



# Investor Exposure to Marketplace Loans Affected by Hurricane Harvey

**SUMMARY /** This Insights Report aims to assist investors studying the potential impact of Hurricane Harvey on MPL payment patterns. The report summarizes data across seven categories: outstanding loans affected, delinquency status, FICO score at origination, loan payment to income ratio, loan age, loan coupon, and home ownership.

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**dv01**

**Scott Chen**, Data Analyst  
**Frank Deutschmann**, Head of Product  
**Lisa Mahapatra**, Data Visualization

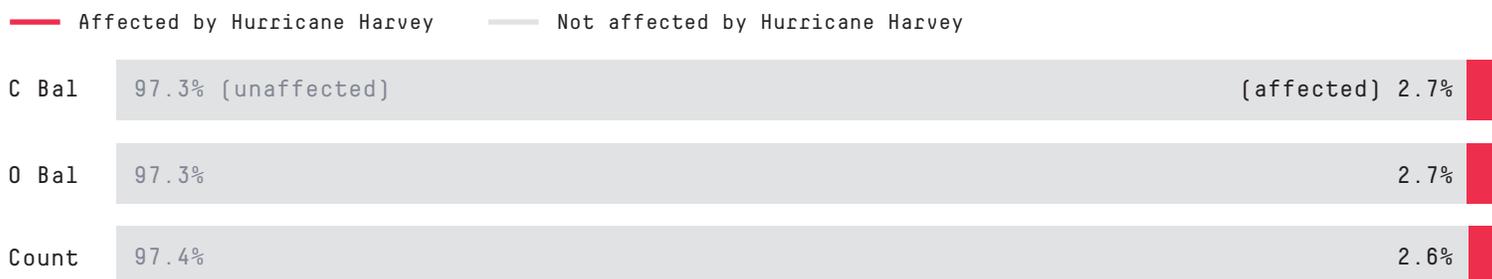
**INTRODUCTION /** In the aftermath of Hurricane Harvey, dv01 added a “Harvey Region” filter to our platform, allowing investors to monitor exposure to potentially affected loans. The following compilation of data aims to assist investors studying the potential impact of Hurricane Harvey on MPL payment patterns. The data is aggregated from four MPL platforms with a combined origination of 1.7 million loans totaling \$24.7 billion original balance from 2013 through 2017 year to date, with \$13.4 billion remaining outstanding balance.

For the purposes of this report, we consider a loan “affected” by Hurricane Harvey if it was originated to a borrower with a home address in any of the 648 zip codes located within the 38 counties designated by [FEMA as Individual Assistance Disaster Areas](#), as of September 4, 2017. We will update this report as needed to reflect changes in data or affected area.

This report presents summary data across seven categories: outstanding loans affected, delinquency status, FICO score at origination, loan payment to income ratio, loan age, loan coupon, and home ownership. For comparison purposes, we present data on three cohorts: outstanding loans in the affected region, all outstanding loans originated to Texas borrowers, and the full population of outstanding loans. Given that we saw no significant differences in affected loans across platforms, we present the data below in aggregate for easier readability.

**OUTSTANDING LOANS AFFECTED /** As reflected in the chart below, approximately 2.7% of outstanding marketplace loans included in this study are in the affected region, with no significant difference when viewed by current balance, original balance, or loan count. In order to simplify analysis for the remainder of this report, we present all data on a current outstanding balance basis.

FIG 1: Proportion of loans affected by Hurricane Harvey



**DELINQUENCY STATUS /** In order to analyze delinquency status of affected loans, we compared loans in the affected region to all outstanding loans in Texas and to all outstanding MPL loans included in this study. We see that variation in specific delinquency status is virtually identical across all three cohorts, with less than a 20bps spread across the cohorts in any specific delinquency status. On an aggregate current versus delinquent basis, we see a small yet significant difference: the overall

delinquency rate of the Texas cohort exceeds the delinquency rate of the full population by approximately 24 bps, while the affected loans cohort exceeds the delinquency rate of the full population by approximately 41 bps. However, based on the specific delinquency statuses, these differences pre-date Hurricane Harvey.

