

Fannie Mae Benchmark CPR™ Commentary – Aug 2020

30 Year Benchmark CPR

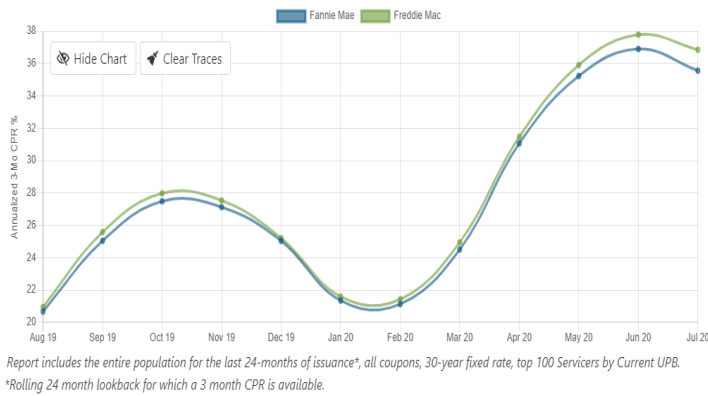


Exhibit 1

After four months of steady increases, prepayment speeds took a summer vacation and slowed down in July bucking market expectations and the persistent low rate environment – we estimate that 64% of mortgages are at least 50 bps in the money assuming 2.99% prevailing rate. Fannie Mae Cohort Benchmark CPR3 (BCPR3) came in at 35.6 CPR for the month of July, which was a 3.5% decrease from the 36.9 CPR observed in June. Individual components of the BCPR3 in Table 1 below show the slowdown in July versus April and how this drives the BCPR3 down. Last month we noted some headwinds to refinance activity via lengthening closing times and pickup in purchase money market and this appears to be manifesting itself in the slower prepayment speeds.

Reporting Period	BCPR3	April Component CPR	May Component CPR	June Component CPR	July Component CPR
June 2020	36.9	38.5	35.6	36.7	
July 2020	35.6		35.6	36.7	34.5

Table 1: Components of Fannie Mae's 30 Year June and July BCPR Results

15 Year Benchmark CPR

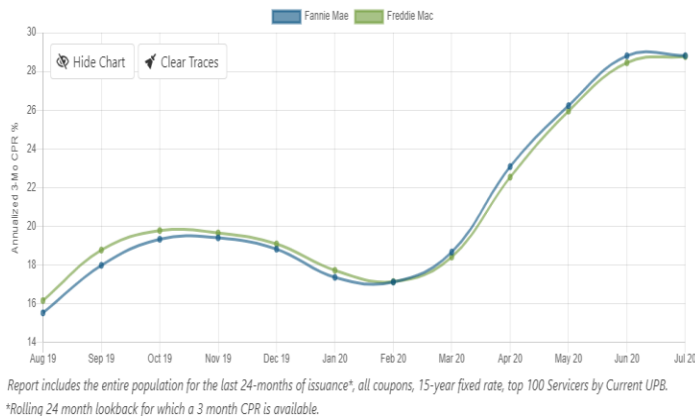


Exhibit 2

Fannie Mae Cohort 15-year Benchmark CPR3 (BCPR3) remained unchanged in July from the prior month at 28.8 CPR. Similar to the 30-year sector, the July 1-month component speed showed a slowdown to 29.0 CPR versus 30.2 CPR in June.

Heatmaps

Below we present the Benchmark CPR heatmap, a feature we previewed in prior editions of this commentary, which are now available to users as a feature embedded in the Benchmark CPR table. Each heatmap consists of two panels: the panel on the left shows the Benchmark CPR3 for the Fannie Mae reference population over the last twelve factor months, using a multicolor scale, while the panel on the right shows the outstanding UPB using a blue scale. Each heatmap cohorts the reference population across a chosen metric (Loan Size for example). Further, a simple rep line with metrics such as WAC, WALA, AOLS, is also shown for each cohort.

