



Basics of Fannie Mae Single-Family MBS

January 2019



MBS Overview

Creating a Single-Family MBS begins with a mortgage loan. The loan is made by a financial institution or other lender to a borrower in order to finance or refinance the purchase of a home or other property consisting of one to four residential units. These loans are made under varying terms (e.g., 15-year, 30-year, fixed-rate, adjustable-rate, etc.). During the life of the loan, the balance is generally amortized, or reduced, until it is paid off. The borrower usually repays the loan in monthly installments that typically include both principal and interest.

The direct lending of funds to mortgage borrowers and creation of loans is known as the primary mortgage market. In the secondary mortgage market, lenders exchange those loans for mortgage-backed securities (MBS). As a secondary market participant in MBS, Fannie Mae does not lend directly to borrowers. We are a government-sponsored enterprise (GSE) chartered by Congress to provide liquidity, increase stability and promote affordability in the residential mortgage market. The founding Congressional charter, passed in 1954, allows Fannie Mae to accomplish this by charging a fee to guarantee the credit-worthiness of certain mortgage loans that meet specific GSE requirements. Fannie Mae ensures that the loans it acquires meet its credit quality and maximum loan size (or “conforming-balance limit”) guidelines and then converts, or securitizes, them into a pool of mortgages. The resulting Fannie Mae MBS (also referred to as Agency MBS) carries a guaranty of timely payment of principal and interest to the investor by Fannie Mae, whether or not there is sufficient cash flow from the underlying group of mortgages.¹

To provide even more liquidity to the mortgage investment market, Fannie Mae began securitizing loans and issuing mortgage-backed securities in the 1980s. Our participation in the mortgage market enables consumers to attain more favorable rates to buy homes, refinance their existing mortgages, or access affordable rental housing.

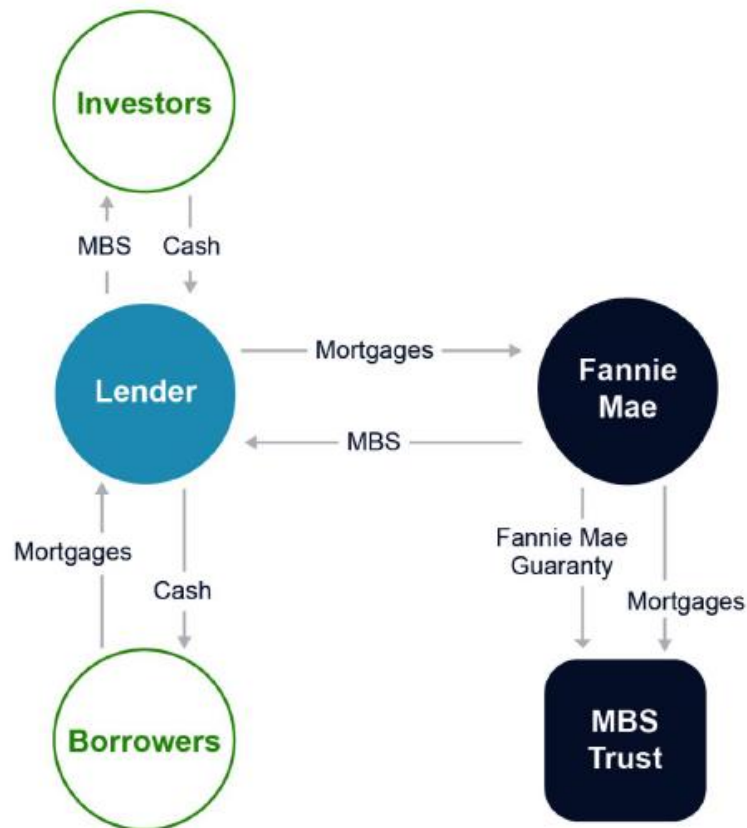
Securitization of Loans

Fannie Mae currently securitizes a substantial majority of the mortgage loans we acquire. The securitization transactions primarily fall within three broad categories: lender swap transactions, portfolio securitizations, and structured securitizations.

¹ It should be noted that Fannie Mae's obligation under this guaranty is solely Fannie Mae's and is not backed by the full faith and credit of the U.S. government.