FIG 2: Percent of balance by loan status, Late or DPD status only

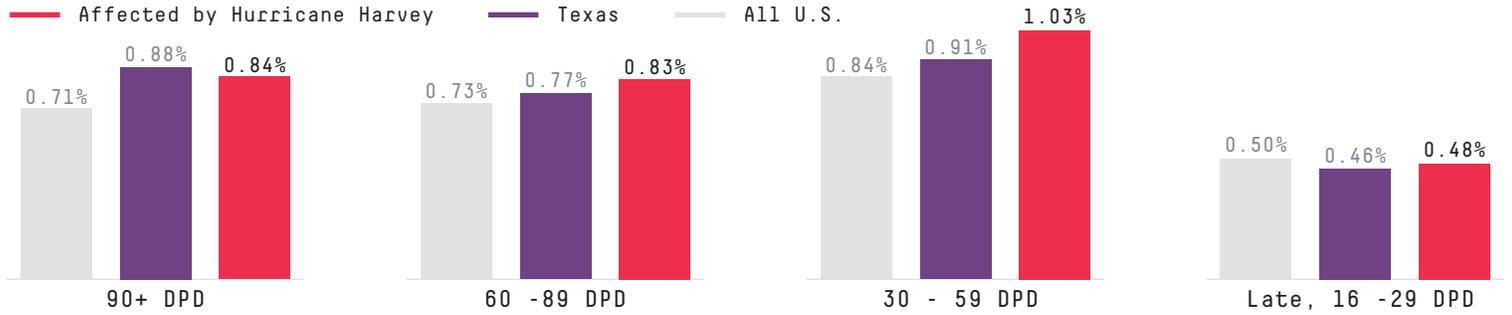
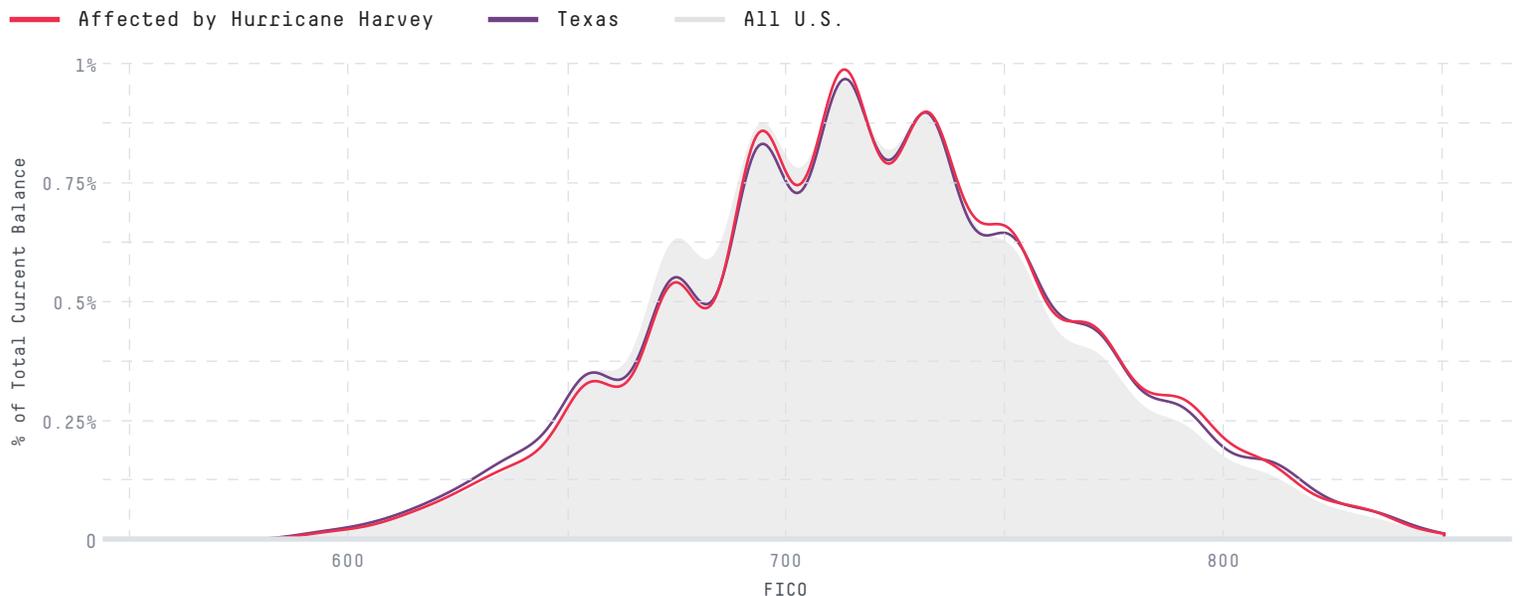


