



# Basics of Fannie Mae's Whole Loan Conduit

January 2022

# Whole Loan Conduit Primer

Fannie Mae's Single-Family Whole Loan Conduit provides liquidity to the mortgage market while offering investors diversified pools of mortgages to meet their portfolio criteria. The Whole Loan Conduit (WLC) purchases whole loans directly from over 1,200 single-family lenders and securitizes them into Fannie Mae MBS or delivers them into a Fannie Majors pool. These securities may then be sold into the secondary market. In 2021, the WLC made up about 56% of the total Fannie Mae MBS issuance. The WLC provides favorable execution conditions by offering competitive pricing and flexibility in committing. The Conduit also offers lenders the unique opportunity to retain or release servicing rights for the loans they deliver.

Here, we'll outline:

- The lender-approval process for doing business with Fannie Mae.
- The benefits for lenders and investors.
- Ways to access data about the Whole Loan Conduit.

Fannie Mae establishes for all single-family mortgage sellers/servicers who wish to do business with us certain counterparty requirements. Approval or rejection of a lender's application is at Fannie Mae's sole discretion and is based on our business judgment with respect to the totality of the lender's circumstances. All approved seller/servicers in good standing are eligible to sell loans through the Conduit. Requirements to be a Fannie Mae-approved seller/servicer are detailed in our [Single-Family Selling Guide](#). All loans delivered to the Conduit must be eligible for delivery per the *Selling Guide*.

## Lender Benefits

Fannie Mae's Whole Loan Conduit offers flexible execution options to address the scalability and capacity needs of lenders.

<b>Committing</b>	The Conduit offers a web-based interface with customizable commitment periods and pricing independent of volume. Lenders have the option to commit on a mandatory or best-efforts basis. Further, lenders can take advantage of specified product grids, offering market-based pay-ups for loan balance and other characteristics for 30-year and 15-year terms.
<b>Immediate funding</b>	Lenders are typically funded the day after a certified loan delivery meets the terms of the whole loan commitment.
<b>Flex-range commitments</b>	Mandatory commitments allow for a 50-basis-point pass-through range, offering greater flexibility in the event of changes to the rate on committed loans.
<b>Extensions and pair-offs</b>	Lenders can extend a whole loan commitment and pair off partial or entire commitments.
<b>Remittance</b>	The Conduit allows for both scheduled/scheduled remittance and actual/actual remittance options.
<b>Pricing</b>	Whole loan pricing is based on MBS pricing and is updated throughout the day, offering a competitive execution option. Pricing is constructed on a whole loan pass-through basis (the gross note rate less servicing), which eliminates the need to buy up or buy down the note rate and thus prevents excess servicing.
<b>Delivery tolerance</b>	Mandatory commitments have a delivery tolerance of 2.5% or \$10,000, whichever is greater, providing flexibility to lenders when dealing with unexpected volatility in deliveries.

### ***Pricing & Execution – Whole Loan® and Servicing MarketPlace®***

Lenders committing loans to Fannie Mae through the PE-Whole Loan platform can either sell or retain servicing rights with the Servicing Marketplace (SMP) tool. Once Fannie Mae activates access for Servicing Marketplace, a seller can request partnership with any of the Servicing Marketplace servicers. To get access to the tool and learn more about how to use SMP, [visit our website](#).

## Investor Benefits

In 2021, the Conduit issued 3,739 pools, with a total UPB issuance of approximately \$673 billion in fixed-rate mortgages. The pools included a mix of collateral with various loan terms and balances. Conduit MBS provide investors with options for pool type and size. The WLC also contributes to the [Majors program](#), which further lends to the diversity of Fannie Mae MBS.

### 2021 TOTAL ISSUANCE

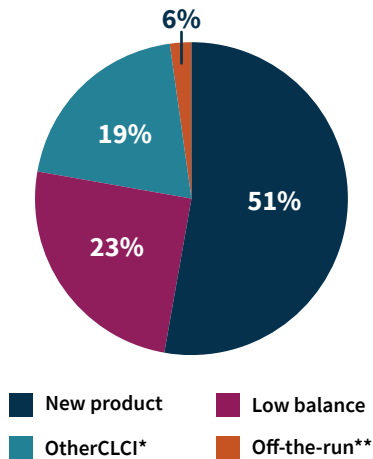
**\$673B**

### 2021 POOLS CREATED

**3,739**

#### 2021 BREAKDOWN BY TYPE

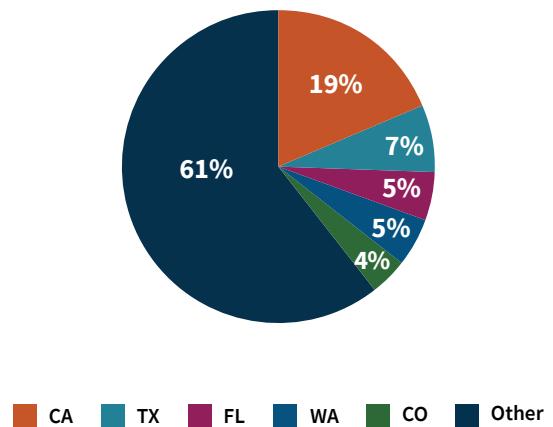
Note: Numbers may not foot due to rounding.



