

Single-Family Rental Research:

Performance Summary Covering All Morningstar-Rated Securitizations

November 2015

Authors:

Brian Alan | brian.alan@morningstar.com | +1 646 560-4516

Brian Sandler | brian.sandler@morningstar.com | +1 646 560-4557

Introduction

Morningstar Credit Ratings, LLC notes that the overall performance of single-family rental securitizations remains strong two years after IH 2013-SFR1, the first transaction in this asset class, closed. Vacancy and delinquency rates generally remain low and stable. As of October, only two of the 22 transactions in this summary experience a vacancy rate above 7.0% and eight deals have a delinquency rate of 1.0% or higher. Retention rates also remain stable and within Morningstar's expectations. The percentage of month-to-month tenants remains in line with recent history, but Morningstar notes that 16.7% of properties in TAH 2015-SFR1 are occupied by MTM tenants. The TAH transaction has historically had the highest percentage among all deals, but this is an increase from last month. Morningstar believes that the percentage of MTM tenants may rise in other transactions as they season. This month's report includes the recently closed AH4R 2015-SFR2 transaction.

Cash flows for these transactions remain sufficient to cover bond obligations. Page 22 includes a brief summary of the three existing multiborrower transactions. Given that the single-family rental asset class is newer and that historical performance data continues to be relatively limited, Morningstar has developed its monthly performance summary to give market participants detailed property-level information on each securitization. The data below summarizes issuer-reported property-level information through October.

Table of Contents

Introduction	1
Analysis	3
Table 1a – Month-End Vacancy (by Count)	4
Table 1b – Month-End Vacancy (by Percentage)	5
Table 2a – Lease Expiration (by Count)	6
Table 2b – Lease Expiration (by Percentage)	7
Table 3a – Historical Months of Vacancy for October Vacancies (by Count)	9
Table 3b – Historical Months of Vacancy for October Vacancies (by Percentage)	10
Table 4 – Delinquency Definition	11
Table 5a – Month-End Delinquency (by Count)	12
Table 5b – Month-End Delinquency (by Percentage)	13
Table 6 – Monthly Retention Rate of Expiring Leases	15
Table 7 – Monthly Retention Rate of Month-to-Month Leases	17
Table 8a – Month-to-Month Tenants (by Count)	18
Table 8b – Month-to-Month Tenants (by Percentage)	19
Table 9 – Monthly Turnover Rate	21
Multiborrower Performance	22
Conclusion	22
Appendix I – Vacancy versus Lease Expiration	23

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. Morningstar recognizes the value of each method. However, 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 unique 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 remains under 6.0% for most deals. AH4R 2015-SFR1 again has the highest vacancy at 8.3%, which is the same percentage as last month. However, 60.1% of the properties in this deal have had leases expire over the last five months. Vacancy for PRD 2015-SFR2 has increased for the fourth consecutive month and is now at 6.3%, compared with 4.6% in September and 3.3% in August. This deal has also experienced a large amount of recent lease expirations, as 20.1% of properties have had leases expire over the past two months. Also, vacancy for ARP 2014-SFR1 continued to increase, now at 7.2% compared with 6.9% last month and 6.3% in August. Among the seven Invitation Homes transactions, the highest vacancy is only 5.6%.

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

		Year 2014		Year 2015										Total Count
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
AH4R 2014-SFR1		255	261	249	196	169	176	145	140	165	200	177	189	3,852
AH4R 2014-SFR2		215	254	268	264	268	304	337	294	284	244	203	233	4,487
AH4R 2014-SFR3			200	227	245	246	258	258	271	322	283	281	287	4,503
AH4R 2015-SFR1							185	216	243	255	330	387	388	4,661
AH4R 2015-SFR2													98	4,125
ARP 2014-SFR1		266	250	262	288	238	231	210	210	206	181	199	208	2,875
CAH 2014-1		244	198	156	133	105	100	102	138	173	230	225	219	3,382
CAH 2014-2		172	193	215	232	220	211	130	123	117	146	162	163	3,706
CAH 2015-1										170	181	191	206	3,878
IH 2013-SFR1		94	101	122	129	141	110	104	98	100	92	87	98	3,207
IH 2014-SFR1		199	227	191	202	251	294	265	358	350	325	298	272	6,473
IH 2014-SFR2		124	132	134	111	114	119	132	168	204	203	180	147	3,749
IH 2014-SFR3		137	154	130	113	132	129	141	173	194	186	180	164	4,015
IH 2015-SFR1				149	146	112	74	88	119	106	135	162	159	3,050
IH 2015-SFR2							104	110	134	144	172	201	196	3,523
IH 2015-SFR3									267	316	354	397	398	7,207
PRD 2014-SFR1		105	167	173	199	166	142	144	189	139	141	151	161	3,140
PRD 2015-SFR1					61	97	101	152	230	270	318	295	273	3,995
PRD 2015-SFR2									50	77	110	153	209	3,312
SBY 2014-1		201	196	181	169	141	147	158	156	142	151	156	154	3,011
SWAY 2014-1			217	230	215	253	267	260	279	274	254	293	286	4,081
TAH 2015-SFR1									153	167	149	195	207	3,505