FIG 3: Percent of balance, Current status



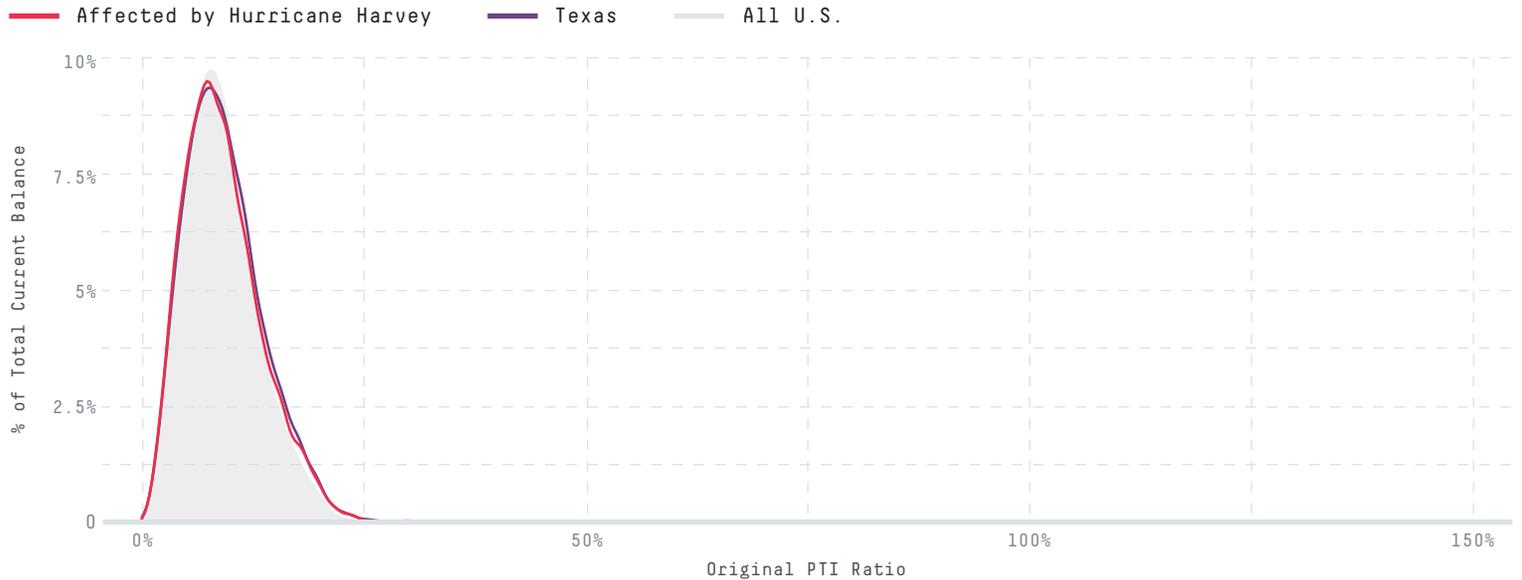
**FICO SCORE AT ORIGINATION** / Looking at the distribution of FICO scores of loans in the affected region, we see that they most closely resemble the broader cohort of Texas MPL loans. These cohorts are slightly underweight in the mid-600 FICO range, and slightly overweight in the 720+ FICO range as compared to the full population of outstanding MPL loans.

