Executive Message

Freddie Mac is dedicated to improving the U.S. housing finance system. Our single-family credit risk transfer (CRT) program, established in 2013, is designed to reduce credit risk exposure to U.S. taxpayers while providing unique opportunities for the private sector to participate in the U.S. single-family residential credit market.

The goal of this handbook is to familiarize the private sector with Freddie Mac’s complementary capital markets and (re)insurance CRT executions, STACR and ACIS, and our exclusive insured-placed mortgage insurance, IMAGIN. It also provides a close up of Freddie Mac’s risk management framework and quarterly U.S. housing statistics.

--Mike Reynolds, Vice President, Single-Family Credit Risk Transfer
Contents

Development of an Asset Class  4-11
STACR and ACIS  12-43
  1. Transaction Overview  13
  2. Investors and Liquidity  22
  3. Portfolio Trends and CRT Performance  29
IMAGIN  41-44
Credit Risk Management Framework  45-62
  1. Overview  46
  2. Loss Mitigation  52
  3. Home Possible  60
U.S. Housing Market Overview  63-67
Resources  68-72
Appendix  73-79
Disclaimers  80-83
Development of an Asset Class
Freddie Mac’s Role in U.S. Housing Finance

Freddie Mac was chartered by the federal government in 1970 to provide liquidity, stability, and affordability to the housing market.

1. **Lenders originate loans.**
   Lenders include banks, credit unions, mortgage brokers and others. They originate loans per the Single-Family Seller/Servicer Guide and sell loans to Freddie Mac.

2. **Freddie Mac overlays its credit risk management framework on purchased loans, ensuring loan quality.**
   Underwriting and Quality Control processes take advantage of proprietary data models and intelligent automation to ensure all loans meet Freddie Mac underwriting standards.

3. **Interest rate risk is passed through to investors by guaranteed Uniform Mortgage Backed Securities (UMBS).**
   Investors include Federal Reserve, money managers, hedge funds, banks, credit unions and more.

4. **Credit investors gain exposure to the U.S. mortgage market through innovative risk-sharing offerings.**
   Investors include money managers, hedge funds, (re)insurers, REITS, insurance companies and other investors.
Development of an Asset Class

Sustainable Business Model

Old Model

Buy and Hold Credit Risk

Mortgage

Credit Risk

Interest Rate Risk

Freddie Mac

Freddie Mac

Interest Rate Risk

Investors

New Model

Buy and Transfer Credit Risk

Mortgage

Credit Risk

Interest Rate Risk

Freddie Mac

Freddie Mac

Credit Risk

Interest Rate Risk

Investors

Interest Rate Risk Transfer
Uniform Mortgage Backed Securities (UMBS): pass-through securities representing an undivided interest in a pool of residential mortgages which transfer interest rate risk to investors. Freddie Mac guarantees the timely payment of interest and scheduled principal on all UMBS issued by Freddie Mac.

Credit Risk Transfer
Structured Agency Credit Risk (STACR®) Trust: Freddie Mac’s flagship securitization credit risk sharing vehicle. STACR transactions transfer risk to the private capital markets through the issuance of unsecured and non-guaranteed notes. The bankruptcy-remote trust makes periodic payments of principal and interest on the notes to investors.

Agency Credit Insurance Structure (ACIS®): Freddie Mac’s flagship insurance-based credit risk sharing vehicle. ACIS transactions are insurance policies issued by or ceded to global (re)insurance companies to cover a portion of credit risk on the STACR or standalone reference pools. Freddie Mac pays monthly premiums to (re)insurers, based on their tranche participation, in exchange for claim coverage on their portion of the reference pool.
Timeline

Developed Concept
- Freddie Mac Single-Family CRT team established

Established Market
- Issued first STACR and ACIS fixed-severity transactions (60-80% LTV fixed-rate collateral)

Generated Momentum
- Introduced HQ series (>80% LTV)

Created Scale and Depth
- Began transferring actual loss in lieu of fixed severity