\*CL CI pools which are not "New product" or "Low balance" pools (i.e., LTV, FICO, Investor, Geographic).  
\*\*Off-the-run products include any non-30- or non-15-year loans.

#### 2021 BREAKDOWN BY GEOGRAPHY

Note: Numbers may not foot due to rounding.



#### Pool size and characteristic flexibility

The Conduit can create a wide range of SPEC and STIP MBS stories to meet investor needs.

#### Settlement date flexibility

The Conduit has the ability to securitize, trade, and settle on any business day of the month. The turnaround time to receive a pool number is as little as one business day.

#### Tailored CRA options

The Conduit can create CRA MBS, supported by appropriate disclosures that may meet an investor's CRA investment test needs.

## Hybrid ARM Pooling

In 2018, the Conduit began securitizing hybrid ARM loans. Similar to our fixed-rate pools, the Conduit aggregates and securitizes ARM loans and sells them in the secondary market.

## Identifying MBS Created from the Whole Loan Conduit

MBS created through Fannie Mae's Whole Loan Conduit do not have distinct pool prefixes. The Conduit created pools starting with "AS" in June 2013. After exhausting all "AS" pool numbers, the Conduit began issuing MBS using the "CA" series in June 2017. In March 2021, the Conduit began to issue MBS using the "CB" series. Market participants can analyze Fannie Mae MBS in a variety of ways, using various third-party vendors and our [PoolTalk® application](#), which provides additional pool-level information.

**3140QACX6**  
CUSIP

CA2785  
POOL NUMBER

4.000  
WA NET INTEREST RATE

0.95702511  
SECURITY FACTOR

Fannie Mae  
ISSUER

\$40,055,231.00  
INVESTOR SECURITY UPB - ISSUANCE

08/2019  
SECURITY FACTOR DATE

CL  
PREFIX

\$38,333,862.05  
INVESTOR SECURITY UPB - CURRENT

FNMS 04.0000 CL-CA2785  
SECURITY DESCRIPTION

11/01/2018  
ISSUE DATE

402  
LOAN COUNT - ISSUANCE

12/2048  
MATURITY DATE

392  
LOAN COUNT - CURRENT

ATTRIBUTE	ISSUANCE	MONTH	CURRENT	MONTH	FACTOR	WA NET INTEREST RATE
Updated Longest Maturity Date	-	-	12/2048	Viewing pool factors for year: 2019		
WA Net Interest Rate	4.000	-	4.000	08/2019	0.95702511	4.000
WA Interest Rate	4.547	-	4.547	07/2019	0.96703129	4.000
WA Remaining Months to Maturity	358	-	346	06/2019	0.96611480	4.000
WA Loan Age	0	-	0	05/2019	0.97500177	4.000
WA Loan Term	359	-	359	04/2019	0.98028822	4.000
WA Mortgage Loan Amount	\$100,205.90	-	\$100,490.51	03/2019	0.98481657	4.000
Average Mortgage Loan Amount	\$99,903.72	-	\$99,267.45	02/2019	0.98601422	4.000
WA Debt-To-Income (DTI)	-	-	33	01/2019	0.98652065	4.000
Seller Name	Multiple	-	Multiple			
Seller City	-	-	-			
Seller State	-	-	-			
Service Name	Multiple	-	Multiple			
Service City	-	-	-			

Since March 2012, Fannie Mae has published at-issuance loan-level disclosures. You can browse security details and issuance and monthly statistics as well as review any other disclosure documents relevant to the security on Bloomberg.

FN CA2785		102-13	102-12/102-14	Yield 3.618/3.609	Coupon 4.000%	BVAL
As of 18 Dec		Fannie Mae Pool		Prepay 176PSA		
FN CA2785 Mtge		Export	Page 1/2 Security Description			
FNCL 4 N		4.547(357)1	CUSIP 3140QACX6	Pool Level	Buy	Sell
Summary		Comments				
Pool	FN CA2785	16	Seasoning	FNCL 4 N	As Of	12/2018
Type	(CL) Conventional Conv 30 years Level pay	17	Vintage	FNCL 4 2018	Issue Date	11/01/2018
Traits	30/360	Maturity Date				12/01/2048
11) Seller	Multiple Pool	Issuer FNMA				
12) Pool Information						Balance
Coupon	4.000	WAC	4.547	Orig WAC	4.547	Factor
		WARM	357	Orig WAM	358	Orig Amt
		WALA	1			Curr Amt
13) Collateral Information						Prepay
WAOLTV	66	AOLS	99,906	Orig TPO	27.90	CPR
WAOLTV-HPI+	66	WAOLS*	100,395	Curr TPO	27.88	PSA
WAOLTV*	66	MAXLS	110,000			1 Month
WAOCs	758	WAOLT	359			3 Month
						6 Month
						1 Year
						Life
						0.4
						193
14) # Loans	402	Delay	54	(	24)	10) States
						Ohio
						Wisconsin
						New York
						6.4
TRACE Eligible						
19) Paydown Information						*Value calculated by Bloomberg
Prepay History		Dec18	Nov18			
1 Month CPR		0.4				
3 Month CPR						
6 Month CPR						
12 Month CPR						