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

		Year 2014		Year 2015									
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
AH4R 2014-SFR1		6.6	6.8	6.5	5.1	4.4	4.6	3.8	3.6	4.3	5.2	4.6	4.9
AH4R 2014-SFR2		4.8	5.7	6.0	5.9	6.0	6.8	7.5	6.6	6.3	5.4	4.5	5.2
AH4R 2014-SFR3			4.4	5.0	5.4	5.5	5.7	5.7	6.0	7.2	6.3	6.2	6.4
AH4R 2015-SFR1							4.0	4.6	5.2	5.5	7.1	8.3	8.3
AH4R 2015-SFR2													2.4
ARP 2014-SFR1		9.2	8.7	9.1	10.0	8.3	8.0	7.3	7.3	7.2	6.3	6.9	7.2
CAH 2014-1		7.2	5.8	4.6	3.9	3.1	2.9	3.0	4.1	5.1	6.8	6.6	6.5
CAH 2014-2		4.6	5.2	5.8	6.2	5.9	5.7	3.5	3.3	3.2	3.9	4.4	4.4
CAH 2015-1										4.4	4.7	4.9	5.3
IH 2013-SFR1		2.9	3.1	3.8	4.0	4.4	3.4	3.2	3.1	3.1	2.9	2.7	3.1
IH 2014-SFR1		3.1	3.5	3.0	3.1	3.9	4.5	4.1	5.5	5.4	5.0	4.6	4.2
IH 2014-SFR2		3.3	3.5	3.6	3.0	3.0	3.2	3.5	4.5	5.4	5.4	4.8	3.9
IH 2014-SFR3		3.4	3.8	3.2	2.8	3.3	3.2	3.5	4.3	4.8	4.6	4.5	4.1
IH 2015-SFR1				4.9	4.8	3.7	2.4	2.9	3.9	3.5	4.4	5.3	5.2
IH 2015-SFR2							3.0	3.1	3.8	4.1	4.9	5.7	5.6
IH 2015-SFR3									3.7	4.4	4.9	5.5	5.5
PRD 2014-SFR1		3.3	5.3	5.5	6.3	5.3	4.5	4.6	6.0	4.4	4.5	4.8	5.1
PRD 2015-SFR1					1.5	2.4	2.5	3.8	5.8	6.8	8.0	7.4	6.8
PRD 2015-SFR2									1.5	2.3	3.3	4.6	6.3
SBY 2014-1		6.5	6.4	5.9	5.5	4.6	4.8	5.1	5.1	4.6	4.9	5.2	5.1
SWAY 2014-1			5.3	5.6	5.3	6.2	6.5	6.4	6.8	6.7	6.2	7.2	7.0
TAH 2015-SFR1									4.4	4.8	4.3	5.6	5.9

Table 2a – Lease Expiration (by Count)



		Year 2014		Year 2015										Total Count
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
AH4R 2014-SFR1		223	191	245	214	285	291	354	352	365	308	260	277	3,852
AH4R 2014-SFR2		194	183	284	386	553	656	700	272	258	209	230	214	4,487
AH4R 2014-SFR3			189	285	322	289	377	559	649	435	393	305	228	4,503
AH4R 2015-SFR1							222	281	500	747	594	494	486	4,661
AH4R 2015-SFR2													108	4,125
ARP 2014-SFR1		199	178	234	328	253	196	224	131	127	110	130	114	2,875
CAH 2014-1		73	16	48	82	107	142	179	233	528	414	386	316	3,382
CAH 2014-2		362	414	503	618	394	133	113	87	149	183	171	238	3,706
CAH 2015-1										512	393	371	344	3,878
IH 2013-SFR1		131	180	378	377	340	269	241	155	154	122	102	158	3,207
IH 2014-SFR1		40	68	178	387	669	724	726	701	538	389	323	253	6,473
IH 2014-SFR2		165	151	221	162	217	239	333	346	355	275	174	198	3,749
IH 2014-SFR3		168	171	209	209	240	267	352	387	389	247	207	180	4,015
IH 2015-SFR1				299	229	157	87	88	133	179	249	196	234	3,050
IH 2015-SFR2							136	137	161	209	251	260	290	3,523
IH 2015-SFR3									334	408	517	513	580	7,207
PRD 2014-SFR1		215	139	246	307	406	387	352	196	73	121	124	155	3,140
PRD 2015-SFR1					102	182	335	526	587	671	481	354	187	3,995
PRD 2015-SFR2									50	64	136	257	409	3,312
SBY 2014-1		183	132	183	142	209	202	218	275	173	186	177	199	3,011
SWAY 2014-1			115	238	272	280	299	264	230	211	164	107	61	4,081
TAH 2015-SFR1									235	280	261	235	232	3,505

Table 2b – Lease Expiration (by Percentage)

