How Fannie Mae has provided more than $2.5 trillion to finance homes for over 33 million families over the past sixty-one years.

1. Home buyers go to a local institution for mortgage loans to purchase a home. These lenders make up the "primary market."

2. The lending institutions keep the new mortgages as investments or sell them to investors, such as Fannie Mae. These investors make up the "secondary mortgage market."

3. By purchasing home mortgages, Fannie Mae provides local lenders new funds to make more home loans, thereby assuring homebuyers a continual supply of credit. In 1997, secondary market investors purchased about 53% of all mortgages originated in the U.S.

4. Fannie Mae can keep the loans in its own investment portfolio financing those loans by the sale of bonds to investors. Alternatively, Fannie Mae can package the loans into securities (Mortgage-Backed Securities) for other investors. Fannie Mae guarantees the timely payment of monthly principal and interest on the Mortgage-Backed Securities.

5. The cycle begins again as lenders make other loans to home buyers.