RMBS Research: Single-Family Rental

Performance Summary Covering All Morningstar-Rated Securitizations

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Introduction

Vacancy rates in single-family rental securitizations in January were generally in line with recent performance, and retention rates remained strong in December, the latest month for which the data to calculate retention rate is available. Delinquency rates dropped in January after a slight uptick in December. Of the 23 transactions covered in this report, 14 experienced lower delinquency rates in January, keeping the overall level of delinquencies low. Cash flows for single-family rental transactions remain sufficient to cover bond obligations. One of the bigger challenges in analyzing performance data in the single-family rental space is a lack of consistency in reporting across issuers. A goal of this report is to standardize that data to allow for a uniform comparison across deals from different issuers. One metric for which standardization remains difficult is in the reporting of delinquency; each issuer has its own way to flag tenants as past due. This month's report includes clarification of the delinquency definitions employed by each issuer on page 12. Morningstar Credit Ratings, LLC believes it is still valuable to report delinquency data because it shows how each individual deal is performing over time and how multiple transactions from the same issuer are performing against each other. However, any review of delinquency should be viewed within the context of the delinquency definitions. Lastly, Morningstar slightly updated our retention rate calculation to account for properties that become vacant just before the lease expiration date. A full description of that change is on page 14.

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 January. 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. Despite lease expirations beginning to increase, vacancy still slightly improved in January as those expirations have yet to translate into unoccupied properties. Of the 23 transactions in this report, 20 experienced higher lease expirations in January than in December, yet vacancy counts decreased in 13 deals. Morningstar will monitor for higher vacancies in the coming months. AH4R 2015-SFR1 vacancy dropped to 6.9% from 8.0%, continuing its improvement from 9.0% in November. Vacancy for both CAH 2014-1 and PRD 2015-SFR1 declined for the fifth consecutive month and stand at 3.8% and 5.1%, respectively. IH 2013-SFR1 experienced an increase in vacancy to 4.3% from 3.0% in December, which was the largest month over month increase in vacancy.

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

		Year 2015 Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016 Jan	Total Count
AH4R 2014-SFR1		196	169	176	145	140	165	200	177	187	219	206	184	3,852
AH4R 2014-SFR2		264	268	304	337	294	284	244	203	227	232	212	213	4,487
AH4R 2014-SFR3		245	246	258	258	271	322	283	281	287	273	226	215	4,503
AH4R 2015-SFR1				185	216	243	255	330	387	388	418	374	323	4,661
AH4R 2015-SFR2										98	120	146	157	4,125
ARP 2014-SFR1		288	238	231	210	210	206	181	199	208	194	147	148	2,875
CAH 2014-1		133	105	100	102	138	173	230	225	219	205	157	127	3,374
CAH 2014-2		232	220	211	130	123	117	146	162	163	165	154	173	3,704
CAH 2015-1							170	181	191	206	203	187	175	3,876
IH 2013-SFR1		129	141	110	104	98	100	92	87	95	95	97	139	3,207
IH 2014-SFR1		202	251	294	265	358	350	325	298	267	199	183	211	6,473
IH 2014-SFR2		111	114	119	132	168	204	203	180	145	154	127	142	3,749
IH 2014-SFR3		113	132	129	141	173	194	186	190	169	157	144	143	4,015
IH 2015-SFR1		146	112	74	88	119	106	135	162	157	160	138	142	3,050
IH 2015-SFR2				104	110	134	144	172	201	203	204	153	145	3,523
IH 2015-SFR3						267	316	354	397	385	365	347	328	7,207
PRD 2014-SFR1		199	166	142	144	189	139	141	151	161	183	171	155	3,139
PRD 2015-SFR1		61	97	101	152	230	270	318	295	273	258	233	203	3,995
PRD 2015-SFR2						50	77	110	153	209	242	219	213	3,312
PRD 2015-SFR3											75	77	83	3,164
SBY 2014-1		169	141	147	158	156	142	151	156	154	154	146	116	3,011
SWAY 2014-1		215	253	267	260	279	274	254	293	286	284	294	293	4,081
TAH 2015-SFR1						153	167	149	195	207	238	229	236	3,505

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

		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
		Year 2015											**2016**
AH4R 2014-SFR1		5.1	4.4	4.6	3.8	3.6	4.3	5.2	4.6	4.9	5.7	5.3	4.8
AH4R 2014-SFR2		5.9	6.0	6.8	7.5	6.6	6.3	5.4	4.5	5.1	5.2	4.7	4.7
AH4R 2014-SFR3		5.4	5.5	5.7	5.7	6.0	7.2	6.3	6.2	6.4	6.1	5.0	4.8
AH4R 2015-SFR1				4.0	4.6	5.2	5.5	7.1	8.3	8.3	9.0	8.0	6.9
AH4R 2015-SFR2										2.4	2.9	3.5	3.8
ARP 2014-SFR1		10.0	8.3	8.0	7.3	7.3	7.2	6.3	6.9	7.2	6.7	5.1	5.1
CAH 2014-1		3.9	3.1	2.9	3.0	4.1	5.1	6.8	6.6	6.5	6.1	4.7	3.8
CAH 2014-2		6.2	5.9	5.7	3.5	3.3	3.2	3.9	4.4	4.4	4.5	4.2	4.7
CAH 2015-1							4.4	4.7	4.9	5.3	5.2	4.8	4.5
IH 2013-SFR1		4.0	4.4	3.4	3.2	3.1	3.1	2.9	2.7	3.0	3.0	3.0	4.3
IH 2014-SFR1		3.1	3.9	4.5	4.1	5.5	5.4	5.0	4.6	4.1	3.1	2.8	3.3
IH 2014-SFR2		3.0	3.0	3.2	3.5	4.5	5.4	5.4	4.8	3.9	4.1	3.4	3.8
IH 2014-SFR3		2.8	3.3	3.2	3.5	4.3	4.8	4.6	4.7	4.2	3.9	3.6	3.6
IH 2015-SFR1		4.8	3.7	2.4	2.9	3.9	3.5	4.4	5.3	5.1	5.2	4.5	4.7
IH 2015-SFR2				3.0	3.1	3.8	4.1	4.9	5.7	5.8	5.8	4.3	4.1
IH 2015-SFR3						3.7	4.4	4.9	5.5	5.3	5.1	4.8	4.6
PRD 2014-SFR1		6.3	5.3	4.5	4.6	6.0	4.4	4.5	4.8	5.1	5.8	5.4	4.9
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	5.1
PRD 2015-SFR2						1.5	2.3	3.3	4.6	6.3	7.3	6.6	6.4
PRD 2015-SFR3											2.4	2.4	2.6
SBY 2014-1		5.5	4.6	4.8	5.1	5.1	4.6	4.9	5.2	5.1	5.1	4.8	3.9
SWAY 2014-1		5.3	6.2	6.5	6.4	6.8	6.7	6.2	7.2	7.0	7.0	7.2	7.2
TAH 2015-SFR1						4.4	4.8	4.3	5.6	5.9	6.8	6.5	6.7

