User Guide
MBS Transition Matrix

Data Dynamics®

November 2020

Fannie Mae®

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MBS Transition Matrix

Available through the **Forbearance and Delinquency Dashboard** tile in the MBS section of Data Dynamics

1

Transparency

Shows month-over-month transitions in Forbearance, Workout, and Delinquency status for loans that collateralize our MBS.

2

Existing and Upcoming MBS Disclosures

Currently publishing monthly pool-level delinquency status and Borrower Assistance Plan (BAP) stratifications. Will begin to publish loan-level Alternative Delinquency Resolution disclosures in December 2020.

3

Insights

The MBS Transition Matrix is intended to provide insight into changes in these balances. Investors may find the report useful for projecting cashflows on MBS securities.

4

MBS Focus

Transition rates are calculated in accordance with MBS policies; as a result, transition rates may not be applicable to credit risk transfer (CRT) securities.

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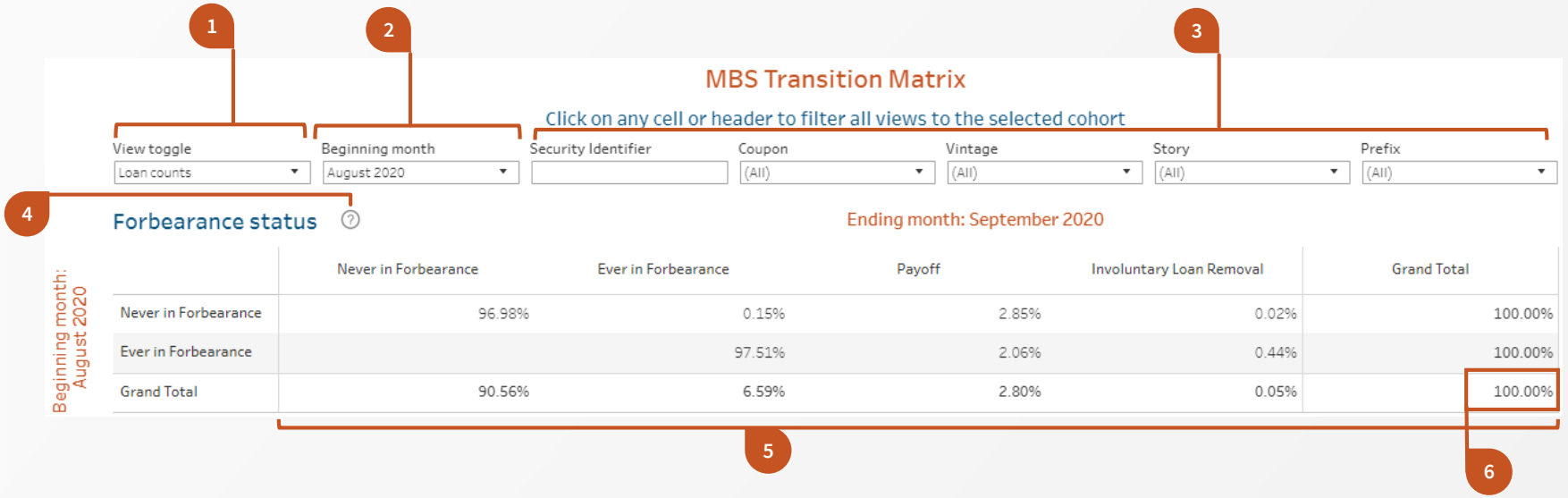
Using the MBS Transition Matrix

The dashboard includes three matrices that allow investors to analyze month-over-month transitions in Forbearance, Workout, and Delinquency status for loans that collateralize our MBS.

Timing of Status Reporting

- Fannie Mae currently discloses the pool-level BAP stratification with a one-month delay relative to other disclosures, due to the timing of our servicing reporting cycle.
- For example, the monthly MBS disclosures published in November contain the pool-level delinquency stratification in October and the pool-level BAP stratification in September.
- We align the delinquency and BAP status delays in the MBS Transition Matrix to provide apples-to-apples reporting.
- For example, if the most recent BAP status available is September but the most recent delinquency status available is October, the latest month available in the MBS Transition Matrix will be September.



Explanation of updates

1 View by Loan Count or UPB

Toggle between a loan count or the UPB in the Beginning month.

2 Select Beginning Month

Corresponds to the Y-Axis. The Ending month (X-Axis) is always the month immediately following this selection.