Expanded Opportunity
- Issued first ACIS 15-year standalone transaction

Broadened Focus
- Issued first STACR HARP transaction

Strengthened Structure
- Issued first STACR Trust transaction
- Issued Class B-2 notes and extended STACR term to 30 years
- Launched IMAGIN, (Integrated Mortgage Insurance)

Leveraged Success
- Issued first FTR transaction (seasoned B-2 notes)
- Released Clarity data intelligence portal
- Issued first STACR REMIC transaction

Driving to Exit Conservatorship while Adapting to Market Environment

2012

2013

2014

2015

2016

2017

2018

2019

2020
Development of an Asset Class

Single-Family CRT by the Numbers

- 7 Years Since First Transaction
- 140 Transactions Issued Across Single-Family CRT Offerings
- 265+ Unique Investors in Single-Family CRT Offerings
- $2.5 Billion Average Trading per Month in Secondary Market for 2020
- $64 Billion Risk Transferred to Private Capital on Single-Family Mortgages
- $1.7 Trillion Single-Family Mortgages with Credit Risk Protection
- 44% Portion of Single-Family Portfolio with Credit Risk Protection
- 76% Reduction in Conservatorship Capital Needed For Credit Risk

Source: Freddie Mac, as of Q3 2020.
Note: Includes STACR, ACIS, certain senior subordination securitization structures, and certain lender risk-sharing transactions Average trading per month in secondary market for 2020.
Development of an Asset Class

STACR/ACIS CRT Growth

Total Single-Family Credit Guarantee Portfolio with Transferred Credit Risk ($Billions)

Outstanding reference pool UPB as a percentage of total single-family portfolio

<table>
<thead>
<tr>
<th>Year</th>
<th>Reference pool UPB at issuance</th>
<th>Reference pool UPB outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$598</td>
<td>$457</td>
</tr>
<tr>
<td>2017</td>
<td>$858</td>
<td>$648</td>
</tr>
<tr>
<td>2018</td>
<td>$1,144</td>
<td>$838</td>
</tr>
<tr>
<td>2019</td>
<td>$1,376</td>
<td>$906</td>
</tr>
<tr>
<td>YTD 2020*</td>
<td>$1,695</td>
<td>$938</td>
</tr>
</tbody>
</table>

Cumulative Single-Family Transferred Credit Risk Based on Outstanding Balance at Period End ($Billions)

<table>
<thead>
<tr>
<th>Period</th>
<th>First loss positions: Retained by Freddie Mac</th>
<th>Mezzanine loss positions: Retained by Freddie Mac</th>
<th>First loss positions: Transferred to third parties</th>
<th>Mezzanine loss positions: Transferred to third parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/30/19</td>
<td>$27.9</td>
<td>$7.3</td>
<td>$1.4</td>
<td>$1.4</td>
</tr>
<tr>
<td>12/31/19</td>
<td>$26.9</td>
<td>$6.0</td>
<td>$1.3</td>
<td>$1.3</td>
</tr>
<tr>
<td>03/31/20</td>
<td>$28.2</td>
<td>$8.0</td>
<td>$3.1</td>
<td>$3.1</td>
</tr>
<tr>
<td>06/30/20</td>
<td>$24.6</td>
<td>$5.9</td>
<td>$6.2</td>
<td>$6.2</td>
</tr>
<tr>
<td>09/30/20</td>
<td>$26.3</td>
<td>$9.5</td>
<td>$6.1</td>
<td>$7.1</td>
</tr>
</tbody>
</table>

Source: Freddie Mac, as of 9/30/2020.
Note: Slide reflects STACR and ACIS CRT transactions only. It excludes senior subordinate securitization structures and lender risk-sharing transactions.
Development of an Asset Class

### Key Offerings

#### SECURITIES

**STACR®**
Structured Agency Credit Risk
Freddie Mac Single-Family’s flagship CRT offering, where non-guaranteed notes are issued across multiple tranches, and reference pool performance determines payments.