		Year 2014		Year 2015									
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
AH4R 2014-SFR1		5.8	5.0	6.4	5.6	7.4	7.6	9.2	9.1	9.5	8.0	6.7	7.2
AH4R 2014-SFR2		4.3	4.1	6.3	8.6	12.3	14.6	15.6	6.1	5.7	4.7	5.1	4.8
AH4R 2014-SFR3			4.2	6.3	7.2	6.4	8.4	12.4	14.4	9.7	8.7	6.8	5.1
AH4R 2015-SFR1							4.8	6.0	10.7	16.0	12.7	10.6	10.4
AH4R 2015-SFR2													2.6
ARP 2014-SFR1		6.9	6.2	8.1	11.4	8.8	6.8	7.8	4.6	4.4	3.8	4.5	4.0
CAH 2014-1		2.2	0.5	1.4	2.4	3.2	4.2	5.3	6.9	15.6	12.2	11.4	9.3
CAH 2014-2		9.7	11.1	13.5	16.6	10.6	3.6	3.0	2.3	4.0	4.9	4.6	6.4
CAH 2015-1										13.2	10.1	9.6	8.9
IH 2013-SFR1		4.1	5.6	11.8	11.8	10.6	8.4	7.5	4.8	4.8	3.8	3.2	4.9
IH 2014-SFR1		0.6	1.1	2.7	6.0	10.3	11.2	11.2	10.8	8.3	6.0	5.0	3.9
IH 2014-SFR2		4.4	4.0	5.9	4.3	5.8	6.4	8.9	9.2	9.5	7.3	4.6	5.3
IH 2014-SFR3		4.2	4.3	5.2	5.2	6.0	6.7	8.8	9.6	9.7	6.2	5.2	4.5
IH 2015-SFR1				9.8	7.5	5.1	2.9	2.9	4.4	5.9	8.2	6.4	7.7
IH 2015-SFR2							3.9	3.9	4.6	5.9	7.1	7.4	8.2
IH 2015-SFR3									4.6	5.7	7.2	7.1	8.0
PRD 2014-SFR1		6.8	4.4	7.8	9.8	12.9	12.3	11.2	6.2	2.3	3.9	3.9	4.9
PRD 2015-SFR1					2.6	4.6	8.4	13.2	14.7	16.8	12.0	8.9	4.7
PRD 2015-SFR2									1.5	1.9	4.1	7.8	12.3
SBY 2014-1		5.9	4.3	5.9	4.6	6.8	6.6	7.1	8.9	5.6	6.0	5.9	6.6
SWAY 2014-1			2.8	5.8	6.7	6.9	7.3	6.5	5.6	5.2	4.0	2.6	1.5
TAH 2015-SFR1									6.7	8.0	7.4	6.7	6.6

Tables 3a and 3b show the number of overall months of vacancy the October vacant properties have experienced. In other words, if a property is unoccupied as of the October 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 October vacancies. Properties do not tend to be vacant for greater than three to four months. PRD 2014-SFR1 and CAH 2014-1 have the highest percentages of properties that have been vacant for at least five months at 13.7% and 13.2%, respectively. IH 2013-SFR1 saw an improvement in this metric, as in October only 8.2% of properties were unoccupied for at least five months, while in September the figure was 12.5%.

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

		1	2	3	4	5	6	7	8	9	10	11	12+	Total
AH4R 2014-SFR1		62	49	28	30	14	4	2	0	0	0	0	0	189
AH4R 2014-SFR2		117	42	39	16	10	7	2	0	0	0	0	0	233
AH4R 2014-SFR3		108	82	56	28	8	5	0	0	0	0	0	0	287
AH4R 2015-SFR1		150	135	77	18	4	3	1	0	0	0	0	0	388
AH4R 2015-SFR2		98												98
ARP 2014-SFR1		71	57	33	25	8	7	2	1	1	0	0	3	208
CAH 2014-1		76	48	46	20	12	6	3	3	0	1	0	4	219
CAH 2014-2		59	48	35	12	7	0	1	1	0	0	0	0	163
CAH 2015-1		107	60	30	9									206
IH 2013-SFR1		37	21	19	13	1	1	2	1	1	0	0	2	98
IH 2014-SFR1		67	84	51	35	15	9	3	0	0	0	0	8	272
IH 2014-SFR2		49	48	27	8	3	1	4	3	0	0	1	3	147
IH 2014-SFR3		72	51	25	9	5	1	1	0	0	0	0	0	164
IH 2015-SFR1		78	43	22	8	2	0	0	2	2	0	2		159
IH 2015-SFR2		84	66	27	12	4	2	1						196
IH 2015-SFR3		198	113	49	19	6	13							398
PRD 2014-SFR1		57	44	24	14	12	5	3	1	1	0	0	0	161
PRD 2015-SFR1		127	70	46	19	9	2	0	0	0	0	0		273
PRD 2015-SFR2		125	56	18	7	3								209
SBY 2014-1		60	50	27	12	5	0	0	0	0	0	0	0	154
SWAY 2014-1		82	74	55	38	15	4	1	2	4	2	7	2	286
TAH 2015-SFR1		84	60	27	20	15	1							207

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

		1	2	3	4	5	6	7	8	9	10	11	12+	Total
AH4R 2014-SFR1		32.8	25.9	14.8	15.9	7.4	2.1	1.1	0.0	0.0	0.0	0.0	0.0	100.0
AH4R 2014-SFR2		50.2	18.0	16.7	6.9	4.3	3.0	0.9	0.0	0.0	0.0	0.0	0.0	100.0
AH4R 2014-SFR3		37.6	28.6	19.5	9.8	2.8	1.7	0.0	0.0	0.0	0.0	0.0	0.0	100.0
AH4R 2015-SFR1		38.7	34.8	19.8	4.6	1.0	0.8	0.3	0.0	0.0	0.0	0.0	0.0	100.0
AH4R 2015-SFR2		100.0												100.0
ARP 2014-SFR1		34.1	27.4	15.9	12.0	3.8	3.4	1.0	0.5	0.5	0.0	0.0	1.4	100.0
CAH 2014-1		34.7	21.9	21.0	9.1	5.5	2.7	1.4	1.4	0.0	0.5	0.0	1.8	100.0
CAH 2014-2		36.2	29.4	21.5	7.4	4.3	0.0	0.6	0.6	0.0	0.0	0.0	0.0	100.0
CAH 2015-1		51.9	29.1	14.6	4.4									100.0
IH 2013-SFR1		37.8	21.4	19.4	13.3	1.0	1.0	2.0	1.0	1.0	0.0	0.0	2.0	100.0
IH 2014-SFR1		24.6	30.9	18.8	12.9	5.5	3.3	1.1	0.0	0.0	0.0	0.0	2.9	100.0
IH 2014-SFR2		33.3	32.7	18.4	5.4	2.0	0.7	2.7	2.0	0.0	0.0	0.7	2.0	100.0
IH 2014-SFR3		43.9	31.1	15.2	5.5	3.0	0.6	0.6	0.0	0.0	0.0	0.0	0.0	100.0
IH 2015-SFR1		49.1	27.0	13.8	5.0	1.3	0.0	0.0	1.3	1.3	0.0	1.3	0.0	100.0
IH 2015-SFR2		42.9	33.7	13.8	6.1	2.0	1.0	0.5	0.0	0.0	0.0	0.0	0.0	100.0
IH 2015-SFR3		49.7	28.4	12.3	4.8	1.5	3.3							100.0
PRD 2014-SFR1		35.4	27.3	14.9	8.7	7.5	3.1	1.9	0.6	0.6	0.0	0.0	0.0	100.0
PRD 2015-SFR1		46.5	25.6	16.8	7.0	3.3	0.7	0.0	0.0	0.0	0.0	0.0	0.0	100.0
PRD 2015-SFR2		59.8	26.8	8.6	3.3	1.4								100.0
SBY 2014-1		39.0	32.5	17.5	7.8	3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0
SWAY 2014-1		28.7	25.9	19.2	13.3	5.2	1.4	0.3	0.7	1.4	0.7	2.4	0.7	100.0
TAH 2015-SFR1		40.6	29.0	13.0	9.7	7.2	0.5							100.0

