

RMBS Research: Single-Family Rental

Performance Summary Covering All Morningstar-Rated Securitizations

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Introduction

Lease expirations have risen for the fifth-consecutive month, contributing to the second straight monthly increase in overall vacancy. However, the vacancy rate across 24 single-borrower, single-family rental transactions remains low, only increasing to 4.4% in May from 4.3% in April and 4.2% in March. Delinquency rates in single-family rental securitizations increased in May to 0.5%, ending a four-month trend of declining delinquencies. Still, the overall delinquency rate is low. As of April, the most recent data available, retention rates remained strong for both full-term leases and month-to-month leases. For regular leases, 23 of the 24 transactions reported a retention rate of 70% or above, and for MTM leases, 17 of the 24 transactions reported a retention rate of at least 80%. Because more leases are scheduled to expire as the summer months approach, turnover continues to increase and has now risen for four consecutive months.

Because historical performance data for single-family rental securitizations is relatively limited, Morningstar Credit Ratings, LLC publishes its performance summary to provide market participants detailed property-level information on each securitization. The data below summarizes issuer-reported property-level information through May. Page 3 includes a brief summary of the five multiborrower transactions. For deals seasoned at least one year, we provide Morningstar DealView® Surveillance Analysis reports, available on our website, www.morningstarcreditratings.com.

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Single-Borrower Performance

Lease expirations across all single-family rental transactions increased for the fifth-consecutive month to 8.1% in May, compared with 4.1% in December. While this is a large increase, it is not unusual for this time of year. Morningstar expects lease expirations to continue to rise as summer nears, as tenants prefer moving when children are out of school. The turnover rate may also continue to increase in the coming months. Higher lease expirations can contribute to higher vacancy rates, and while still low, the vacancy rate ticked up for the second straight month to 4.4% in May from 4.3% in April. The vacancy rate for Progress 2014-SFR1 increased to 9.9% in May and Morningstar is monitoring the trend. By count, delinquency increased for 20 of the 24 single-borrower transactions. However, delinquency rates in single-family rental securitizations in May continued to remain low with the average rate among all transactions at 0.5%. All but two of the transactions have delinquency rates below 1.0%. The exceptions are ARP 2014-SFR1 at 1.2% in May, down from 1.7% in April, and SWAY 2014-1 at 1.1% in May, down from 1.2% in April.

Multiborrower Performance

To date, there have been five multiborrower transactions brought to market in the single-family rental sector: B2R 2015-1, B2R 2015-2, FKL 2015-SFR1, CAF 2015-1, and CAF 2016-1. These deals are similar to single-borrower transactions in that the underlying collateral is generally single-family rental properties. They differ, though, in that single-borrower deals are backed by one loan, while multiborrower deals have many loans. B2R 2015-1 is secured by 144 loans; B2R 2015-2, 211 loans; FKL 2015-SFR1, 16 loans; CAF 2015-1, 69 loans; and CAF 2016-1, 85 loans. As such, the monthly reporting for multiborrower deals is different from the data reported in the single-borrower space. For example, delinquency reported in Tables 5a and 5b are tenants that are past due on rental payments at a property level. For multiborrower transactions, delinquency is measured by borrowers that are past due on loan payments at the loan level. As of the most recent remittance report, B2R 2015-1 has one loan that is newly 30 days delinquent, one loan that has migrated to the 60 days delinquent bucket, and one loan that remains 90 days delinquent but is now in foreclosure. This loan, which was transferred to special servicing in January, is 0.4% of the total transaction balance. According to the monthly distribution date statement, the special servicer sent default notices to the borrower and guarantor, triggered the lockbox, and retained legal counsel, which filed for foreclosure on the property in early May and for a motion to have a receiver appointed. B2R 2015-2 still has one loan 60 days delinquent that is 0.2% of the total transaction balance. In May 2016, this loan was transferred to special servicing. All of the loans in CAF 2015-1 and CAF 2016-1 are current. Finally, all borrowers in FKL 2015-SFR1 are current. However, one loan that is approximately 1.7% of the total transaction balance has been listed on the servicer's watchlist report since November 2015. The latest report notes that the borrower is willing to replace the property manager, and the servicer is following up with the borrower. Morningstar will continue to monitor the activity on this loan.

Single-Borrower Tables

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



		Year 2015					Year 2016								Total Count
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May		
AH4R 2014-SFR1		140	165	200	177	187	219	206	184	151	135	174	170	3,852	
AH4R 2014-SFR2		294	284	244	203	227	232	212	212	153	159	202	224	4,487	
AH4R 2014-SFR3		271	322	283	281	287	273	226	215	173	179	191	185	4,503	
AH4R 2015-SFR1		243	255	330	387	388	418	374	323	249	184	171	187	4,661	
AH4R 2015-SFR2						98	120	146	157	176	212	269	287	4,125	
ARP 2014-SFR1		210	206	181	199	208	194	147	148	181	150	166	150	2,875	
CAH 2014-1		138	173	230	225	219	205	157	127	114	117	110	109	3,368	
CAH 2014-2		123	117	146	162	163	165	154	173	184	187	188	150	3,704	
CAH 2015-1			170	181	191	206	203	187	175	161	167	145	139	3,874	
HPA 2016-1										37	44	47	40	2,204	
IH 2013-SFR1		98	100	92	87	95	95	97	136	129	124	117	100	3,191	
IH 2014-SFR1		358	350	325	298	267	199	183	203	228	213	238	287	6,363	
IH 2014-SFR2		168	204	203	180	145	154	127	138	140	128	114	141	3,688	
IH 2014-SFR3		173	194	186	190	169	157	145	141	125	125	113	151	4,011	
IH 2015-SFR1		119	106	135	162	157	160	138	141	146	134	105	115	3,026	
IH 2015-SFR2		134	144	172	201	203	204	153	138	151	129	115	120	3,521	
IH 2015-SFR3		267	316	354	397	385	365	348	317	314	304	254	252	7,192	
PRD 2014-SFR1		189	139	141	151	161	183	171	161	160	206	261	310	3,127	
PRD 2015-SFR1		230	270	318	295	273	258	233	203	163	155	155	153	3,990	
PRD 2015-SFR2		50	77	110	153	209	242	219	213	220	224	198	162	3,311	
PRD 2015-SFR3							75	77	83	83	88	112	160	3,162	
SBY 2014-1		156	142	151	156	154	154	146	116	107	95	99	92	3,010	
SWAY 2014-1		279	274	254	293	286	284	294	293	268	239	229	242	4,081	
TAH 2015-SFR1		153	167	149	195	207	238	229	236	231	179	190	189	3,502	
Overall SFR		3,793	4,175	4,385	4,583	4,694	4,797	4,369	4,233	4,044	3,877	3,963	4,115	92,828	