Lender Swap Transactions

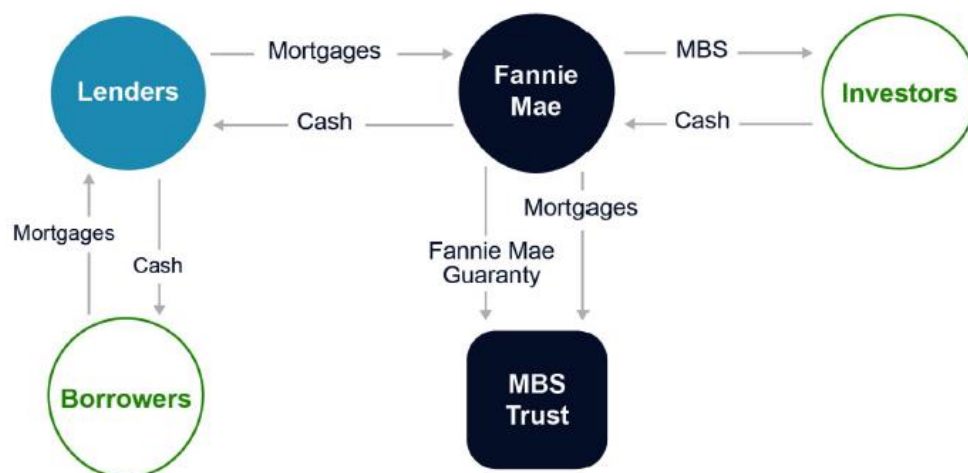
Lender swap transactions are the most common type of securitization for Fannie Mae. Let's look at an example:



- In a single-family lender swap transaction, an approved mortgage lender delivers a pool of mortgage loans to us in exchange for Fannie Mae MBS backed by these loans. Lenders may hold the Fannie Mae MBS they receive from us, or sell the MBS to investors.
- After receiving the mortgage loans in a lender swap transaction, we place them in a trust for which we serve as trustee. This trust is established for the sole purpose of holding the mortgage loans separate and apart from our corporate assets.
- We deliver to the lender a Fannie Mae MBS or a proportional share of a Fannie Majors pool; that is, a large MBS consisting of loans contributed by more than one lender. This transaction is commonly referred to as a “swap.”
- The MBS is backed by the pool of mortgage loans in the trust and represent an undivided beneficial ownership in each of the mortgage loans.
- We guarantee to each MBS trust that we will supplement the amounts received to ensure timely payment of principal and interest on the related Fannie Mae MBS. We retain a portion of the interest payment as a fee for providing our guaranty.

- The mortgage servicer also retains a portion of the interest payment as a fee for servicing the loan. Then, on behalf of the trust, we make monthly distributions to the Fannie Mae MBS certificate holders from the principal and interest payments and other collections on the underlying mortgage loans.

Portfolio Securitization Transaction



Portfolio Securitizations

In contrast to lender swap transactions, our portfolio securitization transactions involve creating and issuing Fannie Mae MBS using mortgage loans and mortgage-related securities that we hold in our retained mortgage portfolio. Most of our portfolio securitization transactions are driven by our single-family Whole Loan Conduit activities. Here, we purchase single-family whole loans directly from over 1,200, typically smaller lenders, and securitize them into Fannie Mae MBS or deliver into a Fannie Majors pool, which may then be sold to dealers and investors in the secondary market.

Structured Securitizations

In a structured securitization transaction, we create structured Fannie Mae MBS in exchange for a transaction fee. In these transactions, the customer “swaps” a mortgage-related asset that it owns (typically a mortgage security) in exchange for a structured Fannie Mae MBS we issue.

For all types of these securitizations, Fannie Mae issues MBS and assumes the default risk on the mortgages underlying the security, while guaranteeing to an MBS trust the timely payments of principal and interest, even if the borrower defaults on the mortgage payments. Fannie Mae accomplishes this by remitting payments directly to the MBS trust to supplement any cash flow shortfalls to the investor. In the event of a default, once a loan is delinquent for four or more consecutive months, Fannie Mae will typically repurchase the loan out of the trust at a “par” dollar price (\$100-00, or 100 cents per \$1 of principal balance) and place it on our balance sheet. Fannie Mae then works with the loan’s servicer to address the delinquency through a number of loss mitigation options with the borrower.

