



## MBS Pool Transactions Overview

### Pooling Mortgages

There are many types of mortgages that can be pooled and "swapped" for Fannie Mae Mortgage-Backed Securities (MBS) to hold or sell. The Capital Markets Pricing and Sales Desk has compiled this MBS delivery reference information, which includes the Securities Industry and Finance Markets Association (SIFMA) guidelines.

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### Minimum MBS Pool Submission Amounts

Pool Type	Minimum Submission Amount
Fixed-rate, single-lender pools	\$1 million
Adjustable-rate, single lender pools	\$500,000
Fannie Majors®, multiple lender pools <i>Although the minimum submission amount for Fannie Majors® is only \$1,000, the pool will not be opened until the collective minimum of \$1 million is met</i> <a href="#">Learn more about Fannie Majors</a>	\$1,000

### Flash MBS®

By using Fannie Mae's Flash MBS, a lender receives book-entry delivery on Fannie Mae MBS – including Fannie Majors – as soon as 72 hours after Fannie Mae receives a Loan Delivery submission. Using Flash gives the lender up to two more business days for pooling than the standard pool processing option. No separate contract or special forms are needed – simply indicate the desired book-entry delivery date in Loan Delivery. For more information, please see the pool settlement calendar which includes eligible flash dates on the [Loan Delivery](#) page.

NOTE: As of May 1, 2017, Fannie Mae eliminated all processing fees for Flash MBS.



## Comingling Different Guaranty Fees in the Same Pool

Mortgages with various guaranty fee rates may be comingled in the same pool (whether or not using buyups/buydowns), as long as all the mortgages in the pool have the same remittance cycle.

## Pooling Requirements to meet [SIFMA](#) TBA Good Delivery Rules

- The minimum pool balance is \$25,000 original face.
- The final maturity for Fannie Mae or Freddie Mac 30-year securities must be greater than 15 years and one month and not exceed 361 months.
- The final maturity of Fannie Mae and Freddie Mac 15-year securities must not exceed 181 months.
- The final maturity for Ginnie Mae 30-year securities must be at least 28 years (336 months) from the date of issue. Ginnie securities with final maturities of less than 28 years must be traded as a specified (pool specific) transaction.
- Good delivery requirements for TBA Ginnie Mae ARMs include:
  - Must be pooled under the multiple-issuer pool number;
  - 150 basis point net margin unless otherwise stipulated at the time of trade;
  - Settlement date implies the reset date that must apply to the security

## Trade Assignment Process and Timeframes

TBA trade assignments must be faxed to 240-699-3090 or emailed to [capmrktsops\\_tradeassignments@FannieMae.com](mailto:capmrktsops_tradeassignments@FannieMae.com) by 2:00 p.m. ET on the third business day prior to settlement (72 hour day). Additionally, trade assignments for Early Funding transactions are due by Noon ET on the day prior to funding and the 72-hour rule still applies. Trade assignments received after the designated times may result in a fail charge.

**Lenders must confirm receipt of assignment by calling the Trade Assignments Department at 202-243-5423.**

When assigning only a portion of a trade, the partial assignment must meet good delivery as defined below. Partial assignments are only permitted for TBA transactions and the remaining trade balance of the original trade must be greater than or equal to 25,000. Partial assignments must be assigned in good millions and if the original trade amount is <\$1,000,000, the trade must be assigned in its entirety.

## Pool Notification Process and Timeframes

Forty-eight hours prior to settlement, pool information must be communicated and confirmed – verbally as noted below – with the Capital Markets Pricing and Sales Desk's back office via:

- Electronic Pool Notification (EPN) transmission (**electronic confirmation via EPN**)
- Email to [pool\\_info@fanniemae.com](mailto:pool_info@fanniemae.com) (**verbal confirmation required**)
- Fax to 202-752-3439 (**verbal confirmation required**)
- Confirm at 202-752-5384

