Non-agency MBS Weekly

Feb remits: Focus on NQM DQs; S&P criteria finalized; NAIC on mortgages

RMBS Factbook: We provide a Factbook for Non-Agency RMBS that includes delinquency rates, collateral characteristics, downgrades and new issue details across sectors. Please refer to our RMBS Factbook: Non-agency RMBS factbook for details. If you are interested in additional data such as our sector Deal/ Shelf level files, please feel free to reach out to us.

Market overview

RMBS new issuance was $2.4bn over the week; gross issuance YTD is now at $23bn. Spreads widened in CRT by 5-10 bps and SFR A by 3 bps over the week. 4 Agency Investor bonds were upgraded by Moody's. S&P revised its original rating for EFMT 2025-INV1 M1 from BBB- to BBB+ after finalizing the new rating criteria. In the Senate Confirmation Hearings, the incoming FHFA Director Bill Pulte affirmed his preference for the CRT program. This likely indicates continued reliance by the GSEs on CRT as an efficient tool to build up capital, particularly if the administration focuses on privatization efforts later. For SF Vegas recap, please see CLO/RMBS Alert: SF Vegas: Did not feel like betting much 27 February 2025

NAIC & Insurance Holdings

A few weeks back NAIC released materials in which the ACLI proposed changes for treatment of insurance company holdings of mortgages in unaffiliated funds. The proposal from the ACLI will bring capital charges for mortgage loans to 68bps from the current 1.75% to 3%. Should this proposal be accepted, we expect added strength for insurance demand for residential mortgage loans.

S&P Rating Criteria Finalized

Last week, S&P updated its rating criteria for US RMBS deals, following the RFC they posted in October last year. We think the new criteria will be a positive for the RMBS market. By applying the criteria to about 10% of the representative deals S&P rates, almost 50% of the bonds will see an upgrade - 25% of those will see a 1-notch upgrade and another 25% a 2-notch upgrade, and no downgrades movement. S&P estimates Jumbo / Agency investor deals will see limited benefit and a higher share of rating changes to occur in CRT deals.

February Remits

Non-QM delinquencies continue to pick up by ~10bps in Feb remits. We note the 2022-23 transactions by vintage, FICO <=680 by credit score, Florida by geo, bank statement by doc type especially with loan size of $600k-$800k show more weakness. In addition, shortfalls keep elevated in Non-QM with at least 145 bonds ($23.2mm) incurred interest shortfalls this month. Of these, we see at least 51 bonds are rated IG. Prepays decreased in most 2.0 sectors. **CRT** DQs declined slightly by 12bps decline in both High LTV and low LTV. This month, Freddie Mac tendered 10 STACR bonds, totaling at $945mn. 2025 YTD, CRT gross issuance is at $2.1bn, total principal paydowns plus tenders at $1.7bn, and net issuance thus stands at **+$0.4bn**.

28 February 2025

Securitized Products Strategy
United States

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Link to:

NQM: Non-Qualified Mortgages
DQ: Delinquency
NAIC: National Association of Insurance Commissioners

Additional abbreviations on page 25

Secondary Market Overview

Non-agency RMBS new issuance was $2.4bn over the week; gross issuance YTD is now at $23bn. Most of the issuance has been contributed by Non-QM, Jumbo 2.0 and 2nd liens Spreads widened in CRT by 5-10 bps and SFR A by 3 bps over the week. **For SF Vegas recap, please see CLO/RMBS Alert: SF Vegas: Did not feel like betting much 27 February 2025**

FHFA Director positive on CRT: In the Senate Confirmation Hearings, the incoming FHFA Director Bill Pulte affirmed his preference for the Credit Risk Transfer (CRT) program. According to him, “any time you can take risk away from the taxpayers and give it to the private market is a win”. This likely indicates continued reliance by the GSEs on CRT as an efficient tool to build up capital, particularly if the administration focuses on privatization efforts later.

Our Agency MBS Strategists highlighted their views on GSE reform (see report) Agency MBS Weekly: Vegas views: slight optimism amidst greater uncertainty 28 February 2025. Pulte's prepared remarks echoed Bessent's previous ones, that "while [Fannie Mae and Freddie Mac's] conservatorships should not be indefinite, any exit from conservatorship must be carefully planned to ensure the safety and soundness of the housing market without upward pressures on mortgage rates" and "I will be laser focused on ensuring Fannie Mae and Freddie Mac operate in a safe and sound matter." Additionally in Q&A, when asked directly to address the tensions between the regulatory and conservatorship functions of FHFA, Pulte responded "If there were ever an exit from conservatorship, I think it would have to be extremely thoughtful to make sure it was carefully planned and there would be no disruption to the safety and soundness of the market." We took note that he described this as an "if" not a "when."

Exhibit 1: Non-agency Gross by year

We expect gross PLS issuance to be $176bn & net issuance of +$73bn in 2025

	Gross issuance									
Sectors	2017	2018	2019	2020	2021	2022	2023	2024	2025	2025E
CAS/ STACR	14	15	14	14	14	22	8	8	2	9
MI CRT	1	3	5	5	6	1	1	1	0	2
Other CRT	2	4	7	7	5	2	0	2	0	
Jumbo 2.0	11	18	16	18	52	19	10	29	6	50
Agency eligible INV	0	1	3	3	30	12	1	6	2	
Warehouse	0	0	1	1	3	0	0	0	0	
SFR	4	7	4	9	17	13	3	8	1	14
NPL	21	13	13	12	18	4	1	7	0	15
RPL / Seasoned / S&D	34	53	43	19	28	17	9	12	0	
Non-QM	3	9	24	18	29	38	28	45	8	50
2nd Lien / HELOC	0	0	0	1	3	1	4	15	3	20
RTL	0	1	1	1	2	2	2	8	1	10
Expanded Prime	1	3	3	2	0	0	0	0	0	
2.0 Total	90	129	134	108	208	131	69	140	23	170
Legacy										
Other	1	8	7	6	9	8	2	8	0	6
Total	92	137	142	114	217	140	71	147	23	176

Source: BofA Global Research, Bloomberg, Intex

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Weekly rating action review

S&P revised its original rating for EFMT 2025-INV1 M1 from BBB- to BBB+ after finalizing the new rating criteria. Besides that, 4 Agency Investor bonds (standard) were upgraded by Moody's over the week (Feb 24 – Feb 28). No Non-IG to IG upgrade.

Exhibit 2: Rating actions this week

4 agency investor bonds were upgraded by Moody's over the week

Rating Date	Deal name	Tranche name	Sector	Cusip	Current Rating	Previous Rating	Agency
02/27/2025	FSMT 2019-1INV	B5	Jumbo investor	33852ABG1 Mtge	AA	A+	Moody's
02/27/2025	PMTLT 2021-INV2	B2	Jumbo Investor	73016BCA0 Mtge	AA-	A+	Moody's
02/27/2025	PMTLT 2021-INV2	B3	Jumbo Investor	73016BCB8 Mtge	A-	BBB+	Moody's
02/27/2025	PMTLT 2021-INV2	B5	Jumbo Investor	73016BCD4 Mtge	BB+	BB-	Moody's

Source: Moody's

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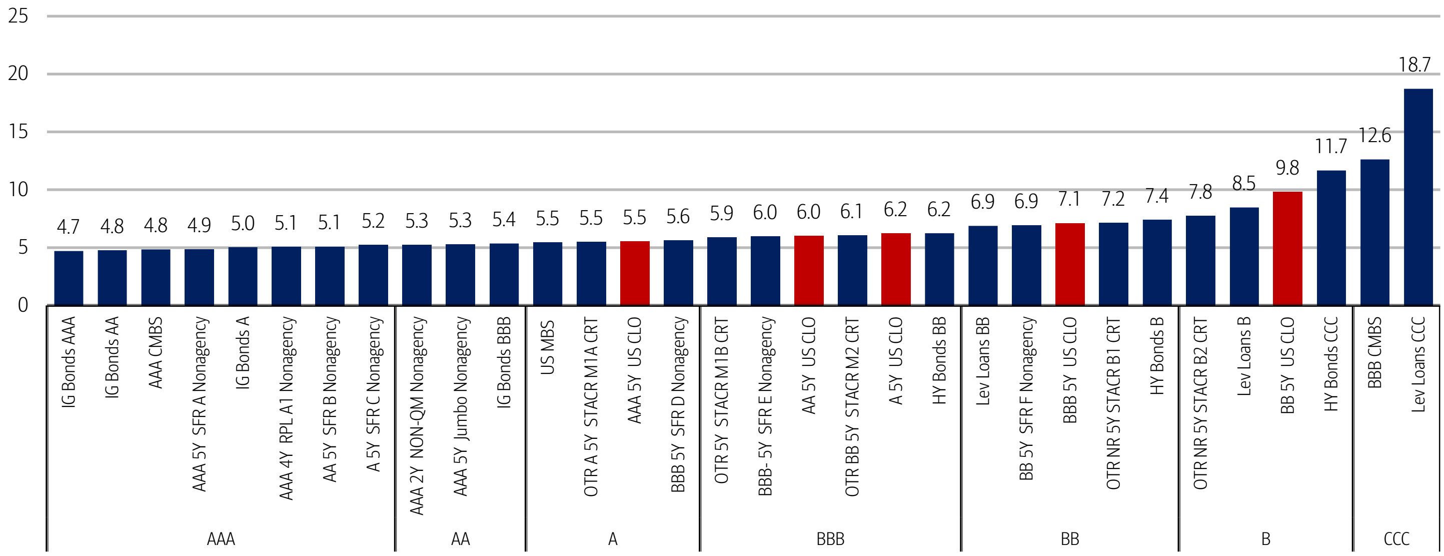
Exhibit 3: Yield by rating across securitized products

CLO yields top securitized products across ratings



Sources: BofA Global Research, Markit, ICE Data Indices, S&P LCD

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Exhibit 4: Current spreads across cross-asset products: Historical percentiles over a 5yr period

FCF Jumbo 2.0, RPL, Non-QM at 41% - 50% vs historical wide in terms of spread ranges

The picture can't be displayed.

Source: BofA Global Research, LCD, Bloomberg, ICE Indices

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Exhibit 5: Current yields across cross-asset products: Historical percentiles over a 5yr period

FCF & PT Jumbo 2.0 and RPL at 75% - 82% vs historical wide in terms of yields ranges

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Source: BofA Global Research, LCD, Bloomberg, ICE Indices

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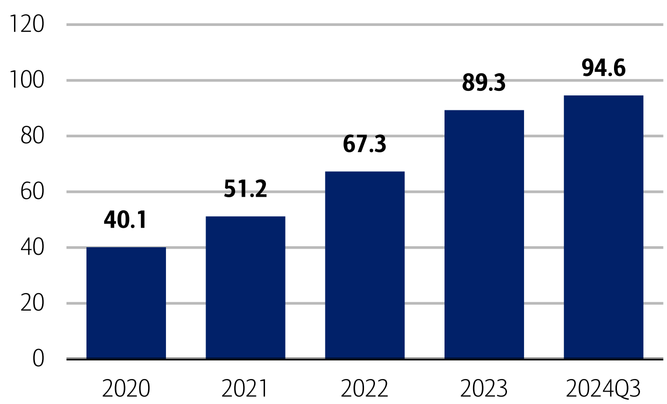
NAIC & Insurance Holdings

A few weeks back NAIC released materials in which the ACLI proposed changes for treatment of insurance company holdings of mortgages in unaffiliated funds. The proposal from the ACLI will bring capital charges for mortgage loans to 68bps from the current 1.75% to 3%. Should this proposal be accepted, we expect added strength for insurance demand for residential mortgage loans. We highlighted changes to the capital rule for mortgage loans held in affiliated funds here (see report): Non-agency MBS Weekly: Insurance: C-REsi but not crazy; DQ increase drivers 07 February 2025. For context, insurance companies purchased $34bn of residential loans in 2024Q1-Q3 vs $32bn in all of 2023. We estimate 50% of those purchases were in Non-QM loans followed by agency investor loans.

Exhibit 6: Amount Outstanding for life insurance companies (residential mortgages) ($bn)

Presence of insurance companies in residential mortgages has more than doubled over last 4 years



Source: Federal Reserve

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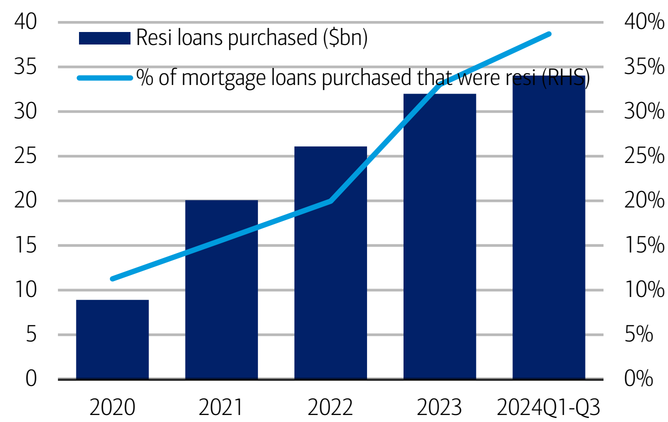
Exhibit 7: Resi whole loan purchases by Insurance companies through 2023 and 2024

Increase in resi whole loan purchases



Source: BofA Global Research, S&P

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S&P US RMBS Rating – Final Criteria

Last week, S&P updated its rating criteria for US RMBS deals, following the RFC (request for comment) they posted in October last year. We've discussed the details of the proposal in our prior publication Non-agency MBS Weekly: November remits: Slightly higher DQs; Non-QM/2nds mark highest issuance 06 December 2024. Later, S&P further revised some of the proposal terms in response to the feedback from the RFC. We summarized the changes after RFC in Exhibit 8 as well as the key final criteria in Exhibit 9.

This expansion/change of the criteria will affect over 5500 RMBS ratings from more than 350 transactions – 25% of Non-QM, 35% of Prime Jumbo and Agency Investor, 35% of CRT, 5% of RPL/seasoned deals.

We think the new criteria will be a positive for the RMBS market. According to S&P, the new calibration would generally suggest a lower loss projection than the current ones. By applying the criteria to about 10% of the representative deals S&P rates, almost 50% of the bonds will see an upgrade - 25% of those will see a 1-notch upgrade and another 25% a 2-notch upgrade, and no downgrades movement. S&P estimates Jumbo / Agency investor deals will see limited benefit and a higher share of rating changes to occur in CRT deals.

2nd liens will also see a lower foreclosure frequency from 1.3x to a range of 1x to 1.3x depending upon the combined LTV of the 1st and 2nd lien. Since most 2nd lien pools have a CLTV of 75% or less, we think the revision would be a positive. This would also imply that in a period of negative home price changes, downgrades would likely be lower due to the revised foreclosure frequency methodology. The lower foreclosure frequency for DSCR pools is also a positive for Non-QM bonds.