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


		Year 2015					Year 2016						
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
AH4R 2014-SFR1		3.6	4.3	5.2	4.6	4.9	5.7	5.3	4.8	3.9	3.5	4.5	4.4
AH4R 2014-SFR2		6.6	6.3	5.4	4.5	5.1	5.2	4.7	4.7	3.4	3.5	4.5	5.0
AH4R 2014-SFR3		6.0	7.2	6.3	6.2	6.4	6.1	5.0	4.8	3.8	4.0	4.2	4.1
AH4R 2015-SFR1		5.2	5.5	7.1	8.3	8.3	9.0	8.0	6.9	5.3	3.9	3.7	4.0
AH4R 2015-SFR2						2.4	2.9	3.5	3.8	4.3	5.1	6.5	7.0
ARP 2014-SFR1		7.3	7.2	6.3	6.9	7.2	6.7	5.1	5.1	6.3	5.2	5.8	5.2
CAH 2014-1		4.1	5.1	6.8	6.6	6.5	6.1	4.7	3.8	3.4	3.5	3.3	3.2
CAH 2014-2		3.3	3.2	3.9	4.4	4.4	4.5	4.2	4.7	5.0	5.0	5.1	4.0
CAH 2015-1			4.4	4.7	4.9	5.3	5.2	4.8	4.5	4.2	4.3	3.7	3.6
HPA 2016-1										1.7	2.0	2.1	1.8
IH 2013-SFR1		3.1	3.1	2.9	2.7	3.0	3.0	3.0	4.2	4.0	3.9	3.7	3.1
IH 2014-SFR1		5.5	5.4	5.0	4.6	4.1	3.1	2.8	3.1	3.5	3.3	3.7	4.5
IH 2014-SFR2		4.5	5.4	5.4	4.8	3.9	4.1	3.4	3.7	3.7	3.5	3.1	3.8
IH 2014-SFR3		4.3	4.8	4.6	4.7	4.2	3.9	3.6	3.5	3.1	3.1	2.8	3.8
IH 2015-SFR1		3.9	3.5	4.4	5.3	5.1	5.2	4.5	4.6	4.8	4.4	3.5	3.8
IH 2015-SFR2		3.8	4.1	4.9	5.7	5.8	5.8	4.3	3.9	4.3	3.7	3.3	3.4
IH 2015-SFR3		3.7	4.4	4.9	5.5	5.3	5.1	4.8	4.4	4.4	4.2	3.5	3.5
PRD 2014-SFR1		6.0	4.4	4.5	4.8	5.1	5.8	5.4	5.1	5.1	6.6	8.3	9.9
PRD 2015-SFR1		5.8	6.8	8.0	7.4	6.8	6.5	5.8	5.1	4.1	3.9	3.9	3.8
PRD 2015-SFR2		1.5	2.3	3.3	4.6	6.3	7.3	6.6	6.4	6.6	6.8	6.0	4.9
PRD 2015-SFR3							2.4	2.4	2.6	2.6	2.8	3.5	5.1
SBY 2014-1		5.1	4.6	4.9	5.2	5.1	5.1	4.8	3.9	3.6	3.2	3.3	3.1
SWAY 2014-1		6.8	6.7	6.2	7.2	7.0	7.0	7.2	7.2	6.6	5.9	5.6	5.9
TAH 2015-SFR1		4.4	4.8	4.3	5.6	5.9	6.8	6.5	6.7	6.6	5.1	5.4	5.4
Overall SFR		4.8	5.0	5.2	5.5	5.4	5.3	4.8	4.7	4.3	4.2	4.3	4.4

Table 2a – Lease Expiration (by Count)


		Year 2015								Year 2016					Total Count
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May		
AH4R 2014-SFR1		341	354	296	251	267	205	172	226	256	287	284	341	3,852	
AH4R 2014-SFR2		265	249	196	216	207	183	129	223	299	434	487	551	4,487	
AH4R 2014-SFR3		631	420	372	295	219	119	155	230	237	280	331	461	4,503	
AH4R 2015-SFR1		474	707	564	470	465	375	260	128	120	131	190	232	4,661	
AH4R 2015-SFR2						108	93	130	312	496	592	621	620	4,125	
ARP 2014-SFR1		127	121	101	123	107	164	122	188	248	202	226	229	2,875	
CAH 2014-1		225	513	401	371	297	217	105	131	145	178	189	214	3,368	
CAH 2014-2		83	143	176	161	229	256	234	278	425	372	336	276	3,704	
CAH 2015-1			512	387	360	329	252	187	127	153	187	230	321	3,874	
HPA 2016-1										71	137	186	175	2,204	
IH 2013-SFR1		150	149	116	100	152	139	178	289	312	279	269	237	3,191	
IH 2014-SFR1		681	518	377	304	247	134	133	237	342	505	608	630	6,363	
IH 2014-SFR2		339	343	267	163	187	197	164	199	200	247	241	281	3,688	
IH 2014-SFR3		376	374	239	198	174	200	183	225	198	226	249	302	4,011	
IH 2015-SFR1		128	172	236	193	224	210	224	286	234	215	138	125	3,026	
IH 2015-SFR2		154	196	231	254	280	268	213	252	277	235	180	155	3,521	
IH 2015-SFR3		334	398	491	488	561	498	482	527	574	478	377	292	7,192	
PRD 2014-SFR1		193	71	119	120	153	134	76	136	164	355	269	320	3,127	
PRD 2015-SFR1		572	642	464	340	181	77	32	36	61	146	210	389	3,990	
PRD 2015-SFR2		50	63	133	245	397	201	77	137	263	496	280	131	3,311	
PRD 2015-SFR3							21	7	16	31	115	224	501	3,162	
SBY 2014-1		266	165	184	172	192	158	125	163	169	192	178	207	3,010	
SWAY 2014-1		224	199	157	99	57	61	176	142	254	312	311	268	4,081	
TAH 2015-SFR1		235	270	248	233	232	132	168	211	229	212	208	215	3,502	
Overall SFR		5,848	6,579	5,755	5,156	5,265	4,294	3,732	4,699	5,758	6,813	6,822	7,473	92,828	

Table 2b – Lease Expiration (by Percentage)