Figure 2. Collateral, state, and prepay information in Bloomberg.

Users can also review specific pool information within Bloomberg and see collateral information, prepay history, and balance information. To view this detailed information, users can search “FN CA MTGE Go” and then click into a specific pool. Loan-level details for pools can be accessed by clicking in option 14 (# Loans) on the pool description page.

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3 Month CPR						
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12 Month CPR						

Figure 3. Pool-level balance information in Bloomberg.

## Single Security Evolution

Under the direction of our regulator and conservator, the Federal Housing Finance Agency (FHFA), Fannie Mae and Freddie Mac worked together to create TBA-eligible MBS issued and guaranteed by either Fannie Mae or Freddie Mac and backed by 30-, 20-, 15-, and 10-year fixed-rate single-family mortgages. This new MBS is termed Uniform Mortgage-Backed Security, or UMBS<sup>®</sup>. The Single Security initiative allows Fannie Mae UMBS and Freddie Mac UMBS to be fungible for deliveries into a single TBA market. In this contract, the maturity, coupon, face value, price, and settlement date of an MBS are known, but the issuer (Fannie Mae or Freddie Mac), the actual pool number, and the unique security identifier (CUSIP) are not yet known.

Single-class re-securitizations are called Supers<sup>®</sup>. Supers permit the commingling of Fannie Mae UMBS and Freddie Mac UMBS so the enterprise that issues, or wraps, the re-securitization is the guarantor. The non-TBA-eligible product is referred to as Megas for Fannie Mae and Giants for Freddie Mac.

## Monitoring Pool Performance

We assess performance of loans delivered to Fannie Mae on a lender-by-lender basis, through the WLC and MBS swap programs. We evaluate performance independently but also in comparison to other lenders with similar delivery profiles.

Additionally, we specifically monitor prepayments of pools created from the WLC and compare their performance to pools of similar characteristics. When performance shows faster-than-cohort speeds, a conversation may occur with the lender to better understand the nature and rationale for speeds. We may also share best practices for reducing speeds, including working with lenders on their internal policies and suggesting ways to monitor sales channels or their sales force.

Fannie Mae reminds lenders about specific sections from the [Fannie Mae Selling Guide](#) that outline the company's principles regarding speeds, including A2-1-03 (indemnification of losses), B2-1.2-04 (prohibited refinances), C1-1-01 (premium pricing recapture), and C3-3-02 (buy-up payment recapture). Fannie Mae, in its sole discretion, may limit or discontinue a lender's activity through the Conduit and/or the MBS swap program should it be deemed appropriate to do so.

## Investor Considerations

Those considering MBS purchases should refer to the prospectus documents posted on the [Mortgage-Backed Securities section of our website](#). There are certain risks involved with investing in MBS that can impact returns. These risks include, but are not limited to:

- The risk that someone will pay their mortgage off faster than the full term of the loan (prepayment), which can impact the yield of the security.
- Interest rate fluctuations, which can impact the price and return of the security.
- Volatility in currency exchange rates, which can impact the return on the security, as principal and interest payments are made in U.S. dollars.
- Fannie Mae repurchase practices, which can result in the removal of a loan from a pool, leading to a prepayment of principal and an impact on the yield.

## Investor Resources

- [PE-Whole Loan](#): Committing platform that provides ease of use, flexibility, and certainty for sellers.
- [Servicing Marketplace \(SMP\)](#): Servicing rights platform that allows users to sell servicing rights.
- [Basics of Single-Family MBS](#): Information on Mortgage-Backed Securities.
- [PoolTalk](#): Data on MBS pools, including at-issuance loan-level data.
- [Pool Prefix Glossary](#): Information on the underlying loans in a given pool prefix.

## Stay Connected

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[www.fanniemae.com/CMsignup](http://www.fanniemae.com/CMsignup)

## Contact us

For additional information or assistance, please contact the Fannie Mae Investor Marketing Helpline at 1-800-2FANNIE or [by email](#). Investors can also obtain single-family MBS documents from [our website](#).