3 Filtering

Filter by security or by any combination of coupon, vintage, story, or prefix.

4 Definitions

Click this symbol for definitions of the classifications used in each table.

5 Transition Rates

The table illustrates transition rates as a percentage of the beginning population.

6 Loan Population

Reflects transition rates for the entire population of loans that was active in the Beginning month; whereas monthly MBS disclosures and existing Data Dynamics reports show investor balances for active loans as of the disclosure publication date.

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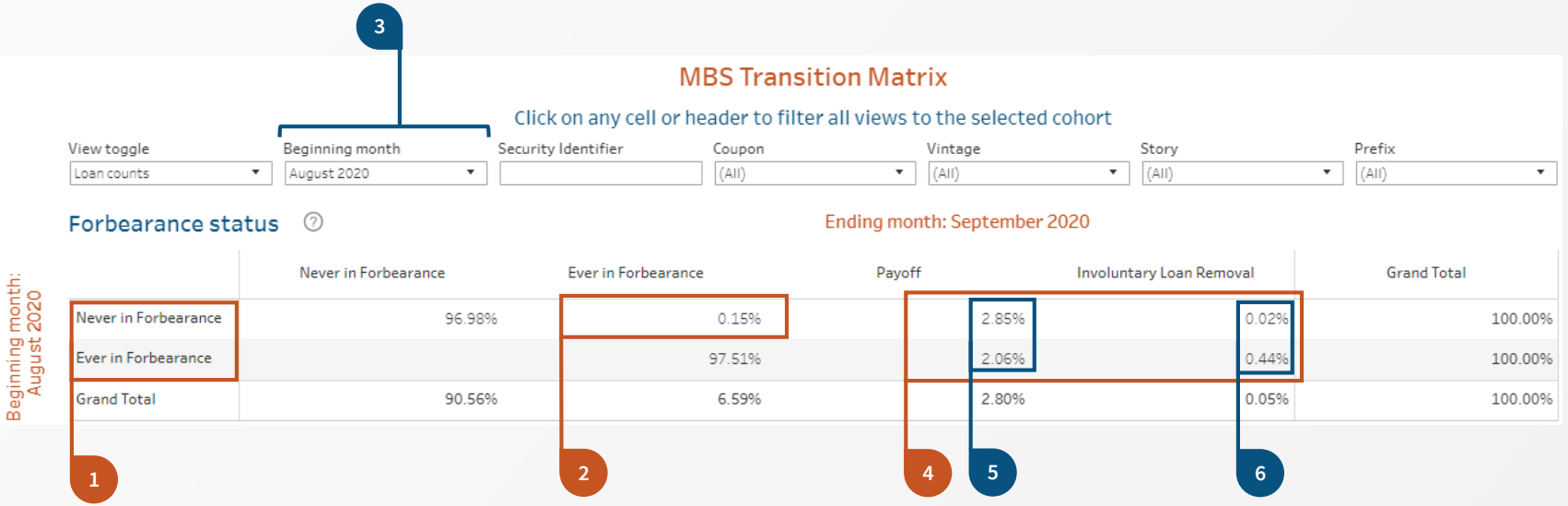
MBS Transition Matrix Tables

Analyze month-over-month transitions in Forbearance, Workout, and Delinquency status for loans that collateralize our MBS.

(1) Forbearance Status Transitions

- Shows transition rates between forbearance statuses and loan payoff/removal.
- By filtering to prior periods using the Beginning month dropdown, users can see the evolution of transition rates. For instance, the rate of loans transitioning from “Never in Forbearance” to “Ever in Forbearance” has declined period over period.



Interpreting the Forbearance Status*

1 Lookback Period

These statuses indicate whether a loan has previously been reported as being in forbearance since January 2014.

2 New Loans in Forbearance

Rate at which loans that were never in forbearance as of the Beginning month transition into forbearance the following month.

3 Insight: Transitions over Time

By filtering to prior periods, users can see rate of loans transitioning from “Never in Forbearance” to “Ever in Forbearance” has declined period over period.

4 Analyze Payoffs and Removals

Compare rates of loan payoff/removal for loans that were never in forbearance and ever in forbearance.

5 Insight: September Payoffs

A higher share of loans that were “Never in Forbearance” in August 2020 paid off in September than loans that were “Ever in Forbearance” in August 2020.