Exhibit 8: Key changes between RFC and the final criteria
Major revision related to low property loans and second lien amortizations

	RFC Comments	Review Result	Action/Change	Final Criteria
1	The proposed criteria didn't fully capture the risk of low balance loans which tend to have higher loss severities	The lower the property value compared to the national median level, the higher the associated market-value decline (i.e. low balance loans), the larger the loss severity	Take property value into consideration when measure the loss severity related to the loan balance especially for SFR	**Loss severity adjustments for loans with low-value properties**: Include an additional fixed MVD adjustment factor ranging from 1.x to 1.5x applied when the property value is less than 50% of the national median home price (TTM average)
2	Whether the proposed criteria address the relationship between the loan's amortization period and default probability for second liens	Second lien with shorter amortization periods tends to have lower default/delinquency rates	Take loan's amortization periods into consideration when measure the default/delinquency rates especially for second liens	**Second-lien term adjustment factor**: Include a term-based adjustment factor for second/subordinated liens
3	The foreclosure frequency is too high for Non-QM investor loans considering its superior performance relative to other products post-GFC	The proposed adjustment factors were primarily informed by the default behavior before GFC. The high FF is the result of the regression which is based on the terminal loan state of 90+ as opposed to 'ever-90'		
4	Whether the proposed criteria address the FICO score inflation over the past several years	FICO is just one of the many factors determined the FF in the framework. The archetypal 725 FICO score is close to the national median	Will continue to monitor the trend	Pending
5	The proposed FF might be too loan as it over-relies on the benign defaults due to rapid home price appreciation and government support and didn't capture the recent pickup in Non-QM delinquency	The proposed factors is based on pre-GFC data which experienced a much higher stress level. The framework pertains specifically to the Non-QM sector include alternative income documentation and DSCR loans.		
6	The proposed FF didn't capture the delinquency risk associated with the borrowers who are medical professionals	The credit analysis doesn't use borrower occupation/profession but is more based on the income documentation type		
7	The pool's loss severity should be permitted to go below any applicable severity floors	The floors are applicable at the loan level rather than pool level. It can go below the floors for loans that carry mortgage insurance or guarantees		
8	The CLTV calculation shouldn't capture the subordinate financing amounts provided by downpayment assistance when assessing a loan's FF	The information is not available as the subordinate lien information is only provided as of the origination of the first lien	If the information is available, will be incorporated into CLTV and DTI calculation	Pending

Source: S&P

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Exhibit 9: Final Criteria Change
We think the new criteria will be a positive for the RMBS market.

Criteria	Change
FF adjustment factors	Incorporate the impact of loss mitigation efforts and ATR/QM role on risky loans For details, please see Non-agency MBS Weekly: November remits: Slightly higher DQs; Non-QM/2nds mark highest issuance 06 December 2024
Loss Severity	(1) Update over/under valuation framework, foreclosure costs, liquidation timelines (2) Add a new fixed market value decline adjustment factor for low-value properties
Pool-level adjustments	(1) Under R&W, regroup some specific considerations and limit some repeated terms (2) Under due diligence (DD), minor updates on seasoned/reperforming loans
Cash flow and payment structure analysis	Update high prepayment cash flow assumptions

Source: S&P

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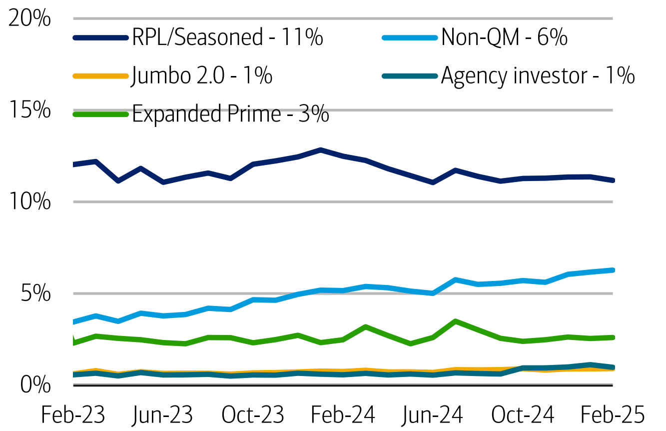
2.0 Remits

Non-QM delinquencies continuously picked up in February remits by around 10bps. RPL and Agency Investor saw a decline in D30+% by 19bps and 14bps, respectively. Other sectors roughly stayed flat.

Exhibit 10: D30+% rates across 2.0

Non-QM DQs continuously picked up while other sectors roughly stayed flat



Source: BofA Global Research, Loan Performance

Note: We adjust for servicer reporting issues

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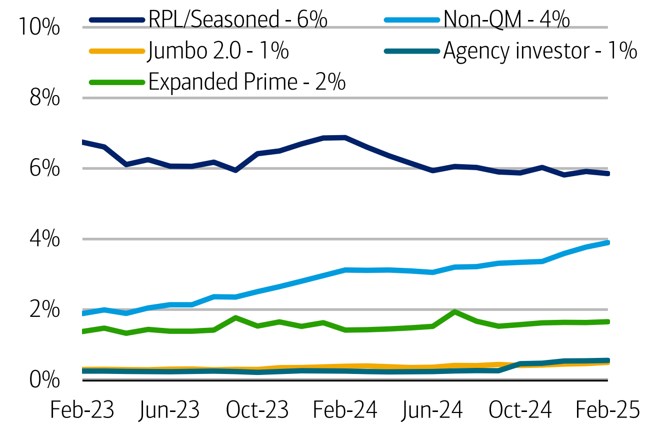
Exhibit 11: D60+% rates across 2.0

Non-QM DQs continuously picked up while other sectors roughly stayed flat



Source: BofA Global Research, Loan Performance

Note: We adjust for servicer reporting issues

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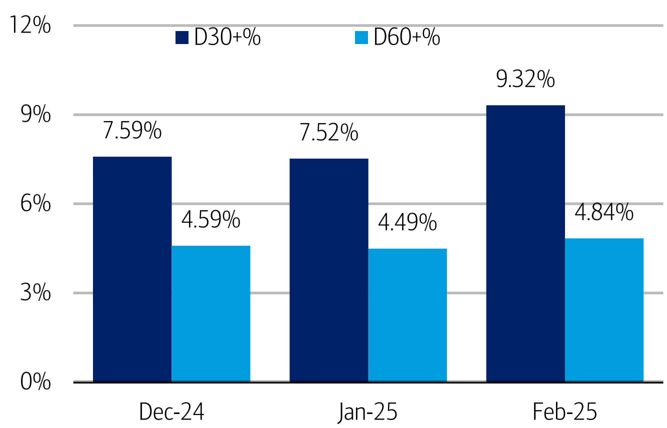
We continue to monitor the impact of natural disasters on the delinquency rates. This is the first month after LA wildfire and we've already seen some increases in D30+% rates in the affected area. Since February remits reflect the January payment and considering some people might already made the payment early in the month before the wildfire happened, we would expect more delinquency pickup in the coming months. After 5 months since Hurricane Helene and Milton, we have seen the D30+% and D60+% have both declined slightly this month in the affected area in Florida.

Exhibit 12: Delinquency change in LA wildfire affected area

This is the first month after LA wildfire, and we have already seen a pickup in D30+%



Source: BofA Global Research, Loan Performance

Note: The delinquency rate refers to the affected zipcode only (i.e. Delinquency balance in the affected area / total balance in the affected area). It is the aggregated level for all RMBS legacy & 2.0 sectors except CRT

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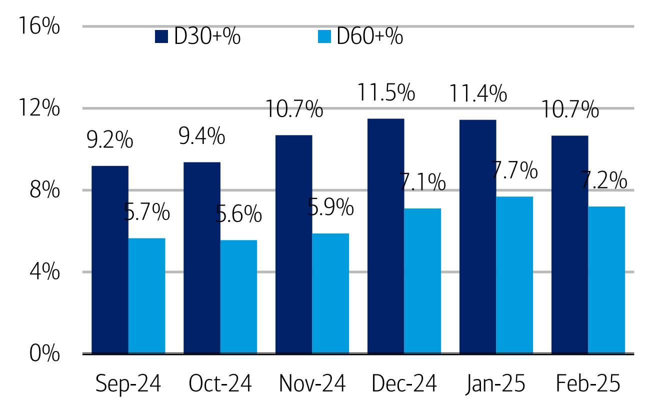
Exhibit 13: Delinquency change in FL hurricane Helene and Milton affected area

We have seen the recent delinquency pickup due to hurricanes has been gradually declined



Source: BofA Global Research, Loan Performance

Note: The delinquency rate refers to the affected zipcode only in FL (i.e. Delinquency balance in the affected area / total balance in the affected area). It is the aggregated level for all RMBS legacy & 2.0 sectors except CRT

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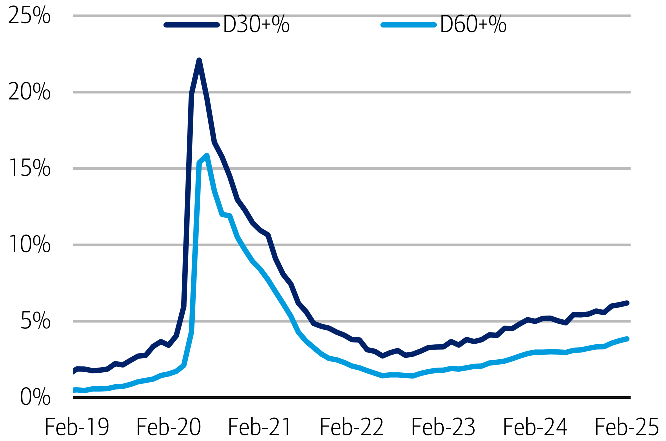
Non-QM delinquencies

Non-QM delinquencies picked up consecutively since end 2022. In February remits, both D30+% and D60+% increased by around 10bps MoM. The 2022-23 vintage and low FICO cohort especially show some weakness with larger DQs ramp up as shown in Exhibit 15.

Exhibit 14: Non-QM delinquency rates over time
Delinquencies picked up consecutively since mid-2023



Source: BofA Global Research, Loan Performance

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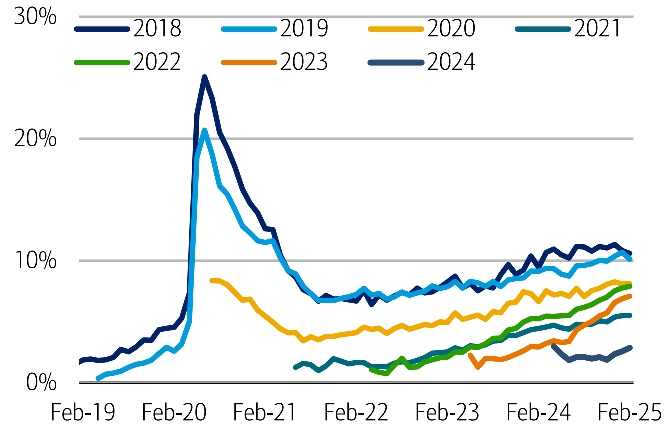
Exhibit 15: Non-QM D30+% by vintage
The 2022-23 vintage and low FICO cohort especially show some weakness with larger DQs ramp up



Source: BofA Global Research, Loan Performance

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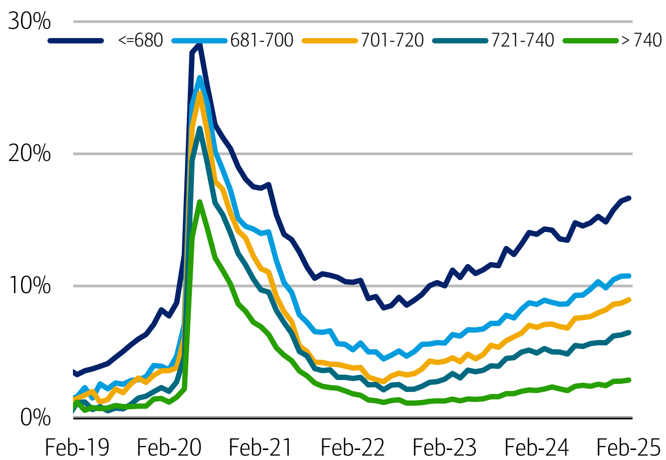
Exhibit 16: D30+% by FICO
Delinquency picked up especially in low FICO cohort



Source: BofA Global Research, Loan Performance

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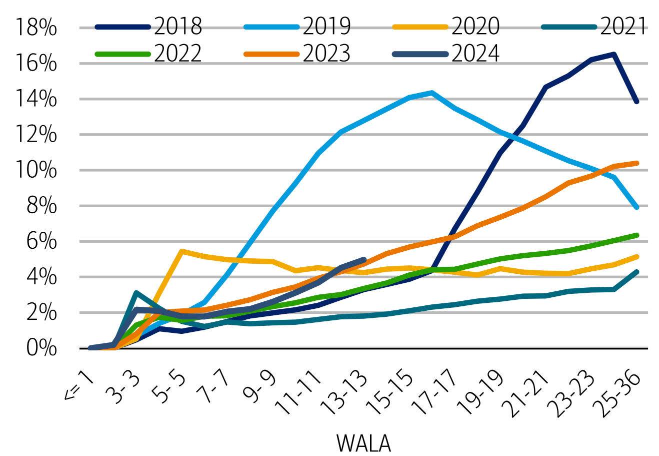
Exhibit 17: Non-QM D30+% by WALA and vintage
2023 vintage delinquency trends are tracking worse than 2021-22



Source: BofA Global Research, Loan Performance

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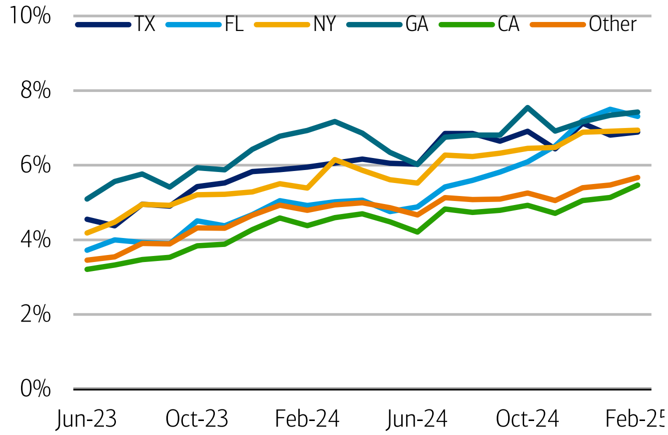
We break down this delinquency trend by different factors and try to pinpoint the cohorts which underperform than others:

By geo, Florida and the MSAs like Atlanta in Georgia have seen a meaningful delinquency pickup over the past year. The increase in HOA fees, Insurance premiums and pressure on rents with increased inventory are likely some of the driving factors behind higher delinquencies. We discussed this issue in details in our prior publication (see report) [Non-agency MBS Weekly: Roses are red, Violets are blue, Housing is up, so are you; HPA update and Florida DQs 14 February 2025]

Exhibit 18: Non-QM D30+% by state
Florida has seen a meaningful delinquency pickup over the past year



Source: BofA Global Research, Loan Performance

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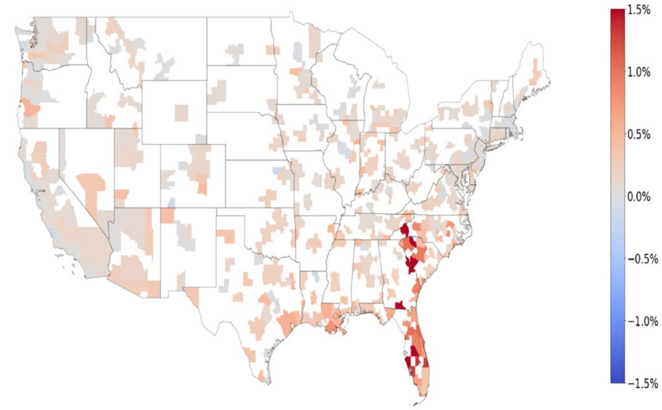
Exhibit 19: D90+% Change YoY (UPB >=$1bn)
Florida showed a big pick up in delinquency



Source: BofA Global Research, Black Knight
Note: This is based on Agency MBS loans within Black Knight McDash dataset, which is not any exact mapping to Agency MBS loan universe

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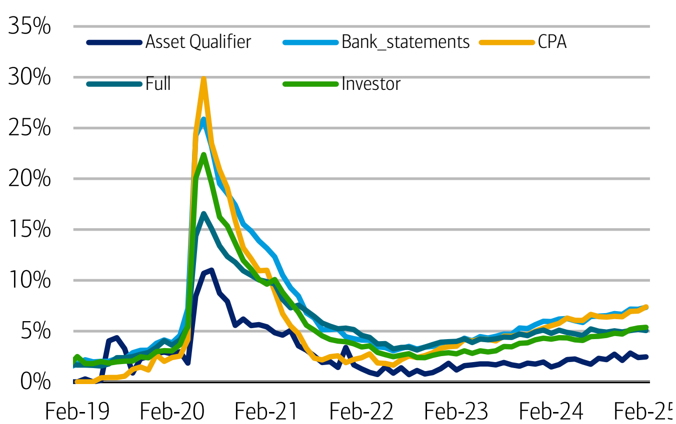
By doc type, bank statements especially with loan size between $600k - $800k show a meaningful increase in delinquency compared to other cohorts. It has increased by over 4% since mid 2022 and now stands at 8.1% as of February.