Delivery and confirmation of pool information must take place by 3:00 p.m. ET. It is advisable that pool information be communicated early as phone lines, fax machines, and the EPN queues are extremely taxed as the 3:00 p.m. deadline approaches. **If the transmission and confirmation do not occur by 3:00 p.m., one day's fail will be incurred, even if the information is in queue.**

## Allocation Information and Examples

The following information must be included on the allocation sheet (a standardized pool information worksheet may be obtained by contacting the Capital Markets Pricing and Sales Desk):

- Firm name and contact information
- Trade description including trade date, product, coupon, settlement date, and price
- Pool breakdown into SIFMA "good delivery millions" (see example below). [The Uniform Practices for the Clearance Settlement of Mortgage-Backed Securities and Other Related Securities](#) manual may be purchased from [SIFMA](#).



## Multiple Pool Deliveries

- Deliveries for transactions of \$500,000 or less can only consist of one pool/one piece.
- Deliveries for transactions of greater than \$500,000 but less than \$1 million can consist of a maximum of two pools.
- Deliveries for transactions of \$1 million cannot exceed three pools.
- Deliveries in excess of \$1 million must be allocated in million dollar lots (each lot consisting of no more than three pools).
- Delivering Fannie Majors simplifies the process. Majors are viewed as one pool even if multiple pieces are delivered.

## Good Delivery Millions

When allocating pools to trades, each \$1 million increment of the trade must be allocated to a pool. The pool must meet the multiple pool deliveries guideline detailed above and be within .01% variance per SIFMA guidelines. Specifically, each piece's current face must meet the variance requirement for the lot amount being allocated. For example, to allocate a \$3 million trade, the following meets good delivery:

Pool	Current Face	Lot Amount
A	\$ 999,945	\$1,000,000
B	\$1,999,999	\$2,000,000
<b>Total</b>	<b>\$2,999,944</b>	<b>\$3,000,000</b>

Each piece's current face is within variance and the total current face of the pools is within variance. The following also meets good delivery for a \$3 million trade:

Pool	Current Face	Lot Amount
A	\$ 500,000	\$1,000,000
B	\$ 400,000	\$2,000,000
C	\$ 99,991	
Total	\$ 999,991	\$1,000,000
D	\$ 499,900	
E	\$ 500,000	
Total	\$ 999,900	\$1,000,000
F	\$1,000,001	\$1,000,000
<b>Total</b>	<b>\$2,999,892</b>	<b>\$3,000,000</b>

Each pool does not have to be within variance, but the total lot current face must be within variance of \$1,000,000 and the total lot current face must be within variance of the trade.

For additional information regarding minimum single-issuer pooling requirements, please refer to [Fannie Mae's Selling Guide](#). Subpart C3 describes Fannie Mae's requirements for pooling mortgages.



## Allocating Major Pools to Trades

When pools are created as Fannie Majors, a lender can combine many pools within a given security to meet good delivery for all pools. The following illustrates how a lender can make good delivery with many trades and pools. This example assumes the trades are FN 5.0% 30-years (CL prefix) for May pooled under the Majors program under pool number MA0791.

Trade Number*	Trade Amount	Transaction Price	Pool Number	UPB Issued
1	1,000,000	98-16	MA0791A	1,203,200
2	1,000,000	98-10	MA0791B	560,100
3	1,000,000	97-09	MA0791C	560,100
4	1,000,000	97-07	MA0791D	775,000
5	250,000	97-00	MA0791E	1,151,400
<b>Total Trades</b>	<b>4,250,000</b>		<b>Total Issued</b>	<b>4,249,800</b>

For notification purposes, the allocation sheet would be completed as follows:

### ALLOCATION SHEET

Coupon	Term	Pool#	Amount	Price	Trade Number*
5.0	30	MA0791	1,000,100	98.50	1
5.0	30	MA0791	999,925	98.3125	2
5.0	30	MA0791	999,900	97.28125	3
5.0	30	MA0791	999,900	97.21875	4
5.0	30	MA0791	249,975	97.000	5

\*Trade number is included on the trade confirmation statement.

