

# Single-Family Rental Research:

## Performance Summary Covering All Morningstar-Rated Securitizations

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### Introduction

Despite lease expirations that are generally rising across single-family rental securitizations, Morningstar Credit Ratings, LLC notes that vacancy rates have remained relatively flat month-over-month. Although delinquency rates rose slightly across most transactions, the number of tenants past due on their payments remains low. Of the 17 single-borrower, single-family rental securitizations covered in this report, ARP 2014-SFR1 continues to have the highest level of tenants with delinquent payments at 2.4%, up from 2.3% the previous month. However, six transactions reported a month-end delinquency rate of 1.0% or higher in May; in April, the ARP transaction was the only one above this threshold. The vacancy rate for ARP 2014-SFR1 continues to improve and stands at 7.3%, down from 8.0% in April and its peak of 10.0% in February.

The count of month-to-month leases for ARP 2014-SFR1 and SBY 2014-1 remains elevated relative to other transactions. For ARP 2014-SFR1, 10.8% of properties by count have tenants in a month-to-month status as of the May tape, down from 11.0% in April. For SBY 2014-1, MTM tenants occupy 7.4% of properties, as compared with 8.4% in April. These percentages are higher than in other single-family rental securitizations, which generally report MTM concentrations below 5.0%. Not surprisingly, these two securitizations report higher retention rates for their MTM leases as illustrated in Table 7 on page 15. MTM tenants are usually subject to a monthly fee, which may encourage MTM tenants to eventually sign full-term leases.

Vacancy rates generally remain low, cash flows remain sufficient to cover bond obligations, and the asset class mostly shows performance in line with its recent history. Overall, monthly retention rates remain in the mid-70s to low-80s. New in this month's report, Morningstar revised its retention rate calculation to more accurately account for tenants that renew before their scheduled

lease expirations. We have also included a brief summary on the recently closed B2R 2015-1 and FKL 2015-SFR1 multiborrower transactions.

Given that the single-family rental asset class is newer and that historical performance data remains relatively limited, Morningstar has developed its monthly performance summary as a means to give market participants detailed property-level information prior to initiating formal surveillance on each securitization. The data below summarizes issuer-reported property-level information through May.

## 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, 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 vacant 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. As previously mentioned, the vacancy rate for ARP 2014-SFR1 has improved to 7.3% from its peak of 10.0% in February. The vacancy rate for CAH 2014-2 has dropped for the third consecutive month and stands at 3.7%. The percentage of lease expirations for AH4R 2014-SFR2 continues to be the highest among all deals and is now 15.6%, an increase from 14.6% last month. This figure has increased for five straight months and, as expected, the vacancy for this deal has gradually increased.

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

		Year 2014						Year 2015						Total Count
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
AH4R 2014-SFR1		156	224	227	238	246	255	261	249	196	169	176	143	3,852
AH4R 2014-SFR2							215	254	268	264	268	304	334	4,487
AH4R 2014-SFR3								200	227	245	246	258	256	4,503
AH4R 2015-SFR1												185	211	4,661
ARP 2014-SFR1					142	210	266	250	262	288	238	230	210	2,876
CAH 2014-1		235	234	286	307	313	245	199	157	134	106	102	104	3,392
CAH 2014-2		35	76	133	124	151	173	195	220	237	225	217	136	3,718
IH 2013-SFR1		119	103	97	114	88	94	101	122	129	141	110	110	3,207
IH 2014-SFR1		427	419	296	275	212	199	227	191	202	251	295	274	6,473
IH 2014-SFR2				146	150	138	124	132	134	111	114	119	129	3,749
IH 2014-SFR3							137	154	130	113	132	129	149	4,015
IH 2015-SFR1									149	146	112	76	89	3,050
IH 2015-SFR2												104	110	3,523
PRD 2014-SFR1						52	105	167	173	199	166	142	144	3,140
PRD 2015-SFR1										61	97	101	152	3,995
SBY 2014-1				120	168	190	201	196	181	169	141	147	158	3,080
SWAY 2014-1								217	230	215	253	267	260	4,081