**Series**
- **DNA:** On-the-run, original LTV of 61-80%
- **HQA:** On-the-run, original LTV of 81-97%
- **HRP:** HARP and Relief Refi collateral
- **FTR:** Off-the-run, seasoned B collateral
- **SPI:** Fully collateralized non-synthetic transactions

#### (RE)INSURANCE CONTRACTS

**ACIS®**
Agency Credit Insurance Structure
Freddie Mac’s flagship (re)insurance offering provides (re)insurers the opportunity to gain broad exposure to the U.S. housing market alongside STACR investors.

**Series**
- **DNA:** On-the-run, original LTV of 61-80%
- **HQA:** On-the-run, original LTV of 81-97%
- **SAP:** 15-year collateral
- **ARMR:** HARP and Relief Refi collateral
- **FTR:** Off-the-run, seasoned B collateral
- **AFRM:** Forward transactions

#### MORTGAGE INSURANCE

**IMAGIN®**
Integrated Mortgage Insurance™
An enhanced form of mortgage insurance negotiated by Freddie Mac, allowing global (re)insurers to participate in the low-down-payment market on a loan-level, flow basis.

**Series**
- **DNA:** On-the-run, original LTV of 61-80%
- **HQA:** On-the-run, original LTV of 81-97%
- **SAP:** 15-year collateral
- **ARMR:** HARP and Relief Refi collateral
- **FTR:** Off-the-run, seasoned B collateral
- **AFRM:** Forward transactions
Clarity

Freddie Mac’s data intelligence portal for the CRT community.

New Clarity Features

- New data download preview screen
- Test thresholds added to deal level downloads and attach/detach added to tranche level downloads
- Dual variable stratification and new zero balance option filter added to Historical Dataset dashboards

Data Visualizations Bring Raw Numbers To Life

Clarity’s data visualizations enhance understanding with crisp, clear information design that makes it easy to spot trends and zero in on key figures.

Advanced Filters For Quick Performance Analysis

Clarity’s preset configurations offer quick, clear views into Freddie Mac CRT data and make it easy for any user to get valuable insights quickly. Easily export and download charts to your desktop – it’s that simple.

Clarity.FreddieMac.com
1. Transaction Overview
**Transaction Overview**

**CRT Business Process**

**Borrower**
Institutions make loans to homeowners; Freddie Mac purchases or guarantees those loans

**UMBS**
Loans purchased are grouped and sold to Uniform Mortgage Backed Securities (UMBS) investors, reducing interest rate risk held by Freddie Mac

**CRT Eligibility**
Loans sold in UMBS securities that meet CRT eligibility criteria are included in a CRT reference pool

**Transaction**
Once the reference pool is finalized, credit risk is transferred to investors through STACR & ACIS transactions
Transaction Overview

Reference Pool Creation Illustration

Total Loans Securitized in UMBS Q1
$81 billion

Reference Pool Eligibility Criteria
- 100% fully amortizing
- Fixed-rate
- 1-to-4 unit
- First lien mortgage loans
- Original terms of 241-360 months
- No loans originated under Relief Refinance programs
- Meets transaction specific LTV criteria (61-80 LTV for DNA; 81-97 LTV for HQA)
- REMIC election made

Initial Cohort
$28 billion

Loan Performance Removals
- Incomplete data reconciliation
- Corrected data
- Repurchased
- Removed by QC process
- Paid in full
- Failed delinquency criteria
- Bankruptcy

Reference Pool
$26 billion

STACR & ACIS Transaction
STACR and ACIS are complementary programs issued from the same reference pool for On-the-Run transactions.
The Class M-2A and Class M-2B Notes and corresponding Reference Tranches relate to the Class M-2 Notes. The Class M-2A and Class M-2B Notes are exchangeable for the Class M-2 Notes, and vice versa, as further described in the Term Sheet and Preliminary PPM. In addition, certain Classes of MAC Notes can be further exchanged for other Classes of MAC Notes, and vice versa, as further described in the Term Sheet and Preliminary PPM.

