

Welcome to the June edition of the Single Security Newsletter. Each month, we bring you information and reminders about the Single Security Initiative and suggest actions that you and your company may need to take to prepare for this critical change to the TBA mortgage-backed securities market.

The focus for this edition is Seller/Servicer readiness. As recently announced by the Federal Housing Finance Agency (FHFA), June 3, 2019 will be the go-live date for the Single Security Initiative. On that day, Fannie Mae and Freddie Mac will begin issuing a new, common TBA-eligible security, known as the Uniform Mortgage-Backed Security (UMBS™).

What Seller/Servicers Should Know	
The new UMBS will reflect the features and trading conventions of the current Fannie Mae TBA-eligible securities.	
Fannie Mae Seller/Servicers	Freddie Mac Seller/Servicers
<ul style="list-style-type: none"> • No anticipated product changes in connection with the Single Security Initiative for Fannie Mae • Seller/Servicer partners will continue to interact with Fannie Mae in the same manner as today • Fannie Mae servicing guides and contracts will remain the same, and not undergo any further changes at this time 	<ul style="list-style-type: none"> • New 10-year mortgage product for Guarantor or Cash execution, with associated pricing • New 55-day 10-year TBA-eligible security • Changes to naming conventions, prefixes, and Security Product IDs • Contract updates (for new 10-year mortgage product) and Guide updates (new labels) • Seller/Servicers will continue to work with Freddie Mac in the same way they do today
As we get closer to the Q2 2019 launch of the Single Security Initiative, you may see an increase in outreach from Fannie Mae and Freddie Mac as we work to ensure the market is ready. Please reach out to us if you have any questions or concerns as we move towards the launch of UMBS.	
If you would like to read more about the Single Security Initiative, please go to the Fannie Mae or Freddie Mac Single Security Initiative website (see Helpful Links below).	

Vendor Readiness

We're doing all we can to ensure that your critical vendors are preparing for Single Security implementation and communicating with you. The vendors we've spoken to are aware that they are impacted and believe they know what needs to be done to prepare. To date, none has expressed concerns about being ready by year-end 2018.

As the customers of these vendors, you play a critical role in requesting vendor readiness. If you haven't done so, please reach out to your vendors and ask them to share their plans. If you're already working with your vendors, continue to have regular check-ins to keep up with changes and prepare for testing, where appropriate.

Quantitative Risk Management

"QRM is ready for Single Security. It's available in our most recent update of the QRM Mortgage Banking Framework and we are ready to work with our clients to support a seamless transition." - Daniel J. Rudd, Senior Vice President

Mortgage Capital Trading

"There is no doubt that MCT will be ready for the changes once the Common Securitization Platform goes live. However, we're also fully committed to making sure that all of our clients have everything in place to successfully transition to the new environment next June." - Bill Berliner, Director of Analytics

Opportunity for Table Top Testing

Freddie Mac and Fannie Mae will be facilitating a walk-through of key securitization and trading activities later this year for the new UMBS. As we start hitting critical Single Security milestones, we want you to have a chance to better understand any impacts to your upstream and/or downstream processes prior to the June 3, 2019, go-live date.

We're looking for interested parties, including Seller/Service providers, to join us in the planning and execution of this tabletop exercise. This activity will include simulating pool formation, forward pricing, TBA trading, commingling securities and exchanging Freddie Mac PCs. As a participant, you'll have early insights and a direct view into how the UMBS will flow through your systems and processes.

The results of the exercise will be shared with the market in 4Q 2018.

Interested in joining? Contact Barbara Pak of Freddie Mac at barbara_pak@freddiemac.com. We're convening a working group in July to kick off this process.

Single Security - Are You On Track?

- 83% have reviewed their internal systems and processes to determine impacts of the Single Security Initiative
- 71% have contacted their vendors
- 68% have assembled a team to work on the needed changes
- 63% said their firm will be ready; 33.3% said they were not sure



Take your own assessment and see where you stand – and where you need to be. [Please refer to our infographic to help you get started.](#)

Find us at an upcoming event

ABS East

*September 23-25,
Miami Beach, FL*

[Click here for more information](#)

Freddie Connect

*September 23-25,
Chicago, IL*

[Click here for more information](#)

MBA Annual Convention and Expo

October 14-17, Washington, DC

[Click here for more information](#)

SFIG Residential Mortgage Symposium

October 29-30, New York, NY

[Click here for more information](#)

Helpful links

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