FIG 4: FICO distribution by region



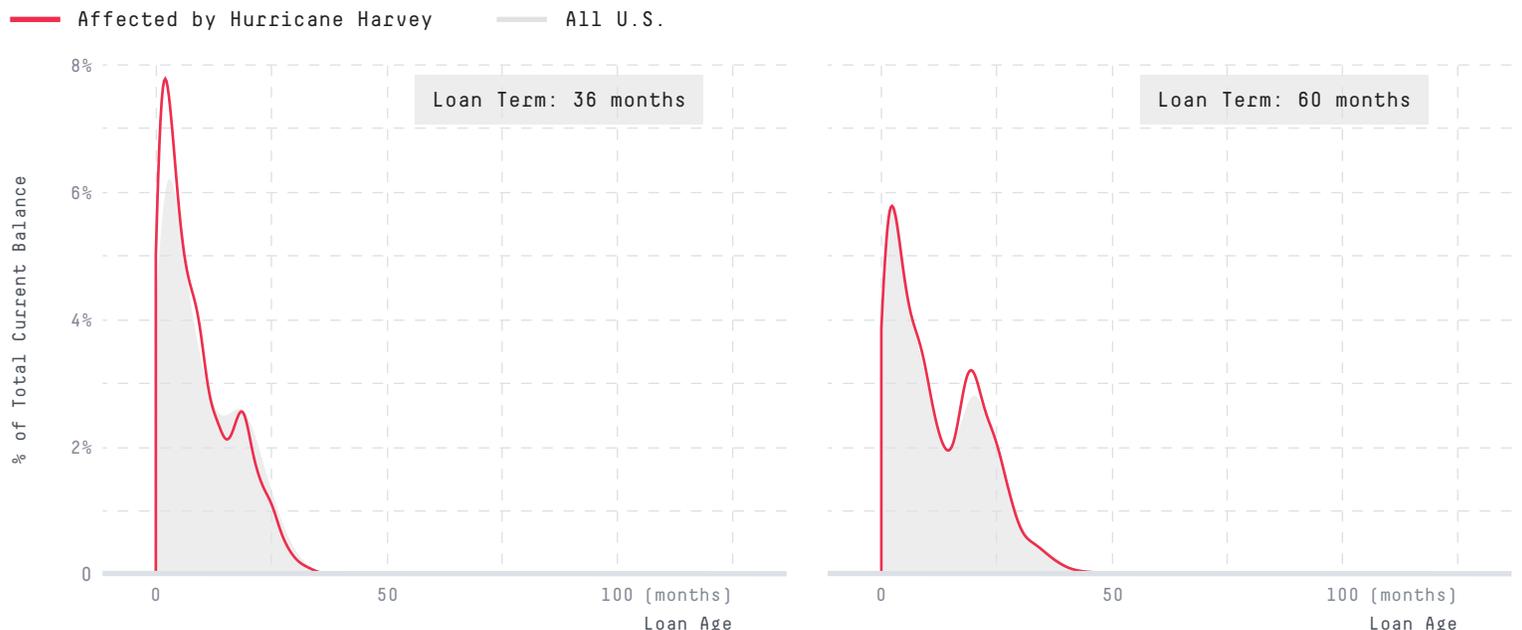
**LOAN PAYMENT TO INCOME RATIO /** Payment to Income Ratio for loans in the affected region and for loans in the outstanding Texas MPL cohort are virtually identical to the broader outstanding MPL loan population, with no significant difference in level or dispersion.