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

		Year 2014							Year 2015				
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
AH4R 2014-SFR1		4.0	5.8	5.9	6.2	6.4	6.6	6.8	6.5	5.1	4.4	4.6	3.7
AH4R 2014-SFR2							4.8	5.7	6.0	5.9	6.0	6.8	7.4
AH4R 2014-SFR3								4.4	5.0	5.4	5.5	5.7	5.7
AH4R 2015-SFR1												4.0	4.5
ARP 2014-SFR1					4.9	7.3	9.2	8.7	9.1	10.0	8.3	8.0	7.3
CAH 2014-1		6.9	6.9	8.4	9.1	9.2	7.2	5.9	4.6	4.0	3.1	3.0	3.1
CAH 2014-2		0.9	2.0	3.6	3.3	4.1	4.7	5.2	5.9	6.4	6.1	5.8	3.7
IH 2013-SFR1		3.7	3.2	3.0	3.6	2.7	2.9	3.1	3.8	4.0	4.4	3.4	3.4
IH 2014-SFR1		6.6	6.5	4.6	4.2	3.3	3.1	3.5	3.0	3.1	3.9	4.6	4.2
IH 2014-SFR2				3.9	4.0	3.7	3.3	3.5	3.6	3.0	3.0	3.2	3.4
IH 2014-SFR3							3.4	3.8	3.2	2.8	3.3	3.2	3.7
IH 2015-SFR1									4.9	4.8	3.7	2.5	2.9
IH 2015-SFR2												3.0	3.1
PRD 2014-SFR1						1.7	3.3	5.3	5.5	6.3	5.3	4.5	4.6
PRD 2015-SFR1										1.5	2.4	2.5	3.8
SBY 2014-1				3.9	5.5	6.2	6.5	6.4	5.9	5.5	4.6	4.8	5.1
SWAY 2014-1								5.3	5.6	5.3	6.2	6.5	6.4

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

		Year 2014							Year 2015					Total Count
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
AH4R 2014-SFR1		424	365	324	240	335	223	191	245	214	285	291	354	3,852
AH4R 2014-SFR2							194	183	284	386	553	656	700	4,487
AH4R 2014-SFR3								189	285	322	289	377	559	4,503
AH4R 2015-SFR1												222	281	4,661
ARP 2014-SFR1					196	217	199	178	234	328	253	196	224	2,876
CAH 2014-1		440	537	533	458	343	73	16	48	82	108	142	179	3,392
CAH 2014-2		111	189	172	179	244	363	416	503	618	394	133	113	3,718
IH 2013-SFR1		122	81	71	61	84	131	180	378	377	340	269	241	3,207
IH 2014-SFR1		715	481	304	200	140	40	68	178	387	669	724	726	6,473
IH 2014-SFR2				197	133	128	165	151	221	162	217	239	333	3,749
IH 2014-SFR3							168	171	209	209	240	267	352	4,015
IH 2015-SFR1									299	229	157	87	88	3,050
IH 2015-SFR2												136	137	3,523
PRD 2014-SFR1						212	215	139	246	307	406	387	352	3,140
PRD 2015-SFR1										102	182	335	526	3,995
SBY 2014-1				253	254	250	183	132	183	142	209	202	218	3,080
SWAY 2014-1								115	238	272	280	299	264	4,081

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

		Year 2014							Year 2015				
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
AH4R 2014-SFR1		11.0	9.5	8.4	6.2	8.7	5.8	5.0	6.4	5.6	7.4	7.6	9.2
AH4R 2014-SFR2							4.3	4.1	6.3	8.6	12.3	14.6	15.6
AH4R 2014-SFR3								4.2	6.3	7.2	6.4	8.4	12.4
AH4R 2015-SFR1												4.8	6.0
ARP 2014-SFR1					6.8	7.5	6.9	6.2	8.1	11.4	8.8	6.8	7.8
CAH 2014-1		13.0	15.8	15.7	13.5	10.1	2.2	0.5	1.4	2.4	3.2	4.2	5.3
CAH 2014-2		3.0	5.1	4.6	4.8	6.6	9.8	11.2	13.5	16.6	10.6	3.6	3.0
IH 2013-SFR1		3.8	2.5	2.2	1.9	2.6	4.1	5.6	11.8	11.8	10.6	8.4	7.5
IH 2014-SFR1		11.0	7.4	4.7	3.1	2.2	0.6	1.1	2.7	6.0	10.3	11.2	11.2
IH 2014-SFR2				5.3	3.5	3.4	4.4	4.0	5.9	4.3	5.8	6.4	8.9
IH 2014-SFR3							4.2	4.3	5.2	5.2	6.0	6.7	8.8
IH 2015-SFR1									9.8	7.5	5.1	2.9	2.9
IH 2015-SFR2												3.9	3.9
PRD 2014-SFR1						6.8	6.8	4.4	7.8	9.8	12.9	12.3	11.2
PRD 2015-SFR1										2.6	4.6	8.4	13.2
SBY 2014-1				8.2	8.2	8.1	5.9	4.3	5.9	4.6	6.8	6.6	7.1
SWAY 2014-1								2.8	5.8	6.7	6.9	7.3	6.5

