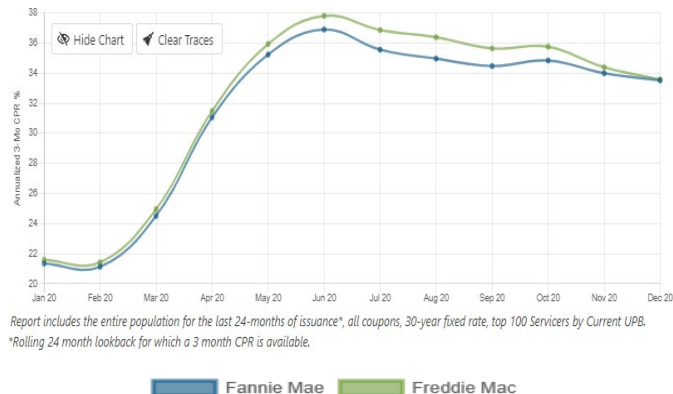# Fannie Mae Benchmark CPR™ Commentary – Jan 2021

30 Year Benchmark CPR

Report includes the entire population for the last 24-months of issuance*, all coupons, 30-year fixed rate, top 100 Servicers by Current UPB.
*Rolling 24 month lookback for which a 3 month CPR is available.

Fannie Mae   Freddie Mac

Exhibit 1

The December 30-year Benchmark CPR3 (BCPR3) for the Fannie Mae cohort decreased slightly, coming in at 33.5 CPR – a 1.5% decrease from the 34.0 CPR observed in November. Although the December 1-month component showed an increase over the November 1-month component, the overall BCPR decrease is due to the roll-off of the September 1-month component, which was higher than the December 1-month component. See ***Table 1a.***

In December, day count increased by 3 days but may have been partially offset by reduced productivity around the holidays. We continue to see a persistent rate incentive in the market and estimate 67% of all mortgages – and 80% of conventional mortgages – remain at least 50bps in the money using 2.65% as the prevailing 30-year mortgage rate.

Table 1a. Components of Fannie Mae's 30 Year Nov and Dec BCPR Results					
30 Yr FNM Cohort		BCRP3 Components			
Reporting Period	BCPR3	Sep	Oct	Nov	Dec
Nov 2020	34.0	35.0	35.5	31.5	
Dec 2020	33.5		35.5	31.5	33.5

Table 1b. Components of Fannie Mae's 15 Year Nov and Dec BCPR Results					
15 Yr FNM Cohort		BCRP3 Components			
Reporting Period	BCPR3	Sep	Oct	Nov	Dec
Nov 2020	26.3	28.1	27.4	23.8	
Dec 2020	25.5		27.4	23.8	25.3

Table 1: Components of Fannie Mae's Nov and Dec BCPR Results

15 Year Benchmark CPR

Report includes the entire population for the last 24-months of issuance*, all coupons, 15-year fixed rate, top 100 Servicers by Current UPB.
*Rolling 24 month lookback for which a 3 month CPR is available.

Fannie Mae   Freddie Mac

Exhibit 2

The Fannie Mae Cohort 15-year Benchmark CPR3 (BCPR3) slowed down 3.0% in December to 25.5 CPR from the prior month's 26.3 CPR. Similar to the 30-year metric, the December 1-month component increased 6.3% (to 25.3 CPR) from November but is still 10.0% lower than the September 1-month component it replaces. See ***Table 1b*** for the one-month components of FNM cohort 15-year BCPR3.

Historical Benchmark CPR Data

Beginning last month, historical Benchmark CPR results are now available going back to 2017 in a downloadable format. Check out the new Download MBS Data landing page within the MBS section of Data Dynamics to view this added capability. Using the historical data download functionality, users can easily analyze the raw data and produce analysis similar to the tables below.