		Year 2015							Year 2016				
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
AH4R 2014-SFR1		8.9	9.2	7.7	6.5	6.9	5.3	4.5	5.9	6.6	7.5	7.4	8.9
AH4R 2014-SFR2		5.9	5.5	4.4	4.8	4.6	4.1	2.9	5.0	6.7	9.7	10.9	12.3
AH4R 2014-SFR3		14.0	9.3	8.3	6.6	4.9	2.6	3.4	5.1	5.3	6.2	7.4	10.2
AH4R 2015-SFR1		10.2	15.2	12.1	10.1	10.0	8.0	5.6	2.7	2.6	2.8	4.1	5.0
AH4R 2015-SFR2						2.6	2.3	3.2	7.6	12.0	14.4	15.1	15.0
ARP 2014-SFR1		4.4	4.2	3.5	4.3	3.7	5.7	4.2	6.5	8.6	7.0	7.9	8.0
CAH 2014-1		6.6	15.1	11.8	11.0	8.8	6.4	3.1	3.9	4.3	5.3	5.6	6.4
CAH 2014-2		2.2	3.9	4.7	4.3	6.2	6.9	6.3	7.5	11.5	10.0	9.1	7.5
CAH 2015-1			13.2	10.0	9.3	8.5	6.5	4.8	3.3	3.9	4.8	5.9	8.3
HPA 2016-1										3.2	6.1	8.4	7.9
IH 2013-SFR1		4.7	4.6	3.6	3.1	4.7	4.3	5.6	9.0	9.7	8.7	8.4	7.4
IH 2014-SFR1		10.5	8.0	5.8	4.7	3.8	2.1	2.1	3.7	5.3	7.9	9.6	9.9
IH 2014-SFR2		9.0	9.1	7.1	4.3	5.0	5.3	4.4	5.3	5.3	6.7	6.5	7.6
IH 2014-SFR3		9.4	9.3	6.0	4.9	4.3	5.0	4.6	5.6	4.9	5.6	6.2	7.5
IH 2015-SFR1		4.2	5.6	7.7	6.3	7.3	6.9	7.3	9.4	7.7	7.1	4.6	4.1
IH 2015-SFR2		4.4	5.6	6.6	7.2	7.9	7.6	6.0	7.2	7.9	6.7	5.1	4.4
IH 2015-SFR3		4.6	5.5	6.8	6.8	7.8	6.9	6.7	7.3	8.0	6.6	5.2	4.1
PRD 2014-SFR1		6.1	2.3	3.8	3.8	4.9	4.3	2.4	4.3	5.2	11.3	8.6	10.2
PRD 2015-SFR1		14.3	16.1	11.6	8.5	4.5	1.9	0.8	0.9	1.5	3.7	5.3	9.7
PRD 2015-SFR2		1.5	1.9	4.0	7.4	12.0	6.1	2.3	4.1	7.9	15.0	8.5	4.0
PRD 2015-SFR3							0.7	0.2	0.5	1.0	3.6	7.1	15.8
SBY 2014-1		8.6	5.4	6.0	5.7	6.4	5.2	4.2	5.4	5.6	6.4	5.9	6.9
SWAY 2014-1		5.5	4.9	3.8	2.4	1.4	1.5	4.3	3.5	6.2	7.6	7.6	6.6
TAH 2015-SFR1		6.7	7.7	7.1	6.6	6.6	3.8	4.8	6.0	6.5	6.0	5.9	6.1
Overall SFR		7.3	7.9	6.9	6.2	6.0	4.7	4.1	5.2	6.2	7.3	7.3	8.1

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		48	42	33	15	13	3	4	5	3	2	0	2	170
AH4R 2014-SFR2		97	58	31	21	8	6	1	0	0	1	1	0	224
AH4R 2014-SFR3		66	48	30	22	7	5	2	2	2	0	1	0	185
AH4R 2015-SFR1		95	47	19	14	8	3	1	0	0	0	0	0	187
AH4R 2015-SFR2		168	84	21	8	2	2	1	1	0				287
ARP 2014-SFR1		31	34	22	17	16	12	6	9	2	1	0	0	150
CAH 2014-1		32	28	18	8	8	4	5	3	0	1	1	1	109
CAH 2014-2		45	44	29	13	9	6	1	1	1	0	1	0	150
CAH 2015-1		84	24	13	6	5	3	0	1	1	1	1	0	139
HPA 2016-1		28	11	0	1	0								40
IH 2013-SFR1		33	25	26	8	5	2	0	0	0	0	0	1	100
IH 2014-SFR1		134	79	36	19	11	4	1	2	0	0	0	1	287
IH 2014-SFR2		70	42	11	6	6	1	0	2	0	1	0	2	141
IH 2014-SFR3		73	40	16	11	3	4	2	0	1	1	0	0	151
IH 2015-SFR1		50	31	17	7	3	1	5	0	0	0	0	1	115
IH 2015-SFR2		58	42	13	5	0	1	0	0	0	0	1	0	120
IH 2015-SFR3		121	69	29	16	8	2	0	1	0	2	0	4	252
PRD 2014-SFR1		89	97	64	19	17	12	7	2	1	1	0	1	310
PRD 2015-SFR1		66	44	20	10	5	1	1	2	0	2	0	2	153
PRD 2015-SFR2		75	49	21	4	3	0	4	5	0	1	0	0	162
PRD 2015-SFR3		123	24	6	0	4	0	2	1					160
SBY 2014-1		38	29	10	5	4	2	2	2	0	0	0	0	92
SWAY 2014-1		97	53	39	12	16	10	5	0	0	2	2	6	242
TAH 2015-SFR1		66	54	24	24	6	4	8	2	1	0	0	0	189
Overall SFR		1,787	1,098	548	271	167	88	58	41	12	16	8	21	4,115

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		28.2	24.7	19.4	8.8	7.6	1.8	2.4	2.9	1.8	1.2	0.0	1.2	100.0
AH4R 2014-SFR2		43.3	25.9	13.8	9.4	3.6	2.7	0.4	0.0	0.0	0.4	0.4	0.0	100.0
AH4R 2014-SFR3		35.7	25.9	16.2	11.9	3.8	2.7	1.1	1.1	1.1	0.0	0.5	0.0	100.0
AH4R 2015-SFR1		50.8	25.1	10.2	7.5	4.3	1.6	0.5	0.0	0.0	0.0	0.0	0.0	100.0
AH4R 2015-SFR2		58.5	29.3	7.3	2.8	0.7	0.7	0.3	0.3	0.0	0.0	0.0	0.0	100.0
ARP 2014-SFR1		20.7	22.7	14.7	11.3	10.7	8.0	4.0	6.0	1.3	0.7	0.0	0.0	100.0
CAH 2014-1		29.4	25.7	16.5	7.3	7.3	3.7	4.6	2.8	0.0	0.9	0.9	0.9	100.0
CAH 2014-2		30.0	29.3	19.3	8.7	6.0	4.0	0.7	0.7	0.7	0.0	0.7	0.0	100.0
CAH 2015-1		60.4	17.3	9.4	4.3	3.6	2.2	0.0	0.7	0.7	0.7	0.7	0.0	100.0
HPA 2016-1		70.0	27.5	0.0	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0
IH 2013-SFR1		33.0	25.0	26.0	8.0	5.0	2.0	0.0	0.0	0.0	0.0	0.0	1.0	100.0
IH 2014-SFR1		46.7	27.5	12.5	6.6	3.8	1.4	0.3	0.7	0.0	0.0	0.0	0.3	100.0
IH 2014-SFR2		49.6	29.8	7.8	4.3	4.3	0.7	0.0	1.4	0.0	0.7	0.0	1.4	100.0
IH 2014-SFR3		48.3	26.5	10.6	7.3	2.0	2.6	1.3	0.0	0.7	0.7	0.0	0.0	100.0
IH 2015-SFR1		43.5	27.0	14.8	6.1	2.6	0.9	4.3	0.0	0.0	0.0	0.0	0.9	100.0
IH 2015-SFR2		48.3	35.0	10.8	4.2	0.0	0.8	0.0	0.0	0.0	0.0	0.8	0.0	100.0
IH 2015-SFR3		48.0	27.4	11.5	6.3	3.2	0.8	0.0	0.4	0.0	0.8	0.0	1.6	100.0
PRD 2014-SFR1		28.7	31.3	20.6	6.1	5.5	3.9	2.3	0.6	0.3	0.3	0.0	0.3	100.0
PRD 2015-SFR1		43.1	28.8	13.1	6.5	3.3	0.7	0.7	1.3	0.0	1.3	0.0	1.3	100.0
PRD 2015-SFR2		46.3	30.2	13.0	2.5	1.9	0.0	2.5	3.1	0.0	0.6	0.0	0.0	100.0
PRD 2015-SFR3		76.9	15.0	3.8	0.0	2.5	0.0	1.3	0.6	0.0	0.0	0.0	0.0	100.0
SBY 2014-1		41.3	31.5	10.9	5.4	4.3	2.2	2.2	2.2	0.0	0.0	0.0	0.0	100.0
SWAY 2014-1		40.1	21.9	16.1	5.0	6.6	4.1	2.1	0.0	0.0	0.8	0.8	2.5	100.0
TAH 2015-SFR1		34.9	28.6	12.7	12.7	3.2	2.1	4.2	1.1	0.5	0.0	0.0	0.0	100.0
Overall SFR		43.4	26.7	13.3	6.6	4.1	2.1	1.4	1.0	0.3	0.4	0.2	0.5	100.0