Large DSCR loans with size greater than 1M also indicates some weakness. But considering its market size is only at 14-15% of total Non-QM universe, the impact should be limited. Similarly, Foreign without FICO doc type has relatively high delinquency rates around 20%, which however is also a small cohort with 26mn in UPB.

Exhibit 20: D30+% rates across Non-QM deals by doc type
Delinquency picked up mainly in Bank Statements



Source: BofA Global Research, Loan Performance

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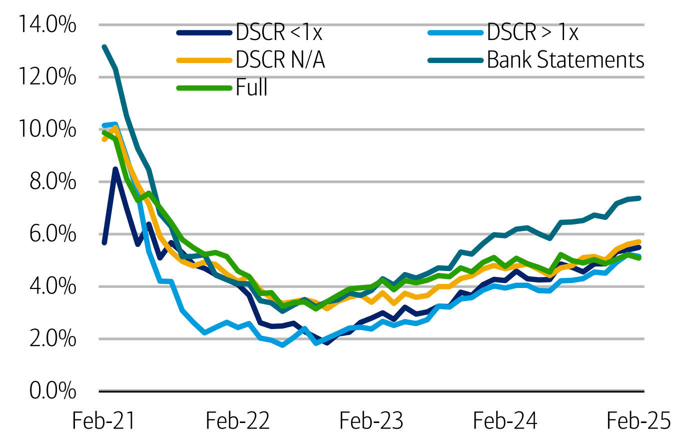
Exhibit 21: D30+% timeseries across DSCR and other doc types
Bank statements have had higher delinquency levels than other doc types



Source: BofA Global Research, Loan Performance

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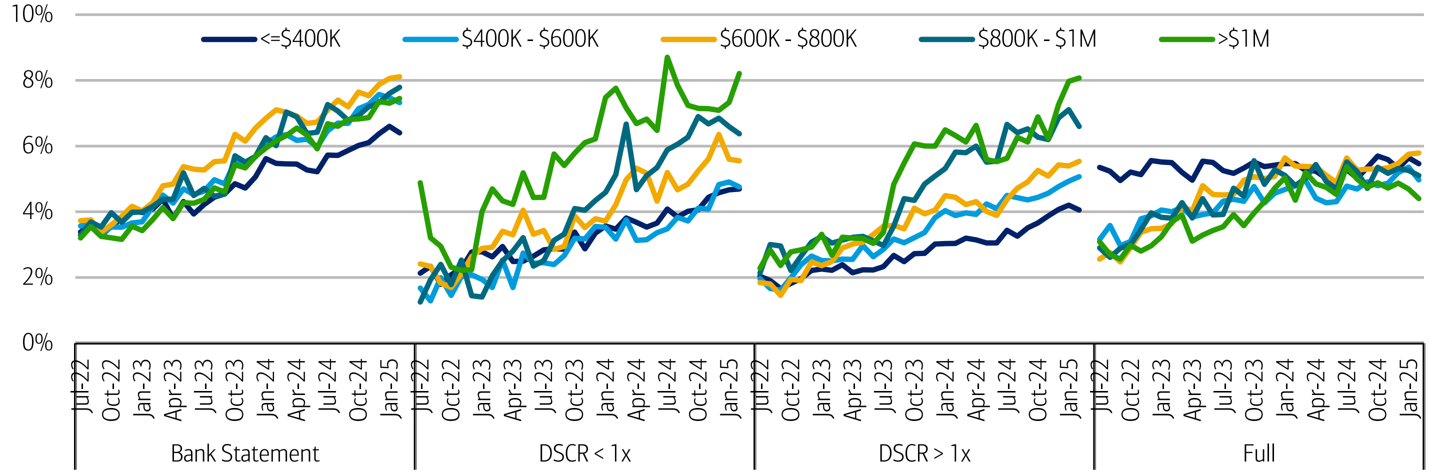
Exhibit 22: D30+% by loan size and doc type

Bank Statement with loan size between $600k-$800k and DSCR with loan size greater than $1M outperformed than others



Source: BofA Global Research, Loan Performance

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Exhibit 23: Current share of market size in Non-QM universe by loan size and doc type

However the share of bank balance in $400k-$600k bucket and DSCR >$1M bucket is relatively small

Doc Type	<=$400K	$400K - $600K	$600K - $800K	$800K - $1M	>$1M	Total
Bank Statement	20%	19%	14%	10%	37%	100%
DSCR < 1x	42%	23%	12%	8%	14%	100%
DSCR > 1x	52%	17%	9%	6%	15%	100%
Full	25%	21%	14%	10%	30%	100%
Asset Qualifier	15%	14%	12%	9%	50%	100%
CPA	14%	18%	16%	13%	39%	100%
Other	32%	20%	13%	10%	25%	100%
Total	**32%**	**19%**	**13%**	**9%**	**27%**	**100%**

Source: BofA Global Research, Loan Performance

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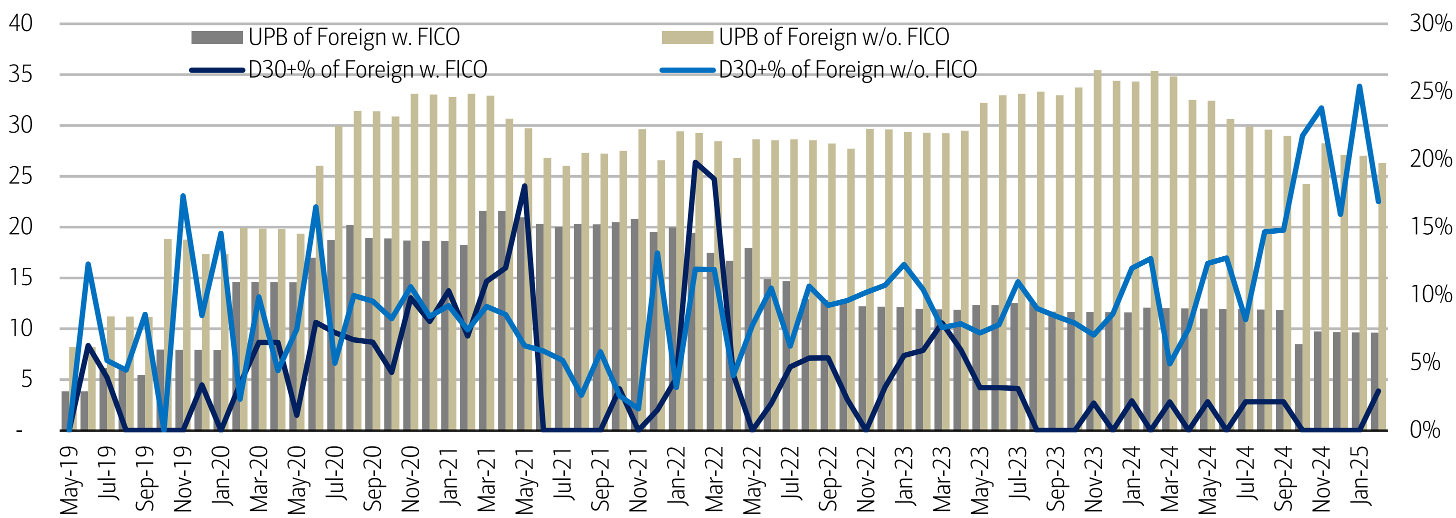
Exhibit 24: D30+% in foreign doc type

We saw big delinquency rates in Foreign without FICO type, which now stands at 17% D30+ rates and $26mm in UPB.



Source: BofA Global Research, Loan Performance

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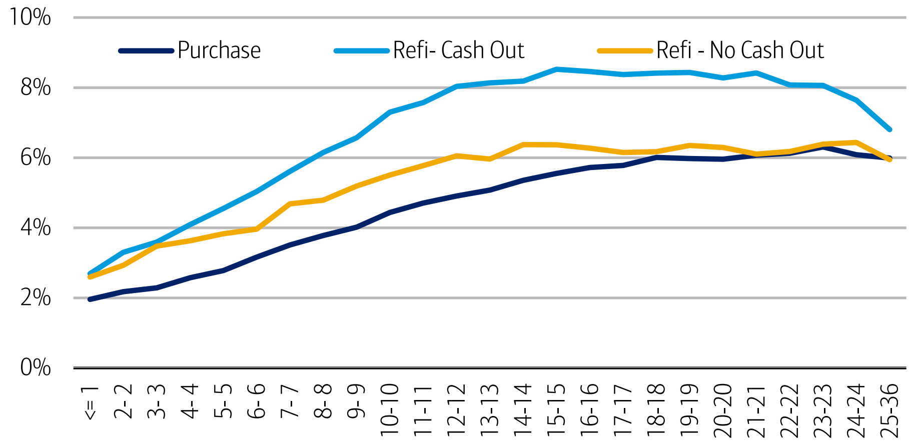
By loan purpose, cash out refis used to be another driver of underperformance. Over the past months however, we have seen the performance of this cohort has increased as the delinquency rates now decline to 6.8%, only slightly higher than other types. Please see our discussion in prior publication Non-agency MBS Weekly: Non-QM Updates; CRT Monitor 14 June 2024.

Exhibit 25: D30+% by Loan Purpose
Cash out refis is another driver of underperformance but the performance has been increased in this cohort as we see the delinquency rates meaningfully declined



Source: BofA Global Research. Loan Performance

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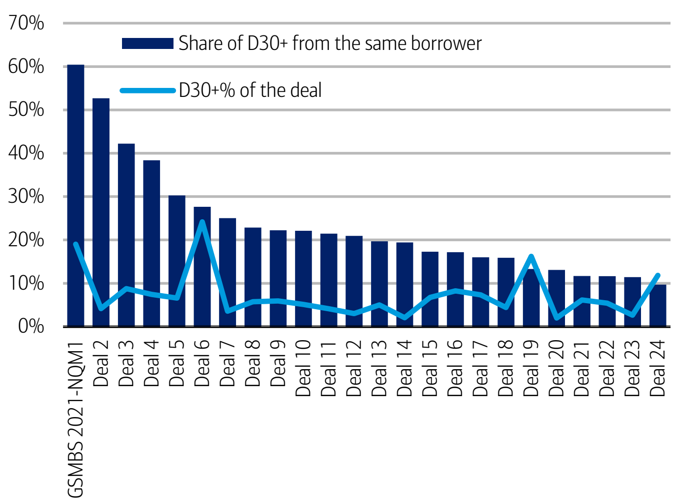
Multiple loans to single borrowers: In this situation, one borrower going delinquent affects 5-15 loans at once causing significant spikes in DQ trends. This also affects prepays where some deals can report high CPR prints owing to multiple properties paying off at once thanks to that one borrower. We think this is of concern to AA, A and mezz bondholders. Higher delinquency spikes could drive the deal to breach its DQ trigger and potentially turning the deal sequential vs pro-rata. Please see report: Non-agency MBS Weekly: Non-QM Update 17 May 2024 and Non-agency MBS Weekly: Non-QM: Unity in Delinquency 12 January 2024

Exhibit 26: Multi-DQs from same borrower by deal
GSMBS 2021-NQM1 continues to suffer from multi-DQs from same borrower issue



Source: BofA Global Research, Loan Performance

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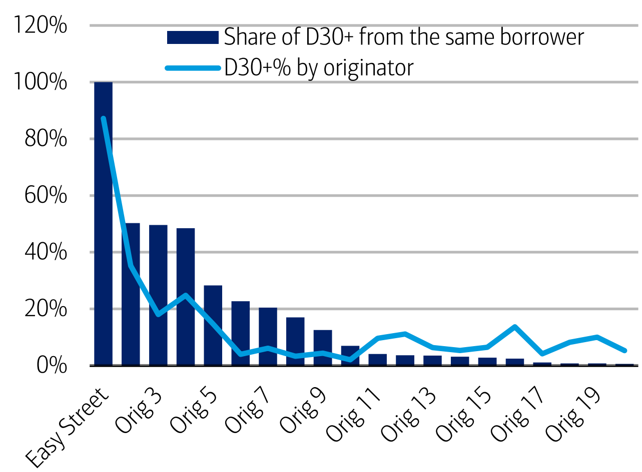
Exhibit 27: Multi-DQs from same borrower by originators
Easy Street and Share States show the highest share of D30+ from the same borrower



Source: BofA Global Research, Loan Performance

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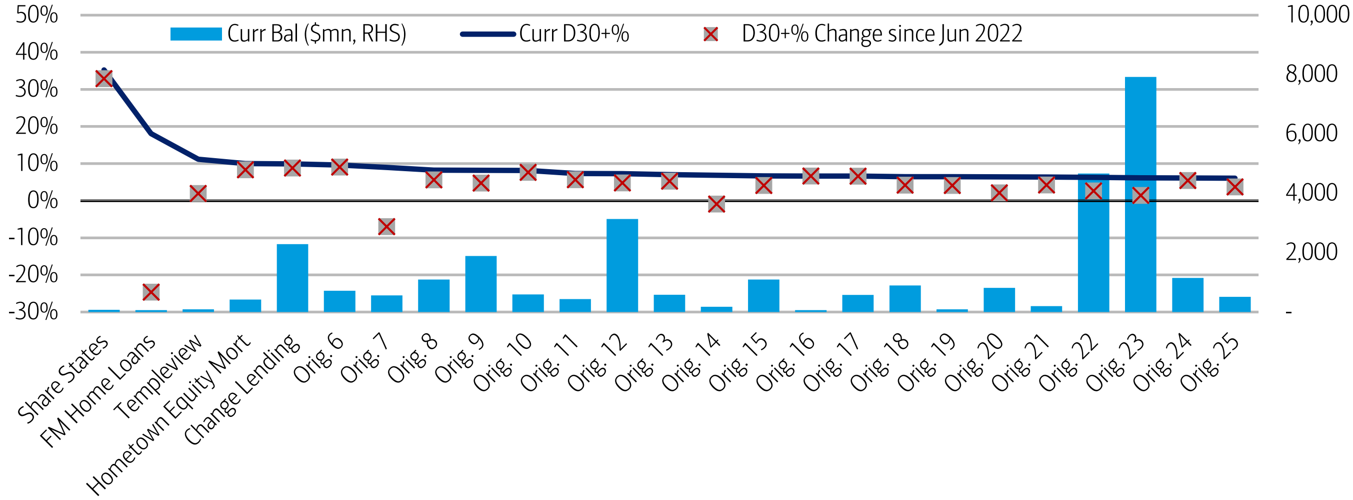
Exhibit 28: Delinquency level across originators (current balance >$50mn & current D30+% >5%)
Share States underperformed meaningfully due to the multi-DQs from single borrower issue