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. As expected, given their delinquency definitions, TAH 2015-SFR1 and ARP 2014-SFR1 have the highest reported delinquency percentages at 2.1% and 1.9%, respectively. However, this metric dropped for both of these deals since last month. 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. Eight deals have delinquency rates of 1.0% or higher, which is an increase from six deals last month.

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

¹Based on total receivables

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

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

		Year 2014		Year 2015										Total Count
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
AH4R 2014-SFR1		104	93	45	55	40	23	46	35	35	30	36	18	3,852
AH4R 2014-SFR2		77	96	70	71	49	37	39	34	44	33	25	26	4,487
AH4R 2014-SFR3			62	30	37	24	25	36	28	22	18	17	22	4,503
AH4R 2015-SFR1							39	61	38	32	33	32	24	4,661
AH4R 2015-SFR2													18	4,125
ARP 2014-SFR1		45	45	71	48	54	65	73	87	62	62	58	55	2,875
CAH 2014-1		50	67	56	22	20	21	27	27	15	20	20	17	3,382
CAH 2014-2		70	70	61	45	32	27	47	34	28	34	35	20	3,706
CAH 2015-1										26	28	27	25	3,878
IH 2013-SFR1		27	28	27	20	16	26	33	32	32	28	26	27	3,207
IH 2014-SFR1		65	66	66	55	48	25	48	47	40	46	59	46	6,473
IH 2014-SFR2		42	41	49	39	30	29	32	31	36	33	28	24	3,749
IH 2014-SFR3		40	32	33	32	22	29	33	39	27	31	35	28	4,015
IH 2015-SFR1				54	47	29	27	33	39	33	39	36	30	3,050
IH 2015-SFR2							24	17	28	24	30	27	31	3,523
IH 2015-SFR3									90	98	87	100	93	7,207
PRD 2014-SFR1		36	16	30	24	26	16	23	32	30	25	26	38	3,140
PRD 2015-SFR1					21	23	26	31	32	29	30	32	43	3,995
PRD 2015-SFR2									42	41	38	43	40	3,312
SBY 2014-1		33	34	33	33	25	16	19	45	40	35	29	29	3,011
SWAY 2014-1				18	26	5	7	8	15	20	24	29	29	4,081
TAH 2015-SFR1									83	76	68	80	74	3,505

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

		Year 2014		Year 2015									
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
AH4R 2014-SFR1		2.7	2.4	1.2	1.4	1.0	0.6	1.2	0.9	0.9	0.8	0.9	0.5
AH4R 2014-SFR2		1.7	2.1	1.6	1.6	1.1	0.8	0.9	0.8	1.0	0.7	0.6	0.6
AH4R 2014-SFR3			1.4	0.7	0.8	0.5	0.6	0.8	0.6	0.5	0.4	0.4	0.5
AH4R 2015-SFR1							0.8	1.3	0.8	0.7	0.7	0.7	0.5
AH4R 2015-SFR2													0.4
ARP 2014-SFR1		1.6	1.6	2.5	1.7	1.9	2.3	2.5	3.0	2.2	2.2	2.0	1.9
CAH 2014-1		1.5	2.0	1.6	0.6	0.6	0.6	0.8	0.8	0.4	0.6	0.6	0.5
CAH 2014-2		1.9	1.9	1.6	1.2	0.9	0.7	1.3	0.9	0.8	0.9	0.9	0.5
CAH 2015-1										0.7	0.7	0.7	0.6
IH 2013-SFR1		0.8	0.9	0.8	0.6	0.5	0.8	1.0	1.0	1.0	0.9	0.8	0.8
IH 2014-SFR1		1.0	1.0	1.0	0.8	0.7	0.4	0.7	0.7	0.6	0.7	0.9	0.7
IH 2014-SFR2		1.1	1.1	1.3	1.0	0.8	0.8	0.9	0.8	1.0	0.9	0.7	0.6
IH 2014-SFR3		1.0	0.8	0.8	0.8	0.5	0.7	0.8	1.0	0.7	0.8	0.9	0.7
IH 2015-SFR1				1.8	1.5	1.0	0.9	1.1	1.3	1.1	1.3	1.2	1.0
IH 2015-SFR2							0.7	0.5	0.8	0.7	0.9	0.8	0.9
IH 2015-SFR3									1.2	1.4	1.2	1.4	1.3
PRD 2014-SFR1		1.1	0.5	1.0	0.8	0.8	0.5	0.7	1.0	1.0	0.8	0.8	1.2
PRD 2015-SFR1					0.5	0.6	0.7	0.8	0.8	0.7	0.8	0.8	1.1
PRD 2015-SFR2									1.3	1.2	1.1	1.3	1.2
SBY 2014-1		1.1	1.1	1.1	1.1	0.8	0.5	0.6	1.5	1.3	1.1	1.0	1.0
SWAY 2014-1				0.4	0.6	0.1	0.2	0.2	0.4	0.5	0.6	0.7	0.7
TAH 2015-SFR1									2.4	2.2	1.9	2.3	2.1