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Table 2a – Lease Expiration (by Count)

		Year 2015											2016	Total Count
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
AH4R 2014-SFR1		210	276	281	344	341	354	296	251	267	205	172	226	3,852
AH4R 2014-SFR2		374	532	641	679	265	249	196	216	207	183	129	223	4,487
AH4R 2014-SFR3		305	280	365	549	631	420	372	295	219	119	155	230	4,503
AH4R 2015-SFR1				222	272	474	707	564	470	465	375	260	128	4,661
AH4R 2015-SFR2										108	93	130	312	4,125
ARP 2014-SFR1		314	244	189	221	127	121	101	123	107	164	122	188	2,875
CAH 2014-1		81	105	141	174	225	513	401	371	297	217	105	131	3,374
CAH 2014-2		595	382	131	107	83	143	176	161	229	256	234	278	3,704
CAH 2015-1							512	381	353	329	252	187	127	3,876
IH 2013-SFR1		366	331	263	237	150	149	116	100	152	139	178	289	3,207
IH 2014-SFR1		377	653	697	692	681	518	377	304	247	134	133	203	6,473
IH 2014-SFR2		157	207	234	316	339	343	267	163	187	197	164	199	3,749
IH 2014-SFR3		205	234	260	343	376	374	239	198	174	200	183	225	4,015
IH 2015-SFR1		220	153	85	85	128	172	236	193	224	210	224	286	3,050
IH 2015-SFR2				136	135	154	196	231	254	280	268	213	252	3,523
IH 2015-SFR3						334	398	491	488	561	498	482	527	7,207
PRD 2014-SFR1		292	395	374	345	193	71	119	120	153	134	76	136	3,139
PRD 2015-SFR1		102	177	325	520	572	642	464	340	181	77	32	36	3,995
PRD 2015-SFR2						50	63	133	245	397	201	77	137	3,312
PRD 2015-SFR3											21	7	16	3,164
SBY 2014-1		142	209	202	218	275	173	186	177	199	161	131	169	3,011
SWAY 2014-1		261	276	285	254	224	199	157	99	57	61	176	142	4,081
TAH 2015-SFR1						235	270	248	233	232	132	168	211	3,505

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Table 2b – Lease Expiration (by Percentage)

		Year 2015											2016
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
AH4R 2014-SFR1		5.5	7.2	7.3	8.9	8.9	9.2	7.7	6.5	6.9	5.3	4.5	5.9
AH4R 2014-SFR2		8.3	11.9	14.3	15.1	5.9	5.5	4.4	4.8	4.6	4.1	2.9	5.0
AH4R 2014-SFR3		6.8	6.2	8.1	12.2	14.0	9.3	8.3	6.6	4.9	2.6	3.4	5.1
AH4R 2015-SFR1				4.8	5.8	10.2	15.2	12.1	10.1	10.0	8.0	5.6	2.7
AH4R 2015-SFR2										2.6	2.3	3.2	7.6
ARP 2014-SFR1		10.9	8.5	6.6	7.7	4.4	4.2	3.5	4.3	3.7	5.7	4.2	6.5
CAH 2014-1		2.4	3.1	4.2	5.1	6.6	15.1	11.8	11.0	8.8	6.4	3.1	3.9
CAH 2014-2		16.0	10.3	3.5	2.9	2.2	3.9	4.7	4.3	6.2	6.9	6.3	7.5
CAH 2015-1							13.2	9.8	9.1	8.5	6.5	4.8	3.3
IH 2013-SFR1		11.4	10.3	8.2	7.4	4.7	4.6	3.6	3.1	4.7	4.3	5.6	9.0
IH 2014-SFR1		5.8	10.1	10.8	10.7	10.5	8.0	5.8	4.7	3.8	2.1	2.1	3.1
IH 2014-SFR2		4.2	5.5	6.2	8.4	9.0	9.1	7.1	4.3	5.0	5.3	4.4	5.3
IH 2014-SFR3		5.1	5.8	6.5	8.5	9.4	9.3	6.0	4.9	4.3	5.0	4.6	5.6
IH 2015-SFR1		7.2	5.0	2.8	2.8	4.2	5.6	7.7	6.3	7.3	6.9	7.3	9.4
IH 2015-SFR2				3.9	3.8	4.4	5.6	6.6	7.2	7.9	7.6	6.0	7.2
IH 2015-SFR3						4.6	5.5	6.8	6.8	7.8	6.9	6.7	7.3
PRD 2014-SFR1		9.3	12.6	11.9	11.0	6.1	2.3	3.8	3.8	4.9	4.3	2.4	4.3
PRD 2015-SFR1		2.6	4.4	8.1	13.0	14.3	16.1	11.6	8.5	4.5	1.9	0.8	0.9
PRD 2015-SFR2						1.5	1.9	4.0	7.4	12.0	6.1	2.3	4.1
PRD 2015-SFR3											0.7	0.2	0.5
SBY 2014-1		4.6	6.8	6.6	7.1	8.9	5.6	6.0	5.9	6.6	5.3	4.4	5.6
SWAY 2014-1		6.4	6.8	7.0	6.2	5.5	4.9	3.8	2.4	1.4	1.5	4.3	3.5
TAH 2015-SFR1						6.7	7.7	7.1	6.6	6.6	3.8	4.8	6.0