FIG 5: Original PTI Ratio distribution by region



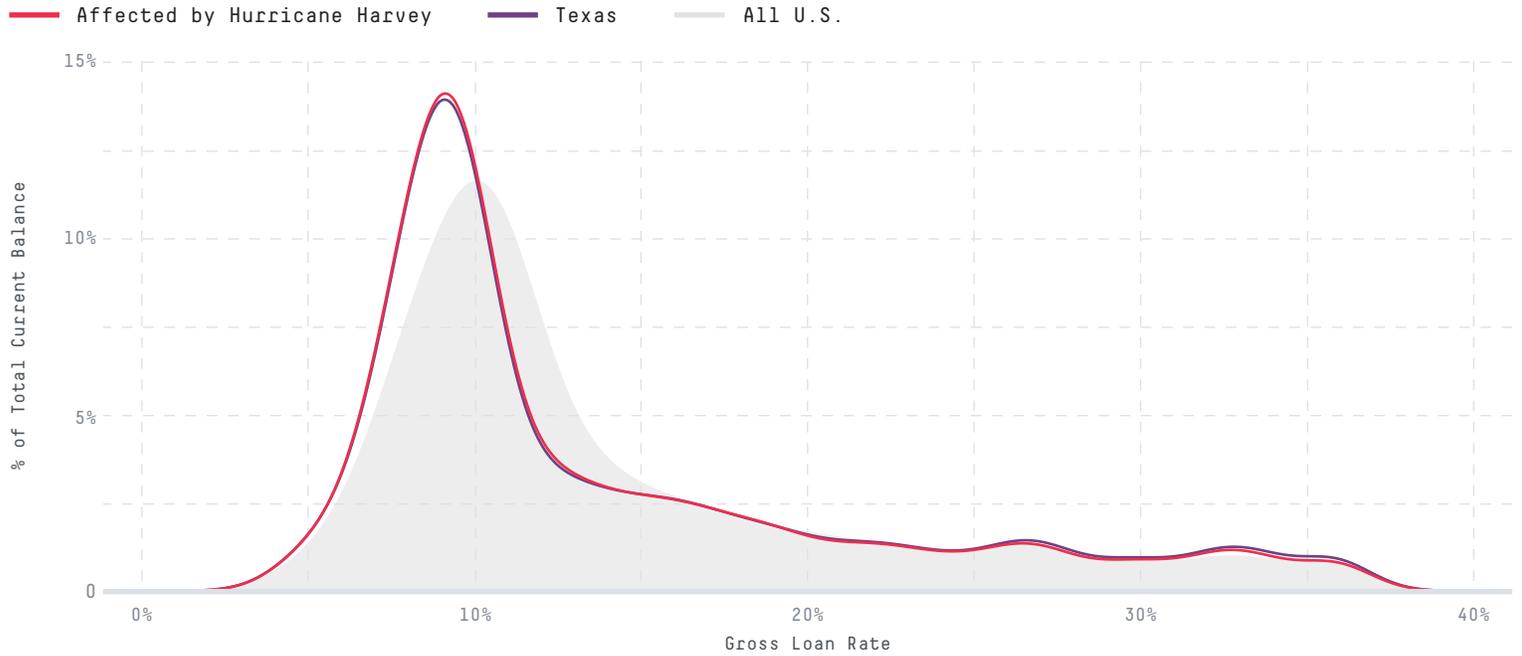
**LOAN AGE /** Loans age distribution in the affected region for 60 month loans exactly matches that of the full population of outstanding MPL loans, while 36 month loans in the affected region have a slightly increased bias (approximately 2%) with less than 6 months of seasoning. This bias mirrors the less than 6 month seasoning bias of the broader outstanding Texas MPL loan cohort, which is not shown for clarity reasons.