Source: BofA Global Research, Loan Performance

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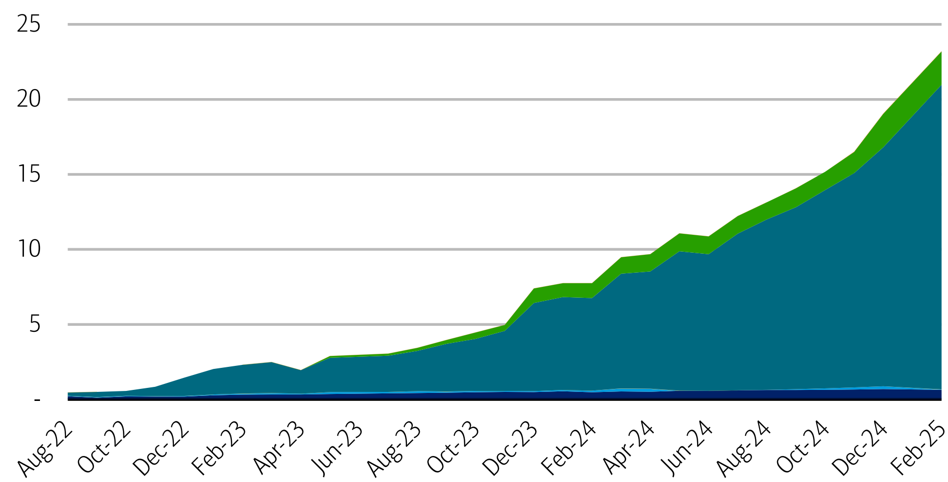
We observe at least 145 Non-QM bonds with Interest Shortfalls of $23.2mm in February remits. Of these, we see at least 51 bonds are rated IG. **Please email us if you need a detailed list of bonds with shortfalls.**

Exhibit 29: Non-QM shortfall outstanding over time ($mm) across vintage
Shortfalls continue to increase in February remits



Source: BofA Global Research, Intex

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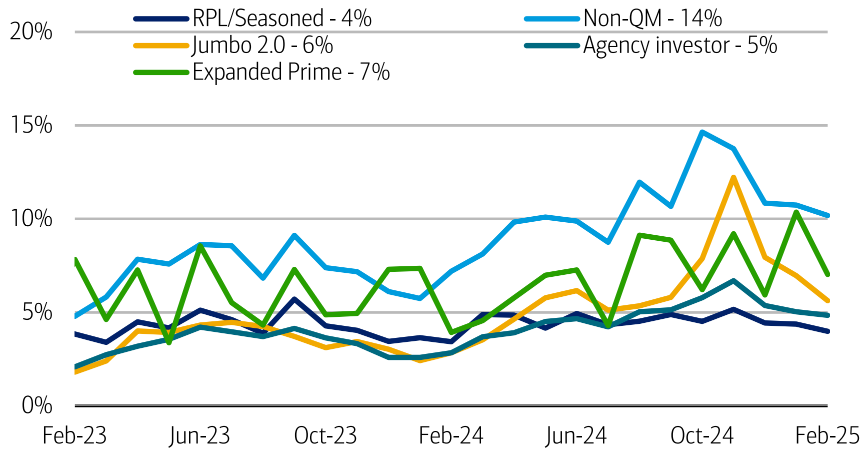
Prepays

Prepayment speeds decreased across sectors MoM: by 19bps in Non-QM, by 133bps in Jumbo 2.0, and by 19bps in Agency Investor.

Exhibit 30: Prepayment rates across 2.0

Prepayment speeds decreased by 19bps in Non-QM, decreased by 133bps in Jumbo 2.0, and decreased by 19bps in Agency Investor



Source: BofA Global Research, Loan Performance

Note: We adjust for servicer reporting issues

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Non-QM Prepays

- Non-QM prepay speeds declined by 0.5CPR MoM and now stands at 10.2CPR. Prepay speeds of delinquency loans without loss is at 0.7CPR vs default loans at 0.1CPR.

- By doc type, speeds decreased across cohorts: Bank Statement declined by 0.7CPR, Full doc declined by 0.3CPR, Investor loans declined by 0.8CPR.

- By state, Florida led the decrease by -1.5CPR MoM and now stands at 9.3CPR. California and NY increased by 0.7CPR and 1CPR, respectively.

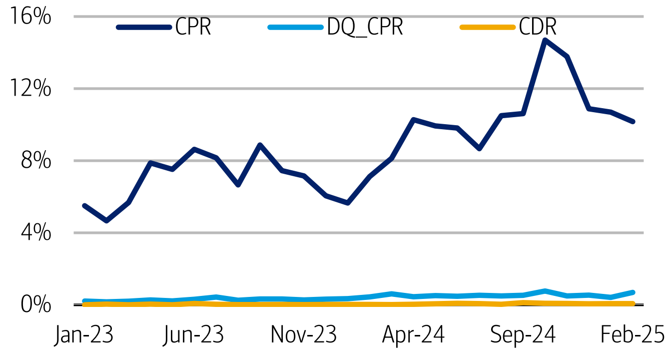
- By FICO, prepay speeds saw the largest decline in 661-680 cohort by 4.8CPR MoM. Other FICO buckets declined slightly by around 0.1-1.4CPR. Only 701-720 cohort saw an increase of 0.7CPR MoM.

- By GWAC, prepay speeds change were mixed with 7.1-7.5 cohort saw the biggest decline by 2CPR.

- By LTV, speeds decreased across all cohorts by 0.2-1.3CPR. Only 71-75 bucket saw a slight increase of 1CPR MoM.

- Non-QM DSCR loans have prepay penalties typically for 1-3 years after origination. We see prepay upside for 2021-22 originations as most would have exited their 1-3 year prepay penalty clause and could see an opportunity to lock in home equity gains either via home sales or cash out refis.

Exhibit 31: Non-QM CPR, DQ-CPR (loans within D90+ status and no loss) & CDR (loans within D90+ status and incur loss) over time
Prepay speeds for loans in DQs is roughly at 1CPR



Source: BofA Global Research, Loan Performance

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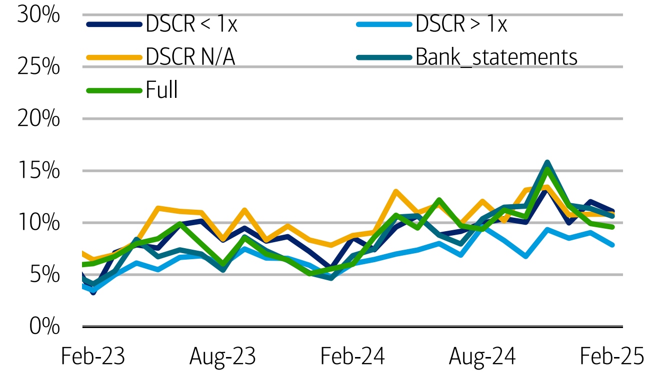
Exhibit 32: CPR by DSCR and other doc types (exclude the paid off deals)
Speeds decreased across all doc types



Source: BofA Global Research, Loan Performance

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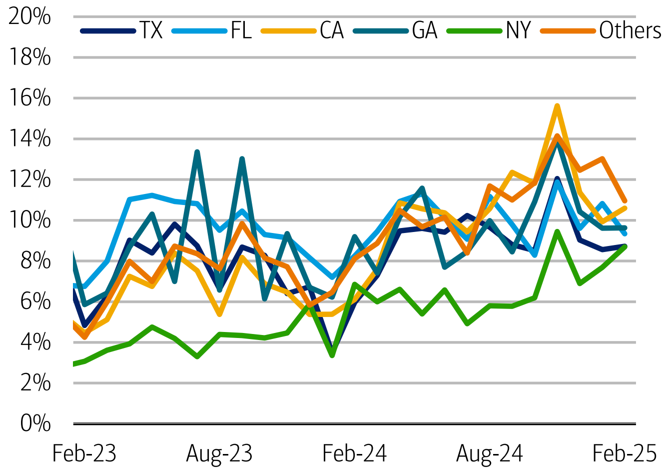
Exhibit 33: Prepayment speeds by state
FL led the decrease by 1.5CPR. CA and NY increased by 0.7CPR and 1CPR, respectively



Source: BofA Global Research, Loan Performance

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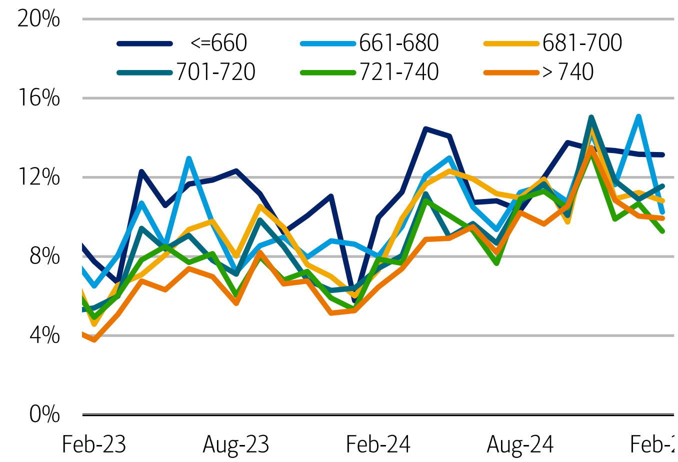
Exhibit 34: Prepayment speeds by FICO
Prepay speeds saw the largest decline in 661-680 cohort by 4.8CPR MoM.



Source: BofA Global Research, Loan Performance

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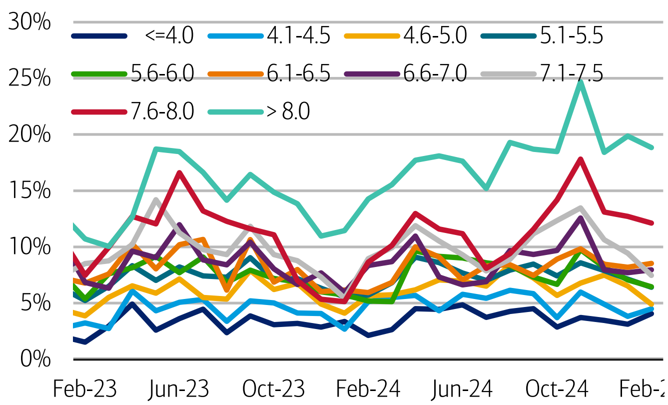
Exhibit 35: Non-QM prepays by GWAC cohorts
7.1-7.5 cohort saw the biggest decline by 2CPR



Source: BofA Global Research, Loan Performance

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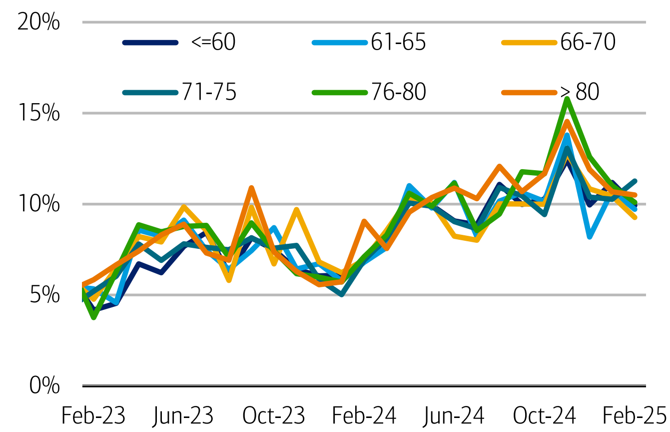
Exhibit 36: Non-QM prepays by LTV cohorts
Speeds decreased across LTV cohorts except 71-75



Source: BofA Global Research, Loan Performance

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Exhibit 37: Original share of Non-QM investor loans with prepay penalty and penalty terms across vintages
Prepay penalty terms across vintages ranges from 28-45

Vintage	No penalty	Prepay Penalty	Unknown	WAVG Prepay penalty term
2019	27%	49%	24%	34
2020	23%	48%	28%	35
2021	14%	67%	20%	43
2022	10%	79%	11%	45
2023	16%	82%	2%	42
2024	22%	77%	1%	37
2025	44%	56%	0%	28
Agg,	**17%**	**73%**	**10%**	**41**

Source: BofA Global Research, Loan Performance

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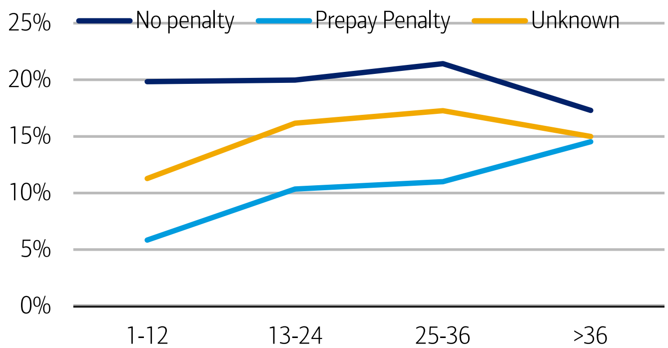
Exhibit 38: Prepays by WALA for loans with/without prepay penalty
As prepay penalty term ends around 3 years, we have seen the speeds on investor loans with prepay penalties pick up when they reach >36 months



Source: BofA Global Research, Loan Performance

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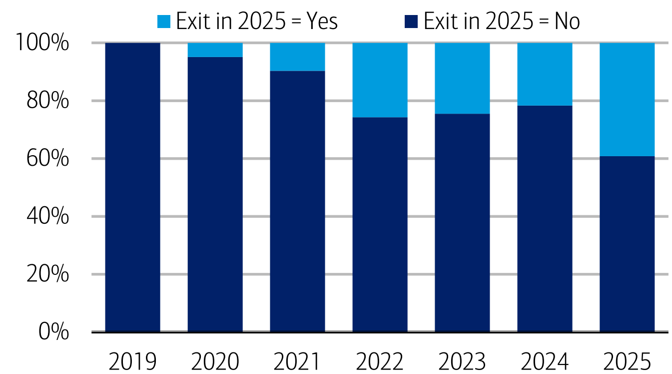
Exhibit 39: Current share of Non-QM investors loans by vintage which will exit prepay penalty in 2025
Around 26% of 2022 vintage loans will exit prepay penalty in 2025



Source: BofA Global Research, Loan Performance

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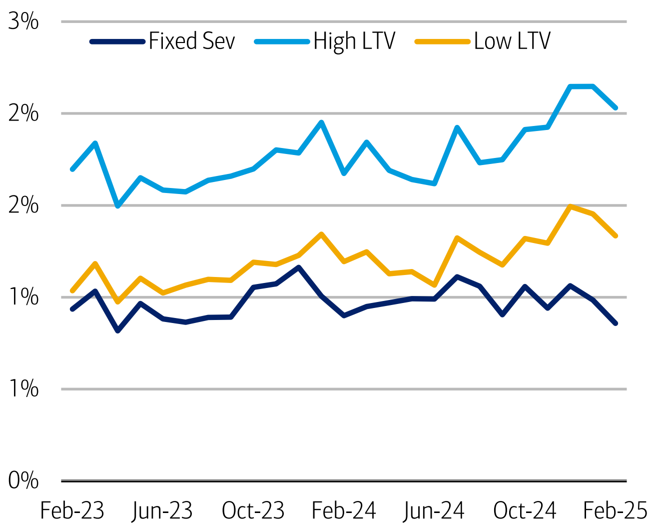
CRT remits

CRT Delinquencies

STACR delinquency rates declined slightly in Feb remits with High LTV down by 12bps and Low LTV down by 12bps MoM.