To access the Heatmaps, expand the desired cohort or entity and then click the Heatmap button to the right as shown in Exhibit 3 below.

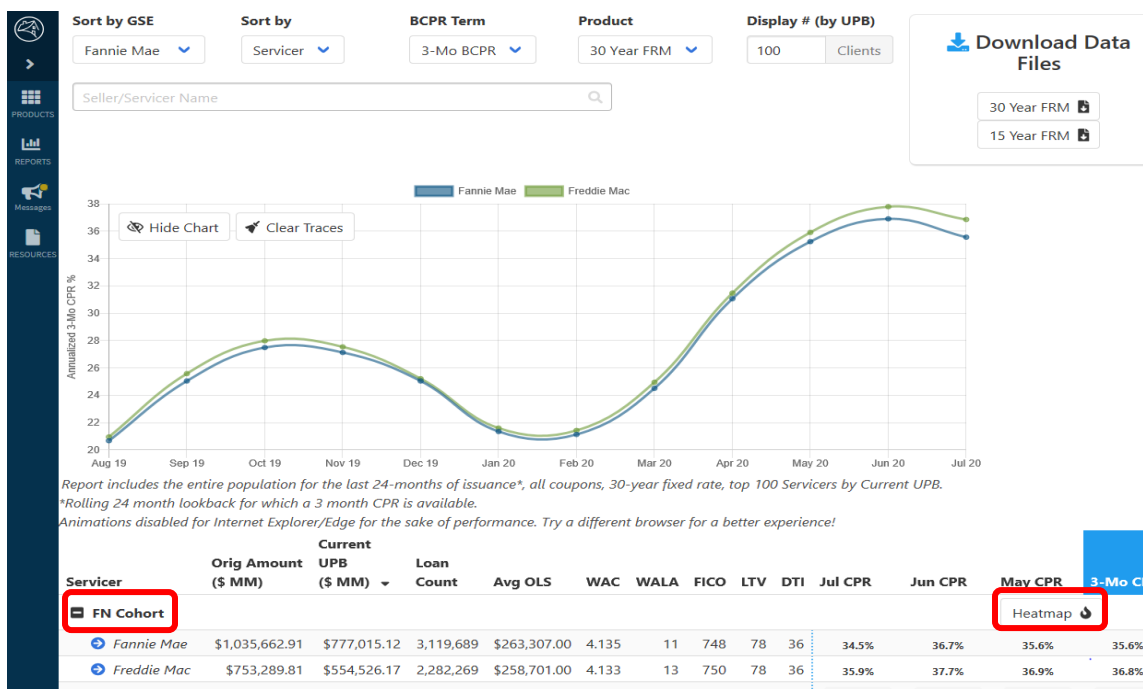


Exhibit 3

Once in the Heatmap popup, you can choose from several population cuts as illustrated in Exhibit 4 below. The next choice is the Measure where you can choose *Relative* to evaluate speeds and UPB concentrations vs cohort or choose *Absolute* to evaluate BCPR figures and UPB composition for the entity. Note that the overall population for the heatmap can be changed in the main BCPR screen shown in Exhibit 3 above. Here one can choose the GSE, Seller/Servicer, BCPR Term and Product.