Tables 3a and 3b show how many overall months of vacancy the May vacant properties have experienced. In other words, if a property is unoccupied as of the May property tape, these tables summarize how many 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 May vacancies. As

reported in previous versions of this summary, properties do not tend to be vacant for greater than three to four months. However, of the 210 vacant properties in ARP 2014-SFR1, 18.1% have been unoccupied for at least five months. This represents an increase from last month when this metric stood at 15.7%. CAH 2014-1 has 104 vacant properties as of May and 15.4% have been empty for five months or longer, including 9.6% that have had at least nine months of vacancy and 5.8% that have had 12 or more months of vacancy. Colony American Homes expects some of these homes to be sold and removed from the pool of properties. AH4R 2014-SFR1 continues to show improvement; currently, 4.2% of vacant properties have been vacant for five or more months. This metric stood at 5.1% in April and was as high as 15.4% as recently as February. SWAY 2014-1 has only six months of performance data but 12.3% of its empty properties have been vacant for at least five months.

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

		1	2	3	4	5	6	7	8	9	10	11	12+	Total
AH4R 2014-SFR1		70	39	22	6	5	0	1	0	0	0	0	0	143
AH4R 2014-SFR2		180	84	42	9	6	6	7	0					334
AH4R 2014-SFR3		134	52	33	18	10	9	0						256
AH4R 2015-SFR1		110	101	0										211
ARP 2014-SFR1		73	47	14	38	16	2	11	5	4	0			210
CAH 2014-1		49	24	13	2	2	3	1	0	1	1	2	6	104
CAH 2014-2		55	39	18	8	8	5	0	2	0	1	0	0	136
IH 2013-SFR1		48	34	14	10	2	0	1	0	0	0	0	1	110
IH 2014-SFR1		124	97	32	7	2	2	4	1	0	1	2	2	274
IH 2014-SFR2		82	26	12	3	0	2	2	0	0	1	1		129
IH 2014-SFR3		99	32	10	5	3	0	0	0					149
IH 2015-SFR1		54	22	8	3	0	2							89
IH 2015-SFR2		70	39	1										110
PRD 2014-SFR1		90	34	12	4	4	0	0	0	0				144
PRD 2015-SFR1		112	28	8	4									152
SBY 2014-1		79	44	18	10	3	1	2	0	1	0	0		158
SWAY 2014-1		98	81	38	11	9	19	4						260



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

		1	2	3	4	5	6	7	8	9	10	11	12+	Total
AH4R 2014-SFR1		49.0	27.3	15.4	4.2	3.5	0.0	0.7	0.0	0.0	0.0	0.0	0.0	100.0
AH4R 2014-SFR2		53.9	25.1	12.6	2.7	1.8	1.8	2.1	0.0					100.0
AH4R 2014-SFR3		52.3	20.3	12.9	7.0	3.9	3.5	0.0						100.0
AH4R 2015-SFR1		52.1	47.9	0.0										100.0
ARP 2014-SFR1		34.8	22.4	6.7	18.1	7.6	1.0	5.2	2.4	1.9	0.0			100.0
CAH 2014-1		47.1	23.1	12.5	1.9	1.9	2.9	1.0	0.0	1.0	1.0	1.9	5.8	100.0
CAH 2014-2		40.4	28.7	13.2	5.9	5.9	3.7	0.0	1.5	0.0	0.7	0.0	0.0	100.0
IH 2013-SFR1		43.6	30.9	12.7	9.1	1.8	0.0	0.9	0.0	0.0	0.0	0.0	0.9	100.0
IH 2014-SFR1		45.3	35.4	11.7	2.6	0.7	0.7	1.5	0.4	0.0	0.4	0.7	0.7	100.0
IH 2014-SFR2		63.6	20.2	9.3	2.3	0.0	1.6	1.6	0.0	0.0	0.8	0.8		100.0
IH 2014-SFR3		66.4	21.5	6.7	3.4	2.0	0.0	0.0	0.0					100.0
IH 2015-SFR1		60.7	24.7	9.0	3.4	0.0	2.2							100.0
IH 2015-SFR2		63.6	35.5	0.9										100.0
PRD 2014-SFR1		62.5	23.6	8.3	2.8	2.8	0.0	0.0	0.0	0.0				100.0
PRD 2015-SFR1		73.7	18.4	5.3	2.6									100.0
SBY 2014-1		50.0	27.8	11.4	6.3	1.9	0.6	1.3	0.0	0.6	0.0	0.0		100.0
SWAY 2014-1		37.7	31.2	14.6	4.2	3.5	7.3	1.5						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. 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. Despite having a higher threshold for classifying a tenant as delinquent, ARP 2014-SFR1's delinquency rate of 2.4% in May continues to be higher than that of all other transactions. In May, delinquency rates are slightly higher month-over-month. As seen in Table 5b, six deals now have delinquency rates of 1.0% or higher, whereas last month only the ARP transaction broke this level. However, in general, delinquency rates continue to be low.