Exhibit 40: STACR D30+% over time
STACR D30+% declined slightly in Feb



Source: BofA Global Research, Freddie Mac, Loan Performance

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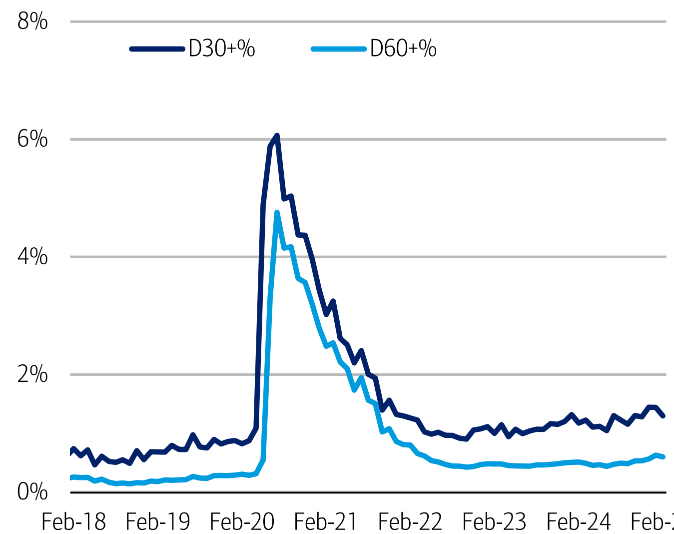
Exhibit 41: Low LTV delinquency rates over time
D30+% rates picked up consecutively since mid-2023



Source: BofA Global Research, Freddie Mac, Loan Performance

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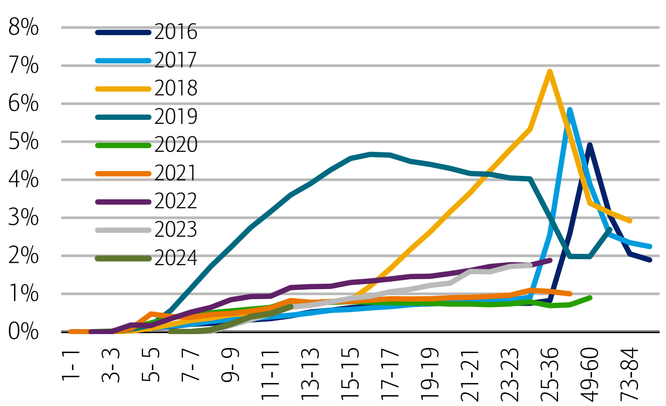
Delinquency rates by WALA & vintage: Delinquency rates for 2022 vintage loans are running slightly higher vs older vintages. (We defined vintage based on the year of the first payment). We think the higher share of low FICO borrowers in 2022 vintage loans and the recent FICO score inflation is likely the factors driving the slightly higher delinquency ramp. The trend has reversed in 2023 and we think delinquencies should normalize, all else equal.

Exhibit 42: Low LTV: D30+% rates by WALA & vintage
2022 vintage loans have a slightly higher delinquency ramp by WALA



Source: BofA Global Research, Freddie Mac, Loan Performance

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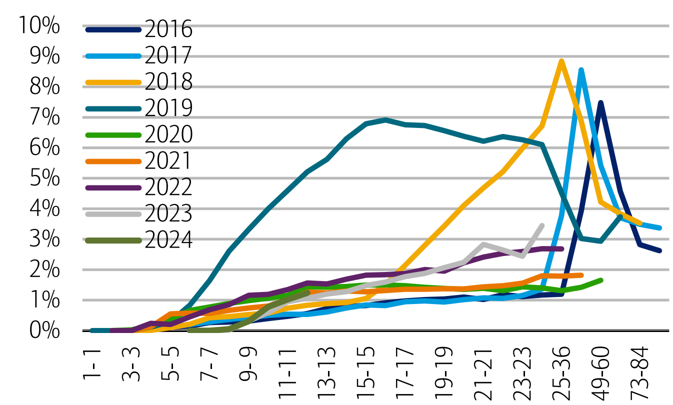
Exhibit 43: FICO 701-720 cohort only
2022 vintage loans have a slightly higher delinquency ramp by WALA



Source: BofA Global Research, Freddie Mac, Loan Performance

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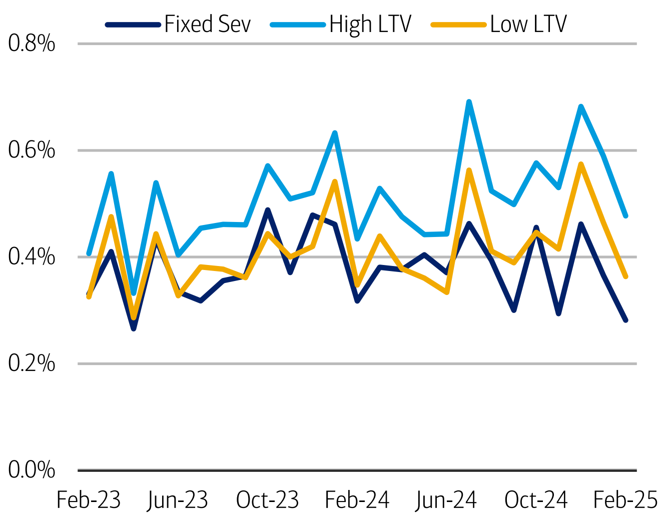
STACR Current to Delinquent roll rates decreased by 8bps in High LTV and by 11bps in Low LTV.

STACR Cure rates decreased by <1% in High LTV and 1% in Low LTV.

Exhibit 44: STACR Current-D30 roll rate

STACR C-D30 roll rate decreased by 8bps in High LTV and by 11bps in Low LTV



Source: BofA Global Research, Freddie Mac, Loan Performance

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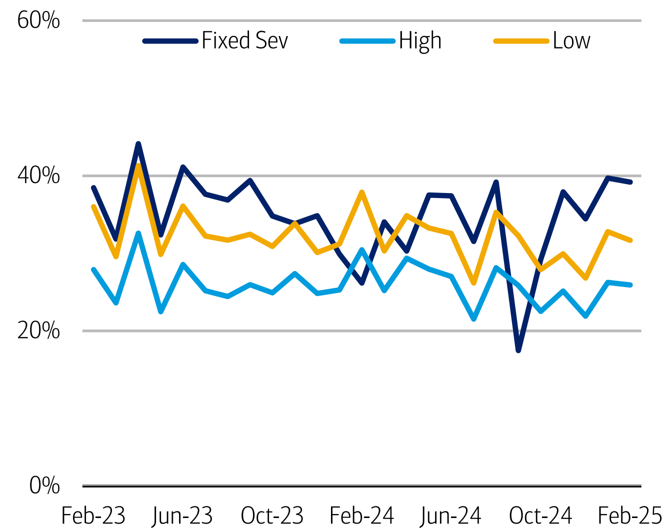
Exhibit 45: STACR cure rates

STACR cure rate decreased by <1% in High LTV and 1% in Low LTV.



Source: BofA Global Research, Freddie Mac, Loan Performance

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CRT Forbearance trends & types of Mods

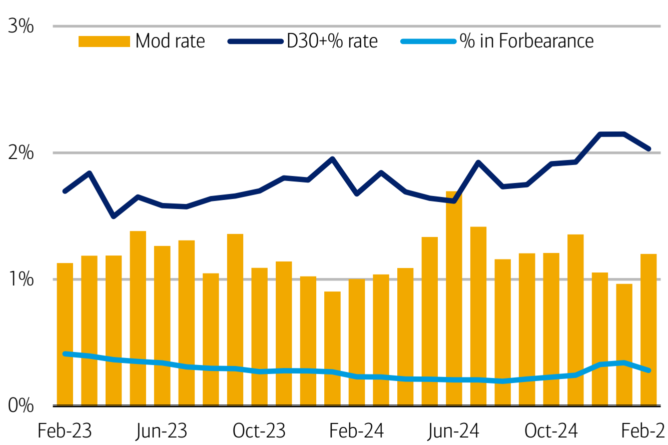
We are making available a deal level analytics file that tracks forbearance rates & D30+% rates across individual deals. Please email us for a copy.

We track forbearance exits as COVID-affected loans reach their 18-month forbearance plan expiration.

In February remits, 0.3% of High LTV and 0.2% Low LTV loans are in forbearance, staying flat from Dec remits. Mod rates declined in both High LTV and Low LTV by 12bps and 12bps, respectively.

Exhibit 46: High LTV CRT forbearance exits

Mod rates declined by 12bps in Feb remits in High LTV



Source: BofA Global Research, Loan Performance

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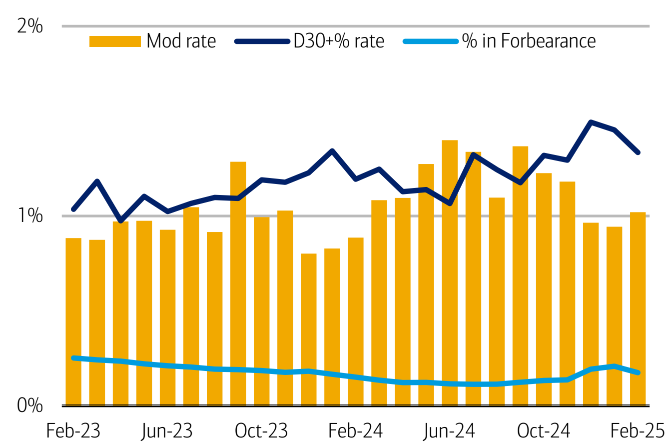
Exhibit 47: Low LTV CRT forbearance exits

Mod rates declined by 12 bps in Feb remits in Low LTV



Source: BofA Global Research, Loan Performance

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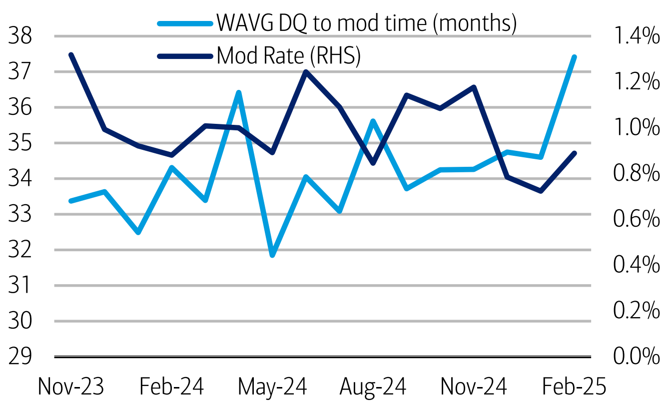
For pre-Covid vintages, the overall mod rates (% of delinquent borrowers modified) increased by 17bps to 0.9%. Delinquent to modification increased to 37 months.

For post-Covid vintages, the mod rates increased by 11bps. Delinquent to modification timeline remained unchanged at 15.8 months.

Mod losses stayed flat. Vintage 2019 had the highest mod loss, which is currently at 11bps (annual) for high LTV deals and 5bps (annual) for low LTV deals.

Exhibit 48: Mod Rate and WAVG DQ to mods (pre-Covid)
WAVG DQ to mod time & Mod Rate increased



Source: BofA Global Research, Loan Performance

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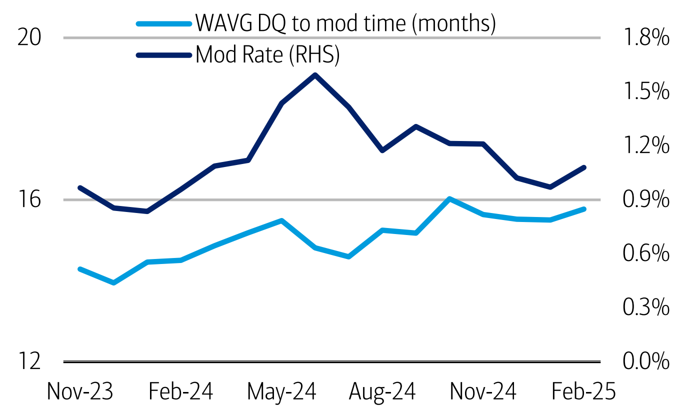
Exhibit 49: Mod Rate and WAVG DQ to mods (post-Covid)
WAVG DQ to mod time & Mod Rate increased



Source: BofA Global Research, Loan Performance

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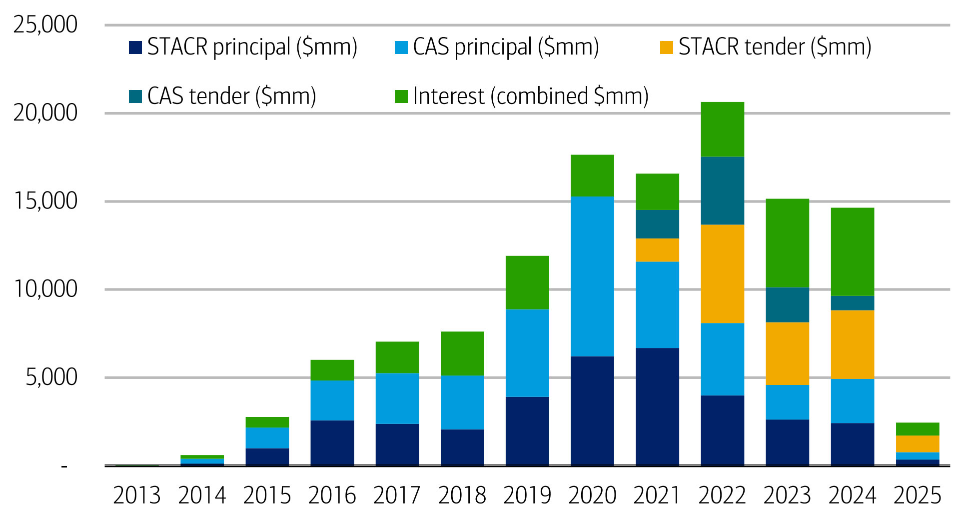
Structure, Paydown & Prepays

Total principal paydowns were $379mn for CRT bondholders in Feb remits vs $396mn in Jan, including the HRP/FTR deals. This month, Freddie Mac tendered 10 STACR bonds, totaling at $945mn. 2025 YTD, CRT gross issuance has been at $2.1bn, total principal paydowns plus tenders have been at $1.7bn, and net issuance thus stands at **+$0.4bn**.

Exhibit 50: Total CRT paydowns by year
YTD principal paydowns at $774mn and tender at $945mn (including HRP/FTR deals)



Source: BofA Global Research, Fannie Mae, Freddie Mac, Intex, Bloomberg

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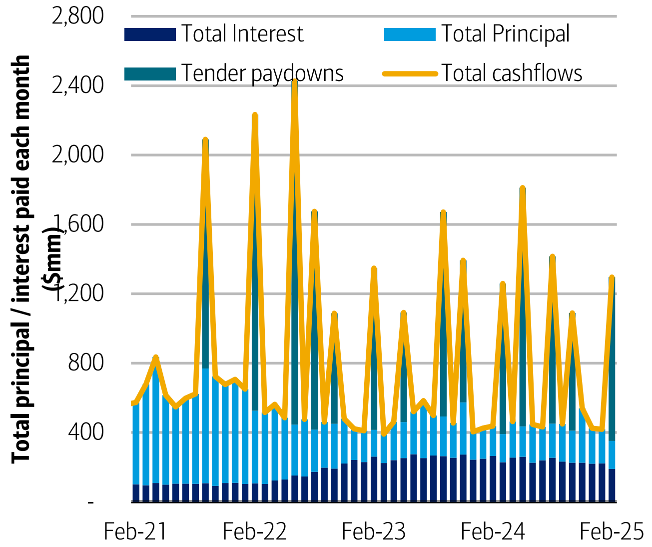
Exhibit 51: Total principal and interest distributed to STACR bondholders each month (including HRP/FTR deals)
STACR principal paydowns were $161mn in Feb



Source: BofA Global Research, Intex, Bloomberg

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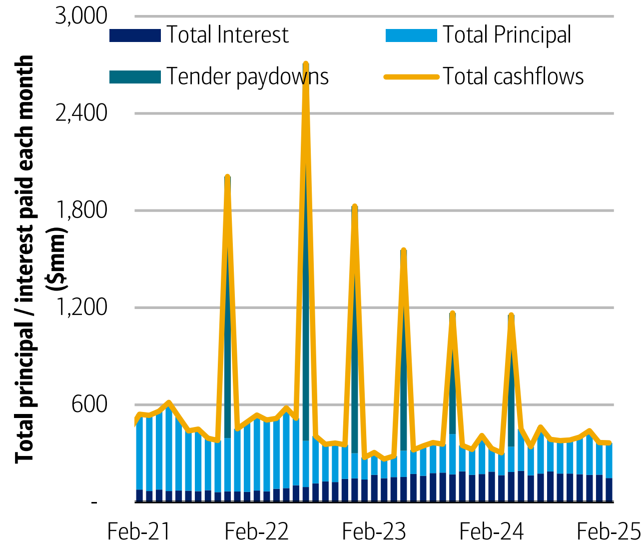
Exhibit 52: Total principal and interest distributed to CAS bondholders each month (including HRP/FTR deals)
CAS principal paydowns were $218mn in Feb



Source: BofA Global Research, Intex, Bloomberg

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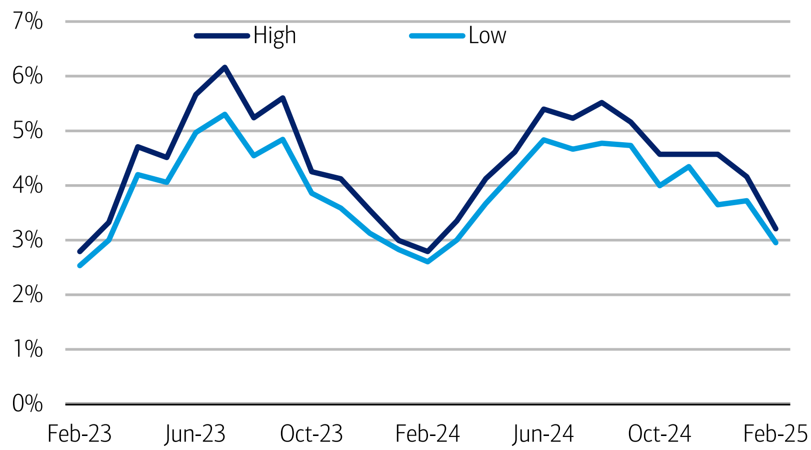
STACR Prepays decreased by 95bps and 77bps in High LTV and Low LTV, respectively.