Tables 3a and 3b show the number of months of vacancy the January vacant properties have experienced. In other words, if a property is unoccupied as of the January 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 January vacancies. Properties do not tend to be vacant for greater than three to four months. CAH 2014-1, SWAY 2014-1, PRD 2014-SFR1, and PRD 2015-SFR1 are deals with higher percentages of five or more overall months of vacancy. In addition, 7.0% of the vacant properties in IH 2014-SFR2 have been unoccupied for at least 10 months.

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

		1	2	3	4	5	6	7	8	9	10	11	12+	Total
AH4R 2014-SFR1		41	47	42	20	15	8	4	4	1	1	1	0	184
AH4R 2014-SFR2		52	59	43	34	12	8	3	2	0	0	0	0	213
AH4R 2014-SFR3		66	51	42	22	18	9	4	1	2	0	0	0	215
AH4R 2015-SFR1		99	69	76	38	28	10	2	0	0	1			323
AH4R 2015-SFR2		66	50	24	17									157
ARP 2014-SFR1		41	39	22	20	8	7	4	3	2	1	0	1	148
CAH 2014-1		27	25	21	17	7	13	11	1	2	0	0	3	127
CAH 2014-2		60	52	22	21	10	4	1	3	0	0	0	0	173
CAH 2015-1		76	52	27	14	2	1	3						175
IH 2013-SFR1		61	35	17	12	7	2	1	0	0	1	1	2	139
IH 2014-SFR1		69	50	33	23	14	7	4	1	2	1	0	7	211
IH 2014-SFR2		46	35	24	10	10	4	1	1	1	3	2	5	142
IH 2014-SFR3		49	41	29	12	7	2	2	1	0	0	0	0	143
IH 2015-SFR1		67	27	23	14	3	0	2	0	0	0	2	4	142
IH 2015-SFR2		48	54	19	16	3	3	1	1	0	0			145
IH 2015-SFR3		136	99	40	27	8	5	3	1	9				328
PRD 2014-SFR1		37	32	32	20	12	9	3	4	3	2	1	0	155
PRD 2015-SFR1		36	44	37	38	23	15	4	4	2	0	0	0	203
PRD 2015-SFR2		67	49	40	31	17	8	0	1					213
PRD 2015-SFR3		34	18	18	13									83
SBY 2014-1		38	28	22	20	3	2	3	0	0	0	0	0	116
SWAY 2014-1		80	73	33	26	29	22	8	5	3	1	0	13	293
TAH 2015-SFR1		72	60	56	25	12	3	3	4	1				236

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

		1	2	3	4	5	6	7	8	9	10	11	12+	Total
AH4R 2014-SFR1		22.3	25.5	22.8	10.9	8.2	4.3	2.2	2.2	0.5	0.5	0.5	0.0	100.0
AH4R 2014-SFR2		24.4	27.7	20.2	16.0	5.6	3.8	1.4	0.9	0.0	0.0	0.0	0.0	100.0
AH4R 2014-SFR3		30.7	23.7	19.5	10.2	8.4	4.2	1.9	0.5	0.9	0.0	0.0	0.0	100.0
AH4R 2015-SFR1		30.7	21.4	23.5	11.8	8.7	3.1	0.6	0.0	0.0	0.3			100.0
AH4R 2015-SFR2		42.0	31.8	15.3	10.8									100.0
ARP 2014-SFR1		27.7	26.4	14.9	13.5	5.4	4.7	2.7	2.0	1.4	0.7	0.0	0.7	100.0
CAH 2014-1		21.3	19.7	16.5	13.4	5.5	10.2	8.7	0.8	1.6	0.0	0.0	2.4	100.0
CAH 2014-2		34.7	30.1	12.7	12.1	5.8	2.3	0.6	1.7	0.0	0.0	0.0	0.0	100.0
CAH 2015-1		43.4	29.7	15.4	8.0	1.1	0.6	1.7						100.0
IH 2013-SFR1		43.9	25.2	12.2	8.6	5.0	1.4	0.7	0.0	0.0	0.7	0.7	1.4	100.0
IH 2014-SFR1		32.7	23.7	15.6	10.9	6.6	3.3	1.9	0.5	0.9	0.5	0.0	3.3	100.0
IH 2014-SFR2		32.4	24.6	16.9	7.0	7.0	2.8	0.7	0.7	0.7	2.1	1.4	3.5	100.0
IH 2014-SFR3		34.3	28.7	20.3	8.4	4.9	1.4	1.4	0.7	0.0	0.0	0.0	0.0	100.0
IH 2015-SFR1		47.2	19.0	16.2	9.9	2.1	0.0	1.4	0.0	0.0	0.0	1.4	2.8	100.0
IH 2015-SFR2		33.1	37.2	13.1	11.0	2.1	2.1	0.7	0.7	0.0	0.0			100.0
IH 2015-SFR3		41.5	30.2	12.2	8.2	2.4	1.5	0.9	0.3	2.7				100.0
PRD 2014-SFR1		23.9	20.6	20.6	12.9	7.7	5.8	1.9	2.6	1.9	1.3	0.6	0.0	100.0
PRD 2015-SFR1		17.7	21.7	18.2	18.7	11.3	7.4	2.0	2.0	1.0	0.0	0.0	0.0	100.0
PRD 2015-SFR2		31.5	23.0	18.8	14.6	8.0	3.8	0.0	0.5					100.0
PRD 2015-SFR3		41.0	21.7	21.7	15.7									100.0
SBY 2014-1		32.8	24.1	19.0	17.2	2.6	1.7	2.6	0.0	0.0	0.0	0.0	0.0	100.0
SWAY 2014-1		27.3	24.9	11.3	8.9	9.9	7.5	2.7	1.7	1.0	0.3	0.0	4.4	100.0
TAH 2015-SFR1		30.5	25.4	23.7	10.6	5.1	1.3	1.3	1.7	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 and has been updated this month to provide further clarity 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 Feb. 1 considered as delinquent after 30 days or as delinquent on March 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. Previously, SWAY Residential incorporated a grace period; however, as a result of the January 2016 merger of Colony American Homes and SWAY, beginning this month the SWAY 2014-1 delinquency flag is based on the Colony delinquency definition. This, in part, led to the SWAY 2014-1 delinquency percentage increasing to 1.0% from 0.4% in December. 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, 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. 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. Any review of delinquency should be viewed within the context of the delinquency definitions outlined in Table 4. Across most deals, delinquency rates have been lower compared with last month and the overall delinquency levels remain low. ARP 2014-SFR1 has the highest delinquency at 2.2%, which is an increase from 1.7% last month. This metric improved for IH 2013-SFR1 to 0.3% from 1.1% last month and dropped for PRD 2015-SFR2 to 1.2% from 1.7% in December.