Tables 2 and 3 below provide an updated summary of key trends on the 30 year and 15 year BCPR data. In Table 2, we can see that the share of Fannie Mae UPB that came in at >130% of cohort on a note-rate adjusted basis increased from 10% to 19% in December. A closer examination of the data shows that this increase can be attributed to a small number of large lenders whose BCPR relative to cohort increase slightly, tipping them into the faster bucket. On the other hand, we can also see that the share of Fannie Mae UPB coming in at 0-90% of cohort on a note-rate adjusted basis also increased from 33% to 36% in December due to a shift of several small- to moderate-sized sellers.

Summary of Fannie Mae 30 Year Historical BCPR Data - Seller view

Metric	Dec-2020	Nov-2020	Oct-2020	Jan-2020
Cohort BCPR1	28.5	26.3	30.0	17.2
Cohort BCPR3	**33.5**	**34.0**	**34.8**	**21.4**
Cohort BCPR6	43.2	43.3	43.4	27.5
WA BCPR3 of Top 25 Sellers*	36.7	37.2	37.7	22.5
WA NR-Adjusted % of Cohort for Top 25 Sellers*	109.4	108.4	107.1	107.2
BCPR3 Range (Max-Min) for Top 100 Sellers*	51.4	51.6	54.8	26.6
WA Standard Deviation BCPR3 for Top 100 Sellers*	7.3	7.1	6.9	4.8
WA Standard Deviation BCPR3 for All Sellers	9.3	9.0	8.9	5.5
Total Current UPB ($B)	**1015**	**961**	**918**	**689**
% of Cohort UPB w/ NR-Adjusted BCPR3 0-90% of Cohort	36%	33%	32%	28%
% of Cohort UPB w/ NR-Adjusted BCPR3 90-110% of Cohort	28%	32%	32%	47%
% of Cohort UPB w/ NR-Adjusted BCPR3 110-130% of Cohort	17%	26%	33%	14%
% of Cohort UPB w/ NR-Adjusted BCPR3 >130% of Cohort	19%	10%	4%	12%
Share of Seller UPB with >10% MoM BCPR3 Increase	7%	6%	9%	1%
Share of Seller UPB with 5-10% MoM BCPR3 Increase	7%	2%	11%	0%
Share of Seller UPB with 0-5% MoM BCPR3 Increase	37%	22%	56%	1%
Share of Seller UPB with 0-5% MoM BCPR3 Decrease	34%	51%	15%	1%
Share of Seller UPB with 5-10% MoM BCPR3 Decrease	9%	15%	5%	12%
Share of Seller UPB with >10% MoM BCPR3 Decrease	6%	6%	4%	85%

*Note: All Seller rankings based on Seller UPB

Table 2

Summary of Fannie Mae 15 Year Historical BCPR Data - Seller view

Metric	Dec-2020	Nov-2020	Oct-2020	Jan-2020
Cohort BCPR1	21.3	19.6	22.5	14.3
Cohort BCPR3	**25.5**	**26.3**	**27.8**	**17.4**
Cohort BCPR6	36.1	36.8	37.1	20.3
WA BCPR3 of Top 25 Sellers*	27.2	28.2	29.6	19.3
WA NR-Adjusted % of Cohort for Top 25 Sellers*	112.4	112.3	111.0	110.7
BCPR3 Range (Max-Min) for Top 100 Sellers*	53.0	61.2	59.7	20.4
WA Standard Deviation BCPR3 for Top 100 Sellers*	7.2	7.8	8.1	5.1
WA Standard Deviation BCPR3 for All Sellers	9.1	9.3	9.6	6.1
Total Current UPB ($B)	**168**	**155**	**141**	**73**
% of Cohort UPB w/ NR-Adjusted BCPR3 0-90% of Cohort	49%	47%	47%	43%
% of Cohort UPB w/ NR-Adjusted BCPR3 90-110% of Cohort	8%	9%	9%	21%
% of Cohort UPB w/ NR-Adjusted BCPR3 110-130% of Cohort	11%	10%	12%	11%
% of Cohort UPB w/ NR-Adjusted BCPR3 >130% of Cohort	32%	33%	31%	25%
Share of Seller UPB with >10% MoM BCPR3 Increase	11%	7%	12%	5%
Share of Seller UPB with 5-10% MoM BCPR3 Increase	5%	5%	9%	2%
Share of Seller UPB with 0-5% MoM BCPR3 Increase	16%	10%	15%	19%
Share of Seller UPB with 0-5% MoM BCPR3 Decrease	23%	29%	42%	16%
Share of Seller UPB with 5-10% MoM BCPR3 Decrease	29%	29%	10%	25%
Share of Seller UPB with >10% MoM BCPR3 Decrease	17%	20%	12%	33%