**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
Colony American Homes	Past due 30 days 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
Silver Bay Realty	Past due 30 days or more and owing \$500 or more
SWAY Residential	Past due 30 days or more and owing \$500 or more

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

		Year 2014							Year 2015					Total Count
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
AH4R 2014-SFR1		45	36	25	32	50	104	93	45	55	40	23	46	3,852
AH4R 2014-SFR2							77	96	70	71	49	37	39	4,487
AH4R 2014-SFR3								62	30	37	24	25	36	4,503
AH4R 2015-SFR1												39	61	4,661
ARP 2014-SFR1					20	50	45	45	71	48	54	66	70	2,876
CAH 2014-1		52	58	37	69	45	50	67	56	22	20	21	27	3,392
CAH 2014-2		4	55	55	86	55	71	71	61	45	32	27	47	3,718
IH 2013-SFR1		18	14	20	22	22	27	28	27	20	16	26	33	3,207
IH 2014-SFR1		34	44	55	51	55	65	66	66	55	48	25	48	6,473
IH 2014-SFR2				35	38	41	42	41	49	39	30	29	33	3,749
IH 2014-SFR3							40	32	33	32	22	29	26	4,015
IH 2015-SFR1									54	47	29	27	33	3,050
IH 2015-SFR2												24	17	3,523
PRD 2014-SFR1						23	36	16	30	24	26	16	23	3,140
PRD 2015-SFR1										21	23	26	31	3,995
SBY 2014-1				32	23	24	33	34	33	33	25	16	19	3,080
SWAY 2014-1									18	26	5	7	8	4,081

















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

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

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. But considering the different methods issuers use to designate tenants with either a renewal or a month-to-month status, Morningstar is reporting the retention 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. In this month's report, Morningstar made a slight change to the calculation for retention rate 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. This practice results in inconsistency in reporting renewals across issuers. Previously, Morningstar's retention rate calculation used the prior month's data tape to determine lease expirations. However, if renewals were to occur multiple months ahead of the scheduled lease expiration, the renewal may not have been incorporated in the retention rates in Table 6. With the new calculation, to compute the April retention rate, Morningstar looks for all April lease expirations in the January property tape, which is three months back. Previously, Morningstar would look for April lease expirations in the March property tape, or one month back. 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 April 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 May 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. The effect is muted for some transactions; in others the impact is more noticeable. For the Progress transactions, retention rates are now generally in the mid-70s, whereas they were previously calculated in the high-60s to low-70s. The rates for SBY 2014-1 also improved from the mid-70s to the high-70s with this new calculation.