6 Insight: September Removals

Conversely, a higher share of the “Ever in Forbearance” population transitioned to involuntary loan removal in September 2020.

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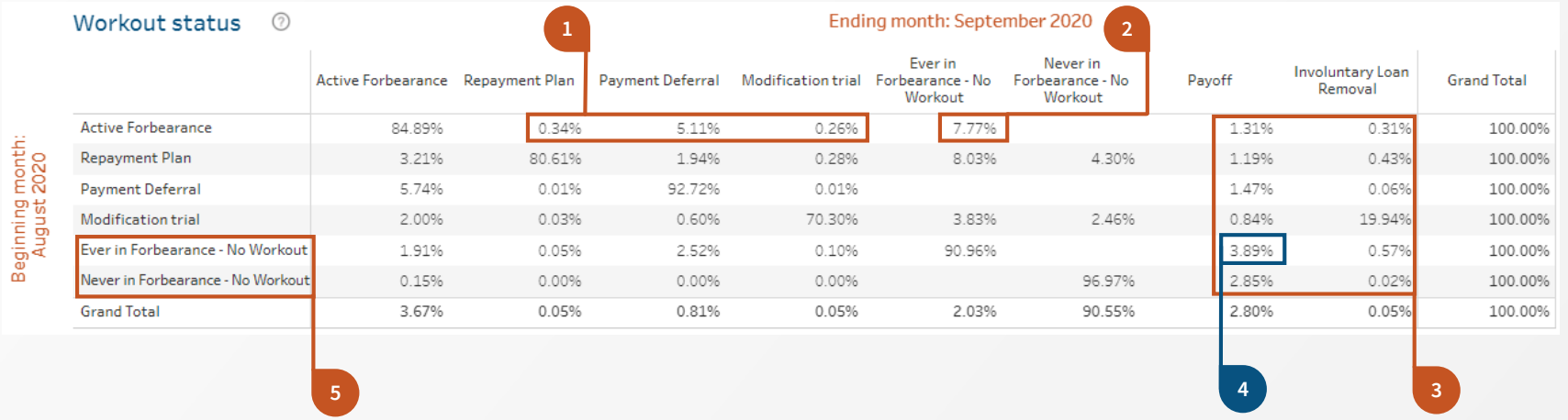
MBS Transition Matrix Tables

Analyze month-over-month transitions in Forbearance, Workout, and Delinquency status for loans that collateralize our MBS.

(2) Workout Status Transitions

- Shows transition rates between workout status and loan payoff/removal.
- Derive insights into the rate at which loans that were in a forbearance plan as of the Beginning month transition into a workout such as a repayment plan, payment deferral, or trial modification.
- In cases where a loan is reported to be in multiple workout options, such as a payment deferral and active forbearance plan, the most recently received workout option will take precedence.



Workout status

Ending month: September 2020

Beginning month: August 2020	Active Forbearance	Repayment Plan	Payment Deferral	Modification trial	Ever in Forbearance - No Workout	Never in Forbearance - No Workout	Payoff	Involuntary Loan Removal	Grand Total
Active Forbearance	84.89%	0.34%	5.11%	0.26%	7.77%		1.31%	0.31%	100.00%
Repayment Plan	3.21%	80.61%	1.94%	0.28%	8.03%	4.30%	1.19%	0.43%	100.00%
Payment Deferral	5.74%	0.01%	92.72%	0.01%			1.47%	0.06%	100.00%
Modification trial	2.00%	0.03%	0.60%	70.30%	3.83%	2.46%	0.84%	19.94%	100.00%
Ever in Forbearance - No Workout	1.91%	0.05%	2.52%	0.10%	90.96%		3.89%	0.57%	100.00%
Never in Forbearance - No Workout	0.15%	0.00%	0.00%	0.00%		96.97%	2.85%	0.02%	100.00%
Grand Total	3.67%	0.05%	0.81%	0.05%	2.03%	90.55%	2.80%	0.05%	100.00%

1 2 3 4 5

Interpreting the Workout Status*

1 Forbearance Transitions

Rate at which loans that were in a forbearance plan transition into a workout.

For example, almost 5% of loans in "Active Forbearance" in August 2020 transitioned to a "Payment Deferral" in September 2020.