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 previously 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 September retention rate, Morningstar looks for all September lease expirations in the June 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 actual 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 September 2015 lease expirations, Morningstar still looks at the most recent property tape to determine the lease status of the properties. In this example, Morningstar uses the October 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. Overall, retention rates dropped slightly in September but remain in the 70s, which is in line with Morningstar's expectation. As with the previous three months, TAH 2015-SFR 1 has the highest retention rate at 83.4%. AH4R 2014-SFR2 had the lowest retention rate at 64.8%, which is a decrease from 68.9% in August and 71.3% in July. Retention rates for three of the four American Homes 4 Rent deals continue to remain in the 60s. Last month, American Homes 4 Rent acknowledged that it tends to experience lower retention rates in the third quarter because of seasonality. Morningstar will continue to monitor this trend in the fourth quarter.

Table 6 – Monthly Retention Rate of Expiring Leases

		Year 2014		Year 2015									
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
AH4R 2014-SFR1		73.1	72.3	75.9	77.6	75.8	79.7	77.4	68.5	75.6	72.7	78.1	TBD
AH4R 2014-SFR2		70.1	69.9	76.1	75.9	72.3	74.1	73.0	64.0	71.3	68.9	64.8	TBD
AH4R 2014-SFR3			74.6	75.1	73.6	73.4	73.5	73.7	74.6	68.3	67.4	69.2	TBD
AH4R 2015-SFR1							73.0	66.9	71.2	69.1	68.5	65.8	TBD
AH4R 2015-SFR2													TBD
ARP 2014-SFR1		79.4	71.3	81.6	80.5	83.0	78.6	80.8	79.4	77.2	71.8	72.3	TBD
CAH 2014-1		83.6	68.8	81.3	74.4	73.8	81.7	68.2	76.8	70.6	72.7	72.5	TBD
CAH 2014-2		78.5	81.2	76.5	76.4	73.4	81.2	69.9	65.5	73.8	73.8	69.6	TBD
CAH 2015-1										75.2	71.5	71.7	TBD
IH 2013-SFR1		75.6	83.3	81.7	78.8	76.5	77.7	80.5	78.7	71.4	72.1	78.4	TBD
IH 2014-SFR1		77.5	75.0	82.6	77.3	78.3	80.2	77.1	74.5	76.2	76.9	73.7	TBD
IH 2014-SFR2		80.0	85.4	85.1	75.9	82.5	77.4	77.8	74.6	69.0	77.8	75.3	TBD
IH 2014-SFR3		73.2	81.9	85.2	78.5	78.8	77.9	77.0	77.0	71.7	73.7	74.9	TBD
IH 2015-SFR1				79.9	77.3	79.6	78.2	77.3	77.4	79.3	73.9	72.4	TBD
IH 2015-SFR2							70.6	72.3	80.1	76.1	67.7	68.1	TBD
IH 2015-SFR3									72.2	73.5	76.4	74.1	TBD
PRD 2014-SFR1		72.6	77.0	74.4	72.3	75.9	76.7	76.7	73.5	61.6	72.7	73.4	TBD
PRD 2015-SFR1					68.6	72.0	75.8	75.1	76.3	77.3	75.1	70.6	TBD
PRD 2015-SFR2									70.0	78.1	80.1	72.4	TBD
SBY 2014-1		80.9	76.5	72.1	78.2	76.6	79.7	79.4	74.5	77.5	81.2	83.1	TBD
SWAY 2014-1			87.8	76.1	78.3	76.1	77.3	77.7	68.7	75.4	76.8	74.8	TBD
TAH 2015-SFR1									82.1	83.2	83.5	83.4	TBD

TBD – To Be Determined

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 September 2015 retention rates are the October 2015 statuses of September 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 in line with last month, but Morningstar expects this figure to increase as deals season. TAH 2015-SFR1 again has by far the largest percentage of MTM tenants at 16.7%, which is an increase from 15.5% in September. This transaction also had the highest September retention rate of MTM leases at 93.6%. The Invitation Homes deals continue to have low concentrations of MTM tenants, as MTM tenants occupy no more than 1.7% of homes in each of its seven transactions. The retention rate of MTM leases increased for IH 2013-SFR1 to 91.9% from 76.7% in August. However, this may be the result of a small sample size, as only 44 of the 3,207 homes were occupied by MTM tenants in September.