Table 4 – Delinquency Definition



Issuer	Definition
American Homes 4 Rent	Past due one calendar month or more (not dependent on day count) and owing \$200 or more
American Residential Properties	Past due one calendar month or more (not dependent on day count) and owing \$200 or more ¹
Colony American Homes	Past due one calendar month or more (not dependent on day count) and owing \$200 or more
Home Partners of America	Past due 30 days or more (not dependent on calendar month) and owing \$500 or more
Invitation Homes	Past due 30 days or more (not dependent on calendar month) and owing 25% of one month's rent or more
Progress Residential	Past due 30 days or more (not dependent on calendar month) and owing \$200 or more ²
Silver Bay Realty	Past due 30 days or more (not dependent on calendar month) and owing \$500 or more ³
SWAY Residential	Past due one calendar month or more (not dependent on day count) and owing \$200 or more ⁴
Tricon American Homes	Past due 30 days or more (not dependent on calendar month) and owing \$500 or more ³

¹As of March 2016, American Residential Properties reporting was converted to the American Homes 4 Rent delinquency definition. Previously, ARP defined delinquencies as past due 30 days or more (not dependent on calendar month) and owing \$500 or more based on total receivables.

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

³Based on total receivables.

⁴As of January 2016, SWAY Residential reporting was converted to the Colony American Homes delinquency definition. Previously, SWAY defined delinquencies as past due 30 days or more following a calendar month grace period, and owing \$500 or more.

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


		Year 2015							Year 2016					Total Count
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
AH4R 2014-SFR1		35	35	30	36	18	21	34	22	9	8	9	12	3,852
AH4R 2014-SFR2		34	44	33	25	26	30	36	31	16	12	14	15	4,487
AH4R 2014-SFR3		28	22	18	17	22	22	30	20	13	5	5	13	4,503
AH4R 2015-SFR1		38	32	33	32	24	26	27	23	17	10	16	18	4,661
AH4R 2015-SFR2						18	23	26	30	13	14	9	12	4,125
ARP 2014-SFR1*		87	62	62	58	55	49	48	63	62	24	48	34	2,875
CAH 2014-1		27	15	20	20	17	16	17	29	18	16	14	19	3,368
CAH 2014-2		34	28	34	35	20	22	27	34	27	30	18	21	3,704
CAH 2015-1			26	28	27	25	27	25	19	19	16	14	19	3,874
HPA 2016-1										9	28	17	19	2,204
IH 2013-SFR1		32	32	28	26	30	32	36	9	9	9	8	17	3,191
IH 2014-SFR1		47	40	46	59	46	67	81	45	26	14	14	15	6,363
IH 2014-SFR2		31	36	33	28	24	25	33	22	18	14	15	17	3,688
IH 2014-SFR3		39	27	31	34	28	32	32	23	25	8	5	14	4,011
IH 2015-SFR1		39	33	39	36	30	33	37	22	17	11	10	13	3,026
IH 2015-SFR2		28	24	30	27	31	30	35	21	10	7	8	17	3,521
IH 2015-SFR3		90	98	87	100	93	86	113	70	40	21	25	36	7,192
PRD 2014-SFR1		32	30	25	26	38	30	31	42	26	22	17	27	3,127
PRD 2015-SFR1		32	29	30	32	43	47	41	45	27	22	15	26	3,990
PRD 2015-SFR2		42	41	38	43	40	52	55	40	32	26	28	23	3,311
PRD 2015-SFR3							16	26	31	20	21	11	14	3,162
SBY 2014-1		45	40	35	29	29	31	26	32	18	18	10	12	3,010
SWAY 2014-1**		15	20	24	29	29	20	15	42	53	53	49	46	4,081
TAH 2015-SFR1		83	76	68	80	74	61	50	46	34	41	30	22	3,502
Overall SFR		838	790	772	799	760	798	881	761	558	450	409	481	92,828

*Using American Residential Properties' new delinquency definition March 2016 and beyond as well as its old delinquency definition before March 2016.

**Using SWAY Residential's new delinquency definition January 2016 and beyond as well as its old delinquency definition before January 2016.

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


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

*Using American Residential Properties' new delinquency definition March 2016 and beyond as well as its old delinquency definition before March 2016.

**Using SWAY Residential's new delinquency definition January 2016 and beyond as well as its old delinquency definition before January 2016

Table 6 – Monthly Retention Rate of Expiring Leases


		Year 2015					Year 2016						
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
AH4R 2014-SFR1		70.7	78.0	75.7	80.9	74.5	76.1	76.7	78.8	78.1	73.9	76.1	TBD
AH4R 2014-SFR2		65.7	73.5	73.5	69.0	72.5	76.5	76.0	78.5	79.6	77.0	73.9	TBD
AH4R 2014-SFR3		76.7	70.7	71.2	71.5	73.1	67.2	73.5	77.4	73.0	77.9	73.4	TBD
AH4R 2015-SFR1		75.1	73.0	72.2	69.1	76.1	75.2	76.5	71.9	74.2	77.9	70.0	TBD
AH4R 2015-SFR2						79.6	72.0	78.5	80.1	76.8	75.0	73.6	TBD
ARP 2014-SFR1		80.3	78.5	76.2	74.8	78.5	79.3	77.9	73.4	64.5	76.7	79.6	TBD
CAH 2014-1		79.6	72.7	75.1	75.5	75.8	75.6	76.2	80.2	75.9	74.7	78.3	TBD
CAH 2014-2		68.7	76.9	76.7	73.9	83.8	78.9	85.0	77.7	77.4	82.8	74.7	TBD
CAH 2015-1			75.2	72.6	73.9	76.0	71.8	75.9	70.9	73.2	77.5	80.0	TBD
HPA 2016-1										83.1	82.5	81.7	TBD
IH 2013-SFR1		78.0	71.8	72.4	79.0	78.9	78.4	80.9	80.6	77.2	77.8	77.0	TBD
IH 2014-SFR1		74.3	76.1	76.7	73.4	79.4	79.1	82.0	80.6	80.1	80.8	77.0	TBD
IH 2014-SFR2		74.9	69.1	77.5	77.3	77.5	78.2	78.0	76.9	79.0	80.2	75.1	TBD
IH 2014-SFR3		77.1	71.7	72.8	73.7	79.9	79.5	79.2	80.4	80.3	80.5	78.7	TBD
IH 2015-SFR1		78.9	80.2	74.6	72.5	76.3	77.1	81.3	78.3	78.2	77.2	76.8	TBD
IH 2015-SFR2		79.2	75.0	68.8	68.9	75.4	81.7	79.3	81.0	77.6	74.5	75.6	TBD
IH 2015-SFR3		72.2	73.9	77.2	74.0	78.6	79.9	79.0	83.3	78.7	78.7	77.7	TBD
PRD 2014-SFR1		74.1	60.6	73.1	75.0	71.2	81.3	85.5	75.7	78.0	69.3	64.7	TBD
PRD 2015-SFR1		76.9	78.3	76.5	72.1	75.1	71.4	59.4	77.8	68.9	78.1	76.2	TBD
PRD 2015-SFR2		70.0	79.4	82.0	74.3	76.8	73.1	81.8	73.7	77.2	73.4	72.5	TBD
PRD 2015-SFR3							66.7	85.7	87.5	77.4	74.8	75.9	TBD
SBY 2014-1		74.4	78.8	81.5	83.1	80.7	80.4	80.0	83.4	77.5	80.2	84.3	TBD
SWAY 2014-1		69.6	76.4	78.3	77.8	73.7	75.4	75.0	76.1	77.6	76.6	74.0	TBD
TAH 2015-SFR1		82.1	85.9	83.9	84.1	83.6	88.6	83.3	85.8	90.8	83.5	85.1	TBD
Overall SFR		75.1	74.9	75.3	74.2	77.2	77.4	78.9	79.1	77.6	77.3	75.9	TBD

