The Single Security will launch on June 3, 2019. On this day, Freddie Mac and Fannie Mae will begin issuing their respective “Uniform Mortgage-Backed Securities™” or “UMBS.” This will create a new combined GSE market of TBA-eligible securities. Forward trading of these new securities will begin even earlier.

At the same time, Freddie Mac is changing the payment delay for all new issue fixed-rate securities from 45 days to 55 days. As a result, Freddie Mac 55-day non-TBA-eligible securities will be referred to as MBS. Resecuritizations of UMBS and MBS will be referred to as Supers™ and Giant MBS, respectively.

We want to make sure you are taking the necessary steps to assess and plan for the impacts that the Single Security may have on your systems and processes. This includes working with your vendors for appropriate levels of development, testing and controls validation.

Below is a list of critical dates and a checklist you can use to help identify steps you may need to take to get ready for this new market.

**Important Dates to Remember**

**April 19, 2019**
Single Issuer and multilender UMBS contracts for settlement dates on or after June 3, 2019, will be available in the Loan Selling Advisor®. Pricing will be available with your standard pricing schedule.

**May 2019**
Freddie Mac will begin offering holders of eligible 45-day, TBA-eligible and non-TBA-eligible Participation Certificates (PC) and Giant PCs the option to exchange their 45-day securities for 55-day Freddie Mac “mirror” UMBS, MBS, Supers and Giant MBS securities.

**June 3, 2019**
Single Security goes live: 10-year cash product is available. Freddie Mac will no longer issue Gold PCs.
Checklist

General - Impact Analysis, Vendor Integration, Project Management

- Identify impacted business processes, applications and tools that use TBA pricing and security references that will need to change to UMBS.
- Determine when dealers and vendors will update systems, data feeds, screen displays, etc. for Single Security and what needs to be done to absorb the changes.
- Determine testing needs and timeframes. Align with vendor testing and deployment. Determine if integrated testing with Freddie Mac is required.
- Establish a project team to help focus efforts and ensure a successful transition to Single Security. The team would develop an implementation plan based on the results of impact analysis, track required changes, testing and execution.

Pricing

- For TBA pricing sources, redirect to UMBS. Check/change hard-coded identifiers.
- For cash pricing sources, adjust for product name changes.
- Prepare to consume pricing for Freddie Mac's new 10-year security.

Best Execution

- Update tools/systems to reference the UMBS price and calculate Freddie Mac and Fannie Mae security-eligible executions.

Hedging

- If hedging with TBA securities, prepare for new product name (UMBS).
- If hedging with Fannie Mae TBA securities, accommodate name changes (UMBS).
- Adjust systems to reflect redefined security CUSIPs – “01F” will represent UMBS issued by both Fannie Mae and Freddie Mac.
- If hedging with cash, ensure systems/processes accommodate the 10-year mortgage.
- Identify and update policy and procedures with changing securities references as required.
Risk Management

 Adjust agency-specific references where security name is used.
 Adjust pricing source and references for new security names.

Pooling

 Incorporate prefix and identifier changes. See Freddie Mac’s pool [prefix library].
 Adjust pooling logic as appropriate.
 • New 10-year and 15-year securities will have an 85-month minimum loan maturity term.
 • Mortgage note rates for all fixed-rate UMBS and MBS pools must be no less than 25 basis points and no greater than 112.5 basis points over the pool coupon rate.
 • The minimum contract servicing spread for all loans in fixed-rate UMBS and MBS pools shall remain at 25 basis points with a maximum allowable value of 50 basis points.
 • 10-year fixed-rate cash loans cannot be pooled with 15-year fixed-rate mortgages.

Loan Delivery

 If appropriate, establish delivery option for Freddie Mac 10-year cash or guarantor executions.
 If applicable, review changes to the [Import Guarantor Contracts Specification] for UMBS (new Security Product IDs will be effective on June 3, 2019).

Analytics and Reporting

 Check if changes are needed to correctly process the prefix and definition changes that will apply to UMBS, Supers and REMICS.

Servicing-Released XChange Program

 Servicing buyers will now be able to bid for the servicing rights of 10-year loans that Freddie Mac purchases based on 10-year cash pricing. (Currently 15-year pricing is applied to 10-year loans.)

Transition to UMBS Trading

 Determine position management approach for Freddie Mac PC rolls before UMBS cutover.

Resources

 - Single Security and Common Securitization Platform [website].
 - Single Security Market Adoption [Playbook].
 - Single Security Readiness [webpage].
 - Gold PC Exchange [webpage].
 - Subscribe to Single Security updates.
 - Email questions to Single_Security@FreddieMac.com.