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

		Year 2014							Year 2015				
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
AH4R 2014-SFR1		75.2	74.8	75.3	68.3	76.1	73.1	72.3	75.9	77.6	75.8	80.4	TBD
AH4R 2014-SFR2							70.1	69.9	76.1	75.9	72.3	74.2	TBD
AH4R 2014-SFR3								74.6	75.1	73.6	73.4	74.0	TBD
AH4R 2015-SFR1												73.0	TBD
ARP 2014-SFR1					76.5	70.5	79.4	71.3	81.6	80.5	83.0	78.6	TBD
CAH 2014-1		77.7	75.6	76.5	76.9	78.1	83.6	68.8	81.3	74.4	73.1	81.7	TBD
CAH 2014-2		80.2	75.7	84.3	74.9	80.7	78.2	80.8	76.5	76.4	73.4	81.2	TBD
IH 2013-SFR1		74.6	67.9	74.6	62.3	86.9	75.6	83.3	81.7	78.8	76.5	77.7	TBD
IH 2014-SFR1		74.7	73.6	76.6	79.5	76.4	77.5	75.0	82.6	77.3	78.3	80.1	TBD
IH 2014-SFR2				79.2	75.9	80.5	80.0	85.4	85.1	75.9	82.5	77.4	TBD
IH 2014-SFR3							73.2	81.9	85.2	78.5	78.8	77.9	TBD
IH 2015-SFR1									79.9	77.3	79.6	78.2	TBD
IH 2015-SFR2												70.6	TBD
PRD 2014-SFR1						83.5	72.6	77.0	74.4	72.3	75.9	76.7	TBD
PRD 2015-SFR1										68.6	72.0	75.8	TBD
SBY 2014-1				77.5	79.9	77.2	80.9	76.5	72.1	78.2	76.6	79.7	TBD
SWAY 2014-1								87.8	76.1	78.3	76.1	77.3	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 continued to remain 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 April 2015 retention rates are the May 2015 statuses of April MTM

tenants. Not surprisingly, given the overall count of MTM tenants in ARP 2014-SFR1 and SBY 2014-1, the MTM retention rates for these two transactions have consistently been above 90% and are among the highest reported. The MTM retention rate for IH 2014-SFR2 improved to 90.0% from 76.5% last month.

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



		Year 2014							Year 2015				
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
AH4R 2014-SFR1		59.4	76.8	80.2	74.8	80.6	79.4	87.0	89.0	89.6	84.8	85.1	TBD
AH4R 2014-SFR2							81.9	88.6	88.1	84.0	82.6	85.7	TBD
AH4R 2014-SFR3								79.5	85.1	82.5	78.4	76.4	TBD
AH4R 2015-SFR1												86.2	TBD
ARP 2014-SFR1					83.0	81.3	94.9	95.0	90.4	95.1	92.3	94.9	TBD
CAH 2014-1					83.5	88.1	90.8	85.2	76.6	83.3	83.8	82.3	TBD
CAH 2014-2				90.9	86.5	90.8	88.8	87.5	84.8	82.9	76.2	79.7	TBD
IH 2013-SFR1		81.0	67.6	78.6	88.5	87.5	76.0	88.9	74.3	87.5	75.0	76.6	TBD
IH 2014-SFR1		70.9	81.7	72.4	81.9	76.1	75.9	86.4	84.2	81.6	82.4	79.3	TBD
IH 2014-SFR2				71.1	76.7	84.2	75.0	65.7	75.8	72.7	76.5	90.0	TBD
IH 2014-SFR3							70.3	79.3	75.8	81.8	87.9	76.3	TBD
IH 2015-SFR1									82.4	62.2	87.8	79.4	TBD
IH 2015-SFR2												80.0	TBD
PRD 2014-SFR1						84.8	88.3	86.6	85.0	84.3	92.3	83.7	TBD
PRD 2015-SFR1										85.7	81.8	78.2	TBD
SBY 2014-1				87.8	86.9	91.7	91.9	96.2	90.1	96.2	92.9	90.2	TBD
SWAY 2014-1									90.5	85.8	83.3	86.3	TBD