TBD – To Be Determined


Table 7 – Monthly Retention Rate of MTM Leases

		Year 2015					Year 2016						
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
AH4R 2014-SFR1		86.2	83.1	88.4	84.9	88.3	85.0	91.1	94.8	89.6	87.6	88.4	TBD
AH4R 2014-SFR2		79.6	79.9	81.2	83.6	83.2	90.5	86.4	90.7	86.7	87.8	82.9	TBD
AH4R 2014-SFR3		72.5	76.1	80.4	82.9	80.0	85.5	84.6	86.2	86.7	84.9	89.7	TBD
AH4R 2015-SFR1		78.8	71.4	80.3	82.5	81.8	86.1	86.1	88.6	85.3	87.9	83.7	TBD
AH4R 2015-SFR2						84.3	82.0	87.5	83.8	86.7	82.1	80.1	TBD
ARP 2014-SFR1		86.1	90.8	88.1	84.2	90.7	88.9	88.6	85.3	86.1	88.1	89.9	TBD
CAH 2014-1		76.6	73.2	73.3	75.0	81.9	70.3	82.0	81.3	83.0	89.8	92.7	TBD
CAH 2014-2		73.3	82.0	72.4	80.4	89.1	65.5	86.3	81.5	88.7	72.6	75.0	TBD
CAH 2015-1			58.3	76.9	67.2	83.8	80.3	81.0	84.3	77.1	72.9	84.4	TBD
HPA 2016-1												100.0	TBD
IH 2013-SFR1		72.6	78.0	76.7	91.9	88.6	88.1	82.0	87.7	77.6	87.0	85.9	TBD
IH 2014-SFR1		72.0	70.1	78.7	74.6	85.0	86.4	80.4	84.5	80.4	82.1	80.5	TBD
IH 2014-SFR2		77.6	83.0	85.7	73.3	75.6	76.5	87.9	90.9	90.7	90.2	80.6	TBD
IH 2014-SFR3		78.8	67.3	73.2	76.2	79.1	78.0	80.0	87.1	84.2	83.3	69.8	TBD
IH 2015-SFR1		80.0	70.8	87.5	68.6	78.1	76.3	91.9	87.5	85.7	79.1	89.1	TBD
IH 2015-SFR2		85.7	75.9	82.8	79.4	71.9	71.4	82.9	65.8	77.3	82.2	66.7	TBD
IH 2015-SFR3		82.3	84.2	83.3	83.1	83.1	80.9	83.7	73.7	78.7	82.5	80.8	TBD
PRD 2014-SFR1		83.3	83.8	82.8	85.5	87.0	80.8	86.2	87.5	81.5	72.9	73.6	TBD
PRD 2015-SFR1		65.3	64.4	70.0	67.3	80.2	73.9	85.9	80.4	76.9	85.4	75.9	TBD
PRD 2015-SFR2		82.4	57.1	75.0	71.4	76.9	57.1	69.0	75.0	78.6	80.0	67.7	TBD
PRD 2015-SFR3							84.6	75.0	70.0	83.3	85.7	71.4	TBD
SBY 2014-1		87.7	89.8	85.1	87.8	91.3	90.7	92.3	93.7	89.5	86.4	91.6	TBD
SWAY 2014-1		87.0	87.6	77.9	84.8	86.5	88.1	87.8	89.6	89.2	85.4	85.8	TBD
TAH 2015-SFR1		90.1	93.8	94.0	93.6	93.6	95.5	93.8	91.1	95.3	94.9	95.3	TBD
Overall SFR		82.3	82.4	83.8	83.9	86.5	85.9	88.0	87.9	87.3	86.4	85.3	TBD

TBD – To Be Determined

Table 8a – MTM Tenants (by Count)


		Year 2015					Year 2016								Total Count
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May		
AH4R 2014-SFR1		164	193	212	231	244	258	248	248	260	258	248	239	3,852	
AH4R 2014-SFR2		259	213	190	173	183	169	172	153	166	176	223	257	4,487	
AH4R 2014-SFR3		186	214	203	193	191	159	145	147	172	177	186	225	4,503	
AH4R 2015-SFR1		126	168	209	224	257	266	287	275	240	208	203	200	4,661	
AH4R 2015-SFR2						53	64	65	93	134	204	262	323	4,125	
ARP 2014-SFR1		317	286	265	235	216	206	193	177	164	204	218	248	2,875	
CAH 2014-1		70	119	133	122	79	82	61	48	47	50	55	60	3,368	
CAH 2014-2		91	81	78	82	59	66	62	54	53	73	76	70	3,704	
CAH 2015-1			129	126	128	99	92	78	51	48	48	45	47	3,874	
HPA 2016-1										0	0	1	1	2,204	
IH 2013-SFR1		69	61	52	44	56	51	71	78	99	88	102	111	3,191	
IH 2014-SFR1		153	157	125	87	77	71	75	83	95	94	134	165	6,363	
IH 2014-SFR2		72	72	65	55	47	52	51	54	58	69	80	80	3,688	
IH 2014-SFR3		81	94	79	57	57	62	50	58	63	56	67	75	4,011	
IH 2015-SFR1		34	32	39	45	52	55	61	59	64	63	64	74	3,026	
IH 2015-SFR2		40	43	39	46	50	56	61	68	72	53	59	58	3,521	
IH 2015-SFR3		84	101	109	110	118	128	149	131	144	139	134	135	7,192	
PRD 2014-SFR1		128	111	88	76	72	75	67	67	83	70	113	123	3,127	
PRD 2015-SFR1		111	108	117	115	102	89	65	56	58	52	56	74	3,990	
PRD 2015-SFR2		17	15	22	34	42	53	36	28	44	75	94	75	3,311	
PRD 2015-SFR3							13	12	10	9	26	51	106	3,162	
SBY 2014-1		248	236	242	212	235	237	223	211	213	218	217	223	3,010	
SWAY 2014-1		108	208	217	186	171	154	143	134	148	178	169	166	4,081	
TAH 2015-SFR1		603	545	557	544	585	538	533	542	522	480	450	418	3,502	
Overall SFR		2,961	3,186	3,167	2,999	3,045	2,996	2,908	2,825	2,956	3,059	3,307	3,553	92,828	