## Early Funding MBS

As Soon As Pooled® Sale is Fannie Mae's Early Funding program for MBS. Under As Soon As Pooled® Sale, a lender can receive funding on an entire pool as early as one day after pool transmission and as many as 45 days before the SIFMA settlement date, making funds available for new originations. Below is an example of an allocation sheet for pools being Early Funded. Early Funding allocation sheets must note the requested funding date, and be sent to both the Early Funding Desk at [Early\\_Funding@fanniemae.com](mailto:Early_Funding@fanniemae.com) and Fannie Mae's operations group at [CapMrktsOps\\_TradeAssignments@fanniemae.com](mailto:CapMrktsOps_TradeAssignments@fanniemae.com). Allocation sheets must be submitted with the applicable trade assignment letter(s) by Noon EST the business day prior to the requested Early Funding date. To receive funding, a pool must be successfully allocated to a confirmed trade, closed, and ready for delivery. For more information, please see [Early Funding Options](#) or contact the Early Funding Desk at 866-944-3863 or at [Early\\_Funding@fanniemae.com](mailto:Early_Funding@fanniemae.com).

Unlike standard settlement allocation sheets, Early Funding allocation sheets must include the suffix on Major pools. The use of a suffix allows a lender to transmit and identify each individual MBS pool transmission into the Majors pool. Below are examples of Early Funding allocation sheets that include the suffixes A, B, C, D, and E.

Each piece of the Majors pool must be funded in its entirety when using the Early Funding program. In the examples above/below, pool MA0791 A was issued for \$1,203,200. Therefore, \$1,203,200 must be funded the same day, but portions can be funded against different trades. See example below.

If MA0791 A is the only pool that will be ready for delivery by close of business on the day before the requested funding date (day 1), the allocation sheet would be completed as follows and submitted on day 1, and the earliest funding date would be day 2.

### ALLOCATION SHEET

Coupon	Term	Pool#	Amount	Price	Trade #
5.0	30	MA0791A	1,000,000	98.50	1
5.0	30	MA0791A	203,200	98.3125	2



If Pool MA0791 B and MA0791 C will be ready for delivery on day 2, the allocation sheet would be submitted on day 2 and completed as follows.

Requested Early Funding Date: Day 3

#### ALLOCATION SHEET

Coupon	Term	Pool#	Amount	Price	Trade #
5.0	30	MA0791B	560,100	98.3125	2
5.0	30	MA0791C	236,700	98.3125	2
5.0	30	MA0791C	323,400.00	97.28125	3

If Pools MA0791 D and E will be ready for delivery on day 3, the allocation sheet would be submitted on day 3 and completed as follows.

Requested Early Funding Date: Day 4

#### ALLOCATION SHEET

Coupon	Term	Pool#	Amount	Price	Trade #
5.0	30	MA0791D	676,600	97.28125	3
5.0	30	MA0791D	98,400	97.21875	4
5.0	30	MA0791E	901,600	97.21875	4
5.0	30	MA0791E	249,800	97.000	5

## MBS Delivery Variance

The delivery variance on an MBS trade is .01% or \$100 per \$1 million in UPB. If the difference between the pool delivery and trade amount is out of tolerance and is greater than \$25,000, a trade will need to be executed. If the difference between the pool delivery and trade amount is out of tolerance but is less than \$25,000, an exception will need to be requested. Exceptions are granted on a case-by-case basis and may result in a possible charge depending on market movement and the size of the exception.

## Additional Resources

[Open Fannie Majors](#)

[Learn More about Fannie Majors](#)

[Delivering MBS Securities - Q&As](#)

[Early Funding Options](#)

[Pricing & Execution Portal](#)

[Fannie Mae Selling Guide](#)

[Uniform Practices for the Clearance Settlement of Mortgage-Backed Securities and Other Related Securities \(for purchase\)](#)

[Securities Industry and Finance Markets Association \(SIFMA\)](#)

[Capital Markets Operations Guidelines - MBS](#)

## For More Information

To learn more about MBS transactions, call our Capital Markets Pricing and Sales Desk at 1-800-752-0257.