3 Exiting Forbearance without a Workout

Rate at which loans exit an active forbearance plan with no workout, either via reinstatement, because none of the workout options were appropriate, or a workout has not yet been completed.

3 Payoffs/Removals for Various Workouts

Compare the rates of loan payoff or removal for loans in various workout options.

4 Insight: Highest Payoff Rates

For example, the population of loans that was "Ever in Forbearance – No Workout" had the highest payoff rate in September 2020.

5 Lookback Period

These statuses indicate whether a loan has previously been reported as being in forbearance since January 2014 and is not in any of the other workout statuses.

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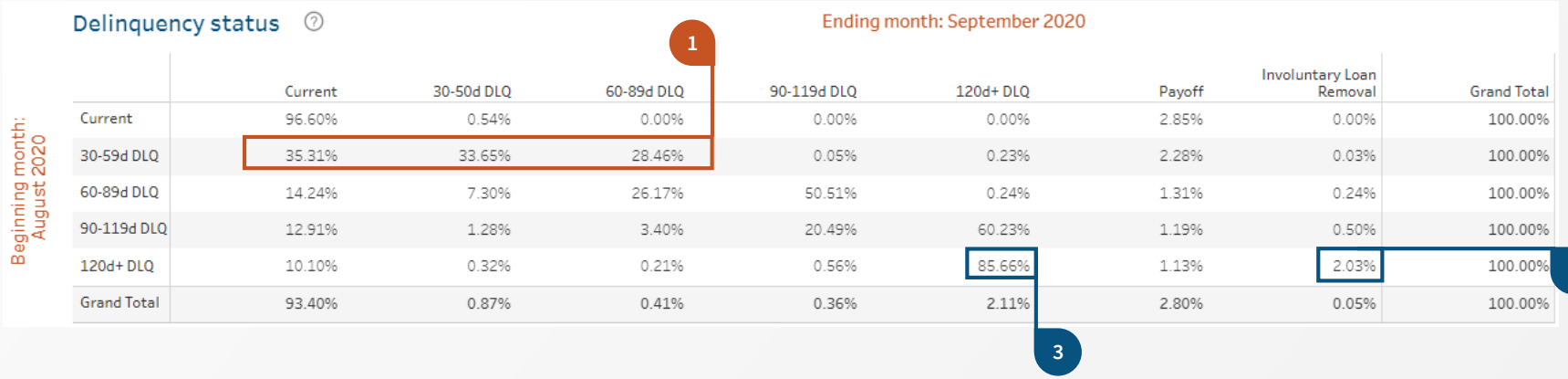
(3) Delinquency Status Transitions

- Shows transition rates between delinquency status and loan payoff/removal.
- Derive insights into the rate at which loans move into deeper delinquency, as well as the rate at which they cure.



Delinquency status

Ending month: September 2020

Beginning month: August 2020

	Current	30-50d DLQ	60-89d DLQ	90-119d DLQ	120d+ DLQ	Payoff	Involuntary Loan Removal	Grand Total
Current	96.60%	0.54%	0.00%	0.00%	0.00%	2.85%	0.00%	100.00%
30-59d DLQ	35.31%	33.65%	28.46%	0.05%	0.23%	2.28%	0.03%	100.00%
60-89d DLQ	14.24%	7.30%	26.17%	50.51%	0.24%	1.31%	0.24%	100.00%
90-119d DLQ	12.91%	1.28%	3.40%	20.49%	60.23%	1.19%	0.50%	100.00%
120d+ DLQ	10.10%	0.32%	0.21%	0.56%	85.66%	1.13%	2.03%	100.00%
Grand Total	93.40%	0.87%	0.41%	0.36%	2.11%	2.80%	0.05%	100.00%

1 2 3

Interpreting the Delinquency Status*

1 Delinquency Roll Rates

As an example, for loans 30d DLQ in beginning Month (e.g., August), track the DLQ status in the ending month (e.g., September).

2 Insight: Elevated Loan Removals**

Until January 2021, involuntary loan removals will continue to occur after four consecutive missed payments; thereafter, the timeframe for loan buyout will be extended to twenty-four months.

3 Insight: Elevated 120d+ DLQ Status

Loans in an active workout, such as a forbearance plan, are not bought out after missing four consecutive monthly payments.

As a result, loans that remain in the 120d DLQ status are elevated at this time.