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 30 days or more (not dependent on calendar month) and owing $500 or more[1]
Colony American Homes	Past due one calendar month or more (not dependent on day count) and owing $200 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[2]
Silver Bay Realty	Past due 30 days or more (not dependent on calendar month) and owing $500 or more[1]
SWAY Residential	Past due one calendar month or more (not dependent on day count) and owing $200 or more [3]
Tricon American Homes	Past due 30 days or more (not dependent on calendar month) 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
[3]As of January 2016, SWAY reporting was converted to the Colony American Homes delinquency definition. Prior to January 2016, SWAY defined delinquencies as past due 30 days or more following a calendar month grace period, and owing $500 or more.

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

		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan (2016)	Total Count
AH4R 2014-SFR1		55	40	23	46	35	35	30	36	18	21	34	22	3,852
AH4R 2014-SFR2		71	49	37	39	34	44	33	25	26	30	36	31	4,487
AH4R 2014-SFR3		37	24	25	36	28	22	18	17	22	22	30	20	4,503
AH4R 2015-SFR1				39	61	38	32	33	32	24	26	27	23	4,661
AH4R 2015-SFR2										18	23	26	30	4,125
ARP 2014-SFR1		48	54	65	73	87	62	62	58	55	49	48	63	2,875
CAH 2014-1		22	20	21	27	27	15	20	20	17	16	17	29	3,374
CAH 2014-2		45	32	27	47	34	28	34	35	20	22	27	34	3,704
CAH 2015-1							26	28	27	25	27	25	19	3,876
IH 2013-SFR1		20	16	26	33	32	32	28	26	30	32	36	9	3,207
IH 2014-SFR1		55	48	25	48	47	40	46	59	46	67	81	45	6,473
IH 2014-SFR2		39	30	29	32	31	36	33	28	24	25	33	22	3,749
IH 2014-SFR3		32	22	29	33	39	27	31	34	28	32	32	23	4,015
IH 2015-SFR1		47	29	27	33	39	33	39	36	30	33	37	22	3,050
IH 2015-SFR2				24	17	28	24	30	27	31	30	35	21	3,523
IH 2015-SFR3						90	98	87	100	93	86	113	70	7,207
PRD 2014-SFR1		24	26	16	23	32	30	25	26	38	30	31	42	3,139
PRD 2015-SFR1		21	23	26	31	32	29	30	32	43	47	41	45	3,995
PRD 2015-SFR2						42	41	38	43	40	52	55	40	3,312
PRD 2015-SFR3											16	26	31	3,164
SBY 2014-1		33	25	16	19	45	40	35	29	29	31	26	32	3,011
SWAY 2014-1*		26	5	7	8	15	20	24	29	29	20	15	42	4,081
TAH 2015-SFR1						83	76	68	80	74	61	50	46	3,505

*Using SWAY Residential delinquency definition prior to January 2016 and Colony American Homes delinquency definition beginning in January 2016

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

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

*Using SWAY Residential delinquency definition prior to January 2016 and Colony American Homes delinquency definition beginning in January 2016

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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 December retention rate, Morningstar looks for all December lease expirations in the September 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. This month, Morningstar has revised its method for determining the eligible properties to be included in the retention rate calculation. 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 retention rate calculation. In the current example, properties that become vacant or that have move out dates in either October or November will be removed from the retention calculation. This additional condition also affects the lease expirations reported in Tables 2a and 2b because Morningstar also looks three months back to determine the lease expirations it reports in these tables. 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 December 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 January 2016 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. Table 6 incorporates the new retention rate calculation for all transactions except for SBY 2014-1. Silver Bay has not reported historical move out dates so its retention rates in Table 6 are determined using the calculation used in previous months. Historical move out dates are expected to be provided in the near future and Morningstar will update the Silver Bay data accordingly. Retention rates continue to be strong with all but one transaction experiencing rates of 73.5% or higher. The lone exception this month is for PRD 2015-SFR1, which reported a retention rate of 59.4% in the latest period. This low retention rate is likely the result of a small sample size, as only 32 properties had lease expirations in December 2015.