Credit Quality and the Fannie Mae Guaranty

The quality and value of Fannie Mae MBS depend on several major considerations:

- Fannie Mae's guaranty to the MBS trust of full and timely payment of both principal and interest
- The investment quality of the underlying mortgages
- The financial strength behind the guaranty

The guaranty is important to investors because it reduces risk and increases the marketability of the MBS. The certificates and payments of principal and interest on the certificates are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae. Thus, it is important that Fannie Mae uses prudent underwriting guidelines to evaluate the credit quality of the loans it guarantees to minimize losses to its investors. While Standard & Poor's, Fitch and Moody's have not rated any of the MBS issued directly by Fannie Mae, securities collateralized by Fannie Mae MBS and issued by other entities are rated consistently as "Triple A" (AAA), the highest quality. In addition, Fannie Mae MBS are assigned a 20% risk-based weighting under Basel accounting rules, which determine capital reserve requirements for banking entities. A 20% risk-weighting places Fannie Mae MBS in an asset category generally considered to be of very high credit quality.

Fannie Mae MBS offer investors high quality assets with attractive yields to fit their portfolio needs or investment strategies. Investors should exercise care to fully understand the value of any mortgage investment and diligently review the applicable disclosure documents. Furthermore, they may wish to discuss the potential risks versus rewards of investing in MBS with their investment advisors.

MBS Risk Considerations:

Prepayment Risk is the risk that borrowers may prepay their mortgages more quickly or slowly than expected, thereby affecting the investment's average life and perhaps its yield. Most mortgages can be prepaid in whole or in part at any time without penalty and borrowers are most likely to exercise the prepayment option at a time when it is least advantageous to investors.

Interest Rate Risk is the risk that the price of the security may fluctuate over time. For MBS, prepayment risk and interest rate risk are closely intertwined. The price of any bond, including MBS, is a function of several factors such as prevailing interest rates, the coupon rate, the length of time the security is expected to be outstanding, and the liquidity of the issue, all of which can fluctuate with market conditions. Interest rate movements have a greater impact on MBS than traditional fixed income investments because of the borrower's prepayment option. This can affect the average life and yield of MBS as well as the returns from reinvesting principal.

Credit Risk is the risk that the investor may not receive all or part of the principal invested because the borrower(s) of the underlying mortgage loan(s) defaulted on their financial obligations. Fannie Mae MBS have reduced credit risk because they carry a guaranty of timely payment of both principal and interest. Fannie Mae's obligations under this guaranty are based on the financial health of the corporation and are not backed by the full faith and credit of the U.S. government.

Mortgage Pass-through Certificates

MBS are commonly referred to as “mortgage pass-through certificates.” This is because the security passes through to investors, at a specific coupon, scheduled principal and interest each month on the outstanding balance of the loans backing the security, along with any unscheduled prepayments. As a Fannie Mae MBS investor, the certificateholder receives a pro-rata distribution of the scheduled principal and interest payments on the 25th day of each month, or if the 25th day is not a business day, on the first business day following the 25th day of the month, which is referred to as the distribution date. Fannie Mae will make the first payment for newly issued certificates on the distribution date in the month following the month in which the certificates are issued. Fannie Mae’s central paying agent, the Federal Reserve Bank of New York, is responsible for wiring monthly payments to depository institutions on behalf of the registered security holders.

Fixed-Rate Mortgage (FRM) MBS

Fannie Mae’s fixed-rate MBS are securities backed by pools of mortgages with interest rates that are fixed for the entire term of the mortgage. Certificates for fixed-rate MBS are normally issued in 50 basis point increments (e.g. 4.0%, 4.5%, 5.0%, etc.). The coupon that is paid to the investor is known as the “pass-through” rate and is lower than the interest rate paid by the borrower on the underlying loans. It is calculated based on the “net” coupon of the underlying loans, which is the gross note rate paid by the borrower, minus a servicing fee paid to the servicer for collecting payments and a guaranty fee paid to Fannie Mae.

