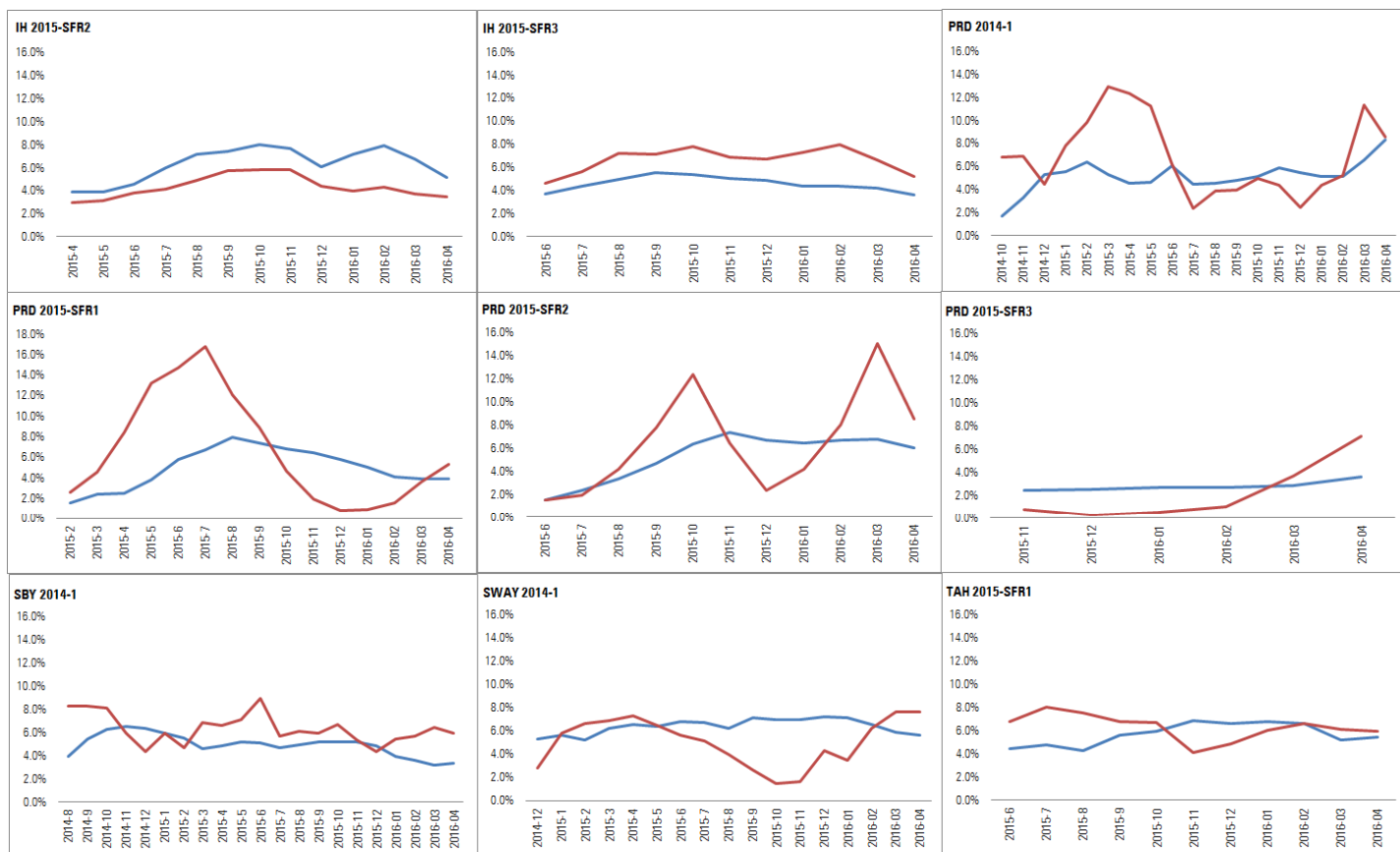

		Year 2015								Year 2016			
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
AH4R 2014-SFR1		3.2	4.0	4.0	2.7	3.0	3.4	2.6	2.8	2.4	2.7	3.2	TBD
AH4R 2014-SFR2		5.5	3.9	3.4	3.0	3.6	2.9	2.3	1.8	2.5	2.5	3.1	TBD
AH4R 2014-SFR3		4.6	4.9	4.8	4.3	3.3	3.0	2.2	2.6	2.5	2.6	3.0	TBD
AH4R 2015-SFR1		3.0	4.6	5.5	6.1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

### 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 April lease expirations, Morningstar looks for all April lease expirations in the January property tape. Morningstar looks three months back to set a lease expiration sample that more accurately captures tenants that 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. In January, Morningstar revised its method for determining the eligible properties to be included in the lease expiration sample. 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 now 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 February or March are removed from the April lease expiration count.

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

Tables 3a and 3b show the number of months of vacancy the April unoccupied properties have experienced. In other words, if a property is unoccupied as of the April 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 April 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 day 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 outlined 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 that signed a full-term lease. Considering the different methods issuers use to designate tenants with either a renewal or a 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 April property tape to determine the lease status for March 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 a MTM status. This table looks at previous tenants that went to a MTM status and either renewed or remained in the property on a 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 March 2016 retention rates are the April statuses of March 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 revised its turnover approach this month and now 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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