*Note: All Seller rankings based on Seller UPB

Table 2

Heatmap Reports

This month, we continue to feature Heatmaps* on the Fannie Mae 30-year and 15-year cohorts. We focus on Specified Story, Coupon, Top States, FICO and LTV (See Exhibits 3-7 below).

In Specified Stories, (Exhibit 3) we observe that 30-year BCPR3 prepay speeds have remained constant on 85k-200k loan balance, NY only, and investor only pools going back to at least August. A more pronounced slowdown is visible in those stories in 15-years.

The most noteworthy consistent theme observed in the coupon cut (Exhibit 4) was the stability of elevated speeds on the 30-year 3.5-4.5 coupons. Only the 3.5 coupon in 15-years displayed a similar lack of variability in performance.

In the Top States (Exhibit 5) population cut, unsurprisingly, California maintains its place as the fastest state, though fellow western states Arizona and Colorado are in the same ballpark.

In the 30-year FICO stories (Exhibit 6), we noticed a subtle shift in the color gradient, which suggests an increase in prepayments in the 680-700 and 700-720 buckets. However, looking deeper into the analytics, the actual change in prepayment performance is minor at roughly half a percentage point each.

Finally, in the 30-year LTV Heatmap (Exhibit 7), the 0-60, 60-70 and 70-75 buckets show as the most stable among the LTV cuts. All three buckets have not deviated outside of a 1.5-2 CPR range since May.

Heatmaps depicted using the Absolute selection from the Measure dropdown.