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

		Year 2014		Year 2015									
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
AH4R 2014-SFR1		79.4	87.0	89.0	89.6	84.8	85.1	80.1	86.2	83.1	88.4	84.9	TBD
AH4R 2014-SFR2		81.9	88.6	88.1	84.0	82.6	85.1	77.2	79.6	79.9	81.2	83.6	TBD
AH4R 2014-SFR3			79.5	85.1	82.5	78.4	76.4	73.0	72.5	76.1	80.4	82.9	TBD
AH4R 2015-SFR1							86.2	79.3	78.8	71.4	80.3	82.5	TBD
AH4R 2015-SFR2													TBD
ARP 2014-SFR1		94.9	95.0	90.4	95.1	92.0	94.2	88.6	86.1	90.8	88.1	84.2	TBD
CAH 2014-1		90.8	85.2	76.6	83.3	83.8	82.3	76.2	76.6	73.2	73.3	75.0	TBD
CAH 2014-2		88.7	88.1	84.8	82.9	76.2	79.7	76.5	73.3	82.0	72.4	80.4	TBD
CAH 2015-1										58.3	76.9	67.2	TBD
IH 2013-SFR1		76.0	88.9	74.3	87.5	75.0	76.6	76.9	72.6	78.0	76.7	91.9	TBD
IH 2014-SFR1		75.9	86.4	84.2	81.6	82.4	79.3	65.0	72.0	70.1	78.7	74.6	TBD
IH 2014-SFR2		75.0	65.7	75.8	72.7	76.5	87.5	76.7	77.6	83.0	85.7	73.3	TBD
IH 2014-SFR3		70.3	79.3	75.8	81.8	87.9	76.3	73.2	78.8	67.3	73.2	74.4	TBD
IH 2015-SFR1				82.4	62.2	87.8	79.4	80.0	80.0	70.8	87.5	68.6	TBD
IH 2015-SFR2							81.8	71.0	85.7	75.9	82.8	82.4	TBD
IH 2015-SFR3									82.3	84.2	83.3	83.1	TBD
PRD 2014-SFR1		88.3	86.6	85.0	84.3	92.3	83.7	78.2	83.3	83.8	82.8	85.5	TBD
PRD 2015-SFR1					85.7	81.8	78.2	74.7	65.3	64.4	70.0	67.3	TBD
PRD 2015-SFR2									82.4	57.1	75.0	71.4	TBD
SBY 2014-1		91.9	96.2	90.1	96.2	92.9	90.2	89.3	87.7	89.8	85.1	87.8	TBD
SWAY 2014-1			92.5	90.5	85.8	83.3	86.3	84.3	87.0	87.6	77.9	84.8	TBD
TAH 2015-SFR1									90.1	93.8	94.0	93.6	TBD

TBD – To Be Determined

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

		Year 2014		Year 2015										Total Count
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
AH4R 2014-SFR1		131	118	144	167	172	156	167	164	193	212	231	244	3,852
AH4R 2014-SFR2		74	85	106	143	169	206	250	259	213	190	173	183	4,487
AH4R 2014-SFR3			94	110	120	126	119	165	186	214	203	193	191	4,503
AH4R 2015-SFR1							87	102	126	168	209	224	257	4,661
AH4R 2015-SFR2													53	4,125
ARP 2014-SFR1		200	224	251	271	345	365	353	317	286	265	235	216	2,875
CAH 2014-1		229	183	148	90	88	62	68	70	119	133	122	79	3,382
CAH 2014-2		150	208	222	188	236	155	126	91	81	78	82	59	3,706
CAH 2015-1										129	126	128	99	3,878
IH 2013-SFR1		29	33	51	75	86	86	88	69	61	52	44	56	3,207
IH 2014-SFR1		59	46	42	68	87	124	155	153	157	125	87	76	6,473
IH 2014-SFR2		55	49	59	56	48	61	60	72	72	65	55	47	3,749
IH 2014-SFR3		55	46	43	46	43	56	70	81	94	79	58	59	4,015
IH 2015-SFR1				63	68	54	41	38	34	32	39	45	53	3,050
IH 2015-SFR2							39	44	40	43	39	46	53	3,523
IH 2015-SFR3									84	101	109	110	117	7,207
PRD 2014-SFR1		82	118	112	145	146	169	154	128	111	88	76	72	3,140
PRD 2015-SFR1					51	55	58	86	111	108	117	115	102	3,995
PRD 2015-SFR2									17	15	22	34	42	3,312
SBY 2014-1		212	224	290	221	252	258	229	248	236	242	212	235	3,011
SWAY 2014-1			85	105	155	200	191	140	108	208	217	186	171	4,081
TAH 2015-SFR1									603	545	557	544	585	3,505

