



Freddie Mac Announces Updates to PCs for Investor Reporting Change Initiative

April 23, 2019

Freddie Mac announced that, beginning in May 2019, its Investor Reporting Change Initiative (IRCI) will revise Single-Family investor reporting requirements. This includes moving the investor reporting cycle from mid-month to end-of-month and updating remittance cycles.

The company is making the changes to promote alignment and industry standards for the Uniform Mortgage Backed Security (UMBS).

IRCI updates will be effective beginning with the June 6, 2019 monthly factor/disclosure for all currently issued PCs. This initiative will also apply to the new Freddie Mac UMBS and MBS, which Freddie Mac expects it will begin issuing on June 3, 2019.

As part of IRCI, the following changes will be effective for pools beginning with the June 2019 monthly factor.

Category	Cutoff through May 2019 Monthly Factor	Cutoff for June 2019 Monthly Factor	Cutoff commencing with July 2019 Monthly Factor
P&I Activity*, including Curtailments	16 th to 15 th Calendar Day of the preceding month. Example: May factor includes activity from March 16 to April 15	16 th to 2 nd Business Day of the current month. Example: June factor includes activity from April 16 to June 4	Through 2 nd Business Day of the current month. Example: July factor includes activity from June 5 to July 2
Delinquency Disclosures	End of previous month Example: May factor includes delinquencies as of March 31	Through 2 nd Business Day of the current month. Example: June factor includes delinquencies as of June 4	Through 2 nd Business Day of the current month. Example: July factor includes delinquencies as of July 2

*For Fixed-Rate PCs, given that Freddie Mac includes scheduled principal payments currently, the impact of this change should be extremely limited.



Full Prepayments will not be affected by this change.

Category	Cutoff through May 2019 Monthly Factor	Cutoff for June 2019 Monthly Factor	Cutoff commencing with July 2019 Monthly Factor
Full Prepayments (no change)	Through 2 nd Business Day of the current month. Example: May factor includes full prepays through May 2	Through 2 nd Business Day of the current month. Example: June factor includes full prepays through June 4	Through 2 nd Business Day of the current month. Example: July factor includes full prepays through July 2

By changing the investor reporting cycle from mid-month to end-of-month, Freddie Mac will make a one-time adjustment to reflect loan activity, consisting primarily of curtailments for Fixed-Rate PCs, received from April 16th to June 4th in the June 6th reported monthly factor. Historically, curtailments have been a small fraction of monthly prepayments. For example, March curtailments, reflected in the April factor, for the 30 year Fixed-Rate population registered a collective 0.8 CPR. Adding, one-time, an additional 20 days of loan activity could result in a proportional increase.

30 Year Fixed Rate Curtailment CPR (for April 2019 factor):

30 year TBA issued after Jan.2006	Outstanding UPB (\$MM)	Overall CPR	Curtailment CPR
2.5	\$ 5,246	5.0	0.9
3.0	\$ 317,078	7.1	0.7
3.5	\$ 440,840	7.9	0.7
4.0	\$ 353,723	9.6	0.9
4.5	\$ 150,635	11.3	1.1
5.0	\$ 37,373	12.2	1.1
5.5	\$ 9,443	13.0	0.8
6.0	\$ 8,280	12.5	0.6
6.5	\$ 2,562	13.6	0.8
7.0	\$ 264	12.0	1.1
Total	\$ 1,325,443	8.7	0.8

For the 15 Year Fixed-Rate population, the March curtailments (reflected in the April factor) registered a slightly higher CPR of 2.1. Adding, one-time, an additional 20 days of loan activity could result in a proportional increase.

15 Year Fixed-Rate Curtailment CPR (for April 2019 factor):

15 year TBA issued after Jan.2006	Outstanding UPB (\$MM)	Overall CPR	Curtailment CPR
2.0	\$ 8,789	7.7	1.9
2.5	\$ 94,188	8.2	2.0
3.0	\$ 83,272	9.4	1.9
3.5	\$ 32,645	10.8	2.8
4.0	\$ 12,001	11.4	3.2
4.5	\$ 2,031	12.2	3.0
5.0	\$ 422	13.3	2.6
5.5	\$ 322	15.2	3.3
6.0	\$ 162	16.5	2.8
Total	\$ 233,850	9.2	2.1

Changing the investor reporting cycle for ARM PCs could have a greater impact than fixed-rate PCs because monthly payments, including curtailments, received before the June 4th cut-off will be included in the June 6th reported monthly factor. For example, March curtailments, reflected in the April factor, for the ARM population registered a collective 2.1 CPR. Theoretically, if an additional principal payment had been included in the April 2019 factor, the ARM population may have reflected a collective 2.8 CPR. Adding, one-time, an additional 20 days of loan activity should have a proportional increase.

ARM Curtailment CPR and Additional Principal Payment CPR (for April 2019 factor):

ARM issued after Jan.2006	Outstanding UPB(\$MM)	Overall CPR	Curtailment CPR	Additional Principal Payment CPR
2.0	\$ 3,751	19.3	2.7	3.2
2.5	\$ 12,439	19.0	2.3	2.8
3.0	\$ 13,824	14.0	1.5	2.5
3.5	\$ 3,426	14.8	2.5	1.9
4.0	\$ 1,425	29.1	2.2	2.4
4.5	\$ 5,879	29.0	2.3	3.2
5.0	\$ 2,923	35.5	2.8	3.6
Total	\$ 43,759	20.2	2.1	2.8

For more information regarding the Investor Reporting Change Initiative (IRCI) effort, please visit http://www.freddiemac.com/singlefamily/service/investor_reporting_changes.html.

If you have any questions, please contact Investor Inquiry at investor_inquiry@freddiemac.com.

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