Exhibit 3

Heatmap for Fannie Mae Cohort FRM30

Population cut

Coupon

BCPR3 Result — UPB %

Heatmap for Fannie Mae Cohort FRM15

BCPR3 Result — UPB %

Exhibit 4

Heatmap for Fannie Mae Cohort FRM30

Population cut

Top States

BCPR3 Result — UPB %

Heatmap for Fannie Mae Cohort FRM15

BCPR3 Result — UPB %
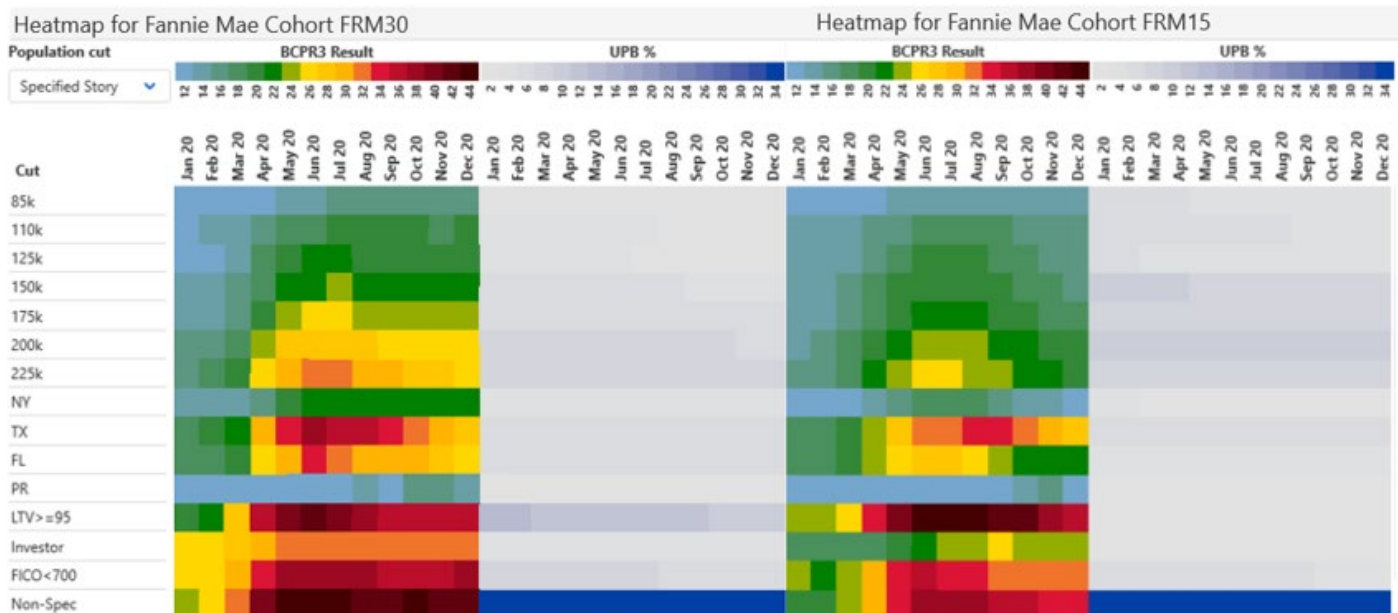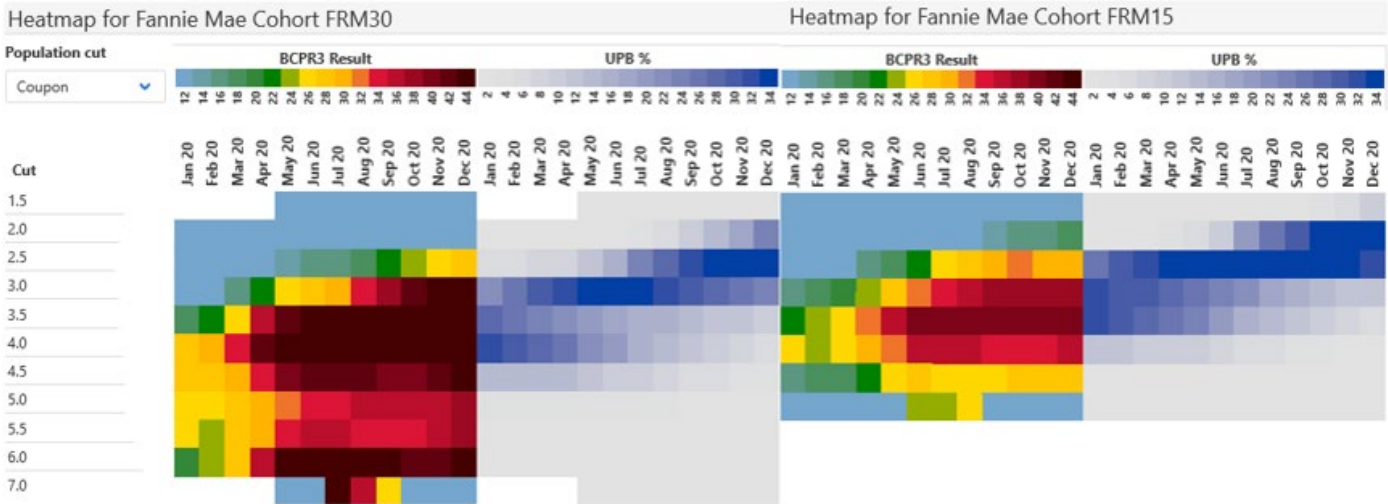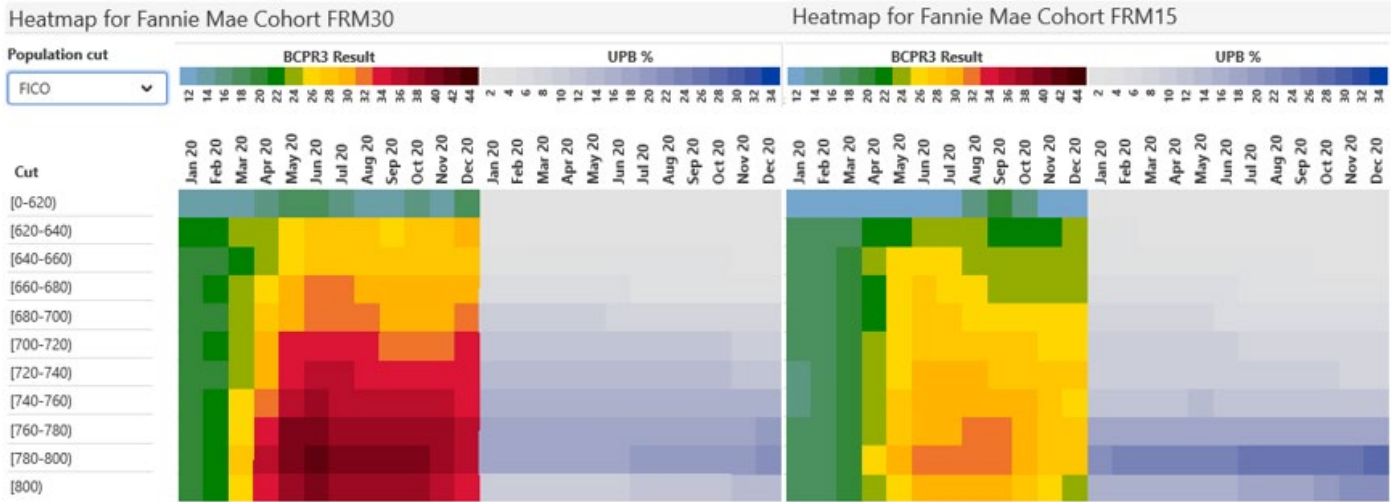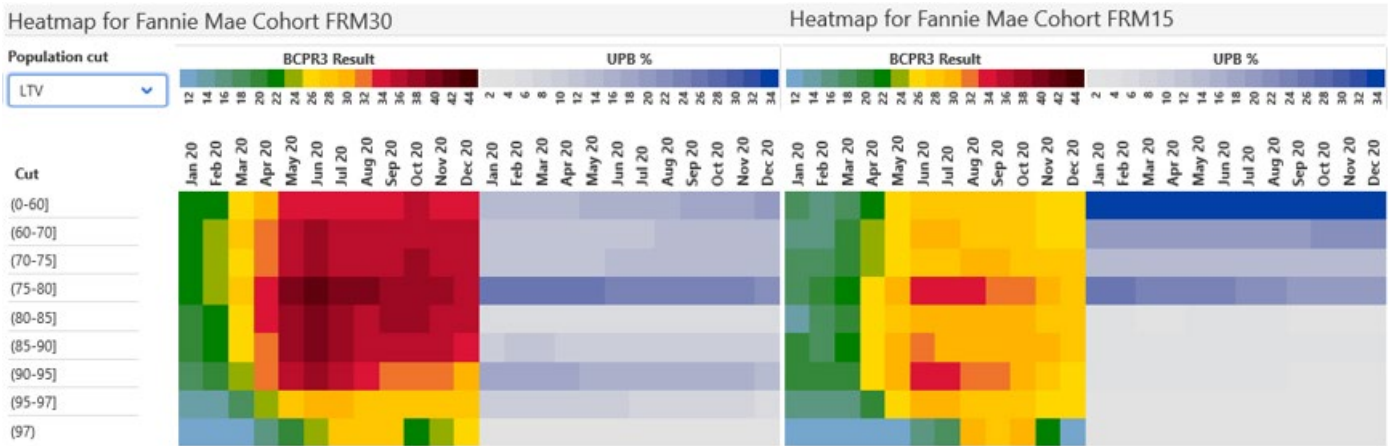
Exhibit 5

Exhibit 6

Exhibit 7

Additional Resources

For questions, contact the Fannie Mae Investor Help Line at 1-800-232-6643, Option 3 or by e-mail.

Benchmark CPR Dashboard

Benchmark CPR Historical Data Download

Benchmark CPR Methodology Overview

Benchmark CPR Video Tutorial

MBS Cohort Analyzer Dashboard

MBS Cohort Analyzer User Guide

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