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Table 6 – Monthly Retention Rate of Expiring Leases

		Year 2015											2016
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
AH4R 2014-SFR1		79.0	78.3	82.6	79.7	70.7	78.0	75.7	80.9	74.5	76.1	76.7	TBD
AH4R 2014-SFR2		78.1	75.2	75.8	75.1	65.7	73.5	73.5	69.0	72.5	76.5	76.0	TBD
AH4R 2014-SFR3		77.7	75.7	75.9	75.0	76.7	70.7	71.2	71.5	73.1	67.2	73.5	TBD
AH4R 2015-SFR1				73.0	69.1	75.1	73.0	72.2	69.1	76.1	75.2	76.5	TBD
AH4R 2015-SFR2										79.6	72.0	78.5	TBD
ARP 2014-SFR1		83.4	85.2	79.4	81.4	80.3	78.5	76.2	74.8	78.5	79.3	77.9	TBD
CAH 2014-1		75.3	75.2	82.3	70.1	79.6	72.7	75.1	75.5	75.8	75.6	76.2	TBD
CAH 2014-2		79.3	75.7	82.4	73.8	68.7	76.9	76.7	73.9	83.8	78.9	85.0	TBD
CAH 2015-1							75.2	73.8	75.4	76.0	71.8	75.9	TBD
IH 2013-SFR1		78.7	76.4	77.9	81.0	78.0	71.8	72.4	79.0	78.9	78.4	80.9	TBD
IH 2014-SFR1		77.2	78.1	80.2	77.2	74.3	76.1	76.7	73.4	79.4	79.1	82.0	TBD
IH 2014-SFR2		75.8	83.1	77.8	77.5	74.9	69.1	77.5	77.3	77.5	78.2	78.0	TBD
IH 2014-SFR3		78.0	79.1	78.5	76.7	77.1	71.7	72.8	73.7	79.9	79.5	79.2	TBD
IH 2015-SFR1		78.6	79.7	77.6	76.5	78.9	80.2	74.6	72.5	76.3	77.1	81.3	TBD
IH 2015-SFR2				70.6	71.9	79.2	75.0	68.8	68.9	75.4	81.7	79.3	TBD
IH 2015-SFR3						72.2	73.9	77.2	74.0	78.6	79.9	79.0	TBD
PRD 2014-SFR1		72.6	76.7	76.7	76.5	74.1	60.6	73.1	75.0	71.2	81.3	85.5	TBD
PRD 2015-SFR1		68.6	72.3	75.7	75.2	76.9	78.3	76.5	72.1	75.1	71.4	59.4	TBD
PRD 2015-SFR2						70.0	79.4	82.0	74.3	76.8	73.1	81.8	TBD
PRD 2015-SFR3											66.7	85.7	TBD
SBY 2014-1*		78.2	76.6	79.7	79.4	74.5	77.5	81.2	83.1	79.9	80.7	79.4	TBD
SWAY 2014-1		79.3	76.1	78.9	79.1	69.6	76.4	78.3	77.8	73.7	75.4	75.0	TBD
TAH 2015-SFR1						82.1	85.9	83.9	84.1	83.6	88.6	83.3	TBD

*SBY 2014-1 uses previous retention rate calculation. New calculation to be used when historical move out date is available. | 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 December 2015 retention rates are the January 2016 statuses of December 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 remains similar to that of last month. As has historically been the case, TAH 2015-SFR1 has the largest percentage of MTM tenants at 15.5%. TAH 2015-SFR1 has had the highest percentage of MTM tenants since it was added to this report eight months ago. The retention rate of MTM leases improved for CAH 2014-2 to 86.3% from 65.5% in November, and this metric increased for PRD 2015-SFR2 to 69.0% from 57.1% in November.

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

		Year 2015											2016
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
AH4R 2014-SFR1		89.6	84.8	85.1	80.1	86.2	83.1	88.4	84.9	88.3	85.0	91.1	TBD
AH4R 2014-SFR2		84.0	82.6	85.1	77.2	79.6	79.9	81.2	83.6	83.2	90.5	86.4	TBD
AH4R 2014-SFR3		82.5	78.4	76.4	73.0	72.5	76.1	80.4	82.9	80.0	85.5	84.6	TBD
AH4R 2015-SFR1				86.2	79.3	78.8	71.4	80.3	82.5	81.8	86.1	86.1	TBD
AH4R 2015-SFR2										84.3	82.0	87.5	TBD
ARP 2014-SFR1		95.1	92.0	94.2	88.6	86.1	90.8	88.1	84.2	90.7	88.9	88.6	TBD
CAH 2014-1		83.3	83.8	82.3	76.2	76.6	73.2	73.3	75.0	81.9	70.3	82.0	TBD
CAH 2014-2		82.9	76.2	79.7	76.5	73.3	82.0	72.4	80.4	89.1	65.5	86.3	TBD
CAH 2015-1							58.3	76.9	67.2	83.8	80.3	81.0	TBD
IH 2013-SFR1		87.5	75.0	76.6	76.9	72.6	78.0	76.7	91.9	88.6	88.1	82.0	TBD
IH 2014-SFR1		81.6	82.4	79.3	65.0	72.0	70.1	78.7	74.6	85.0	86.4	80.4	TBD
IH 2014-SFR2		72.7	76.5	87.5	76.7	77.6	83.0	85.7	73.3	75.6	76.5	87.9	TBD
IH 2014-SFR3		81.8	87.9	76.3	73.2	78.8	67.3	73.2	76.2	79.1	78.0	81.1	TBD
IH 2015-SFR1		62.2	87.8	79.4	80.0	80.0	70.8	87.5	68.6	78.1	76.3	91.9	TBD
IH 2015-SFR2				81.8	71.0	85.7	75.9	82.8	79.4	71.9	71.4	82.9	TBD
IH 2015-SFR3						82.3	84.2	83.3	83.1	83.1	80.9	83.7	TBD
PRD 2014-SFR1		84.3	92.3	83.7	78.2	83.3	83.8	82.8	85.5	87.0	80.8	86.2	TBD
PRD 2015-SFR1		85.7	81.8	78.2	74.7	65.3	64.4	70.0	67.3	80.2	73.9	85.9	TBD
PRD 2015-SFR2						82.4	57.1	75.0	71.4	76.9	57.1	69.0	TBD
PRD 2015-SFR3											73.5	76.2	TBD
SBY 2014-1		96.2	92.9	90.2	89.3	87.7	89.8	85.1	87.8	91.3	90.7	92.3	TBD
SWAY 2014-1		85.8	83.3	86.3	84.3	87.0	87.6	77.9	84.8	86.5	88.1	87.8	TBD
TAH 2015-SFR1						90.1	93.8	94.0	93.6	93.6	95.5	93.8	TBD