The Class B-1A and Class B-1B Notes and corresponding Reference Tranches relate to the Class B-1 Notes. The Class B-1A and Class B-1B Notes are exchangeable for the Class B-1 Notes, and vice versa, as further described in the Term Sheet and Preliminary PPM. In addition, certain Classes of MAC Notes can be further exchanged for other Classes of MAC Notes, and vice versa, as further described in the Term Sheet and Preliminary PPM.

The Class B-2A and Class B-2B Notes and corresponding Reference Tranches relate to the Class B-2 Notes. The Class B-2A and Class B-2B Notes are exchangeable for the Class B-2 Notes, and vice versa, as further described in the Term Sheet and Preliminary PPM. In addition, certain Classes of MAC Notes can be further exchanged for other Classes of MAC Notes, and vice versa, as further described in the Term Sheet and Preliminary PPM.
Reinsurers, based on their license, have option to contract directly or indirectly (via cell company) with Freddie Mac.
Transaction Overview

Transaction Example and Program Comparisons

<table>
<thead>
<tr>
<th>Tranche</th>
<th>Loss Coverage</th>
<th>Expected Ratings</th>
<th>Early Redemption*</th>
<th>Maturity*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Attach</td>
<td>Detach</td>
<td></td>
<td></td>
</tr>
<tr>
<td>M-1</td>
<td>200</td>
<td>300</td>
<td>Investment Grade</td>
<td>$279m</td>
</tr>
<tr>
<td>M-2</td>
<td>125</td>
<td>200</td>
<td>Rated</td>
<td>$208m</td>
</tr>
<tr>
<td>B-1</td>
<td>75</td>
<td>125</td>
<td>Rated/Not Rated</td>
<td>$139m</td>
</tr>
<tr>
<td>B-2</td>
<td>25</td>
<td>75</td>
<td>Not Rated</td>
<td>$164m</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>$790m</td>
</tr>
</tbody>
</table>

*Assume stated CPR & 0 CDR; WAL in years, principal window in months

Note: For illustrative purposes only.

<table>
<thead>
<tr>
<th>STACR</th>
<th>ACIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity</td>
<td>30-year loan term</td>
</tr>
<tr>
<td>Early Termination</td>
<td>Earlier of: (a) 10% or less pool factor or (b) on or after 120th payment date (10 years)</td>
</tr>
<tr>
<td>Qualified Buyer</td>
<td>Qualified Institutional Buyer &quot;QIB&quot;</td>
</tr>
<tr>
<td>Coupon/ Premium</td>
<td>• 1 Month Libor plus spread (pre 10/2020)</td>
</tr>
<tr>
<td></td>
<td>• 30-day Average SOFR plus spread (post 10/2020)</td>
</tr>
<tr>
<td>Liquidity</td>
<td>8-10 broker/dealers make active markets daily</td>
</tr>
<tr>
<td>Performance Triggers</td>
<td>• Minimum Credit Enhancement Test</td>
</tr>
<tr>
<td></td>
<td>• Delinquency Test</td>
</tr>
<tr>
<td></td>
<td>• Cumulative Net Loss Test</td>
</tr>
<tr>
<td>Other</td>
<td>• 144A Compliant</td>
</tr>
<tr>
<td></td>
<td>• Minimum Denomination $10,000</td>
</tr>
<tr>
<td></td>
<td>• Minimum Increment $1</td>
</tr>
</tbody>
</table>
Disposition Loss

Transaction Overview

Allocation of Disposition Loss

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Class B-3 Principal</td>
</tr>
<tr>
<td>2</td>
<td>Class B-2 Principal</td>
</tr>
<tr>
<td>3</td>
<td>Class B-1 Principal</td>
</tr>
<tr>
<td>4</td>
<td>Class M-2 Principal</td>
</tr>
<tr>
<td>5</td>
<td>Class M-1 Principal</td>
</tr>
<tr>
<td>6</td>
<td>Class A Principal</td>
</tr>
</tbody>
</table>