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

		Year 2014		Year 2015									
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
AH4R 2014-SFR1		3.4	3.1	3.7	4.3	4.5	4.0	4.3	4.3	5.0	5.5	6.0	6.3
AH4R 2014-SFR2		1.6	1.9	2.4	3.2	3.8	4.6	5.6	5.8	4.7	4.2	3.9	4.1
AH4R 2014-SFR3			2.1	2.4	2.7	2.8	2.6	3.7	4.1	4.8	4.5	4.3	4.2
AH4R 2015-SFR1							1.9	2.2	2.7	3.6	4.5	4.8	5.5
AH4R 2015-SFR2													1.3
ARP 2014-SFR1		7.0	7.8	8.7	9.4	12.0	12.7	12.3	11.0	9.9	9.2	8.2	7.5
CAH 2014-1		6.7	5.4	4.4	2.7	2.6	1.8	2.0	2.1	3.5	3.9	3.6	2.3
CAH 2014-2		4.0	5.6	6.0	5.1	6.3	4.2	3.4	2.4	2.2	2.1	2.2	1.6
CAH 2015-1										3.3	3.2	3.3	2.6
IH 2013-SFR1		0.9	1.0	1.6	2.3	2.7	2.7	2.7	2.2	1.9	1.6	1.4	1.7
IH 2014-SFR1		0.9	0.7	0.6	1.1	1.3	1.9	2.4	2.4	2.4	1.9	1.3	1.2
IH 2014-SFR2		1.5	1.3	1.6	1.5	1.3	1.6	1.6	1.9	1.9	1.7	1.5	1.3
IH 2014-SFR3		1.4	1.1	1.1	1.1	1.1	1.4	1.7	2.0	2.3	2.0	1.4	1.5
IH 2015-SFR1				2.1	2.2	1.8	1.3	1.2	1.1	1.0	1.3	1.5	1.7
IH 2015-SFR2							1.1	1.2	1.1	1.2	1.1	1.3	1.5
IH 2015-SFR3									1.2	1.4	1.5	1.5	1.6
PRD 2014-SFR1		2.6	3.8	3.6	4.6	4.6	5.4	4.9	4.1	3.5	2.8	2.4	2.3
PRD 2015-SFR1					1.3	1.4	1.5	2.2	2.8	2.7	2.9	2.9	2.6
PRD 2015-SFR2									0.5	0.5	0.7	1.0	1.3
SBY 2014-1		6.9	7.3	9.4	7.2	8.2	8.4	7.4	8.1	7.7	7.9	7.0	7.8
SWAY 2014-1			2.1	2.6	3.8	4.9	4.7	3.4	2.6	5.1	5.3	4.6	4.2
TAH 2015-SFR1									17.2	15.5	15.9	15.5	16.7

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 again 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 prior month lease-end date or move-out date is on or after the last day of the previous month but is before the last day of the current month. Turnover rates remain under 4.0% for most deals. The three exceptions are AH4R 2015-SFR1, CAH 2014-1, and PRD 2015-SFR2, which have turnover rates of 4.1%. This is an improvement for AH4R 2015-SFR1, as it reported a turnover rate of 5.3% in September. However, this metric increased for PRD 2015-SFR2, as the rate was 3.1% in September. This increase might be explained by the high number of recent lease expirations.

Table 9 – Monthly Turnover Rate

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

Multiborrower Performance

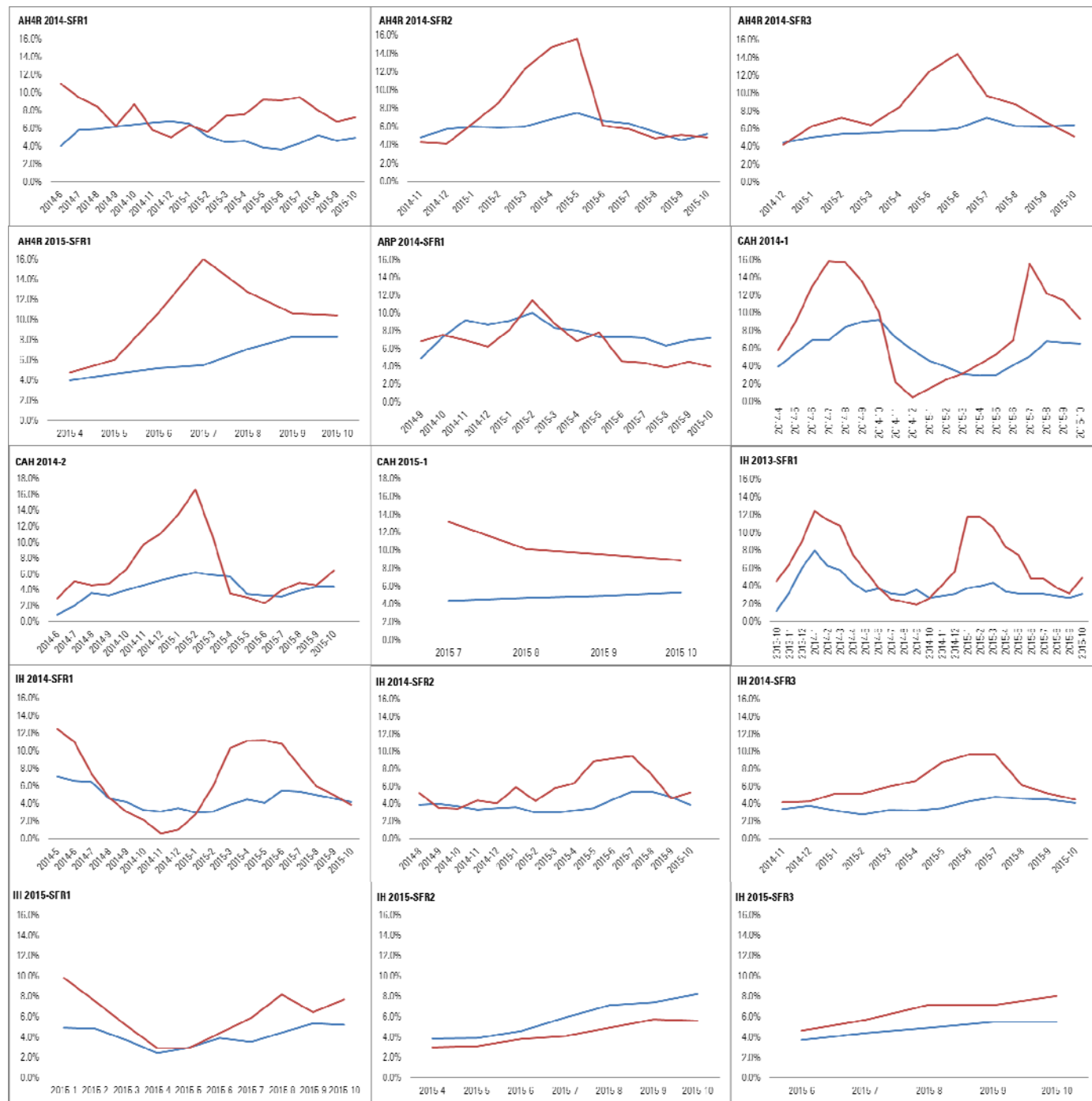
To date there have been three multiborrower transactions brought to market in the single-family rental sector: B2R 2015-1, FKL 2015-SFR1, and CAF 2015-1. The deals are similar to single-borrower transactions in that the underlying collateral are generally single-family rental properties. They differ, though, in that single-borrower deals are backed by one loan, while multiborrower deals have many loans. For example, B2R 2015-1 is secured by 144 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 November remittance report, all borrowers in the CAF 2015-1 transaction were current or less than one month delinquent. In last month's report, Morningstar reported that one loan in B2R 2015-1 went 30 days delinquent. That loan has since become current. However, as of the latest remittance cycle, a different loan has become 30 days delinquent, and Morningstar will monitor the performance of this loan. Also, as of the November remittance report, all of the loans in FKL 2015-SFR1 are current. However, one loan that comprises approximately 1.7% of the total transaction balance is listed on the November watchlist report. 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 also monitor the performance of this loan.