Table 8b – MTM Tenants (by Percentage)


		Year 2015					Year 2016							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
AH4R 2014-SFR1		4.3	5.0	5.5	6.0	6.3	6.7	6.4	6.4	6.7	6.7	6.4	6.2	
AH4R 2014-SFR2		5.8	4.7	4.2	3.9	4.1	3.8	3.8	3.4	3.7	3.9	5.0	5.7	
AH4R 2014-SFR3		4.1	4.8	4.5	4.3	4.2	3.5	3.2	3.3	3.8	3.9	4.1	5.0	
AH4R 2015-SFR1		2.7	3.6	4.5	4.8	5.5	5.7	6.2	5.9	5.1	4.5	4.4	4.3	
AH4R 2015-SFR2						1.3	1.6	1.6	2.3	3.2	4.9	6.4	7.8	
ARP 2014-SFR1		11.0	9.9	9.2	8.2	7.5	7.2	6.7	6.2	5.7	7.1	7.6	8.6	
CAH 2014-1		2.1	3.5	3.9	3.6	2.3	2.4	1.8	1.4	1.4	1.5	1.6	1.8	
CAH 2014-2		2.4	2.2	2.1	2.2	1.6	1.8	1.7	1.5	1.4	2.0	2.1	1.9	
CAH 2015-1			3.3	3.2	3.3	2.6	2.4	2.0	1.3	1.2	1.2	1.2	1.2	
HPA 2016-1										0.0	0.0	0.0	0.0	
IH 2013-SFR1		2.2	1.9	1.6	1.4	1.7	1.6	2.2	2.4	3.1	2.8	3.2	3.5	
IH 2014-SFR1		2.4	2.4	1.9	1.3	1.2	1.1	1.2	1.3	1.5	1.5	2.1	2.6	
IH 2014-SFR2		1.9	1.9	1.7	1.5	1.3	1.4	1.4	1.4	1.5	1.9	2.2	2.2	
IH 2014-SFR3		2.0	2.3	2.0	1.4	1.4	1.5	1.2	1.4	1.6	1.4	1.7	1.9	
IH 2015-SFR1		1.1	1.0	1.3	1.5	1.7	1.8	2.0	1.9	2.1	2.1	2.1	2.4	
IH 2015-SFR2		1.1	1.2	1.1	1.3	1.4	1.6	1.7	1.9	2.0	1.5	1.7	1.6	
IH 2015-SFR3		1.2	1.4	1.5	1.5	1.6	1.8	2.1	1.8	2.0	1.9	1.9	1.9	
PRD 2014-SFR1		4.1	3.5	2.8	2.4	2.3	2.4	2.1	2.1	2.6	2.2	3.6	3.9	
PRD 2015-SFR1		2.8	2.7	2.9	2.9	2.6	2.2	1.6	1.4	1.5	1.3	1.4	1.9	
PRD 2015-SFR2		0.5	0.5	0.7	1.0	1.3	1.6	1.1	0.8	1.3	2.3	2.8	2.3	
PRD 2015-SFR3							0.4	0.4	0.3	0.3	0.8	1.6	3.4	
SBY 2014-1		8.1	7.7	7.9	7.0	7.8	7.9	7.4	7.0	7.1	7.2	7.2	7.4	
SWAY 2014-1		2.6	5.1	5.3	4.6	4.2	3.8	3.5	3.3	3.6	4.4	4.1	4.1	
TAH 2015-SFR1		17.2	15.5	15.9	15.5	16.7	15.3	15.2	15.5	14.9	13.7	12.8	11.9	
Overall SFR		3.7	3.8	3.8	3.6	3.5	3.3	3.2	3.1	3.2	3.3	3.6	3.8	