Disposition Loss =

1 (+) UPB at time of removal from the Reference Pool (including prior principal forgiveness)
2 (-) Net Sales Proceeds
3 (+) Delinquent Accrued Interest (Non-Capitalized)
4 (+) Taxes and Insurance
5 (+) Legal Costs
6 (+) Maintenance and Preservation Costs (e.g. Property Inspection, HOA, Utilities, Rental Receipts, REO Management, etc.)
7 (-) MI Proceeds (Total Claim Amount * Coverage %)
8 (+) Miscellaneous Expenses (e.g. BPO, other sales expenses not included in item 2 above)
9 (-) Miscellaneous Credits (e.g. Positive Escrow, Insurance Refunds, Hazard Claim Proceeds, Make Whole Events, etc.)

Note: For illustrative purposes only.
## Modification Loss

### Allocation of Modification Loss

<table>
<thead>
<tr>
<th>Modification Hierarchy</th>
<th>Investor Impact</th>
<th>Borrower Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term Extension</td>
<td>No Impact</td>
<td>Loan term is extended to reduce borrower monthly payments</td>
</tr>
<tr>
<td>Interest Rate Reduction</td>
<td>Loss of interest from rate change</td>
<td>Reduces monthly payment</td>
</tr>
<tr>
<td>Principal Forbearance</td>
<td>Loss of interest as principal with forbearance is non-interest bearing</td>
<td>Suspension of mortgage payments for a specific period of time which is paid as a balloon payment upon termination of the loan</td>
</tr>
</tbody>
</table>

### Modification Costs

- **1 (+)**: Modification Costs e.g. Interest Short Fall (Passed to investors on a monthly basis included in modification loss amount)
- **2 (+)**: Bankruptcy Cramdown Costs (Passed to investors on a monthly basis included in write down loss amount)

**Note:** For illustrative purposes only.
STACR and ACIS

2. Investors and Liquidity
Investors and Liquidity

Investor Participation at Issuance

Source: Freddie Mac, as of October 2020. Note: In addition to the participation shown above, ACIS is generally responsible for 25% of each tranche issued for (Re)insurer participation.

Source: Freddie Mac

Money Manager
Hedge Fund
Insurance
REIT
Sovereign Fund
Bank/Credit Union
Investors and Liquidity

**STACR Trading Volume**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nominal ($billions)</th>
<th>% of Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.3</td>
<td>48%</td>
</tr>
<tr>
<td>2014</td>
<td>0.6</td>
<td>20%</td>
</tr>
<tr>
<td>2015</td>
<td>1.1</td>
<td>13%</td>
</tr>
<tr>
<td>2016</td>
<td>1.5</td>
<td>11%</td>
</tr>
<tr>
<td>2017</td>
<td>1.9</td>
<td>12%</td>
</tr>
<tr>
<td>2018</td>
<td>1.7</td>
<td>8%</td>
</tr>
<tr>
<td>2019</td>
<td>2.0</td>
<td>8%</td>
</tr>
<tr>
<td>2020</td>
<td>2.4</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Monthly Trading Volume Over Trailing 12 Months(1)**

Source: Freddie Mac, as of October 2020. Note: Trading volumes reflect the sum of all buy and sell trades.
Investors and Liquidity

STACR Issuance and Ratings

<table>
<thead>
<tr>
<th>Current Outstanding ($billions)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative Issuance</td>
<td>$45.3B</td>
</tr>
<tr>
<td>Deals</td>
<td>61</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Outstanding ($billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rated</td>
</tr>
<tr>
<td>Unrated</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Cumulative Issuance

Source: Freddie Mac and Bloomberg, as of October 2020.
STACR Returns Summary

As of February 26, 2020

- CRTx RNI Upper Mezzanine
- CRTx RNI Lower Mezzanine
- CRTx RNI Subordinate
- S&P Index
- Bloomberg Barclays US Corp HY Index

As of November 6, 2020

- CRTx RNI Upper Mezzanine
- CRTx RNI Lower Mezzanine
- CRTx RNI Subordinate
- S&P Index
- Bloomberg Barclays US Corp HY Index

Source: CRTx® is a registered trademark and RNI™ (Rolling New Issue) is a trademark of Mark Fontanilla & Co., LLC., which tracks CRT securities issued in the most recent 12 months. S&P Index and Corp HY Index are sourced from Bloomberg.