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**Fannie Mae recently extended the timeframe for its delinquent loan buyout policy (see here for details) from four consecutive missed monthly payments to twenty-four consecutive monthly payments, which will first be reflected when January 2021 factors are released.

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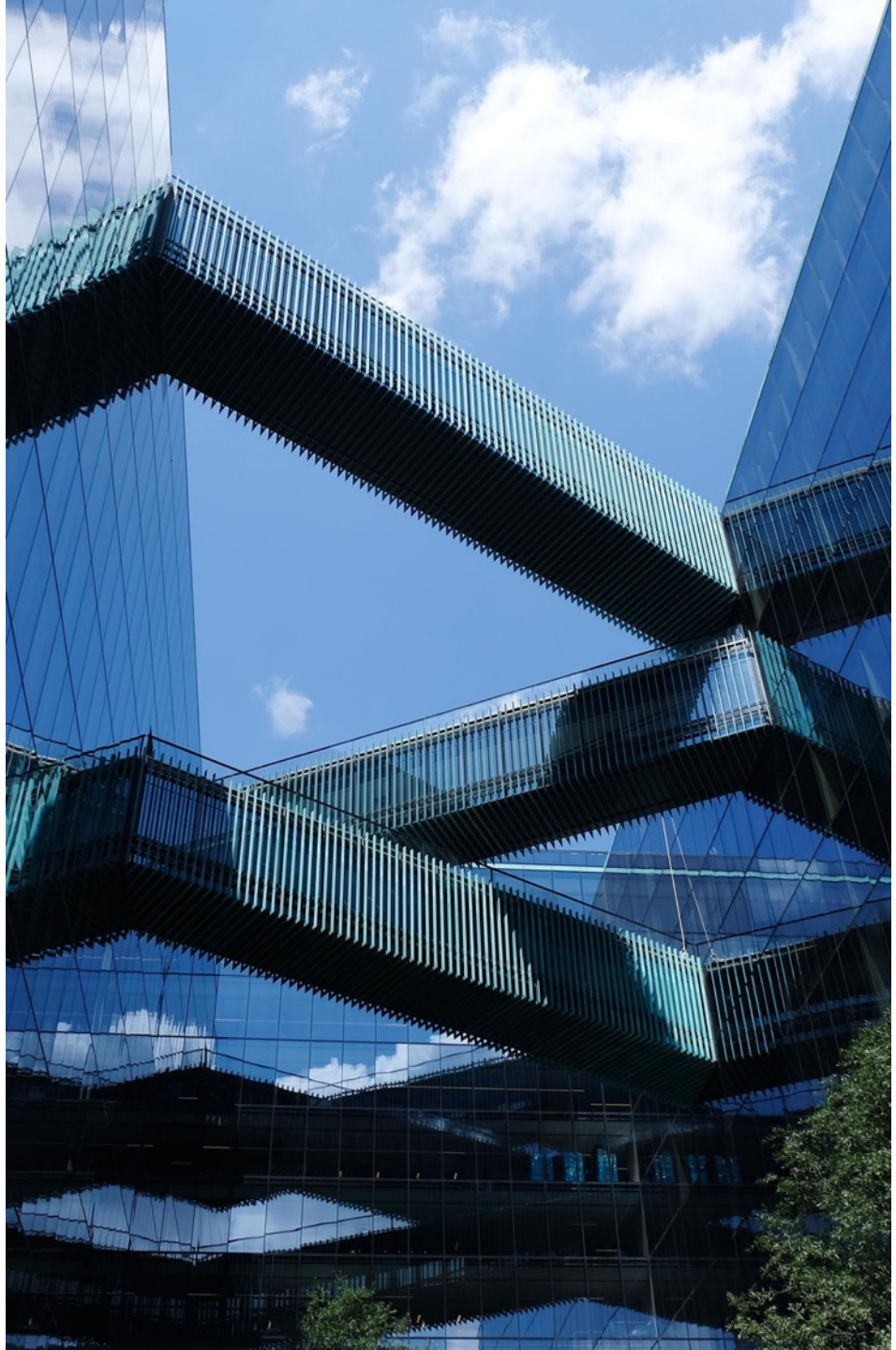

Resources

- **Access Data Dynamics:**
  www.fanniemae.com/datadynamics
- **Sign up for Fannie Mae communications:**
  www.fanniemae.com/CMsignup
- **Contact us with questions:**
  1-800-232-6643, Option 3 or by e-mail

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