

Final Outstanding Open Items Resolved for UMBS Forward Trading

The Enterprises are pleased to share that the final two remaining major market decisions have been issued to support successful implementation of the Single Security Initiative. First, the Federal Housing Finance Agency (FHFA) has issued a [final rule](#) that requires Fannie Mae and Freddie Mac (the Enterprises) to align programs, policies, and practices that affect the cash flows of "To-Be-Announced" (TBA)-eligible Mortgage-Backed Securities (MBS).

And second, SIFMA's TBA Committee approved revisions to the good delivery guidelines effective for trades with (1) trade date on or after March 12, 2019, and (2) settlement date on or after June 3, 2019. UMBS issued by either Fannie Mae or Freddie Mac will be deliverable into UMBS TBA contracts for settlement starting June 3rd. In conjunction with these announcements, forward trading has begun for June 2019 settlement into UMBS.

We encourage market participants to review both FHFA's [final rule](#) and SIFMA's [Good Delivery Guidelines](#) as you continue your preparations for June 3rd.

Pooling Requirements

As part of FHFA's final rule for Enterprise alignment, FHFA has instructed Freddie Mac and Fannie Mae to modify their pooling practices for fixed-rate mortgages to ensure alignment and fungibility of the Uniform Mortgage-Backed Security™ (UMBS™). Accordingly, beginning with June issuances, the note rate on any mortgage in a pool cannot be more than 112.5 basis points greater than the security coupon. Also, the maximum servicing fee for each loan cannot be more than 50 basis points.

Please review [Freddie Mac's Industry Letter](#) and [Fannie Mae's Lender Letter](#) for more details.

Freddie Mac Announces Actions Related to the New Market

Freddie Mac issued a [press release](#) stating they will no longer issue new Gold PCs with a 45-day payment delay after May 31, 2019. Freddie Mac plans to execute its first exchange transaction with its retained portfolio in late March and plans to offer the exchange option to the broad market beginning May 7.

Single Security Conference Recap

Fannie Mae and Freddie Mac hosted the second joint Single Security Initiative conference on March 4th at the Sheraton Times Square New York. The conference included panel discussions on commingled securities, updates on service providers and index providers, the Gold PC exchange, Enterprise alignment, the market's transition to UMBS and comments from Counselor to the Secretary at the US Department of Treasury, Craig Phillips. The Enterprises would like to thank the speakers, panel moderators, and conference attendees who spent the day at the conference, particularly given the weather.

Materials and videos from the 2019 Single Security Conference are now posted on the [Fannie Mae](#) and [Freddie Mac](#) Single Security websites.

Tidbits

Freddie Mac's Retained Portfolio anticipates performing a few early exchange transactions beginning in late March. Once the exchange transactions settle, the Daily 45-day to 55-day Exchange Activity Report and the Aggregate Level 1 Collateral Exchange Activity Report will begin being published.

Freddie Mac published [Japanese](#), [Korean](#), [Traditional Chinese](#), and [Simplified Chinese](#) translations of the Preliminary Announcement of Exchange Offer.

The Enterprises shared details on post-Single Security collateral eligibility for Supers, Giants, Megas, and REMICS. Please review the document and reach out to either Enterprise if you have questions.

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The Enterprises encourage you to continue to discuss upcoming changes with your key vendors. If you feel your vendor needs assistance in getting ready for implementation, please reach out to either Enterprise for materials to help them get up to speed.



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SIFMA Operations Conference

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