



Freddie Mac Announces First Structured Sale of Seasoned Loans

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MCLEAN, VA--(Marketwired - Jun 29, 2016) - Freddie Mac (OTCQB: FMCC) today announced a \$199 million pilot structured sale of seasoned loans it currently guarantees and holds in its mortgage-related investments portfolio. The collateral is comprised of Option ARMs and loans that were originated as Option ARMs but have since been modified pursuant to a HAMP or proprietary modification. The majority of the loans have payment histories that are less than six months current or are moderately delinquent. The loans are currently serviced by JP Morgan Chase Bank, N.A.

This transaction is a two-step process. The initial step involves the sale of loans via a competitive bidding process, subject to a securitization term sheet. The sale will be executed on the basis of economics, subject to meeting Freddie Mac's internal reserve levels. In the second step, the purchaser of the loans will, upon completion of collateral due diligence, securitize the loans. Freddie Mac will guarantee and purchase the senior tranches of the securitization. Freddie Mac may retain or sell the guaranteed senior tranches. The first loss subordinate tranche will be initially retained by the loan purchaser.

This transaction expands Freddie Mac's fully guaranteed re-performing loan (RPL) securitization program (approximately \$24 billion securitized to date) and non-performing loan (NPL) sales program (\$4.3 billion sold and settled through March 31, 2016). RPLs are loans that were previously delinquent but are performing again, in many cases as a result of receiving a modification. NPLs are loans that have been delinquent for an extended period, typically one year or longer. The RPL securitization program and NPL sales program are a key part of Freddie Mac's strategy to reduce less liquid assets in its mortgage-related investments portfolio, shed credit and market risk via economically reasonable and well-controlled transactions, potentially improve borrower outcomes in the event of a default and promote neighborhood stability.

It is a key requirement of this transaction that the buyer of the subordinate tranche must be an investor with substantial experience managing "high-risk" mortgage loans as well as substantial experience in securitizations.

As part of this seasoned loan sale, the servicing of the loans will be in accordance with [requirements pdf](#) similar to those applicable to the sale of NPLs.

Advisors to Freddie Mac on this transaction are Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC and First Financial Network, Inc.

Freddie Mac was established by Congress in 1970 to provide liquidity, stability and affordability to the nation's residential mortgage markets. Freddie Mac supports communities across the nation by providing mortgage capital to lenders. Today Freddie Mac is making home possible for approximately one in four home borrowers and is the largest source of financing for multifamily housing. Additional information is available at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#)

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