Fannie Mae allows the interest rates on the underlying mortgages in a pool to vary. The interest rates on the underlying mortgages generally fall within a 225 basis point range, whereby the minimum interest rate allowed on an underlying mortgage in the pool is typically 25 basis points above the pool pass-through rate while the maximum interest rate allowed on an underlying mortgage in the pool is typically 250 basis points above the pool pass-through rate. Any additional interest spread retained by the servicer beyond the minimum servicing fee is called “excess servicing.”

Excess servicing reflects any interest paid by borrower that remains after paying the following:

- Minimum Servicing Fee
- Fannie Mae Guaranty fee
- MBS Coupon rate

As applicable, mortgage insurance premiums paid by the lender or enterprise for mortgage insurance (LPMI or EPMI) may also be excluded from the servicing fee.

Fixed-Rate TBA (To-be-Announced) and Specified MBS

In the secondary mortgage market, fixed-rate MBS can trade on either a TBA (To-Be-Announced) or Specified pool basis. Dealers provide dollar price quotes for TBA MBS on trading platforms such as Tradeweb or Bloomberg, typically as far as three months forward. An investor who trades TBA MBS is given limited information about the security at the time of the trade. The issuer, maturity, coupon, face value, price and settlement date are known but the actual pool number and unique security identifier (CUSIP) are not. Two days before the settlement date (called “48-hour day”), the seller of the TBA must provide CUSIP information to the purchaser of the TBA contract. Pools must meet specific settlement requirements, but the collateral delivered at settlement is at the discretion of the seller and typically adversely selected to fulfill the “cheapest to deliver” obligation at the executed TBA price.

The TBA mortgage market is highly liquid and transparent, and plays a vital role in serving different purposes for a variety of market participants. Lenders use TBAs to hedge their mortgage pipelines, various trading desks use TBAs to hedge their pool investments, and money managers use TBAs to express their views on prepayment speeds and to finance alternative short-term investments. The TBA market is one of the most dynamic and liquid markets of all fixed-rate products.

Pools that have additional value above TBA securities are often traded as Specified MBS. In the Specified MBS pool market, the pool number and CUSIP of the pass-through MBS is known at the time of the trade. While the pool may typically be delivered into an open TBA position of the same agency, term, and coupon at settlement, the collateral characteristics of the pool may make the collateral more valuable than a TBA MBS. Specified pools are comprised of similar loans that typically have more desirable prepayment characteristics and protect the investor from call (extension) risk in a declining (rising) interest rate environment, and will thus trade at a higher price, or at “pay up” versus the current TBA dollar price. A few examples of these pools are 100% investor properties, loan sizes \leq \$85,000, or loan terms \leq 10 years. The minimum size requirement to create a single-issuer specified pool is \$1 million in UPB (unpaid principal balance), so a lender with loans totaling less than that amount may choose to sell them to Fannie Mae’s Whole Loan Conduit or participate in the Fannie Majors[®] program instead.

Fannie Majors

Fannie Majors are typically multi-lender Fannie Mae MBS comprised of current production 30-, 20-, 15-, or 10-year fixed-rate mortgages. Each Majors pool can include loans with no more than 12 months of seasoning. While lenders may choose to deliver as few as one loan into a Fannie Majors, its issuance size can range from \$1 million to well in excess of \$1 billion. Majors may offer investors a more diversified pool of loans since lenders nationwide can participate. Fannie Majors pools are identified by the same prefixes assigned to their single issuer pool counterparts.

Adjustable Rate Mortgages (ARM) MBS

Fannie Mae’s ARM MBS are securities backed by pools of mortgages with adjustable interest rates. The most popular type of ARM product is the hybrid ARM, which features an extended fixed-rate interest period ranging from three to 10 years. At the end of the initial fixed period, the ARM periodically resets based on the movement of a specified index (common indices are discussed further in this section), typically on an annual basis. The most popular type of hybrid ARM is a 5/1, which has a fixed interest payment for five years and resets annually thereafter. At issuance, Fannie Mae ARM MBS are assigned a pool prefix which corresponds to the general characteristics of the underlying mortgage loans and a subtype that will provide further detail about the ARM structure.

The interest rate paid by a borrower on an ARM loan is determined by adding a spread (referred to as the “gross margin”) to a specified index. The sum of the gross margin plus the index is then generally rounded to the nearest 1/8th of a point, which is known as the “fully-indexed” interest rate. The gross margin is ordinarily constant over the life of the mortgage, while the specified index can fluctuate over time. Contractual features of ARMs such as caps and floors can restrict the ARM’s resetting rate, which could cause it to fall short of the fully-indexed interest rate at any adjustment.

