Introduction

Under the direction of the Federal Housing Finance Agency (FHFA), Freddie Mac and Fannie Mae (the Enterprises) are jointly working on the Single Security initiative to develop a single mortgage-backed security issued by the Enterprises to finance fixed-rate mortgage loans backed by one- to four-unit single-family properties. This announcement is an update to the joint work related to the Single Security's features and disclosures.

Security Features

The Single Security features announced in May 2015 by FHFA are the final features and no changes have been made. The Single Security will have the same features as the current Fannie Mae MBS with Freddie Mac adopting the same prefixes for to-be-announced (TBA) securities and the same 55-day payment delay.[1]

Security Disclosures

The Enterprises agreed upon an enhanced set of disclosures that incorporates market standards and promotes liquidity in the TBA market. Today the Enterprises are presenting an updated set of disclosures related to the single class pass-through Single Security. Changes have been made to the dataset published on May 15, 2015.[2] Certain adjustments were made to reduce the likelihood of the disclosed data being used to identify a borrower. In particular, the following data elements will be masked: the borrower mortgage loan amount will be rounded to the nearest thousand for the life of the security; the investor loan unpaid principal balance (UPB) will be rounded to the nearest thousand for the first six months after origination (though the exact UPB will be disclosed in subsequent months); dates pertaining to a borrower will only disclose the month and year; and the only geographical attribute disclosed will be the state in which the property is located.

The data attributes for the Single Security are contained in the attached technical specification, which includes definitions, enumerations, data types, formats, max lengths and implementation notes. The detailed loan and security level disclosures will be provided in a flat file format aligned between the Enterprises. For ease of use, the file layouts are the same for the issuance files and the monthly files. Loan level data is in one file, separate from the security level data. The security level data is in two files. One file contains core data elements including factor data and weighted averages while the other file has the various stratifications of data and the quartile information.

Two additional disclosures will be published: a month-end issuance file that includes all the securities issued during the month and a new monthly correction file, which provides any corrected issuance data during the offering period (two months following the month of issuance).

The Enterprises also decided to align the attributes for non-TBA securities that are not part the of Single Security initiative. The disclosure data attributes for these securities will be included in the same loan and security file specification developed for the Single Security. Fannie Mae will include both TBA and

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[1] Please refer to Appendix A at Single Security Update
[2] Please refer to Appendix C at Single Security Update

non-TBA securities together in its loan and security files. Freddie Mac will have two identical sets of loan and security files. One set will disclose TBA securities and a few non-TBA fixed-rate securities, and the second set will disclose adjustable-rate securities, modified, reinstated, multifamily, and 75-day delay fixed-rate PCs.

The Enterprises plan to publish sample files of the single class disclosures by the end of 2016 along with the file specifications and sample files for multiclass securities.

Freddie Mac Exchange and New Disclosures

Freddie Mac will offer an Exchange Program that will allow investors to exchange a 45-day payment delay security for a new 55-day payment delay security backed by the same underlying loans. Exchanges will be conducted through a new Freddie Mac online portal. For more information on the Exchange Program, see Exchange Details.

To facilitate the exchange, prior to the launch of the Single Security, Freddie Mac will issue 55-day counterpart, or mirror, securities for the existing 45-day legacy securities in 2017. To accommodate reporting on the mirror securities, Freddie Mac will implement the new Single Security at-issuance and monthly loan and security disclosure formats in mid-2017, prior to Single Security, for all of Freddie Mac's securities, including 45-day delay fixed-rate TBA, non-TBA securities and ARMs. Although Freddie Mac will hold these mirror securities in its own account until the Exchange Program is opened, these securities will be visible on the new Freddie Mac at-issuance files. Freddie Mac's early implementation of the aligned disclosure format will also require vendors to use the new specification and to update their systems and processes to accommodate the new format, helping to mitigate Single Security transition risk.

In addition to implementing the new Single Security disclosure file formats with the issuance of its mirror securities, Freddie Mac will produce three new flat files with disclosures specifically created for the Exchange Program. The first file establishes the relationship of the existing 45-day legacy securities to their 55-day mirror securities. When exchanges begin, the information on the amount of a security that has been exchanged will be available on a cumulative basis in the second file. The third file will provide data on 45-day securities whether or not the security has been 100% resecuritized. With these new disclosures files, Freddie Mac will be able to show the market what is available for exchange and facilitate readiness planning for the Single Security launch and exchanges.

The Common Securitization Platform and the Single Security Disclosure Files: Descriptions and Timing

The Common Securitization Solutions, LLC (CSS) is an independent business entity, jointly-owned by the Enterprises, that will operate the Common Securitization Platform (CSP). The CSP is a new single-family securitization technology and operational platform to facilitate the back office operations relating to the issuance, administration, as well as disclosures of single-family mortgage securities on behalf of the Enterprises. Starting in 2018, the CSS will begin generating the aligned disclosures for both Enterprises to correspond with the launch of the Single Security.

The aligned disclosure files will be available on each Enterprise's respective website. The new issuance files will be available up to three times daily. The monthly files will be published on the fourth Business Day at 4:30 pm, as is done today. Please see the table below for more on the timing and frequency of the disclosure files.

File	Description	Issuance Timing	Monthly Reporting Timing
Loan Level	The file containing loan level data attributes for the mortgage-backed securities.	Every Business Day with Intra-day processing at approximately 6:30 AM; 11:30 AM; 3:30 PM	Business Day 4 at approximately 4:30 PM
Security Level	The file containing security level data including factor and weighted averages for the mortgage-backed securities and single-class resecuritizations.		
Security Supplemental	The file containing quartiles and the stratifications for the mortgage-backed securities and single-class resecuritizations.		

Freddie Mac will publish a second set of files for Adjustable-rate mortgages (ARM), Modified, Reinstated, Multifamily and 75-Day payment delay Fixed-rate PC securities.

In addition to the above-mentioned files, the Enterprises will provide the following ancillary issuance files. The layout of these files will be identical to the corresponding loan and security issuance files:

Ancillary Files	Description	Timing
Month-end Issuance Loan Level	The file containing the cumulative loan level data attributes for all the loans in mortgage-backed securities that were issued in the prior month.	Business Day 1
Month-end Issuance Security Level	The file containing the cumulative security-level data including factor and weighted averages for all the mortgage-backed securities and single-class resecuritizations that were issued the prior month.	
Month-end Security Supplemental Issuance File	The file containing the cumulative quartiles and the stratifications for all the mortgage-backed securities and single-class resecuritizations that were issued the prior month.	
Security Issuance Correction File	The file containing corrected factor and weighted averages for a mortgage-backed security and single-class resecuritization where a correction was required after the month of issuance but still during the offering period of the security.	Every Business Day , if applicable
Security Issuance Supplemental Correction File	The file containing corrected quartiles and the stratifications for a mortgage-backed security and single-class resecuritization where a correction was required after the month of issuance but still during the offering period of the security.	

Details of the loan and security level disclosure files that will be published are in the attached technical specification. For each disclosure file, we have provided the following information:

Column Name	Description
ID	The identifier for the data attribute.
Attribute Name	The business name for the data attribute.
Attribute Definition	The business definition for the data attribute.
Enumerations	If applicable, the allowable values for the data attribute.
Data Type	The classification for the data - numeric, string or date.
Format	The presentation of the data type.
Max Length	The maximum number of characters for the data attribute.
Implementation Notes	Additional information related to the data attribute for further clarification of assistance in processing the data.