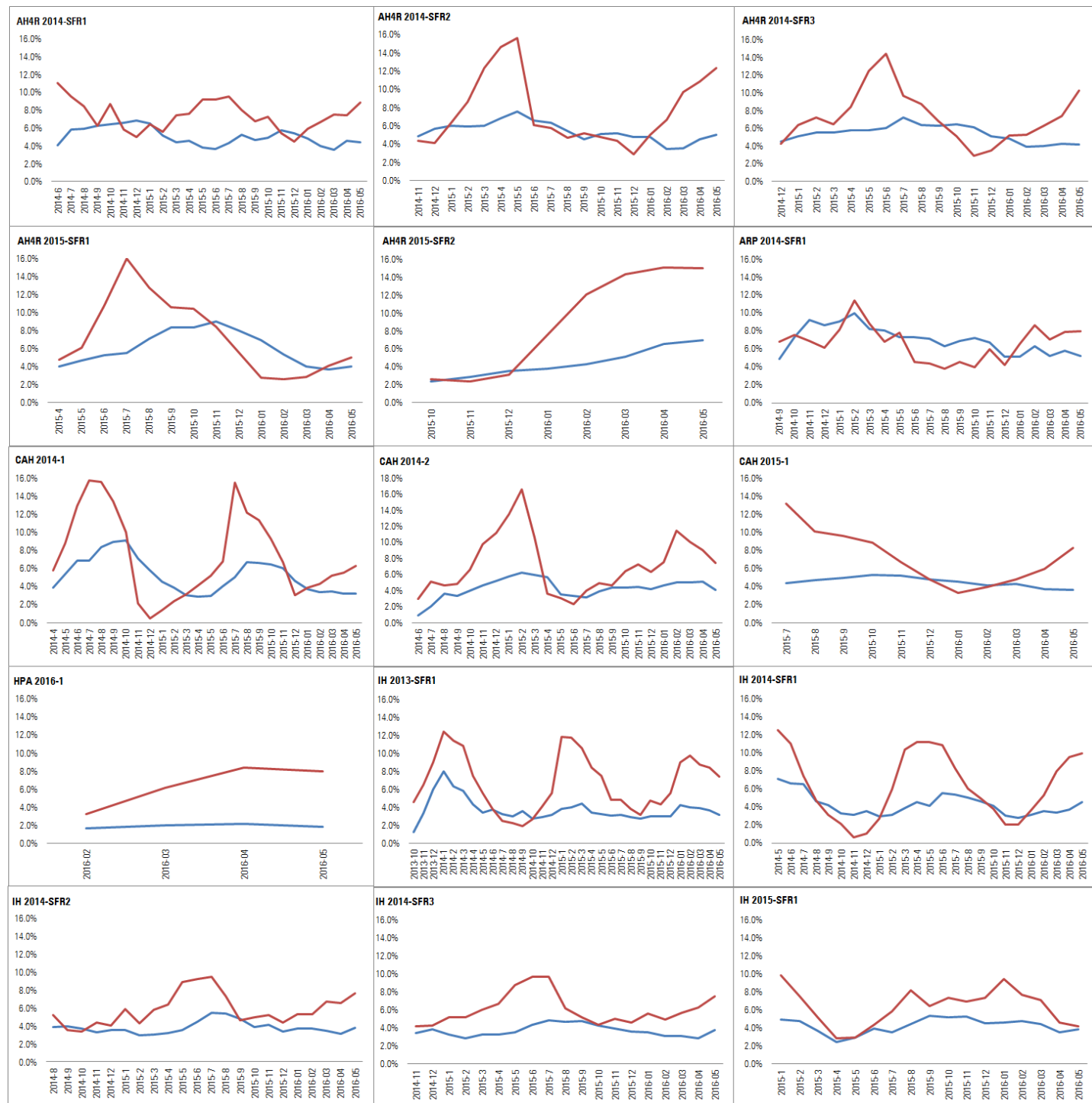
Table 9 – Monthly Turnover Rate

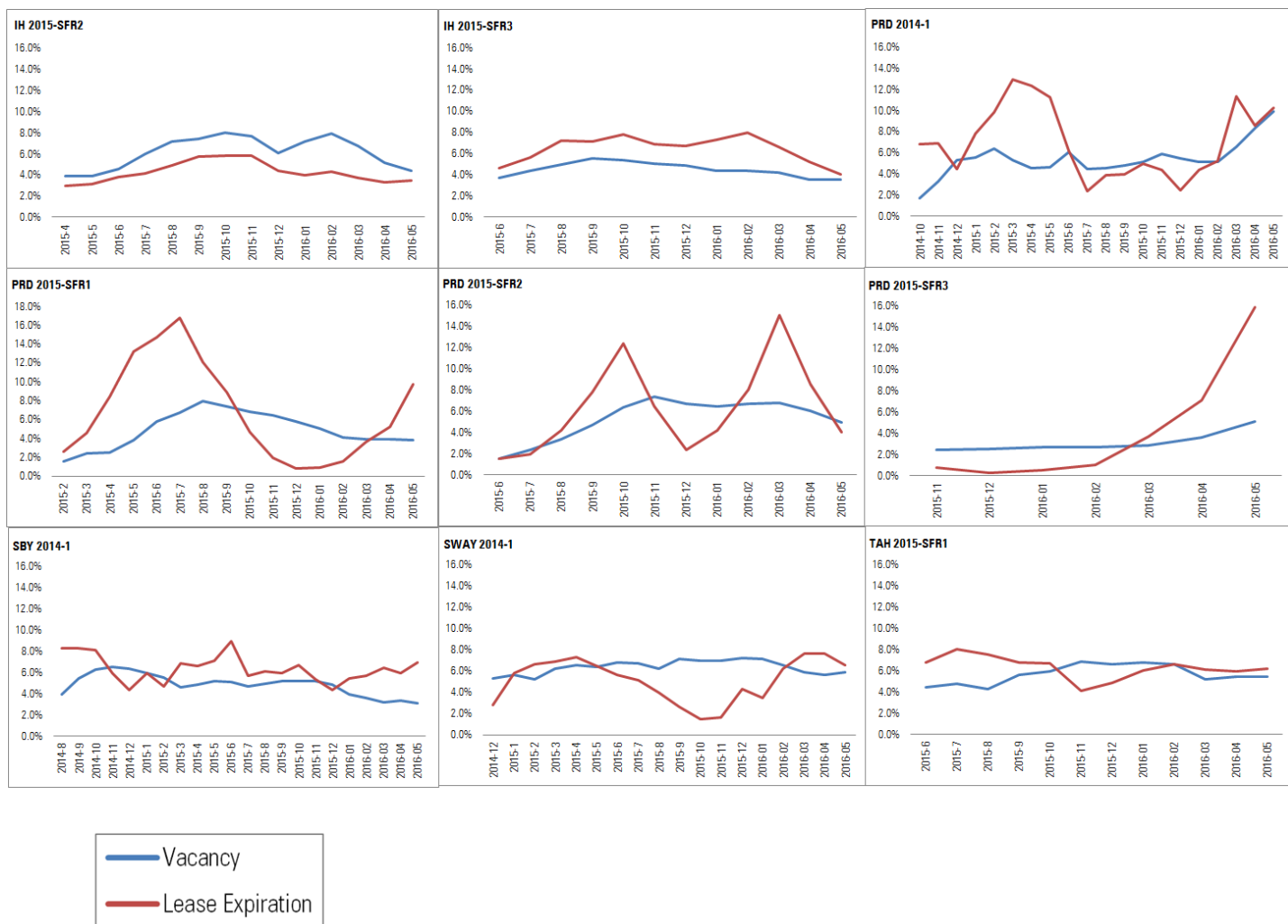

		Year 2015					Year 2016						
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
AH4R 2014-SFR1		4.0	4.0	2.7	3.0	3.4	2.6	2.8	2.4	2.7	3.2	3.2	TBD
AH4R 2014-SFR2		3.9	3.4	3.0	3.6	2.9	2.3	1.8	2.5	2.5	3.1	4.8	TBD
AH4R 2014-SFR3		4.9	4.8	4.3	3.3	3.0	2.2	2.6	2.5	2.6	3.0	3.4	TBD
AH4R 2015-SFR1		4.6	5.5	6.1	4.3	4.2	3.4	3.1	2.9	2.2	2.0	2.8	TBD
AH4R 2015-SFR2							1.9	2.1	2.9	4.0	4.9	5.6	TBD
ARP 2014-SFR1		3.2	3.3	2.9	3.1	3.1	2.6	2.7	3.0	4.3	3.6	2.7	TBD
CAH 2014-1		3.2	5.2	4.8	4.3	3.6	2.6	1.9	1.3	1.4	1.8	2.3	TBD
CAH 2014-2		2.6	2.4	3.0	2.6	2.8	2.4	2.3	2.8	3.2	3.2	3.7	TBD
CAH 2015-1				3.8	3.8	3.4	3.2	2.3	2.2	1.9	2.3	2.5	TBD
HPA 2016-1											1.4	1.9	TBD
IH 2013-SFR1		2.9	2.7	2.6	2.1	2.4	2.2	2.1	3.0	3.3	3.4	3.2	TBD
IH 2014-SFR1		4.7	3.9	3.3	2.5	2.5	1.5	1.7	2.1	2.4	2.8	3.4	TBD
IH 2014-SFR2		4.0	4.4	3.7	2.8	2.3	2.3	1.9	2.2	2.3	2.6	2.8	TBD
IH 2014-SFR3		3.8	4.4	3.9	2.9	2.7	2.2	2.1	1.9	1.9	2.8	2.6	TBD
IH 2015-SFR1		2.7	2.3	3.1	3.2	3.2	3.0	2.7	2.9	3.5	2.9	2.3	TBD
IH 2015-SFR2		3.1	3.0	3.8	3.7	3.1	3.3	2.2	2.0	3.2	2.9	2.5	TBD
IH 2015-SFR3			3.2	3.3	3.1	3.2	2.7	2.6	2.3	3.1	2.9	2.4	TBD
PRD 2014-SFR1		3.5	2.3	2.5	2.3	2.4	2.3	2.0	2.2	2.7	4.8	4.9	TBD
PRD 2015-SFR1		5.2	5.1	4.4	4.2	2.6	2.1	1.7	1.2	1.4	2.5	2.5	TBD
PRD 2015-SFR2			2.0	2.2	3.7	3.9	3.0	1.9	2.2	2.7	4.7	3.9	TBD
PRD 2015-SFR3								1.0	1.1	1.0	1.7	2.6	TBD
SBY 2014-1		3.3	3.1	3.0	3.1	3.0	2.4	2.4	2.2	2.4	2.2	2.5	TBD
SWAY 2014-1		4.4	3.2	2.8	2.9	2.4	1.9	2.6	2.3	2.5	3.2	3.2	TBD
TAH 2015-SFR1			3.0	2.0	2.3	2.6	2.8	2.0	2.3	3.5	2.2	2.3	TBD
Overall SFR		3.2	3.5	3.4	3.2	2.8	2.4	2.2	2.3	2.6	2.9	3.1	TBD