Caps and Floors

Fannie Mae ARM loans typically contain caps and floors that set maximum and minimum allowable adjustments to the interest rate at each reset date. Mortgages that have reached their periodic or lifetime caps at any adjustment date are considered “capped out.” The most common caps are:

INITIAL ADJUSTMENT RATE CAP

This cap restricts maximum upward and/or downward movement of the interest rate at the first reset date.

PERIODIC ADJUSTMENT RATE CAP

This cap restricts the maximum upward and/or downward movement of the interest rate at each subsequent interest rate reset date.

LIFETIME ADJUSTMENT CAP

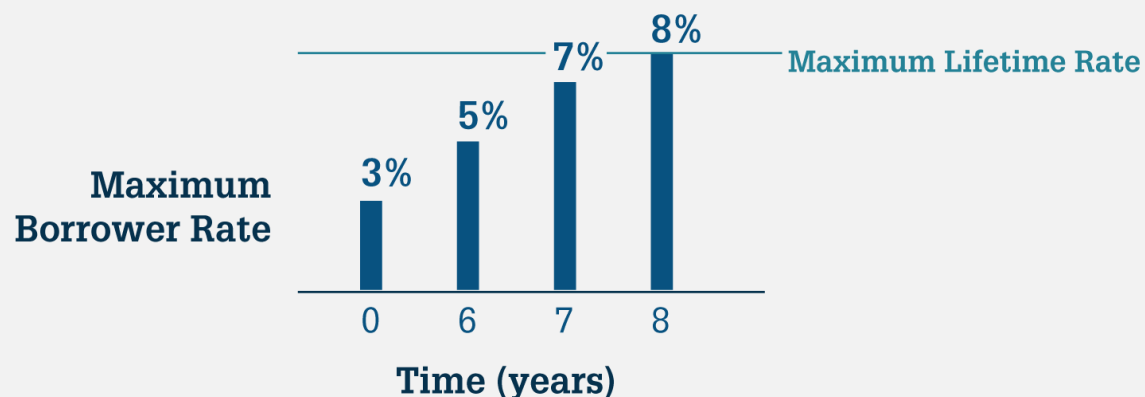
This cap defines the maximum interest rate allowable of an ARM over the entire life of the loan regardless of any other caps.

STATED LIFE FLOORS

This floor restricts the interest rate from adjusting below a pre-determined level over the life of the loan, which is typically the gross margin.

These caps constitute a “cap structure” of an ARM and are generally represented in the investor community in the same order — initial, periodic, lifetime cap and stated life floor. The most common types of cap structures are 2/2/5 for 5/1 hybrid ARMs and 5/2/5 for 7/1 and 10/1 hybrid ARMs. Below is an example of a loan’s typical cap structure:

Hybrid ARM Rate Cap Adjustments Example for a 5/1 Hybrid ARM with a 3% initial rate:



The rate will remain fixed at 3% for five years. At the end of year five, the rate to the borrower cannot reset higher than 2% above the initial rate, or 5% (initial cap). At the end of each subsequent year, the rate cannot reset higher by more than 2% (periodic cap) over the then-current rate. Furthermore, it can never reset to more than 5% higher than the initial rate of 3%, or 8% (lifetime cap). Thus, if this loan were to get capped out at every reset date, the rate paid by the borrower would cap out at 8% in year eight (3% in years one through five - 5% in year six, 7% in year seven – 8% in year eight).

Common Indices

LIBOR: The London Interbank Offered Rate (LIBOR), is the rate at which major international banks offer to place deposits with one another for maturities from overnight to five years. This rate has become a popular index worldwide and is used by U.S. institutions.

Currently, the most commonly securitized Fannie Mae ARM MBS are indexed to One-Year LIBOR, which resets annually.²

Treasury: A common Treasury-based ARM index is the One-Year CMT (Constant Maturity Treasury) index. The One-Year CMT is the average yield of all Treasury securities with one year remaining until maturity. The index is calculated weekly or monthly using market reports by five leading government securities dealers. ARMs using a one-year Treasury index typically have annual adjustment dates after the initial reset date.