TBD – To Be Determined

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Table 8a – Month-to-Month Tenants (by Count)
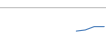
		Year 2015											2016	Total Count
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
AH4R 2014-SFR1		167	172	156	167	164	193	212	231	244	258	248	248	3,852
AH4R 2014-SFR2		143	169	206	250	259	213	190	173	183	169	172	153	4,487
AH4R 2014-SFR3		120	126	119	165	186	214	203	193	191	159	145	147	4,503
AH4R 2015-SFR1				87	102	126	168	209	224	257	266	287	275	4,661
AH4R 2015-SFR2										53	64	65	93	4,125
ARP 2014-SFR1		271	345	365	353	317	286	265	235	216	206	193	177	2,875
CAH 2014-1		90	88	62	68	70	119	133	122	79	82	61	48	3,374
CAH 2014-2		188	236	155	126	91	81	78	82	59	66	62	54	3,704
CAH 2015-1							129	126	128	99	92	78	51	3,876
IH 2013-SFR1		75	86	86	88	69	61	52	44	56	51	71	78	3,207
IH 2014-SFR1		68	87	124	155	153	157	125	87	77	71	75	83	6,473
IH 2014-SFR2		56	48	61	60	72	72	65	55	47	52	51	54	3,749
IH 2014-SFR3		46	43	56	70	81	94	79	57	57	62	52	61	4,015
IH 2015-SFR1		68	54	41	38	34	32	39	45	52	55	61	59	3,050
IH 2015-SFR2				39	44	40	43	39	46	50	56	61	68	3,523
IH 2015-SFR3						84	101	109	110	118	128	149	131	7,207
PRD 2014-SFR1		145	146	169	154	128	111	88	76	72	75	67	67	3,139
PRD 2015-SFR1		51	55	58	86	111	108	117	115	102	89	65	56	3,995
PRD 2015-SFR2						17	15	22	34	42	53	36	28	3,312
PRD 2015-SFR3											13	12	10	3,164
SBY 2014-1		221	252	258	229	248	236	242	212	235	237	223	211	3,011
SWAY 2014-1		155	200	191	140	108	208	217	186	171	154	143	134	4,081
TAH 2015-SFR1						603	545	557	544	585	538	533	542	3,505

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

		Year 2015 Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016 Jan
AH4R 2014-SFR1		4.3	4.5	4.0	4.3	4.3	5.0	5.5	6.0	6.3	6.7	6.4	6.4
AH4R 2014-SFR2		3.2	3.8	4.6	5.6	5.8	4.7	4.2	3.9	4.1	3.8	3.8	3.4
AH4R 2014-SFR3		2.7	2.8	2.6	3.7	4.1	4.8	4.5	4.3	4.2	3.5	3.2	3.3
AH4R 2015-SFR1				1.9	2.2	2.7	3.6	4.5	4.8	5.5	5.7	6.2	5.9
AH4R 2015-SFR2										1.3	1.6	1.6	2.3
ARP 2014-SFR1		9.4	12.0	12.7	12.3	11.0	9.9	9.2	8.2	7.5	7.2	6.7	6.2
CAH 2014-1		2.7	2.6	1.8	2.0	2.1	3.5	3.9	3.6	2.3	2.4	1.8	1.4
CAH 2014-2		5.1	6.3	4.2	3.4	2.4	2.2	2.1	2.2	1.6	1.8	1.7	1.5
CAH 2015-1							3.3	3.2	3.3	2.6	2.4	2.0	1.3
IH 2013-SFR1		2.3	2.7	2.7	2.7	2.2	1.9	1.6	1.4	1.7	1.6	2.2	2.4
IH 2014-SFR1		1.1	1.3	1.9	2.4	2.4	2.4	1.9	1.3	1.2	1.1	1.2	1.3
IH 2014-SFR2		1.5	1.3	1.6	1.6	1.9	1.9	1.7	1.5	1.3	1.4	1.4	1.4
IH 2014-SFR3		1.1	1.1	1.4	1.7	2.0	2.3	2.0	1.4	1.4	1.5	1.3	1.5
IH 2015-SFR1		2.2	1.8	1.3	1.2	1.1	1.0	1.3	1.5	1.7	1.8	2.0	1.9
IH 2015-SFR2				1.1	1.2	1.1	1.2	1.1	1.3	1.4	1.6	1.7	1.9
IH 2015-SFR3						1.2	1.4	1.5	1.5	1.6	1.8	2.1	1.8
PRD 2014-SFR1		4.6	4.6	5.4	4.9	4.1	3.5	2.8	2.4	2.3	2.4	2.1	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	1.4
PRD 2015-SFR2						0.5	0.5	0.7	1.0	1.3	1.6	1.1	0.8
PRD 2015-SFR3											0.4	0.4	0.3
SBY 2014-1		7.2	8.2	8.4	7.4	8.1	7.7	7.9	7.0	7.8	7.9	7.4	7.0
SWAY 2014-1		3.8	4.9	4.7	3.4	2.6	5.1	5.3	4.6	4.2	3.8	3.5	3.3
TAH 2015-SFR1						17.2	15.5	15.9	15.5	16.7	15.3	15.2	15.5

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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. Turnover rates have generally maintained their declining trend of the last few months. AH4R 2015-SFR1 continues to have the highest turnover rate at 3.4%, but this is an improvement from 4.6% in November and 3.8% in December. IH 2013-SFR1 had the largest month over month increase in turnover and stands at 3.0%, which is an increase from 2.1% last month. This metric dropped for PRD 2015-SFR1 to 1.3% from 2.1% in December.