Exhibit 53: STACR prepays
STACR prepay speeds decreased by 95bps and 77bps in High LTV and Low LTV, respectively.



Source: BofA Global Research, Freddie Mac, Loan Performance

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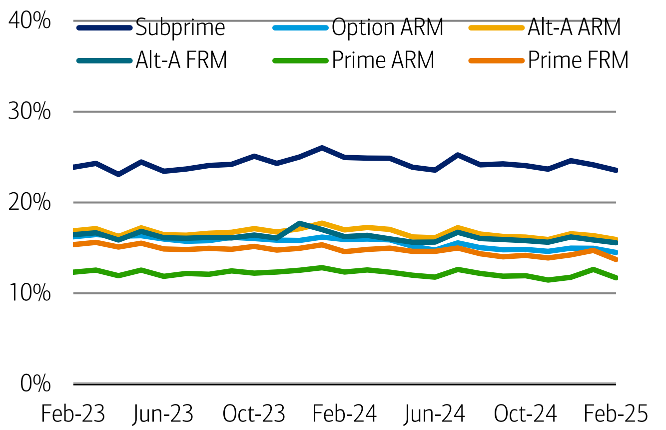
Legacy Remit

- D30+% decrease was mixed MoM, ranging from 30bps to 100bps. D60+% decreased in Prime ARM by 1.02% with marginal change in other subsectors.
- Prepayment speeds changes were decreased in February across all the sectors. Decrease in Prepayment speeds led by Prime ARM(-2.12%) and followed by Prime FRM(-2%).
- Default rates mostly decreased. Except for Alt-A ARM and Prime FRM, all other subsectors saw a pickup in the range of 0.0%-0.3% MoM
- D90+ to Foreclosure roll rates increased across sectors: Prime ARM saw a pickup of about 9% followed by Prime FRM 6%
- Foreclosure to REO roll increased for all except Prime FRM, which saw a decline of -0.4% . For the rest, there was an increase of 0.2%-0.8% MoM.
- Loss severity changes were mixed in February, Prime ARM increased by 58% whereas Alt-A ARM decreased by 12%.

Exhibit 54: DQ30+% for Legacy Sectors
D30+% decreased by 30-100bps MoM across sectors



Source: BofA Global Research, 1010Data, CoreLogic Loan Performance

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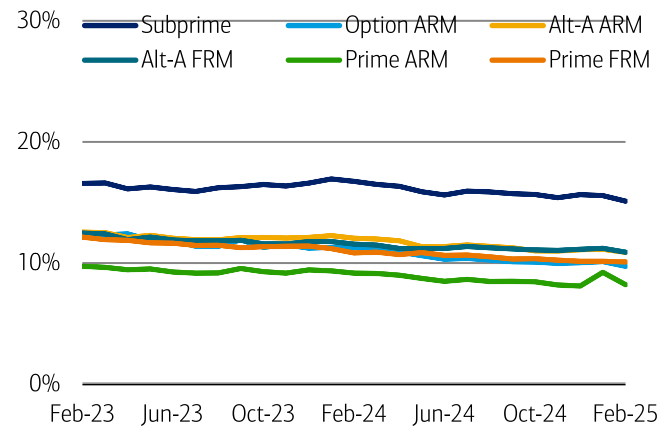
Exhibit 55: DQ60+% for Legacy Sectors
D60+% rates were decreased across sectors



Source: BofA Global Research, 1010Data, CoreLogic Loan Performance

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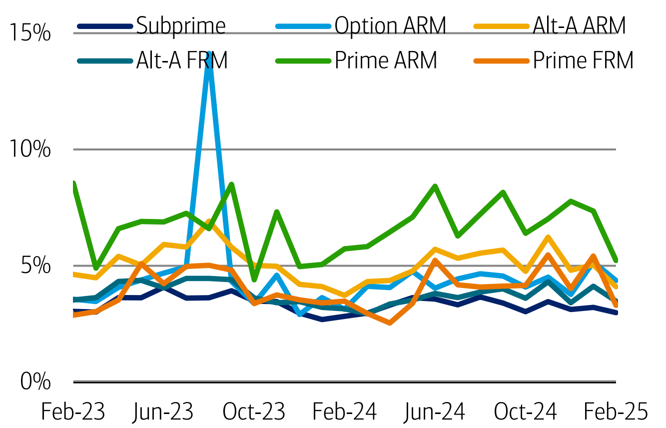
Exhibit 56: Legacy Sector 1M CPR
Prepays speeds were decreased across sectors



Source: BofA Global Research, 1010Data, CoreLogic Loan Performance

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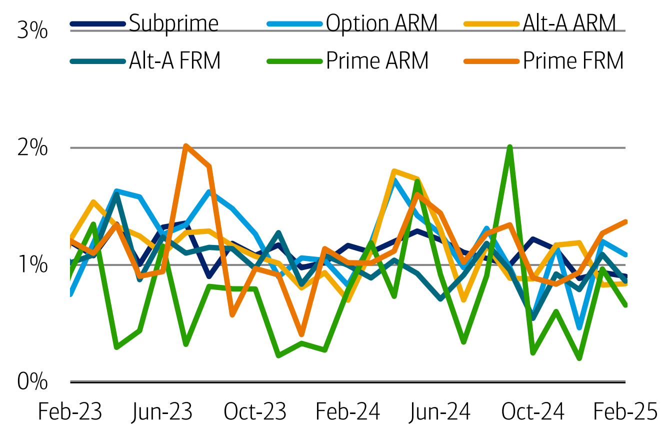
Exhibit 57: Legacy Sector 1M CDR
Default rates were decreased across sectors



Source: BofA Global Research, 1010Data, CoreLogic Loan Performance

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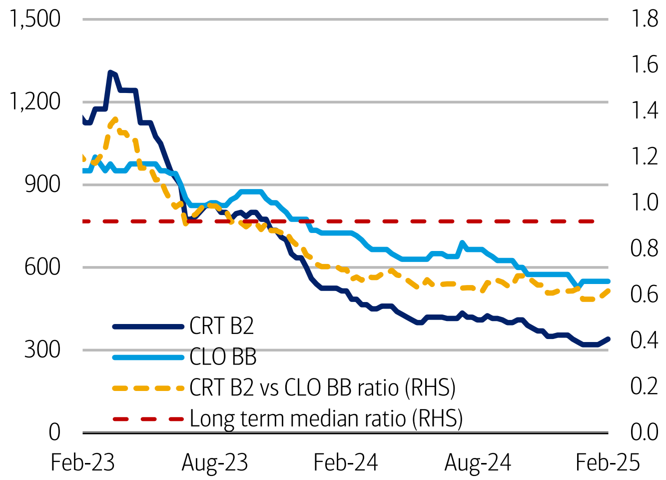
RMBS Spreads and Issuance

Exhibit 58: CRT B2 vs CLO BB spreads over time

We have seen the ratio tightened meaningfully since May 2023



Source: BofA Global Research

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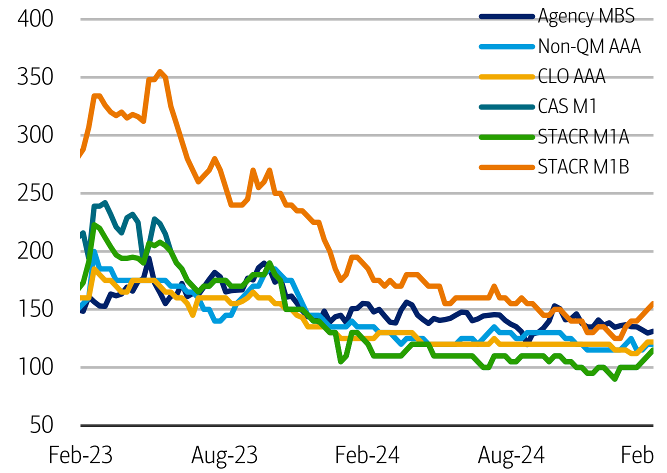
Exhibit 59: Agency MBS current coupon more attractive than other sectors

Agency basis is currently at 131bps



Source: BofA Global Research

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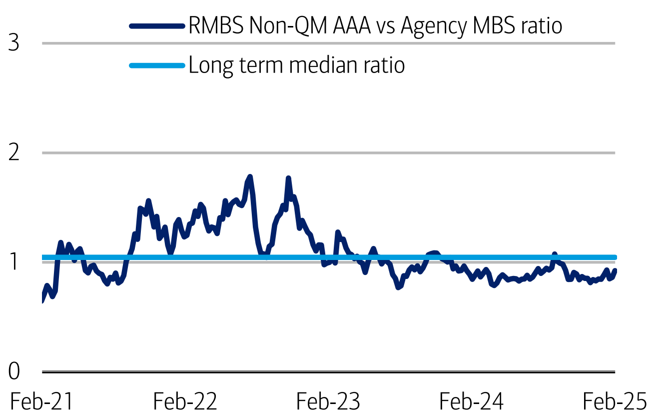
Exhibit 60: Non-QM AAA vs Agency MBS spread ratio

The spread ratio is closed to the long term median level



Source: BofA Global Research, Bloomberge

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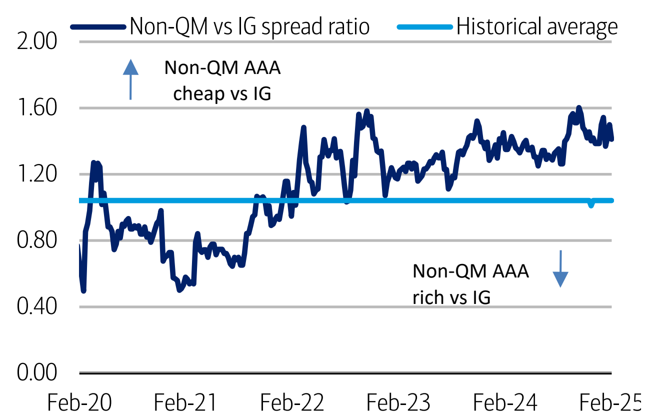
Exhibit 61: Non-QM AAA vs IG spread ratio over time

Non-QM AAA bonds are cheap vs IG based on historical spreads



Source: BofA Global Research, Bloomberg

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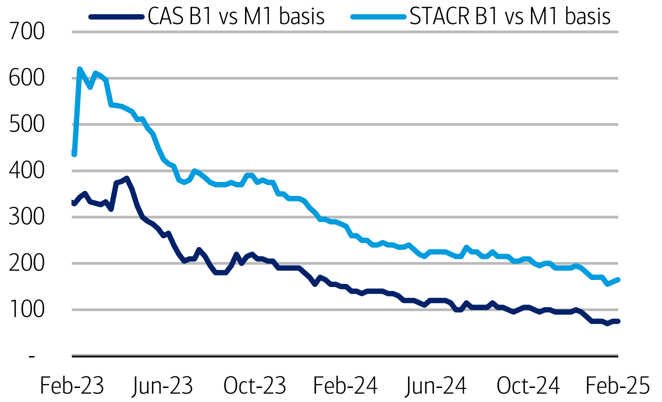
Exhibit 62: CRT B1 vs M1 basis has reached close to tights in CAS
CRT OTR B1 vs M1 spread basis



Source: BofA Global Research

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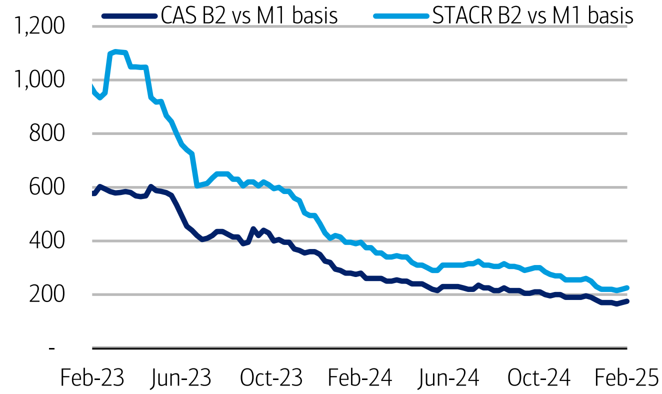
Exhibit 63: CRT B2 vs M1 basis has reached close to tights in CAS
CRT OTR B2 vs M1 spread basis



Source: BofA Global Research

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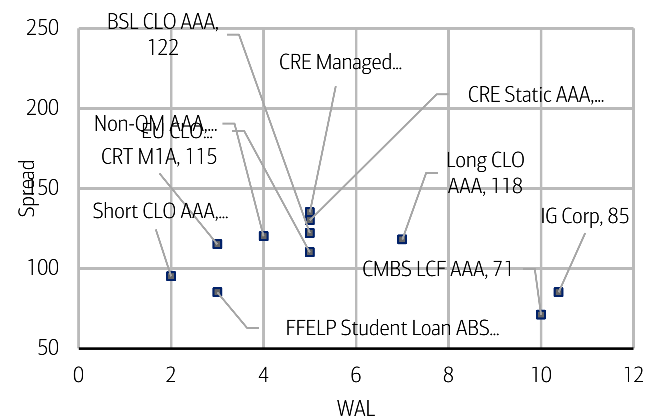
Exhibit 64: Spread / WAL rel-val: Non-QM AAA spreads at 125bps vs WAL at 4yr
Across IG



Source: BofA Global Research, Bloomberg

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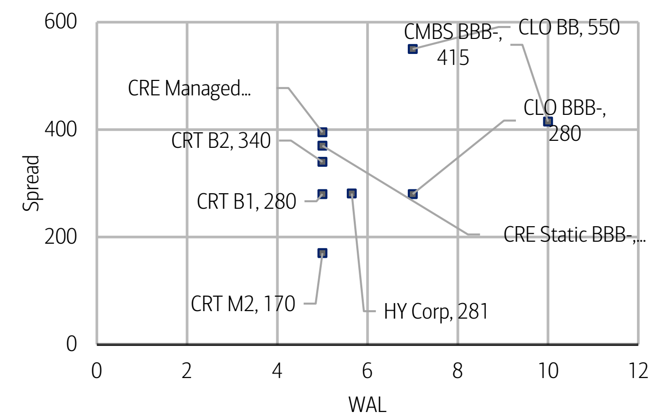
Exhibit 65: Spread / WAL rel-val: CRT B1 spreads at 270bps vs WAL 5yr
Across Non-IG