Similar to fixed-rate MBS, the coupon that is paid to the investor of an ARM MBS is known as the “pass-through” rate and is lower than the interest rate paid by the borrower on the underlying loans. It is equal to the weighted average of the “pass-through” rate of each loan in the pool, which rate equals the gross note rate paid by the borrower minus a servicing fee paid to the servicer for collecting payments and a guaranty fee paid to Fannie Mae. As loans within an ARM MBS reset or pay off, the pass-through rate is recalculated, so the interest payments paid to the investor can vary from month to month.

Lookback

ARMs ordinarily employ a lookback to calculate the applicable interest rate. Lookback refers to the number of days prior to the loan’s reset date and is used to count backward from that date to determine the new interest accrual rate for the forthcoming period. The published rate of the specified index on that date (e.g., One-Year LIBOR or one-year CMT) becomes the new value to which the gross margin is added to determine the borrower’s new payment. Typical lookbacks are 45 days.

MBS Valuations

MBS Pricing

The interest rate, or coupon, of an MBS is the annual rate at which interest is paid on the security. Generally, current production MBS bear a coupon rate close to the prevailing interest rates for similar investments at the time of issue. The MBS price is determined by several factors:

- type of mortgage backing the security
- level of market interest rates
- coupon rate on the security
- liquidity
- prepayment assumptions used
- overall demand for MBS

Price changes of an MBS will affect its yield. Yield is generally the rate of return on an investment over a given period of time, expressed as an annual percentage rate. Yield-to-maturity is generally the annual percentage rate of return on an investment, assuming it is held to maturity. In addition to price, yield is affected by the timing of the security’s cash flows, which will vary based on how quickly the underlying loans prepay and return principal payments back to the investor.

² In July 2017, the United Kingdom’s Financial Conduct Authority, which regulates LIBOR, referring to a speech given by their Chief Executive Andrew Bailey, put out a statement saying “whilst significant improvements have been made to LIBOR since April 2013, the absence of active underlying markets means that the future sustainability of LIBOR cannot be guaranteed. The support of the panels for LIBOR is

needed until the end of 2021, by when a transition can be made to alternative rates.” As a result, it is uncertain whether LIBOR will continue to be quoted after 2021. Fannie Mae will select a comparable index to be used as a replacement for outstanding ARMs that it holds as trustee for MBS investors.

Cash Flow Analysis

The cash flows of an MBS consist of scheduled principal payments, accrued interest payments, and unscheduled payments of all or part of the outstanding principal (prepayments). Investors typically use complex mortgage models that make interest rate and prepayment speed assumptions to evaluate the cash flows. The models analyze those mortgage repayment expectations along with the price of the MBS to calculate yield. The major difference among mortgage models is the methodology used to forecast how quickly principal will be returned. Regardless of the approach, there can be no assurance that the rate of return for any particular MBS will conform to past experience or traditional assumptions. Purchase or refinance activity may vary with interest rate changes, economic events, and demographic changes, so prepayments may fluctuate greatly over the life of an MBS.

Prepayment Speeds

Prepayment speed assumptions are an important factor to consider when evaluating the returns on an MBS. Because mortgage borrowers have the option to prepay their loans at any time, the timing and rate at which principal repayment occurs are critical in determining an MBS yield. Whereas a traditional bond typically repays the entire principal amount at maturity, an MBS repays principal throughout the life of the investment. Generally, as interest rates decline, borrowers have more incentive to refinance into a lower rate, so prepayments will rise, and as interest rates increase, prepayments will decline. These types of prepayments are considered voluntary. Conversely, involuntary prepayments occur when borrowers are unable to make their mortgage payments and go into default. The responsibility then lies on Fannie Mae to purchase these delinquent loans out of the MBS trust, generally after a borrower has defaulted on their mortgage payments for four or more consecutive months. Finally, prepayments may occur under certain circumstances when loans are repurchased by Fannie Mae where there has been a material breach of representation with respect to such loans. Since principal is returned to an investor at a par dollar price, an earlier-than-expected return of principal may increase the yield on securities purchased at a discount. However, when an MBS is purchased at a premium, an earlier-than-expected return of principal reduces yield. Thus, due to the relationship between interest rates and prepayments, actual returns to an investor over time may be difficult to predict with certainty.

