

11/15/2021 10:56:32 [FFM] Functions for the Market

Zillow RMBS in Focus After Stock Plunges on Flipping Writedown

By Michael Goolsby

(Bloomberg) -- Zillow Group Inc.'s shares plunged almost 40% this month as the online real estate giant decided to wind down its house-flipping business. The impact on the \$1.15 billion in residential mortgage-backed securities Zillow issued to support the business will take longer to unfold.

While the private label RMBS aren't publicly quoted, projected and historic payments are available on the Bloomberg. Zillow's second-series RMBS, the larger of the two, are scheduled to make their first coupon payments this month.

Use Bloomberg to track the coupon payments and accelerated or delayed principal payments of individual RMBS. Run NI BON FFM for function-focused stories on the bond market.

SSA	CF	Class	Orig(000)	Curr(000)	Cpn	OWAL	Orig Mty	Cusip	Tranche Description
1)	*	A	370,500	370,500	2.253	2.10	02/18/27	98879EAA9	SEQ
2)	*	B	79,500	79,500	3.262	2.10	02/18/27	98879EAC5	SUB, SEQ
3)		C	30,000	30,000	0.000	2.10	02/18/27	98879EAE1	SUB, SEQ
4)		R	0	0	0.000	--	--	98879EAG6	R

Tranche Class and Description

Run Zillo 2021-1 <Mtge> <GO> to See Deal Structure.

On Nov. 2, Zillow predicted writedowns of as much as \$569 million to wind down the Zillow Offers business. The homes it bought and expected to sell at a profit were used as collateral for private-label, whole-loan RMBS it settled in August and October. Zillow Offers stumbled in recent months as it tweaked its algorithms to make more aggressive offers, causing it to overpay for houses just as the market began to cool.

The size of the discount Zillow takes when it sells these homes could impact the subordinated bonds, said John Kerschner, head of securitized investing at Janus Henderson. "It's not ideal."

To view the structure of each bond:

ZILLO 2021-1 B Mtge						Send	Page 1/5		Security Description																
US RMBS WH10						--(O)0	CUSIP 98879EAC5	Replines	95 Buy	96 Sell															
1 Bond Summary		2 Group Summary		3 Comments		4 Structural Summary		5 Overview																	
Issuer Revolving Single Family Home ... Pro DSCO »						Docs DSCO »		16 Servicer Servis One Inc (100%)																	
Series 21-1 Class B Mty 02/18/2027 14						ISIN US98879EAC57		17 Lead Mgr Joint																	
10 Class Description SUB, SEQ						FIGI BBG011YX3D77		18 Trustee Wilmington Trust Co																	
Current bond taps shows no principal due or paid as of Nov. 12.								Private Placement																	
Current		Original		Payment Details		Rating	Curr	Orig																	
Bal USD	79,500,000	Bal USD	79,500,000	Next Pay	12/17/2021																				
Fct (Oct 21)	1.000000000	WAL	2.1Yrs	Rcd Date	11/30/2021																				
Cpn (Oct 21)	3.26240%	1st Coupon	3.26240%	Pay Day	17th																				
Class/Grp Pct	15.02%	Class/Grp Pct	15.02%	Frequency	Monthly																				
Beg Accrue	11/01/2021	1st Pay	09/17/2021	Pay Delay	16 Days																				
End Accrue	11/30/2021	1st Settle	08/11/2021	Day Count	30/360	Additional Information																			
		Dated Date	08/11/2021	Calendar	US	DTC Book Entry, DTC Same																			
		Priced 100.00	08/03/2021	Call	Non-Callable	Day, TRACE, 144A																			
11 Cr Supp	15.00%	Px INTRP USSP	+295			Min Size		100,000																	
		Expected Mty	09/19/2023			Increment		1																	
<table border="1"> <thead> <tr> <th></th> <th>Nov21</th> <th>Oct</th> <th>Sep</th> <th>Aug Assumed</th> </tr> </thead> <tbody> <tr> <td>Fctr</td> <td></td> <td>1.00</td> <td>1.00</td> <td>1.00</td> </tr> <tr> <td>Cpn</td> <td>3.26</td> <td>3.26</td> <td>3.26</td> <td></td> </tr> </tbody> </table>												Nov21	Oct	Sep	Aug Assumed	Fctr		1.00	1.00	1.00	Cpn	3.26	3.26	3.26	
	Nov21	Oct	Sep	Aug Assumed																					
Fctr		1.00	1.00	1.00																					
Cpn	3.26	3.26	3.26																						