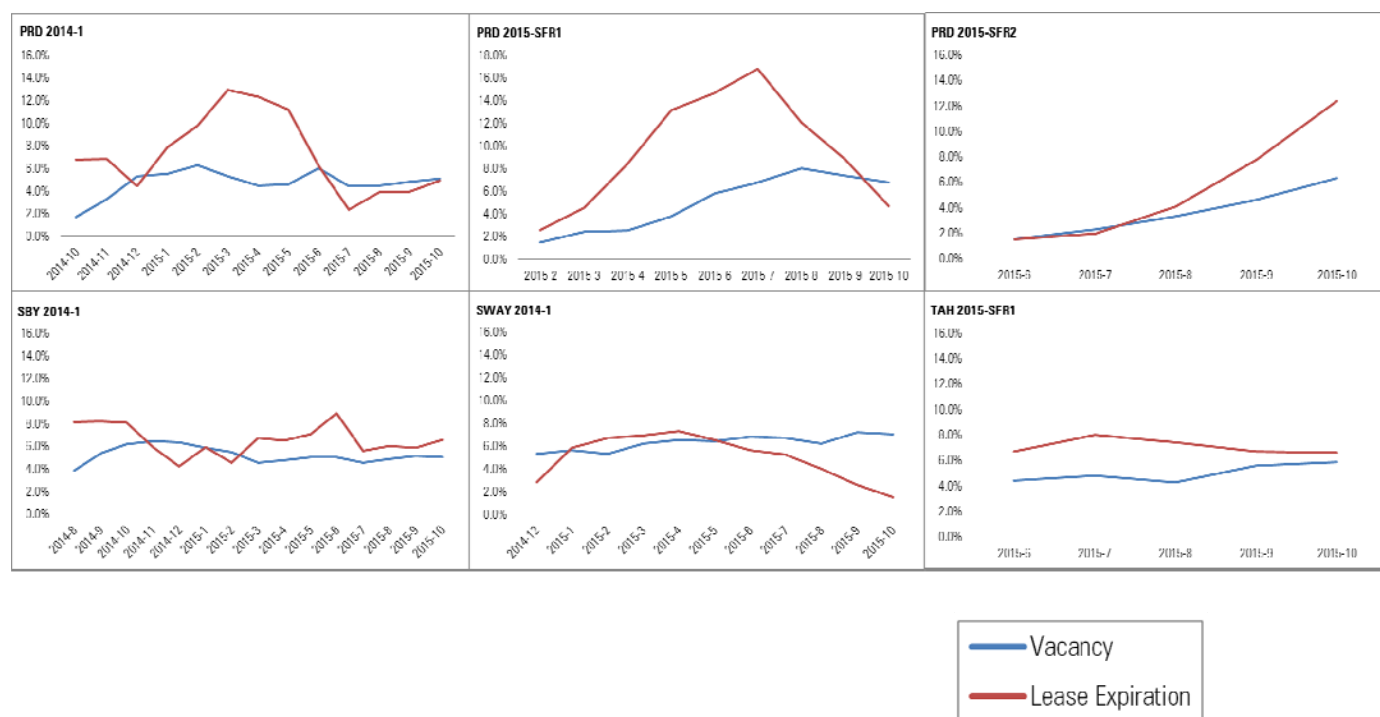
Conclusion

The October property-level data for the single-borrower, single-family rental asset class shows performance in line with recent history and Morningstar's expectations. Vacancy and delinquency rates generally remain low and stable. Retention rates of expiring leases and MTM leases are also within 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.



Appendix I – Vacancy versus Lease Expiration





Disclaimer

Copyright © 2015 by Morningstar Credit Ratings, LLC ("Morningstar"). Reproduction or transmission in whole or in part is prohibited except by permission. All rights reserved. The opinions expressed herein are solely those of the authors as of the date hereof and do not necessarily represent the opinions of Morningstar or its affiliates. The content and analysis contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. THE CONTENT AND ANALYSIS IS PROVIDED "AS IS" AND NOT SUBJECT TO ANY GUARANTEES OR ANY WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

To reprint, translate, or use the data or information other than as provided herein, contact Michelle Weiss (+1 267 960-6014) or by email to: michelle.weiss@morningstar.com.