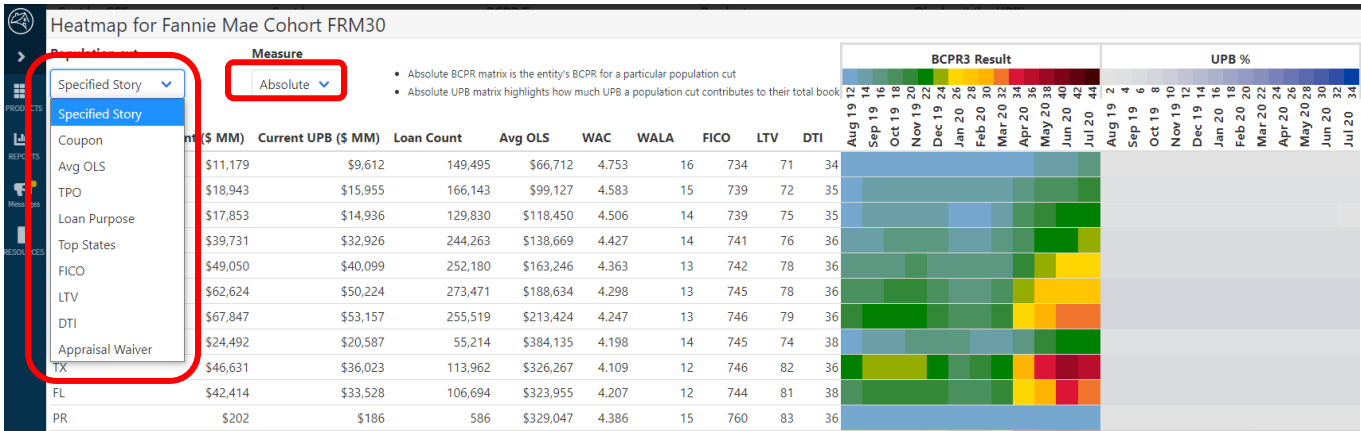


Exhibit 4

Geo and Coupon

Exhibit 5 shows the prepay performance across various top states in the Fannie cohort. Recently the prepay performance of NY, FL & TX collateral has garnered more attention from market participants with the increase in pooling and trading of this collateral. Every state listed showed in Benchmark CPR3 terms increased speeds in the Mar – Jun performance period relative to the prior four performance periods. However, the NY & FL buckets do not exhibit the same level of increases as the rest, validating the call protection of the NY & FL story pools. TX loans do offer more call protection than most of the other top states, but not to the same degree as NY & FL. PA loans appears to offer similar performance to TX. However, at nearly three times the PA volume, TX loans are more prevalent and likely more readily available to source in pool form.