TBD – To Be Determined

## Multiborrower Performance

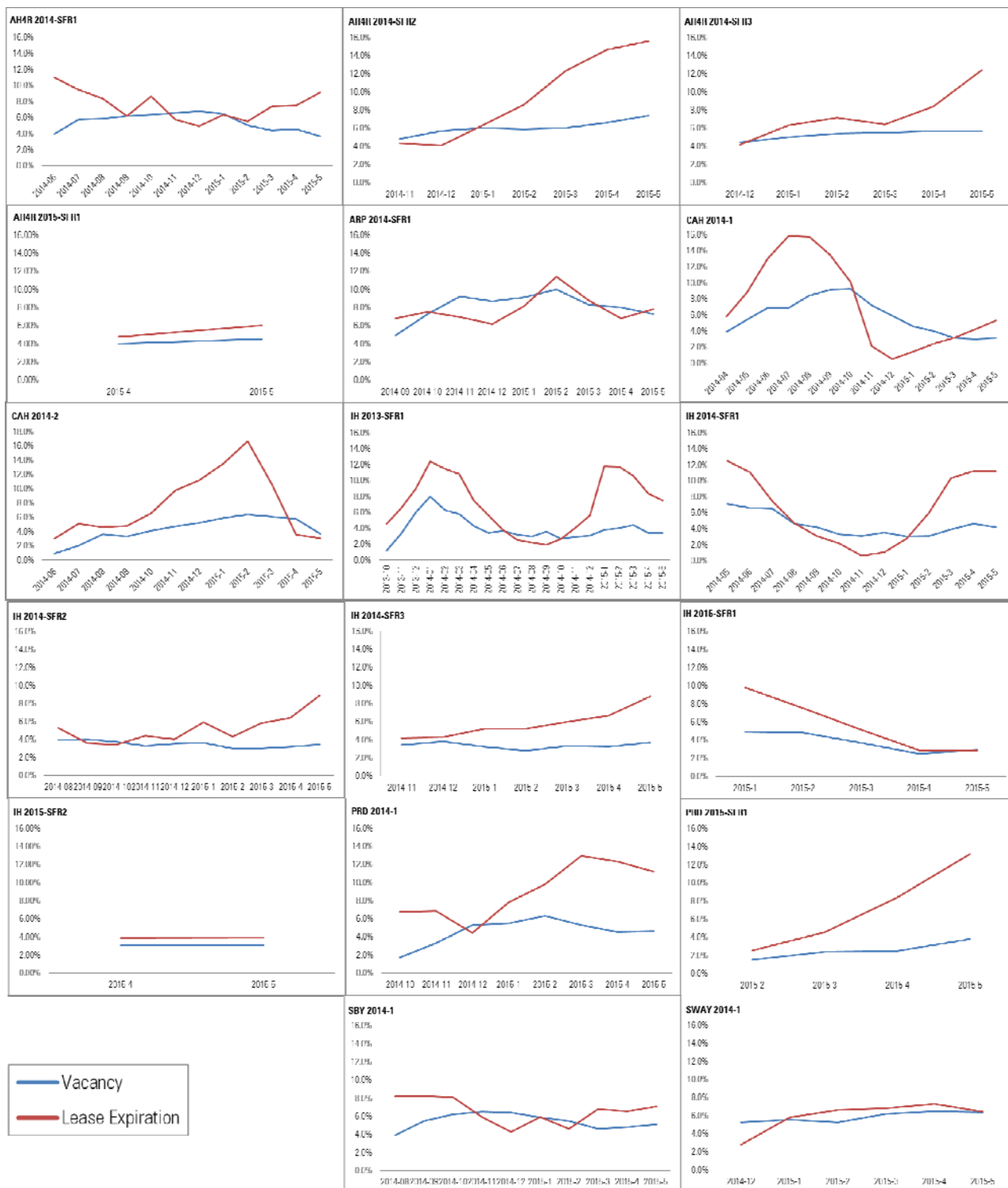
To date there have been two multiborrower transactions brought to market in the single-family rental sector: B2R 2015-1 and FKL 2015-SFR1. The deals are similar to single-borrower transactions in that the underlying collateral is generally single-family rental properties. They differ, though, in that single-borrower deals are backed by one loan while multiborrower deals have many loans. For example, B2R 2015-1 is secured by 144 loans and FKL 2015-SFR1 is secured by 16 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 rental payments at a property level. For B2R 2015-1 and FKL-SFR1, delinquency is measured by borrowers that are past due loan payments at the loan level. As of the June remittance report, no borrower was greater than one month past due in either of the multiborrower transactions.

## Conclusion

The recently released May property-level data for the single-borrower, single-family rental asset class shows performance in line with its recent history. Generally, vacancies are in line with Morningstar's expectations. Delinquency rates are slightly higher from their April levels but remain mostly low. Retention rates are also within Morningstar's expectations, with rates usually in the mid-70s to low-80s. Monitoring the monthly performance of key metrics in both the single-borrower and multiborrower areas of the single-family rental asset class continues to be important as more historical data becomes available. It is equally important to view each of these metrics in an 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



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