

THE FEDERAL SAVINGS BANK



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A Message from Ted Rood:

"Big "behind the scenes" news for mortgages here. Likely borrowers won't be greatly affected, however."

Fannie/Freddie Joint MBS Arrives in June, 2019

The long-planned Uniform Mortgage-Backed Security (UMBS), designed to replace the current to be announced- (TBA) eligible MBS issued separately by Fannie Mae and Freddie Mac (the GSEs) will become a reality on June 3, 2019. While still more than a year away, the Federal Housing Finance Agency (FHFA), the regulator and conservator of the GSEs said it was announcing the target date for the first issue to provide "market participants with certainty about the timing of the Enterprises' transition to UMBS and enable them to make the preparations necessary to ensure that the transition is smooth."

The new UMBS will be issued through the Enterprises' joint venture, Common Securitization Solutions (CSS), using the Common Securitization Platform (CSP). FHFA said its announcement coincides with **three critical milestones** being reached by the GSEs and CSS. They have achieved key application development for issuing the UMBS on the platform, completed system-to-system testing, and initiated end-to-end (pre-parallel) testing.

FHFA Director Melvin L. Watt said, "The transition to the new, common security requires planning, investment, and preparation by a wide variety of market participants. We have now set the specific date that the Enterprises will start issuing the UMBS and I **urge the industry to get ready now** to ensure smooth, successful implementation."

Freddie Mac has been using CSS operations for some administrative functions related to its single-class, fixed-rate, mortgage-backed securities since November 2016. CSS has used the platform to process about 1,000 new securities each month and has performed monthly bond administration functions for more than a quarter-million single class securities backed by about 9.8 million loans.

The June 2019 launch of the UMBS will mark the entry of **Fannie Mae** as a user of the CSP and CSS operations. At that time the operational capabilities of the CSS and the platform will expand to include the administration of multi-class securities and the UMBS along with production of the securities' disclosures. At that point it is estimated that CSS and the CSP will be

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

performing bond administration functions for about 900,000 securities backed by nearly 26 million loans.

		Value	Change
Builder Confidence	Mar	51	+6.25%

David Lowman, executive vice president of Freddie Mac's Single-Family Business issued the following statement. "The Federal Housing Finance Agency's (FHFA) announcement today provides market participants with important **clarity** on the June 2019 implementation of the new Uniform Mortgage-Backed Security (UMBS). With the first UMBS issuance in June, forward trading will likely occur in the first quarter of 2019. We encourage all participants to continue with their preparation to allow for a smooth transition. With our implementation in 2016 of the Common Securitization Platform, we paved the way for a combined Freddie Mac and Fannie Mae \$3.5 trillion market of To-Be-Announced UMBS. We remain committed to working with the industry, under the direction of FHFA, to ensure the readiness of all parties involved in this complex undertaking."

Responsive service, experienced expertise

I've dedicated my 22 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

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