FIG 6: Loan Age distribution by Loan Term and region



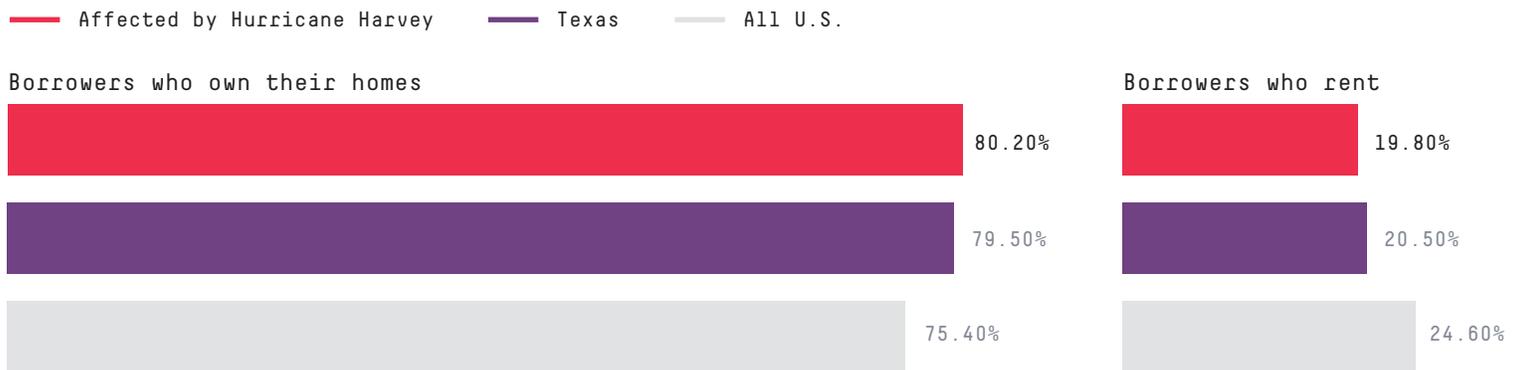
**LOAN COUPON /** Looking at loan coupon data, we see a significant difference for loans in the affected region and the Texas cohort as compared to the full cohort of outstanding MPL loans. Loans in the affected region and the broader Texas cohort both show a significant bias to a coupon approximately 100 bps lower, with less dispersion across the cohort as compared to the full cohort of outstanding MPL loans.

FIG 7: Gross Loan Rate distribution by region



**HOME OWNERSHIP /** In Home Ownership status, we see that affected loans are similar to the Texas outstanding loan population, with an approximately 5% greater degree of home ownership as compared to the full population of outstanding MPL loans. Homeowners in the affected region may be expected to experience a larger degree of financial stress than renters in the aftermath of Hurricane Harvey.

FIG 8: Percent of borrowers who Own vs. Rent



**CONCLUSION /** We have compiled the summary data presented in this report in order to assist investors studying and quantifying the potential impact of Hurricane

Harvey on loan repayment patterns in the MPL asset class.

To summarize, the loans in the affected region show strong similarity to the cohort of currently outstanding Texas loans, with insignificant differences across delinquency status, FICO score, payment to income ratio, loan age, loan coupon, and home ownership. However, the Texas and affected loan cohorts do show variance compared to the full population of outstanding MPL loans, in that they have comparatively higher FICO scores, less seasoning, lower coupons, and a greater degree of home ownership.

Please reach out to [support@dv01.co](mailto:support@dv01.co) with any questions or for further detail on the presented data.

**ABOUT DV01 /** dv01 is a data management, reporting, and analytics platform that brings transparency and insight to lending markets—making them more efficient for institutional investors and safer for the world. As a hub between lenders and capital markets, dv01 provides one source of transparent data for bonds and whole loans. To date, dv01’s platform has offered investors insight into \$10 billion of securitizations and more than \$55 billion of consumer, small business, real estate, auto, and student loans (>90% of total) from the largest online lenders, including LendingClub, Prosper, and SoFi.