ZILLO 21-1 B Mtge				Scenarios		Stratify		Actions		Export		Settings		Yield Table	
US RMBS WH10				--(0)0		CUSIP 98879EAC5									
10/2021 CPR		VPR	CDR	SEV	30D	60+	90+	Bkrupt Fclr	REO	Cum Ls	1st Proj 9/17/21		Day Count		30/360
1M		--	--	--	--	--	--	--	--	--	Freq Monthly		Delay	--	Created 11/14/2021
1) Price-to-Yield					Cashflows					30) Table		31) Graph		32) Close Report	
Scenario 1					11) Bond Flow										
Settle 11/16/2021					Orig Bal		79,500,000 USD		Your Orig Bal		79,500,000				
Cashflow Source					Prev Bal		79,500,000		Your Prev Bal		79,500,000				
Source CREDIT SUISSE					Accrued 0.1359 for 15 days, Start 11/01/21, Delay 16, WAL 3.031										
Scenario 71.8 CPR					Show precise amount Monthly										
Contact Information															
Deal Level Controls															
All Loans															
Prepay 71.80 CPR															
Vary 0															
Price 100-00 3.4836															
Avg Life 3.03															
Mod Duration 2.84															
Prin Win Date 8/24-3/25															
I Spread 264															
GOVT 22:34 6M 0.06 1Y 0.15 2Y 0.51 3Y 0.84 5Y 1.22 7Y 1.45 10Y 1.56 30Y 1.93 Disc 30/360 3Y 99-23 5Y 99-17															

Manipulate Credit Suisse's Model Cash flows for the Senior Tranche of Zillow's first RMBS at ZILLO 2021-1 B <Mtge> CFT <GO>.

Type "cash flow table" in the command line and select CFT – Cash Flow Table from the menu. The shortcut is ZILLO 2021-1 B <Mtge> CFT <GO>.

While privately placed deals such as Zillow's RMBS are more opaque than publicly-offered bonds, the screen shows modeled schedules of cashflows contributed by co-lead Credit Suisse.

Scroll down in the default view to see principal payments are scheduled to begin in August 2024.

In the left hand menu, users may click the amber Scenario 1 dropdown menu to select from a range of prepayment speeds provided by Credit Suisse's model.

Click Deal Level Controls, then Call Controls to change the Calls dropdown from the default of N for Call to Maturity to W for Call to Worst. Note the spread calculation shown below will change to reflect how you choose to model your call preference.

Use the options below to change additional inputs to model the security's behavior under different market conditions.

Credit Suisse models are available for A and B tranches of Zillow's 2021-1 and 2021-2 RMBS deals.

To see line-by-line payments already made:

ZILLO 2021-1 B Mtge				Export		Paydown Information													
US RMBS WH10				--(0)0		CUSIP 98879EAC5		Replines											
						All Collateral													
Summary		Paydown		Collateral		Performance													
Tranche		SUB,SEQ		Coupon		3.2624		WALA		0		Issue		08/11/2021					
				WAC		--		WAM		0		Maturity		02/18/2027					
				Orig Bal		79,500,000		Day Count		30/360		Pay Delay		16 days					
		Date		Factor		Coupon		Principal		Losses		Interest		Balance		Cashflow		Supported Shortfall	
Total								0		0		367,428				367,428		0	
11/17/2021						3.26240													
1) 10/18/2021		1.000000000		3.26240		0.00						216,134.03		79,500,000.00		216,134.03			
2) 09/17/2021		1.000000000		3.26240		0.00						151,293.83		79,500,000.00		151,293.83			
3) 08/11/2021		1.000000000				0.00						0.00		79,500,000.00		0.00			
<div>Monitor individual payments and scroll right for any future announcements of shortfalls.</div>																			

Monitor individual payments and scroll right for any future announcements of shortfalls.

Run ZILLO 2021-1 B <Mtge> CPD <GO> for Paydown Information.

Type "paydown information" in the command line and select PDI PAY. The shortcut is ZILLO 2021-1 B <Mtge> CPD <GO>.

The screen shows the two interest payments made to date. Scroll to the right to see additional columns that would provide information on any shortfalls or accrued interest reported by the servicer, if any occurs. This is the screen to watch as Zillow sells its portfolio of homes. The company announced Nov. 10 that it sold 2,000 of the homes it bought under its home-flipping business. It has about 18,000 houses to unload in the coming months.

Run ZILLO 2021-2 B <Mtge> CPD <GO> to monitor payments made to holders of the \$123.2 million subordinated tranche of Zillow's second RMBS that settled in October. It is scheduled to make its first coupon payment to bond holders on November 18. The screen will remain blank until the first payment date.

-- With assistance from Adam Tempkin.

Related ticker:

ZG US (Zillow Group Inc)

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