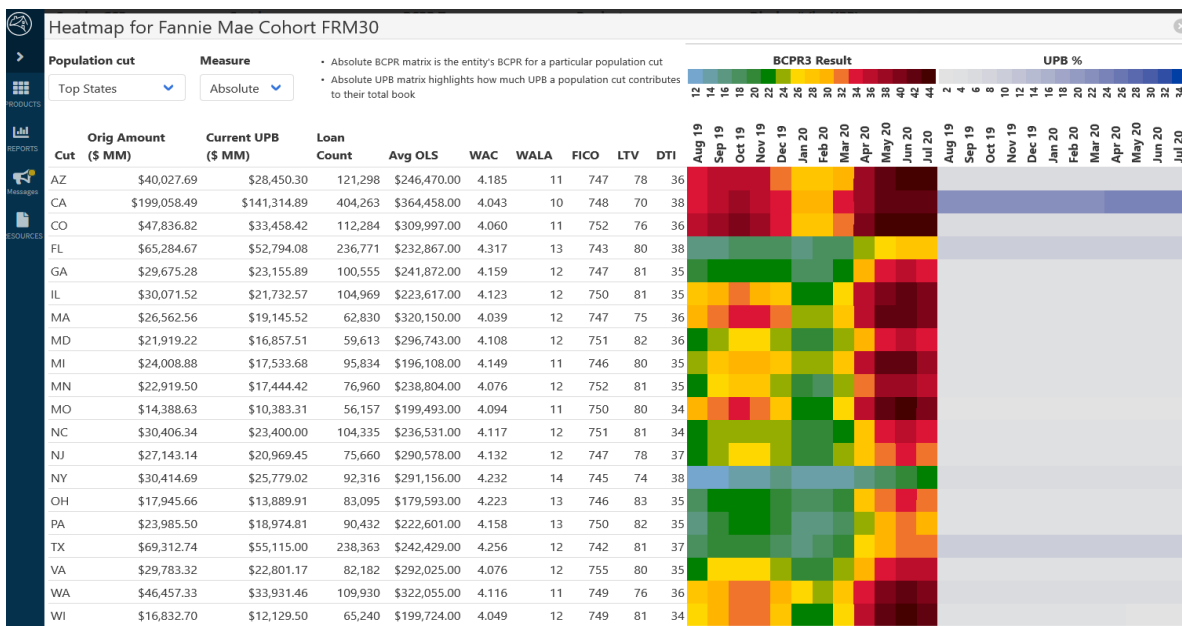


Exhibit 5

Next, the performance of the coupon stack shows that 3.5s and 4.0s have some stabilization and marginal decline in speeds this month after steadily increasing in speeds throughout 2020. This can be observed both in the BCPR3 metric (Exhibit 6) as well as the 1-month version of the Benchmark CPR, BCPR1 (Exhibit 7).

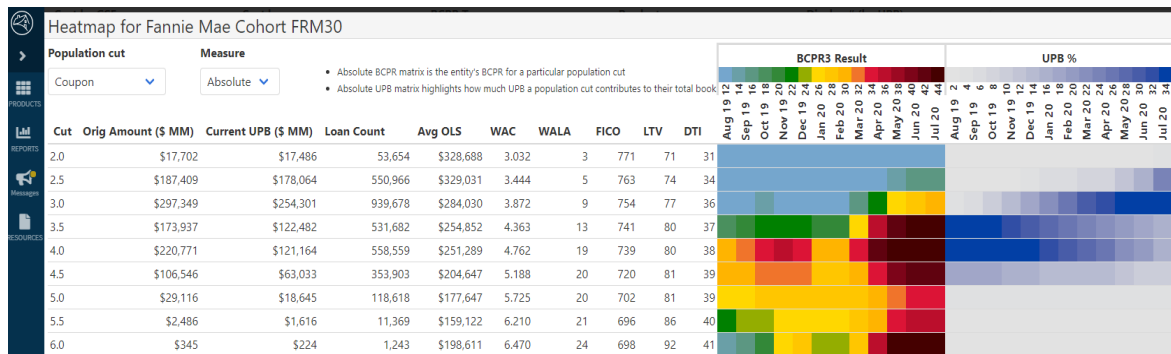


Exhibit 6

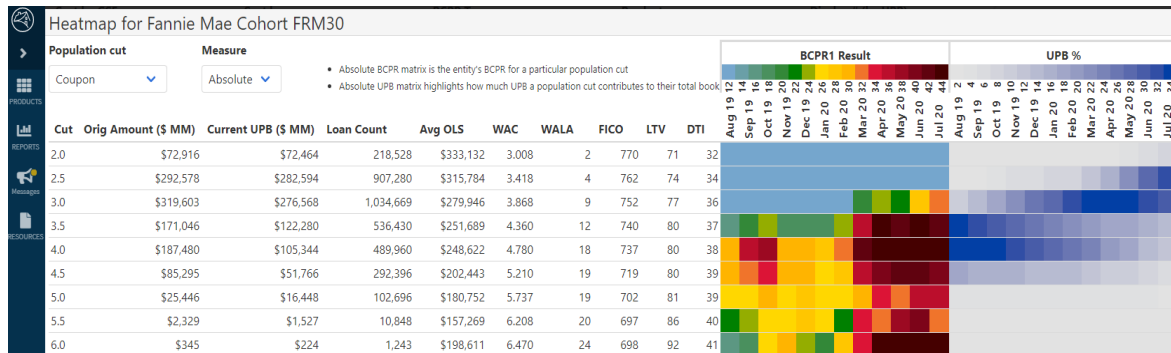


Exhibit 7



Additional Resources

Contact Us

For questions, please contact the Fannie Mae Investor Help Line at 1-800-232-6643, Option 3 or by [e-mail](#).

Resources

[Benchmark CPR Dashboard](#)

[Benchmark CPR Video Tutorial](#)

[Benchmark CPR Methodology Overview](#)

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