Primary and Secondary Markets

Primary Market for Stocks and Bonds

Company issues securities (bonds, shares of stock) that did not exist before.
These securities are purchased by individual or institutional investors.
Company gets money (from investors) that it did not have before.
[Issuer is a big party, buyer might be a small party with a brokerage account.]

Secondary Market for Stocks and Bonds

Investors who need cash sell the securities to different individual or institutional investors, typically on stock exchanges through their brokerage accounts.
Issuing company does not receive any money from these transactions.
But issuing company cares deeply about secondary market because it provides liquidity to investors, thus reducing liquidity risks for investors and reducing their required rates of return, and in turn reducing cost of capital for firms that issue the securities in primary market transactions.
Companies actually pay fees to have their shares listed on major stock exchanges so that investors will realize those liquidity benefits and accept lower returns.

Primary Market for Home Mortgage Loans

Mtg. borrower issues security (signs promissory note) that did not exist before.
This security is purchased by a loan originator, such as the local bank (a bank lends by purchasing the promissory note the borrower issues/signs).
Borrower gets money (from the bank/other originator) that it did not have before.
[Issuer is a small party, initial buyer is a bigger party that originates mtg. loans.]

Secondary Mortgage Market

Loan originator that needs cash sells the promissory note, often to government secondary mortgage market organization Fannie Mae or Freddie Mac.
The home mortgage borrower does not receive any money from this transaction.
But a home mortgage borrower cares deeply about the secondary mortgage market because it provides liquidity to loan originators, thus reducing loan originators' liquidity risks and reducing their required returns (the interest rates they require borrowers to pay) in a competitive market. Borrowers may actually be willing to pay higher taxes to have government-subsidized Fannie Mae and Freddie Mac's purchase of home mortgage promissory notes so that investors will realize those liquidity benefits and accept lower returns.