Freddie Mac | 2020
ACIS Issuance

Flagship CRT offering and portfolio management tool
~$16 billion coverage placed since inception

Cumulative ACIS Issuance

- Pioneered first reinsurance transactions in GSE CRT market
- Developed key relationships with global reinsurers, brokers, and service providers
- Created an insurance Cell structure

- Diversified reinsurer panel
- Launched ACIS Standalone (SAP), ACIS Forward (AFRM), ARMR series (HARP), and sold seasoned B2 risk (FTR)
- Executed first Introduced 5-year call option

- 2nd largest quarter of issuance in program history ($1.1 B in Q1)
- Executed ACIS HQA3 in August 2020, restarting ACIS issuances after COVID-19 pandemic hit
- On track to complete record number of deals

---|---|---|---|---|---|---
0.8 | 3.6 | 6.2 | 9.2 | 11.8 | 13.8 | 17.7

2020 YTD
Investors and Liquidity

**STACR NAIC Designation**

56 STACR bonds have an NAIC designation

![Total NAIC Designations](chart)

- **0-3 Years**: NAIC 1, 30 bonds; NAIC 2, 20 bonds
- **3-6 Years**: NAIC 1, 20 bonds; NAIC 2, 15 bonds

**Source**: NAIC.

**Note**: The National Association of Insurance Commissioners 2019 Mortgage Reference Securities Report is not a substitute for or functional equivalent of the credit ratings of rating agencies and is not produced to permit investors to compare the likelihood of default or of full and timely payment between one or more securities. *Security weighted average life calculated as of December 31, 2019 assuming 10 CPR and 0 CDR. At this time, NAIC has not provided NAIC Designations for Freddie Mac's Trust/REMIC CRT transactions at year-end 2019 (MACR bonds are not included).*
3. Portfolio Trends and CRT Performance
Portfolio Trends and CRT Performance

Proxy Cohort Performance

**Low LTV Series**

**High LTV Series**

Source: Freddie Mac Clarity/Proxy Cohort, as of October 2020. For illustrative purposes only.

Notes: Data included in the tables above are derived from the most recent release of Freddie Mac’s Single-Family Loan Level Dataset (SF LLD). Historical losses are weighted in proportion to the applicable deal’s cohorts of FICO and either OLTV or ELTV. Cumulative losses do not include modification losses. For more information, please reference the SF LLD website.

* Specified class takes 100% loss, assuming no principal payments.
Disaster Matrix Examples

Source: Freddie Mac Clarity/CRT/Performance/Disaster Matrix, as of October 2020. For illustrative purposes only.
## Collateral Profile: Low LTV Series