Constant Prepayment Rate (CPR) and the Securities Industry and Financial Markets Association's Standard Prepayment Model (PSA curve) are the most popular models used to measure prepayments. CPR represents the annualized constant rate of principal repayment in excess of scheduled principal amortization. The PSA curve is a schedule of prepayments that assumes that prepayments will occur at a rate of 0.2 percent CPR in the first month and will increase an additional 0.2 percent CPR each month until the 30th month and will prepay at a rate of 6 percent CPR thereafter ("100 percent PSA"). PSA prepayment speeds are expressed as a multiple of this base scenario. For example, 200 percent PSA assumes annual prepayment rates will be twice as fast in each of these periods — 0.4 percent in the first month, 0.8 percent in the second month, reaching 12 percent in month 30 and remaining at 12 percent after that. A zero percent PSA assumes no prepayments.

Yield-to-Maturity for Current Coupon, 30-Year Fixed-Rate MBS Example:

Coupon	Price Paid	0% PSA No Prepayments	100% PSA	300% PSA	500% PSA
3.5	99-22	3.532	3.536	3.544	3.553
4	101-24	3.867	3.779	3.582	3.383
4.5	103-13	4.231	4.071	3.713	3.351
5	104-21	4.625	4.412	3.943	3.475

The table above shows that if an investor pays a premium for a 30-year fixed-rate MBS (e.g., \$103-13, or 103.13% percent of the face amount of the security), the yield will increase if the pool prepays slower than expected at the time the investment was priced. The yield will decrease if the pool prepays faster than expected at the time that the security was priced.

The reverse is true for a security purchased at a discount (e.g., \$99-22, or 99.22 percent of the face amount of the security). For such a security, yield increases when the pool pays off faster than expected and decreases when prepayments are slower.

Prepayment Factors

Monthly, Fannie Mae discloses loan-level data showing actual principal paydown factors for the prior month. The factor represents the percentage of the original balance that is outstanding for a Fannie Mae MBS. Factors are released on the fourth business day of the month following the month for which the data is disclosed. Factors are used by Fannie Mae MBS investors to calculate cash flows and principal balances, which reflect both scheduled and unscheduled principal payments. Until the factors for the prior month are released, investors must use estimated factors that must be adjusted from month-to-month as cash flows fluctuate from the estimates. Because the yield of a Fannie Mae MBS can be highly sensitive to prepayments, investors may use models to forecast prepayments and value potential future cash flows.

MBS Factor Calculation example:

Factor Month	Factor	Balance Using \$1,000,000 Original UPB
September	0.929	$\$1,000,000 \times 0.929 \dots = \$928,511.52$
October	0.928	\$927,562.15
November	0.926	\$926,468.35
December	0.812	\$812,323.44
January	0.811	\$811,372.01
February	0.810	\$810,470.51
March	0.809	\$809,415.92

Weighted Average Life

The length of time before principal is returned is an important consideration in analyzing a potential MBS investment. Because principal is paid throughout the life of the security, fluctuations in interest rates may affect the borrower's prepayment behavior, and thus, an investor's reinvestment opportunities. Weighted average life (WAL) measures the average length of time in years that passes until principal is fully repaid. The WAL of an MBS is useful in comparing a potential MBS investment to alternative investments with comparable average lives. MBS are usually priced to yield an amount acceptable to the investor above similar investments such as U.S. Treasuries (referred to as "spread-to-Treasury") or LIBOR (called "spread-to-swaps").

Selecting an MBS Investment

Fannie Mae MBS may appeal to a wide variety of investors because of their ability to fit unique needs. Fannie Mae aims to be responsive to the investment strategies of investors and current market conditions to develop new securities, thus offering investors a variety of products. Before making any investment, prospective investors may wish to consider:

- Cash flow requirements balanced against liabilities
- Expectations of the interest rate environment and economic factors that can lead to prepayments
- Average investment life requirements to match their asset/liability strategy
- Other factors affecting their portfolio hedging strategies