Source: BofA Global Research

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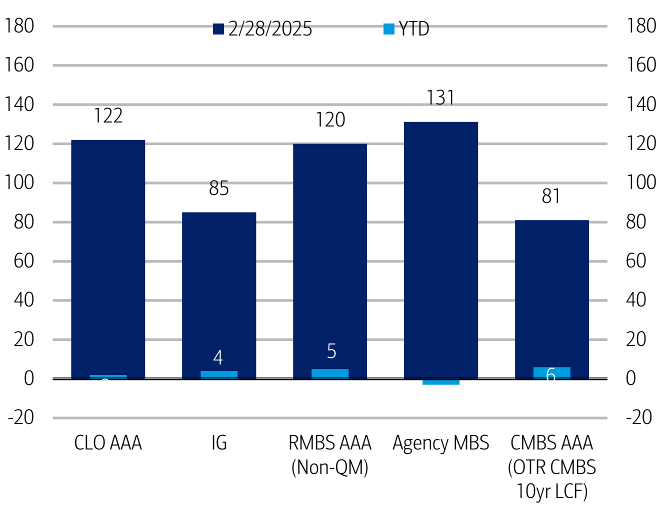
Exhibit 66: Spreads and YTD changes
AAA/IG



Source: BofA Global Research, Bloomberg, LCD

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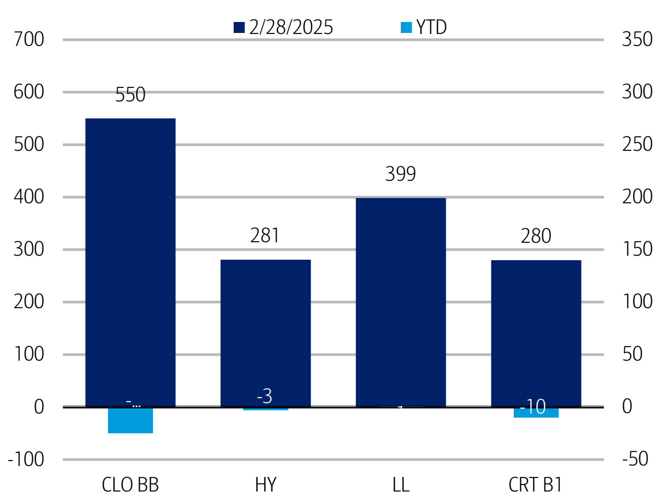
Exhibit 67: Spreads and YTD changes
Sub-IG



Source: BofA Global Research, Bloomberg, LCD

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Exhibit 68: Cross Asset spreads change YTD, YoY, from 2024 wides & from 2022 tights
Note: Spreads as of 2/27/2025

		Spreads								
Rating	**Sector**	**Current**	**Dec-24**	**YTD Change**	**Mar-24**	**YoY change**	**2024 wides**	**Current vs wides**	**2022 tights**	**Current vs tights**
IG	Agency MBS	133	134	-1	155	-22	160	-27	71	62
	Corps	85	81	4	101	-16	112	-27	95	-10
HY	Corps	281	284	-3	332	-51	393	-112	305	-24
	LL	399	398	1	444	-46	459	-60	398	1
AAA	US CLO AAA	122	120	2	125	-3	135	-13	126	-4
	EU CLO AAA	105	105	0	130	-25	170	-65	90	15
	CMBS (OTR LCF 10yr)	81	75	6	92	-11	116	-35	72	9
	CRE CLO (5Y managed)	130	140	-10	165	-35	200	-70	135	-5
	RMBS (Non-QM)	120	115	5	135	-15	145	-25	90	30
	ABS (Credit Card)	40	45	-5	60	-20	70	-30	26	14
	ABS (FFELP SL 3Y)	86	96	-10	105	-19	115	-29	77	9
AA	US CLO AA	170	170	0	185	-15	200	-30	181	-11
	EU CLO AA	165	165	0	205	-40	245	-80	165	0
	CRE CLO	180	200	-20	270	-90	320	-140	195	-15
	RMBS Non-QM AA	140	140	0			185	-45		
A	US CLO A	190	190	0	235	-45	255	-65	216	-26
	EU CLO A	210	210	0	255	-45	320	-110	205	5
	CRE CLO	210	240	-30	330	-120	390	-180	220	-10
	CRT OTR M1A	115	100	15	120	-5	140	-25	93	22
	RMBS Non-QM A	155	160	-5			200			
BBB	US CLO BBB	280	285	-5	340	-60	375	-95	326	-46
	EU CLO BBB	300	300	0	380	-80	480	-180	300	0
	CRT OTR M1B	155	135	20	185	-30	225	-70		
	RMBS Non-QM BBB	200	205	-5			320	-120		
BB	US CLO BB	550	575	-25	725	-175	775	-225	676	-126
	EU CLO BB	575	575	0	675	-100	815	-240	615	-40
	CRT OTR M2	170	170	0	265	-95	310	-140	206	-36
	CRT OTR B1	280	290	-10	400	-120	480	-200	356	-76
	CRT OTR B2	340	355	-15	515	-175	635	-295	665	-325

Source: BofA Global Research, Bloomberg, LCD

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Exhibit 69: Relative values and spread changes across securitized products
Spreads for this week

Non-agency & Agency MBS relative values

		1-Week Δ		1-Month Δ	
Non-agency Spreads	Current Level	bp	%	bp	%
STACR OTR					
STACR OTR M1A	115	5	5%	15	14%
STACR OTR M1B	155	5	3%	15	10%
STACR OTR M2	170	5	3%	10	6%
STACR OTR B1	280	10	4%	10	4%
STACR OTR B2	340	10	3%	20	6%
CAS OTR					
CAS M1	115	5	5%	15	14%
CAS M2	155	5	3%	15	10%
CAS B1	190	5	3%	15	8%
CAS B2	290	10	4%	20	7%
2.0 PLS & NPL/RPL					
Jumbo 2.0 PT (AAA)	120	0	0%	0	0%
Jumbo 2.0 FCF (AAA)	135	5	4%	5	4%
LCF Jumbo 2.0 (AAA)	100	0	0%	0	0%
RPL A1 (AAA, 3 - 4Y)	100	0	0%	0	0%
Non-QM A1 (AAA, 2Y)	120	0	0%	5	4%
Non-QM A2 (AA, 2Y)	140	0	0%	(5)	-4%
Non-QM A3 (A, 2Y)	155	0	0%	(5)	-3%
Non-QM M1 (BBB 4Y)	200	0	0%	(5)	-3%
NPL A1 (NR, 4Y)	190	0	0%	0	0%

Other securitized products relative values

		1-Week Δ		1-Month Δ	
CMBS Spreads	Current Level	bp	%	bp	%
OTR A1 AAA 3Y Fixed Rate Conduit vs LIBOR	119	0	0%	2	2%
OTR A2 AAA 5Y Fixed Rate Conduit vs LIBOR	192	0	0%	0	0%
OTR A-SB AAA 7Y Fixed Rate Conduit vs LIBOR	133	0	0%	(1)	-1%
OTR LCF AAA 10Y Fixed Rate Conduit vs LIBOR	144	0	0%	0	0%
OTR A-S AAA 10Y Fixed Rate Conduit vs LIBOR	192	0	0%	0	0%
OTR AA 10Y Fixed Rate Conduit vs LIBOR	257	0	0%	(10)	-4%
OTR A 10Y Fixed Rate Conduit vs LIBOR	417	0	0%	(10)	-2%
OTR BBB- 10Y Fixed Rate Conduit vs LIBOR	922	0	0%	0	0%
10/9.5 TBA AAA 10Y Fixed Rate DUS Agency vs LIBOR	71	0	0%	(4)	-5%
A1 5Y Fixed Rate GEMS Agency vs LIBOR	57	0	0%	(2)	-3%
25YR AAA 25Y Fixed Rate SBAP Agency vs LIBOR	107	0	0%	(6)	-5%
A2 10Y Fixed Rate GEMS Agency vs LIBOR	70	0	0%	(3)	-4%
A1 5Y Fixed Rate Freddie Agency vs LIBOR	52	0	0%	(4)	-7%
A2 10Y Fixed Rate Freddie Agency vs LIBOR	61	0	0%	(4)	-6%
B 10Y Fixed Rate Freddie Agency vs LIBOR	297	0	0%	(1)	0%
C 10Y Fixed Rate Freddie Agency vs LIBOR	322	0	0%	(1)	0%
35YR;19 AAA 10Y Fixed Rate PL Agency vs LIBOR	107	0	0%	(13)	-11%
20YR AAA 20Y Fixed Rate SBAP Agency vs LIBOR	108	0	0%	(4)	-4%
10YR AAA 10Y Fixed Rate SBAP Agency vs LIBOR	67	0	0%	(5)	-7%
Consumer ABS Spreads					
AAA 3Y Fixed Rate Prime Auto vs LIBOR	64	0	0%	(4)	-6%

Exhibit 69: Relative values and spread changes across securitized products
Spreads for this week

Non-agency & Agency MBS relative values		1-Week Δ		1-Month Δ	
NPL A2 (NR, 3Y)	550	0	0%	0	0%
SFR					
SFR A (AAA)	78	3	4%	8	11%
SFR B (AA)	100	0	0%	0	0%
SFR C (A)	115	0	0%	0	0%
SFR D (BBB)	155	0	0%	0	0%
SFR E (BBB-)	190	0	0%	0	0%
SFR F (BB)	285	0	0%	0	0%
Legacy					
Jumbo Fixed (CCC)	205	0	0%	0	0%
Alt-A Floater (CCC-)	205	0	0%	0	0%
Option ARM (CCC-)	205	0	0%	0	0%
Current Pay Subprime (B/CCC)	195	0	0%	0	0%
LCF Subprime (B/CCC)	195	0	0%	0	0%
Agency MBS					
FNCL 1.5% Zero Vol OAS	22	(3)	-11%	(5)	45%
FNCL 2.0% Zero Vol OAS	19	(0)	-1%	(2)	22%
FNCL 2.5% Zero Vol OAS	27	1	5%	1	6%
FNCL 3.0% Zero Vol OAS	34	(0)	0%	(0)	-1%
FNCL 3.5% Zero Vol OAS	45	1	3%	2	5%
FNCL 4.0% Zero Vol OAS	58	(2)	-3%	(2)	-3%
FNCL 4.5% Zero Vol OAS	75	0	0%	(2)	-3%
FNCL 5.0% Zero Vol OAS	95	3	3%	3	3%
2nd Lien / HELOC (to maturity)					
2nd Lien / HELOC (AAA)	125	0	0%	(5)	-4%

Other securitized products relative values		1-Week Δ		1-Month Δ	
AAA 3Y Fixed Rate Subprime Auto vs LIBOR	84	0	0%	(4)	-4%
AAA 3Y Floating Rate Credit Card vs LIBOR	75	0	0%	0	0%
AAA 3Y Fixed Rate Credit Card vs LIBOR	46	0	0%	(2)	-4%
AAA 3Y Fixed Rate Equipment vs LIBOR	84	0	0%	(9)	-9%
A 5Y Fixed Rate Container ABS vs LIBOR	204	0	0%	(3)	-2%
AAA 5Y Fixed Rate Rental Car ABS vs LIBOR	179	0	0%	7	4%
AAA 3Y Fixed Rate Consumer ABS vs LIBOR	134	0	0%	1	1%
AAA 3Y Floating Rate Private Student Loan vs LIBOR	165	0	0%	0	0%
AAA 10Y Floating Rate Private Student Loan vs LIBOR	185	0	0%	0	0%
AAA 3Y Floating Rate FFELP Student Loan vs LIBOR	130	0	0%	0	0%
AAA 10Y Floating Rate FFELP Student Loan vs LIBOR	143	0	0%	0	0%
CLO Spreads by Rating					
AAA	122	0	0%	10	9%
AA	170	0	0%	10	6%
A	190	0	0%	10	6%
BBB	280	0	0%	20	8%
BB	550	0	0%	50	10%
B	1000	0	0%	50	5%
Corp spreads					
ICE BofA US Corps (C0A0)	122	5	4%	1	1%
ICE BofA AA US Corps (C0A2)	88	4	5%	2	2%
ICE BofA US HY Corps (H0A0)	305	3	1%	13	4%
ICE BofA B US HY Corps (H0A2)	304	4	1%	9	3%
CDX HY (CDX HY CDSI)	309	6	2%	9	3%
CDX IG (CDX IG CDSI)	49	1	2%	1	1%

Source: BofA Global Research

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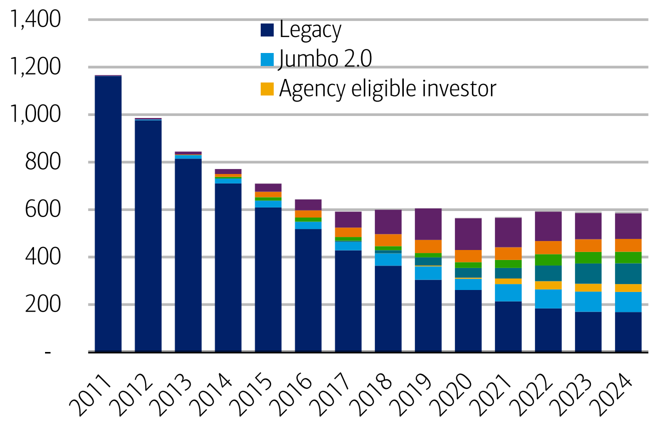
Exhibit 70: Non-agency RMBS outstanding by sector over time
Total outstanding has struggled to remain above $600bn



Source: BofA Global Research, Bloomberg, Intex

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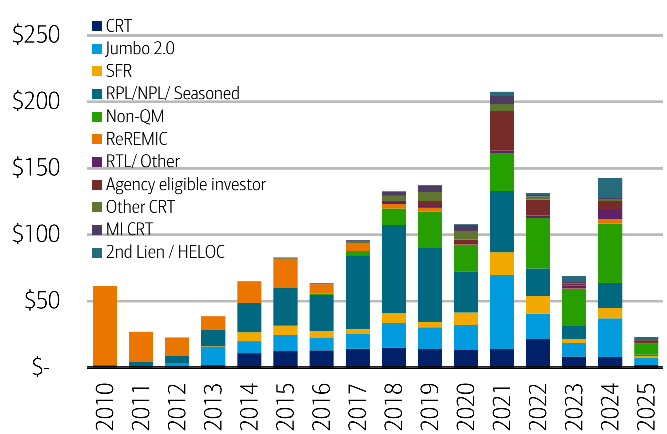
Exhibit 71: Non-agency RMBS issuance by sector over time
2024 YTD total issuance is $137bn



Source: BofA Global Research

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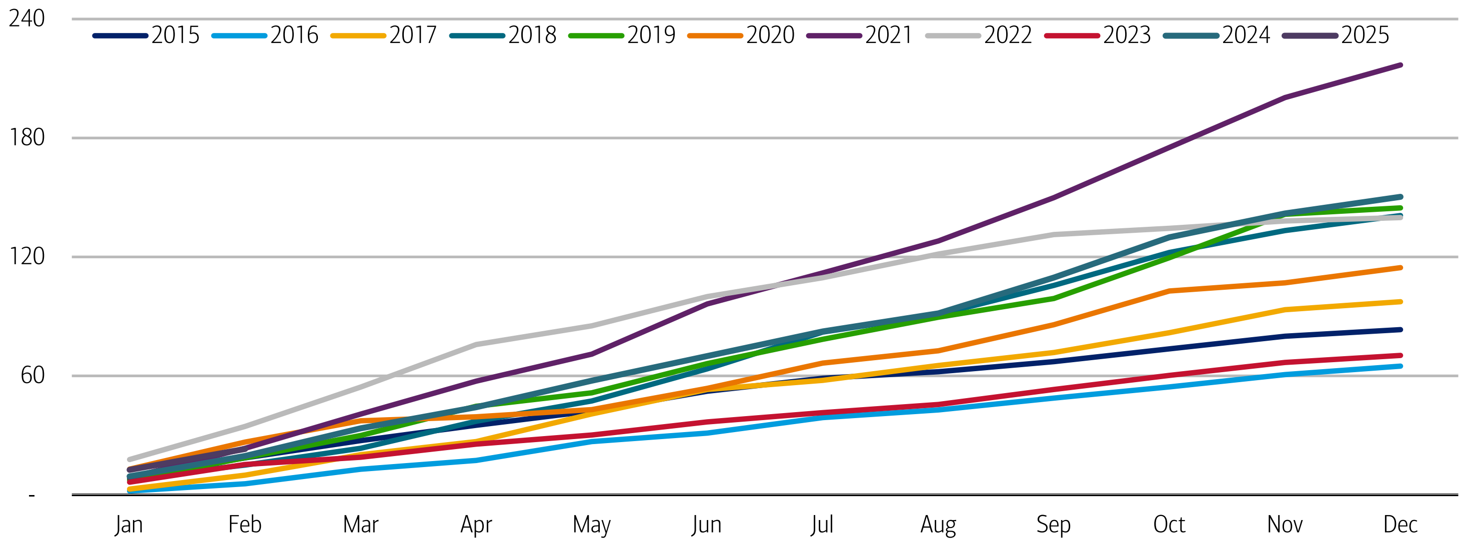
Exhibit 72: Monthly YTD issuance by calendar year

RMBS issuance this year is the lowest compared to previous years since 2017



Source: BofA Global Research

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Acronym descriptions

Table 1: Common Terminology – Multiple Sectors

.