Table 9 – Monthly Turnover Rate

|		Year 2015											2016
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
AH4R 2014-SFR1		2.4	2.3	3.1	2.6	3.5	4.0	4.1	2.6	3.0	3.8	3.5	3.0
AH4R 2014-SFR2		2.3	3.4	3.6	4.8	5.3	4.1	3.5	2.4	3.4	3.3	2.3	2.7
AH4R 2014-SFR3		2.4	2.4	2.9	3.4	4.8	5.3	4.4	3.7	3.3	3.3	2.6	3.0
AH4R 2015-SFR1				2.0	2.6	3.8	4.4	5.9	5.3	4.1	4.6	3.8	3.4
AH4R 2015-SFR2										2.1	2.2	2.6	2.6
ARP 2014-SFR1		4.2	1.7	2.9	3.0	3.5	3.4	3.0	3.2	3.1	2.2	2.6	2.5
CAH 2014-1		2.0	1.7	2.0	2.2	3.4	4.0	5.9	4.2	4.1	2.8	2.2	1.6
CAH 2014-2		4.2	4.6	4.1	1.9	2.5	2.3	3.2	2.9	2.5	2.5	2.6	2.7
CAH 2015-1							4.3	4.1	3.7	3.5	3.3	2.6	2.1
IH 2013-SFR1		3.3	3.8	3.1	2.9	2.9	2.7	2.6	2.1	2.4	2.2	2.1	3.0
IH 2014-SFR1		2.3	3.3	3.9	3.2	4.7	3.9	3.3	2.5	2.5	1.5	1.7	2.1
IH 2014-SFR2		2.0	2.5	2.5	3.0	4.0	4.4	3.7	2.8	2.3	2.3	1.9	2.2
IH 2014-SFR3		2.0	2.6	2.5	3.3	3.8	4.4	3.9	2.9	2.7	2.2	2.1	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	2.9
IH 2015-SFR2					2.4	3.1	3.0	3.8	3.7	3.1	3.3	2.2	2.0
IH 2015-SFR3							3.2	3.3	3.1	3.2	2.7	2.6	2.3
PRD 2014-SFR1		3.3	4.1	3.8	4.1	4.2	2.8	2.2	2.5	2.3	2.4	2.2	1.9
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	1.3
PRD 2015-SFR2						1.2	1.8	2.2	3.1	4.1	3.1	2.2	2.1
PRD 2015-SFR3											1.0	1.1	1.2
SBY 2014-1		1.9	2.0	2.5	2.9	3.1	3.1	2.9	3.0	2.8	2.4	2.2	2.1
SWAY 2014-1		2.3	3.0	2.8	2.7	3.8	2.9	2.2	2.7	2.4	1.7	2.6	2.3
TAH 2015-SFR1							2.4	2.8	3.4	2.3	2.2	2.8	2.0	2.1

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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 two loans that are 60 days delinquent, one of which was transferred to special servicing in January. The two delinquent loans comprise approximately 0.6% of the total transaction balance. B2R 2015-2 has two loans that are 30 days delinquent, and they comprise 0.3% of the total transaction balance. All of the loans in the CAF 2015-1 transaction are current, but one loan, which is approximately 0.4% of the transaction balance, was transferred to special servicing in November 2015. For this loan, the servicer has been using the deposited reserves to make the debt payments, and the borrower has deposited rents into the rent deposit account in December and January. The special servicer obtained updated valuations on the properties backing the loan, and because of maintenance issues, the new valuations are considerably lower than the valuations used to originate the loan. Due to the uninhabitable condition of some of the properties and eviction proceedings in two properties, the economic occupancy of the properties backing this loan is less than 70%. Finally, 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 servicer's 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 January property-level data shows performance of the single-borrower, single-family rental asset class has remained strong. Vacancy rates have slightly improved 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. Morningstar emphasizes the importance of standardizing data across different issuers in order to allow for uniform and insightful comparison across all deals.