TBD – To Be Determined



Appendix I – Vacancy Versus Lease Expiration





Appendix II – Description of Analysis

Morningstar tracks key metrics to gauge the performance of single-family rental transactions. There are a number of ways to view these metrics. For example, the vacancy rate might be calculated based on property count, by cash flow, or by days of occupancy. To account for different reporting across issuers, Morningstar seeks commonality across the issuers' monthly reporting to derive its calculations.

Tables 1a and 1b – Month-End Vacancy

Table 1a displays vacancy by the month-end count of empty properties. Table 1b shows the vacancy as a percentage of the total properties in each pool. The vacancy rate is heavily influenced by the number of lease expirations in a given month. Generally, the more leases expiring in a given month, the higher the vacancy rate will be. Because each transaction has a distinct lease expiration schedule, the vacancy rate should not be viewed at one point in time, but rather in the context of its lease expiration cycle, as reported in Tables 2a and 2b and as seen in the charts in Appendix I.

Tables 2a and 2b – Lease Expiration

Because lease expiration profiles change over time as previous tenants renew or new tenants occupy vacant properties, Morningstar seeks to rely on more recently published reporting of lease expirations, rather than solely using the lease expiration schedule from the cutoff date. To determine May lease expirations, Morningstar looks for all May lease expirations in the February property tape. Morningstar looks three months back to set a lease expiration sample that more accurately captures tenants that renew their leases in months before their scheduled lease expiration. Certain issuers have indicated that they proactively work to renew tenants a few months before the lease expiration date. In January, Morningstar revised its method for determining the eligible properties to be included in the lease expiration sample. Because Morningstar is looking three months back to determine its sample, there are instances when tenants vacate properties between the time Morningstar determines its sample and the month in which the tenant must make a decision to stay in the property. Morningstar now excludes those vacated properties from its lease expiration sample and its retention rate calculation in Table 6. In the current example, properties that become vacant or that have move out dates in either March or April are removed from the May lease expiration count.

Tables 3a and 3b – Historical Months of Vacancy

Tables 3a and 3b show the number of months of vacancy the May unoccupied properties have experienced. In other words, if a property is unoccupied as of the May 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 May vacancies.

Table 4 – Delinquency Definition

Morningstar’s calculation of delinquency is based on the number of properties flagged as delinquent in the monthly property-level data. Each issuer uses its own criteria for classifying a tenant as delinquent. Table 4 summarizes the delinquency definition for each issuer and contains details on the length of time that must pass from a tenant’s due date to be considered delinquent. The length of time is either based on a day count of 30 days, or is based on the calendar month. The slight distinction, for example, either results in a property with payment due on March 1 considered as delinquent after 30 days or as delinquent on April 1. None of the issuers factor a grace period into their delinquency definition, meaning their respective measures of past due begin if payment has not been received by the stated due date. In addition to timing, these conditions can also differ by the total dollar threshold an issuer uses to classify a tenant as delinquent and by the types of overdue payments that the issuer uses to count toward that threshold. For example, most issuers use only base rent to determine the dollar amount of delinquency. However, Silver Bay Realty and Tricon American Homes each count total receivables to determine the past due amount. Progress Residential includes certain fees above base rent but not total receivables.

Tables 5a and 5b – Month-End Delinquency

Table 5a shows the month-end count of delinquencies based on the definition in Table 4, and Table 5b shows delinquency as a percentage of the total number of properties in each pool. Any review of delinquency should be viewed within the context of the delinquency definitions outlined in Table 4.

Table 6 – Monthly Retention Rate of Expiring Leases

When evaluating an issuer’s ability to keep tenants in a property, Morningstar considers a retention rate. Once again, differences in monthly reporting affect the calculation that Morningstar uses. Typically, a renewal rate would review those tenants that signed a full-term lease. Considering the different methods issuers use to designate tenants with either a renewal or an MTM status, Morningstar opted to report the retention rate instead of the renewal rate. The retention rate is defined as those properties that retained previous tenants, whether on full-term or MTM leases, divided by the total number of leases due to expire in that period, as reported in Table 2a and explained in Appendix II. If there is not enough seasoning in the deal to look three months back to determine the lease expiration sample, Morningstar relies on the cutoff tape lease expiration profile. As a result, the first three months of retention rate reported in Table 6 will use the cutoff tape to find the sample of lease expirations. After isolating the applicable lease expiration sample,

Morningstar looks at the most recent property tape to determine the lease status of the properties. In this report, Morningstar uses the May property tape to determine the lease status for April expirations. Morningstar continues to rely on the issuer's labeling of vacant, renewal, new lease, or MTM, to the extent that these notations are available in each tape.

Table 7 – Monthly Retention Rate of MTM Leases

In Table 7, Morningstar reviews the retention rate of those properties in an MTM status. This table looks at previous tenants that went to an MTM status and either renewed or remained in the property on an MTM basis. For the MTM retention rate, Morningstar looks for MTM tenants in the previous month's property tape, and then looks to the current month for their occupancy status. For example, the April 2016 retention rates are the May statuses of April MTM tenants.

Tables 8a and 8b – MTM Tenants

In Tables 8a and 8b, Morningstar shows the count and percentage of properties with MTM tenants. Securitizations with higher concentrations of MTM tenants typically report higher retention rates of their MTM leases. MTM tenants are usually subject to a monthly fee, which may encourage them to eventually sign full-term leases.

Table 9 – Monthly Turnover Rate

In evaluating how effective an issuer is at retaining tenants, Morningstar also considers the monthly turnover rate. For this metric, Morningstar strives to apply a consistent calculation given the differences in issuers' monthly reporting. Morningstar considers a property turned over if it meets one of three criteria:

- The property is vacant but was occupied in the previous month and the move-out date, if available, is on or after the first day of the current month;
- The move-out date is on or after the first day of the current month including the last day of the current month;
- Or the property was occupied in the prior month and a tenant has signed a new lease that starts on or after the second day of the current month.

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