Single Security Evolution

Under the direction of our regulator and conservator, the Federal Housing Finance Agency (FHFA), Fannie Mae and Freddie Mac are working together to create a new MBS to be issued and guaranteed by either Fannie Mae or Freddie Mac and backed by TBA-eligible loans: 30-, 20-, 15- and 10-year fixed-rate single-family mortgages. This new MBS will be called Uniform Mortgage-Backed Securities, or UMBS. Single-class resecuritizations will be called Supers (today referred to as Megs for Fannie Mae and Giants for Freddie Mac). Resecuritizations will permit the commingling of Fannie Mae UMBS and Freddie Mac UMBS so the Enterprise that issues (wraps) the resecuritization is the guarantor. The goal of the Single Security initiative is for Fannie Mae UMBS and Freddie Mac UMBS to be fungible for deliveries into a single TBA market for UMBS. In this contract, the maturity, coupon, face value, price, and the settlement date of an MBS are known, but the issuer (Fannie Mae or Freddie Mac) and the actual pool number and the unique security identifier (CUSIP) are not. For more information, [visit our single security website.](#)

Fannie Mae MBS Prospectuses and Related Documents

Periodically, Fannie Mae updates certain information for all fixed-rate and ARM securities. Investors in Fannie Mae MBS have the advantage of being able to assess the value and performance of their securities over time. Updated data is available through [Fannie Mae's PoolTalk®](#) and other resources. For a particular Fannie Mae MBS, the disclosure documents include:

- The relevant [MBS Prospectus](#) contains general information about pools issued during its effective period. The information includes the nature of the guaranty, yield considerations, and the mortgage purchase programs. For example, the March 1, 2017 Single-Family MBS Prospectus pertains to Fannie Mae MBS pools issued on or after March 1, 2017.
- The relevant Prospectus Supplement contains information about a specific issuance, the mortgage loans and information about the security. A pool's prospectus supplement is generally available two business days before the settlement date of the Fannie Mae MBS pool.

- The most recent [Annual Report](#) on Form 10-K describes the business and operations of Fannie Mae and our financial condition as of a specified date. It contains audited financial information and is filed with the SEC annually.
- Disclosure documents also include certain other reports filed with the SEC subsequent thereto (including, for example, the quarterly 10-Q reports and 8-K reports filed from time to time).
- Fannie Mae also publishes certain [Trust Documents](#) related to its MBS, including the Master Trust Agreements or the Trust Indentures. These create the trust holding the assets backing MBS. The Master Trust Agreement, or the Trust Indenture, including its exhibits and supplements, generally sets forth the terms relating to an issuance of MBS, the loans or participation interests in the pool, and the payment terms on the MBS.

Helpful Tools

The following documents provide general underlying characteristics for the mortgage loans underlying the security in an MBS pool:

- The [Pool Prefix Glossary](#) provides access to the pool prefixes for each individual issue of Fannie Mae MBS. The prefix is a two-character prefix that identifies the type of mortgage loans in that pool and the basic terms of the certificates.
- The [Single-Family ARM MBS Subtypes](#) are alphanumeric codes that identify ARM product characteristics such as index, initial fixed-rate period, rate and payment adjustment frequency, caps, convertibility, and other features.
- The [Basics of Structured Transactions Primer](#) provides more information on Megas, Real Estate Mortgage Investment Conduit (REMIC), Grantor Trusts, and Stripped Mortgage Backed Securities (SMBS).
- The [Whole Loan Conduit Primer](#) describes the liquidity and diversity objectives the conduit meets by purchasing and packaging loans.

MBS Business Applications

Fannie Mae offers an online business application that provides specific pool, or CUSIP, disclosure information for both MBS when they are issued (“at-issuance” disclosure) and on a monthly basis (“ongoing” disclosure). [PoolTalk](#)[®] allows users to retrieve pool-level information on Single-Family MBS, SMBS, and REMIC securities. PoolTalk is the single repository for Fannie Mae MBS data.

Contact Us

For additional information or assistance, please call the Fannie Mae Fixed Income Investor Helpline at 1-800-2FANNIE. The Helpline is available from 8:30 a.m. to 5:30 p.m. ET every business day. Investors can also obtain Single-Family MBS documents from our website at [fanniemae.com/portal/funding-the-market/investors.html](https://www.fanniemae.com/portal/funding-the-market/investors.html).