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Appendix I – Vacancy versus Lease Expiration
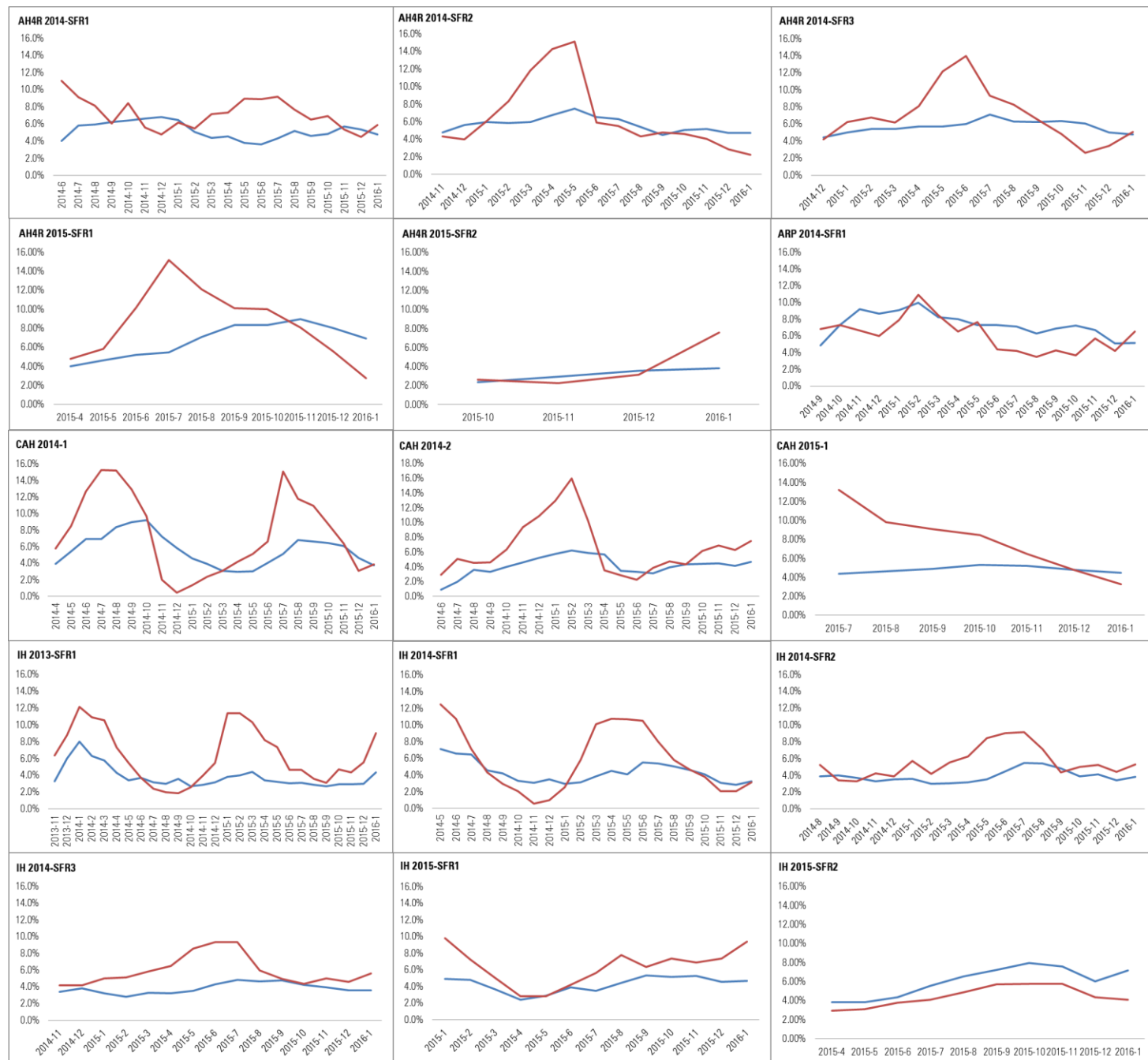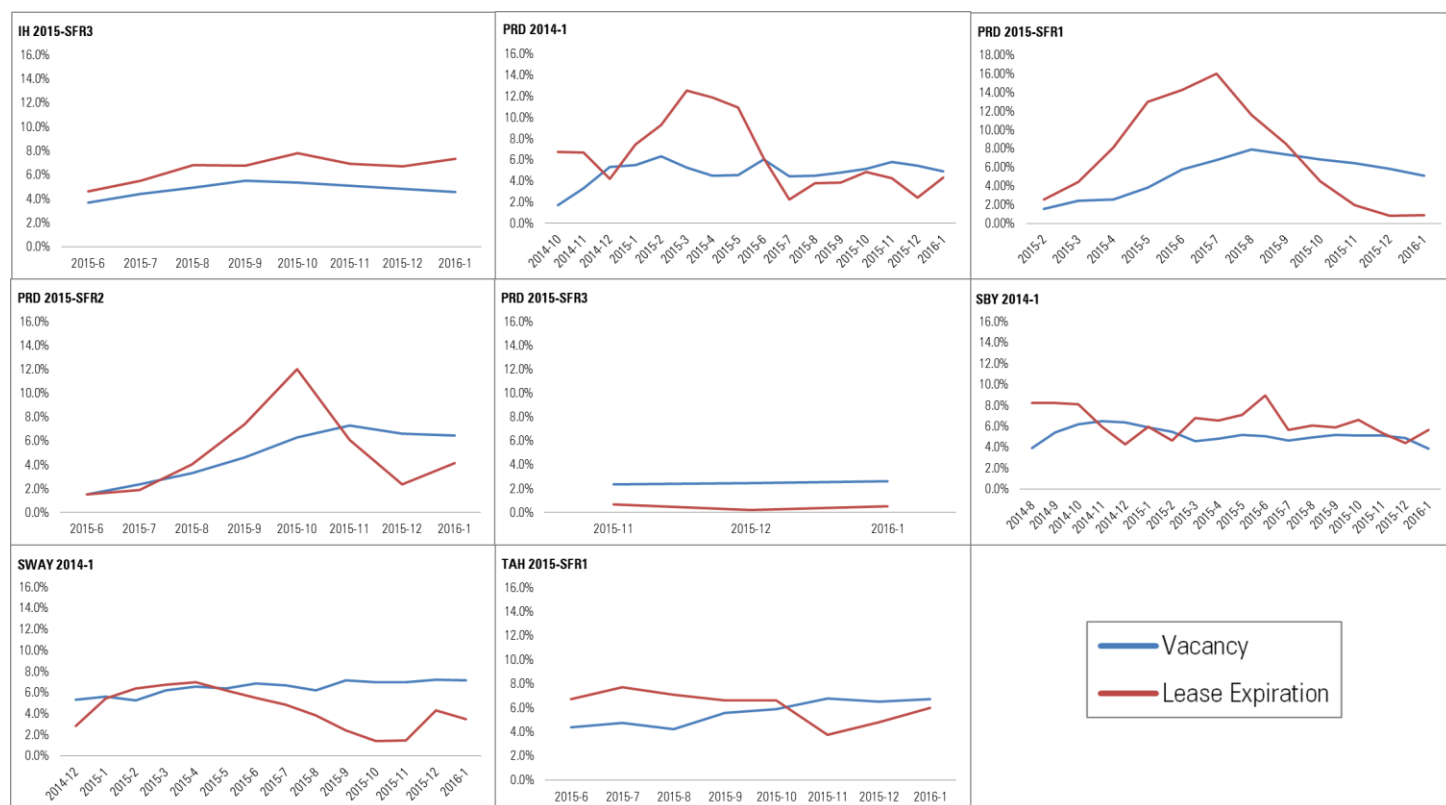
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