Acronyms	Description
Multiple Sectors	
ABCP	Asset-backed commercial paper
AIFM	Alternative Investment Fund Managers
AIFMR	EU financial regulation of hedge funds, private equity, real estate funds and other alternative investment fund managers
ALS	Average Loan Size
AMF	Financial Markets Authority (France)
BaFin	Federal Financial Supervisory Authority (Germany)
BLS	Bureau of Labor Statistics
BPS	Basis points
BWIC	Bid Wanted In Competition
CDR	Constant default rate
CE	Credit Enhancement
CEE	Central and Eastern Europe
CFPB	Consumer Financial Protection Bureau
CLTV	Combined Loan-to-value ratio or Current Loan-to-value ratio
CPR	Constant prepayment rate
CQS	Credit quality step
CRD	Capital Requirements Directive (EU)
CRR	Capital Requirements Regulation (EU)
CRR	Conditional Repayment Rate
CRR	EU prudential regulation for credit institutions and investment firms
DD	Due diligence
DM	Discount Margin
DQ	Delinquency
DTI	Debt-to-Income ratio
EBA	European Banking Authority
EC	European Council (EU)
EComm	European Commission (EU)
EDSF	Euro Dollar Swap FRA
EL	Expected Loss
EP	European Parliament (EU)
ESAs	European Supervisory Authorities (EU)
ESG	Environmental, Social and Governance
ESMA	European Securities Market Authority
EU	European Union
Euribor	European interbank offered rate
FCA	Financial Conduct Authority (UK)
FCF	Front cash flow
Fed or FRB	Federal Reserve Board
FICO	Fair Isaac Corporation
FINRA	Financial Industry Regulatory Authority
FNMA	Federal National Mortgage Association
GDP	Gross domestic product
Ginnie Mae	Government National Mortgage Association
GNMA or GNR	Government National Mortgage Association
HAMP	Home Affordable Modification Program
HARP	Home Affordable Refinance Program
HY	High Yield
IAA	Internal Assessment Approach
IG	Investment grade
IO	Interest-only mortgages or tranches

Acronyms	Description
Multiple Sectors	
ISM	Institute for Supply Management
ITS	Implementing Technical Standards (EU)
JHF	Japanese Housing Finance Agency
LCF	Last cash flow
LGD	Loss Given Default
LIBOR	London Interbank Offered Rate
LTV	Loan-to-value ratio
MBS	Mortgage-Backed Security
MEP	Member of European Parliament (EU)
MoM	Month over Month
NR	Non-rated
NSFR	Net Stable Funding Ratio
N-Spread	Nominal spreads to swaps
NY Fed	The Federal Reserve Bank of New York
OAS	Option-adjusted Spreads
OC	Overcollateralization
OID	Original issue discount
OLTV	Original Loan-to-value ratio
OWIC	Offer wanted in competition
PRA	Prudential Regulation Authority (UK)
QE	Quantitative Easing
QM	Qualified Mortgages
R&W	Representation and warranty
REIT	Real estate investment trust
RTS	Regulatory Technical Standards (EU)
SEV	Severity
SOFR	The Secured Overnight Financing Rate
Solvency II	EU insurance regulation
SONIA	Sterling overnight interbank average rate
SRT	Significant Risk Transfer
SSM	Single Supervisory Mechanism (EU)
STC	Simple Transparent and Comparable Securitization
STS	Simple Transparent and Standardized Securitization
TRACE	Trade Reporting and Compliance Engine
UCITS	Undertakings for the Collective Investments in Transferable Securities
UST	United States Treasury
WAC	Weighted average coupon
WAL	Weighted average life
WALA	Weighted average loan age
WAM	Weighted Average Maturity
WAS	Weighted average spread
WAVG	Weighted average
WoW	Week over Week
YoY	Year over Year
YTD	Year to date
YTM	Yield to maturity

Source: BofA Global Research

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Table 2: Common Terminology – Asset Backed Securities (ABS) and Collateralized Loan Obligations (CLO)

.

Acronyms	Description
Asset Backed Securities	
A&C	Agriculture and Construction
ABS	Asset Backed Securities
ABS	Absolute Prepayment Speed
CEU	Container shipping, Cost Equivalent Unit
CNL	Cumulative Net Loss
DPP	Device Payment Plan
ECASLA	The Ensuring Continued Access to Student Loans Act
ED	The Department of Education
EFC	Education Financial Council
FDLP	William D. Ford Federal Direct Loan Program
FFELP	The Federal Family Education Loan Program
HEA	Higher Education Act of 1965, as amended
IBR	Income based repayment
IDR	Income driven repayment
MPR	Monthly payment rate
NCHER	The National Council of Education Resources
PAYE	Pay As You Earn
REPAYE	Revised Pay As You Earn Plan
RV	Residual value (auto lease / loan)
SAARS	Seasonally adjusted annual rate
TEU	Container shipping, Twenty Foot Equivalent Unit
TIVAS	Title IV Additional Servicers
VT	Voluntary Termination (auto loan by borrower)
WBS	Whole business securitization
YSOC	Yield Supplement Overcollateralization

Acronyms	Description
Collateralized Loan Obligations	
A to E	Amend to extend
AMA	Asset manager affiliate
AUM	Assets under management
BDC	Business development company
BSL CLO	CLO backed primarily by broadly syndicated loans
CBO	Collateralized bond obligation
CDO	Collateralized debt obligation
CLO	Collateralized loan obligation
CMV	Capitalized management vehicle
Cov-Lite	Covenant-lite
CQT	Collateral quality tests
DIV	Diversity Score
EBITDA	Earnings before interest, tax, depreciation and amortization
ELLI	European Leveraged Loan Index
EOD	Event of default
IC	Interest coverage
ID	Interest diversion
IPO	Initial public offering
IRR	Internal rate of return
JR OC	Junior overcollateralization
LBO	Leveraged buyout
Liquidation NAV	NAV assuming portfolio can be liquidated immediately at its market value without any additional costs
LLI	Leveraged loan index
LTM	Last-twelve-months
M&A	Mergers and acquisitions
MM CLO	CLO backed primarily by middle-market loans
MOA	Majority owned affiliate
MVOC	Market value overcollateralization
NAV	Net asset value
O&G	Oil and gas
PIK	Payment in kind
PPT	Portfolio profile tests
RCF	Revolving credit facility
RP	Reinvestment Period
RR	Risk retention
SME	Small and medium enterprise
SR OC	Senior overcollateralization
TLA	Term loan A
TLB	Term loan B
TRUPS	Trust preferred securities
WAP	Weighted average price
WARF	Weighted average rating factor
WARR	Weighted average recovery rate
WAS	Weighted average spread

Source: BofA Global Research

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Table 3: Common Terminology – Commercial Mortgage-Backed Securities (CMBS)

.

Acronyms	Description
Commercial Mortgage-Backed Securities	
ACLI	American Council of Life Insurers
ADR	Average Daily Rate
ARA	Appraisal Reduction Amount
ARD	Anticipated Repayment Date
ASERs	Appraisal Subordinate Entitlement Reductions
Cap Rate	Capitalization rate
Capex	Capital Expenditure
CBD	Central Business District
CMBS	Commercial mortgage-backed security
CPY	Constant Prepayment Yield
CRE	Commercial real estate
Def	Defeasance
DSCR	Debt service coverage ratio
DUS	Fannie Mae delegated underwriting and servicing
DY	Debt yield
ERV	Estimated Rental Value
Fannie Mae GeMs	Fannie Mae Guaranteed Multifamily Structures
FRESB	Freddie Mac Small Balance Mortgage Transactions
Freddie K	Freddie Mac K deals
FT IO	Full term interest only loan
GFC	Global Financial Crisis
GLA	Gross Leasing Area
GSA	Green Street Advisors
HT	Hotel
IN	Industrial
L/O	Lockout
LC	Leasing Commissions
MCAS	Multifamily Connecticut Avenue Securities
Mezz	Mezzanine tranche
MF	Multifamily
MH	Manufactured Housing
MP3	Monetary Policy 3
MR	Most Recent
MX	Mixed Use
MU	Mixed Use
NAV	Net Asset Value
NCF	Net cash flow
NCREIF	National Council of Real Estate Investment Fiduciaries
NOI	Net operating income
OF	Office
OMV	Open Market Valuation
PL CMBS	Private Label CMBS
PT IO	Partial term interest only loan
RCA	Real Capital Analytics
RevPar	Revenue Per Available Room
RT	Retail
SASB	Single asset/single borrower
SBA	Small Business Administration
SBIC	Small Business Investment Company
SBL	Small balance loan

Acronyms	Description
Commercial Mortgage-Backed Securities	
PSF	Per Square Foot
SH	Senior Housing
SPE	Special purpose entity
SS	Special Servicing
SS (Property Type)	Self-storage
TI	Tenant Improvements
TIC	Tenant-In-Common
UW	Underwriting/Underwritten
WAM	Weighted average maturity
WL	Watchlist
YM	Yield maintenance

Source: BofA Global Research

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Table 4: Common Terminology – Agency MBS

.

Acronyms	Description
Agency MBS	
AFS	Available-for-sale
AOCI	Accumulated other comprehensive income
AOLS	Average original loan size
ARM	Adjustable-rate mortgage
BU/BD	Buy-up/Buy-down
CBR	Constant buyout rate
CC	Current coupon rate
CMO	Collateralized mortgage obligation
CPR	Cumulative prepayment rate
CSP	Common Security Platform
CSS	Common Securitization Solutions
EHS	Existing home sales
FG	Freddie Gold security (typically followed by a two-letter code: LMC, CI, etc.)
FHA	Federal Housing Administration
FHFA	Federal Housing Finance Agency
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FLS	Funding for Lending Scheme (FLS)
FN	Fannie Mae security (typically followed by a two-letter code: CL, CI, etc.)
FRM	Fixed-rate mortgage
GEO	Mortgages by state
G-Fee	Government-sponsored entity fee
GN, G2	Ginnie Mae security (typically followed by a two-letter code: SF, JO, etc.)
GSE	Government-sponsored entity
GWAC	Gross-weighted average coupon
HAC	Hedge-adjusted carry
HARP	Home Affordable Refinance Program
HECM	Home equity conversion mortgage
HELOC	Home equity line of credit
HERA	Housing and Economic Recovery Act of 2008
HFA	Housing Finance Authority
HLB	High loan balance MBS
HPA	Home price appreciation
HPI	Home price index
HTB	Help-to-Buy scheme
HQLA	High-quality liquid assets
HR	Hedge ratio
HTM	Held-to-maturity
IIO	Inverse interest-only securities
IO	Interest-only
IOS	Interest-only swap
JPY	Japanese Yen
LCR	Liquidity coverage ratio
LLB	Low loan balance MBS
LLPA	Loan-level pricing adjustment
MBA	Mortgage Bankers Association
MHA	Making Home Affordable program
MIP	Mortgage insurance premium
MLB	Mid loan balance MBS
MMI	Mutual Mortgage Insurance

Acronyms	Description
Agency MBS	
MPE	Mortgage payment to earnings ratio
mREIT	Mortgage real-estate investment trust
MSR	Mortgage servicing rights
NHS	New home sales
NTB	Net tangible benefit
OC	Overcollateralization
OO	Owner-occupied
P/S spread	Primary/Secondary spread
PAC	Planned Amortization Class CMO
PIH	Office of Public and Indian Housing
PIW	Property Inspection Waiver
PLS	Private label security
PMI (or MI)	Private mortgage insurance
PMMS	Primary mortgage market survey rate
PO	Principal-only MBS
PSA	Public Securities Association
PT	Passthrough MBS
RELO	Relocation loan
RESPA	Real Estate Settlement Procedures Act
RF	Reserve Fund
RHS	Rural Housing Service
RMBS	Residential mortgage-backed security
RRP	Reverse repurchase agreement
SATO	Spread at origination
SCRT	Seasoned Credit Risk Transfer Trust
SEQ	Sequential CMO
SLR	Supplementary leverage ratio
SMM	Single monthly mortality
TAC	Targeted Amortization Class CMO
TBA	To be announced securities
TFS	Term Funding Scheme (UK)
TIC	Treasury International Capital System
TILA	Truth in Lending Act
TRID	TILA/RESPA integrated disclosure
UMBS	Uniform MBS
USD	United Stated Dollar
USDA	United States Department of Agriculture
VA	Veterans Affairs
VADM	Very Accurately Defined Maturity CMO
VPR	Voluntary prepayment rate
ZVOAS	Zero-volatility option-adjusted spreads

Source: BofA Global Research

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Table 5: Common Terminology – Non-agency MBS

.

Acronyms	Description
Non-agency MBS	
5/1 ARM	Loan has a fixed interest rate for the first 5 years. After 5 years, the rate can change once every year for the remaining life of the adjustable-rate mortgage
60+	60 or more days delinquent
90+	90 or more days delinquent
AC	Always Current
ATR	Ability to Repay
CAS	Connecticut Avenue Securities
CBDB	Current but delinquent before
C-D	Current-to-delinquent roll rate
CRT	Credit Risk Transfer
Cum Default	Cumulative Default
Cum Loss	Cumulative Loss
Cum prepay	Cumulative Prepayment
D180	Delinquent for 180 days or more
ERR	Enhanced Relief Refinance program
FCLR	Foreclosure
FRM	Fixed rate mortgages
FstBuy	First time home buyer
HOA	Hybrid Option ARM
Home Eq	Home Equity Loans or Subprime Loans
HUD	United States Department of Housing and Urban Development
ILN	Insurance Linked Note
LTD Loss	Loss to date
MILN	Mortgage Insurance Linked Note
NAIC	National Association of Insurance Commissioners
Neg am	Negative amortization
NIW	New insurance written
Non-agency RMBS	Non-agency residential mortgage-backed securities
Non-QM	Non-Qualified Mortgages
NPL	Non-performing loans (securities or loans)
PMIERs	Primary Mortgage Insurer Eligibility Requirements – requirements set by Fannie Mae and Freddie Mac to insure loans acquired by either GSE
POA	Pay Option ARM
REMIC	Real Estate Mortgage Investment Conduit
REO	Real estate owned
ReREMIC	Resecuritization of real estate mortgage investment conduits
RIF	Risk in Force
RPL	Re-performing loans (securities or loans)
SA	Servicer Advance
SFR	Single Family Rental Securitizations
SLST	Freddie Mac Seasoned Loan Structured Transaction
STACR	Freddie Mac Structured Agency Credit Risk debt notes
VPR	Voluntary Prepayment Rate
XoL	Excess of Loss reinsurance

Source: BofA Global Research

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