<table>
<thead>
<tr>
<th>Deal</th>
<th>OLTV</th>
<th>ELTV</th>
<th>FICO</th>
<th>DTI</th>
<th>Investor %</th>
<th>DTI &gt; 45 %</th>
<th>FICO &lt; 680 %</th>
<th>Home Possible %</th>
<th>ACE %</th>
<th>Forbearance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020-DNA5</td>
<td>75</td>
<td>73</td>
<td>758</td>
<td>34</td>
<td>6.4%</td>
<td>11.5%</td>
<td>4.2%</td>
<td>0.9%</td>
<td>37.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2020-DNA4</td>
<td>75</td>
<td>73</td>
<td>754</td>
<td>36</td>
<td>6.4%</td>
<td>14.9%</td>
<td>5.3%</td>
<td>1.4%</td>
<td>28.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2020-DNA3</td>
<td>75</td>
<td>71</td>
<td>755</td>
<td>35</td>
<td>6.0%</td>
<td>14.3%</td>
<td>5.0%</td>
<td>1.4%</td>
<td>24.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2020-DNA2</td>
<td>76</td>
<td>74</td>
<td>755</td>
<td>36</td>
<td>6.0%</td>
<td>15.2%</td>
<td>5.5%</td>
<td>2.3%</td>
<td>17.2%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2020-DNA1</td>
<td>76</td>
<td>74</td>
<td>752</td>
<td>36</td>
<td>8.6%</td>
<td>15.7%</td>
<td>6.5%</td>
<td>2.4%</td>
<td>11.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2019-DNA4</td>
<td>76</td>
<td>72</td>
<td>748</td>
<td>36</td>
<td>10.7%</td>
<td>17.2%</td>
<td>7.3%</td>
<td>2.3%</td>
<td>6.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2019-DNA3</td>
<td>76</td>
<td>72</td>
<td>750</td>
<td>36</td>
<td>9.7%</td>
<td>18.6%</td>
<td>7.7%</td>
<td>2.6%</td>
<td>5.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2019-DNA2</td>
<td>76</td>
<td>75</td>
<td>750</td>
<td>36</td>
<td>9.2%</td>
<td>18.8%</td>
<td>8.6%</td>
<td>4.2%</td>
<td>5.8%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2019-DNA1</td>
<td>76</td>
<td>75</td>
<td>747</td>
<td>37</td>
<td>11.0%</td>
<td>18.4%</td>
<td>8.9%</td>
<td>2.8%</td>
<td>4.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>76</strong></td>
<td><strong>73</strong></td>
<td><strong>752</strong></td>
<td><strong>36</strong></td>
<td><strong>8.2%</strong></td>
<td><strong>16.1%</strong></td>
<td><strong>6.6%</strong></td>
<td><strong>2.3%</strong></td>
<td><strong>15.5%</strong></td>
<td><strong>0.0%</strong></td>
</tr>
</tbody>
</table>

Source: [Freddie Mac Clarity/Origination/Characteristics](https://www.freddiemac.com/clarity/), as of October 2020. More data fields available in Clarity. Note: Amounts shown are as of issuance.
# Collateral Profile: High LTV Series

<table>
<thead>
<tr>
<th>Deal</th>
<th>OLTV</th>
<th>ELTV</th>
<th>FICO</th>
<th>DTI</th>
<th>Investor %</th>
<th>DTI &gt; 45 %</th>
<th>FICO &lt; 680 %</th>
<th>Home Possible %</th>
<th>ACE %</th>
<th>Forbearance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020-HQA5</td>
<td>91</td>
<td>87</td>
<td>752</td>
<td>35</td>
<td>0.2%</td>
<td>8.3%</td>
<td>3.2%</td>
<td>8.9%</td>
<td>7.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2020-HQA4</td>
<td>92</td>
<td>89</td>
<td>752</td>
<td>36</td>
<td>0.4%</td>
<td>11.3%</td>
<td>3.1%</td>
<td>12.6%</td>
<td>0.0%</td>
<td>0.0%</td>
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<tr>
<td>2020-HQA3</td>
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<td>87</td>
<td>752</td>
<td>36</td>
<td>0.3%</td>
<td>11.1%</td>
<td>3.5%</td>
<td>13.6%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2020-HQA2</td>
<td>92</td>
<td>90</td>
<td>750</td>
<td>37</td>
<td>0.3%</td>
<td>12.1%</td>
<td>3.8%</td>
<td>21.8%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2020-HQA1</td>
<td>92</td>
<td>90</td>
<td>749</td>
<td>37</td>
<td>0.3%</td>
<td>12.9%</td>
<td>4.6%</td>
<td>23.1%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2019-HQA4</td>
<td>92</td>
<td>89</td>
<td>745</td>
<td>38</td>
<td>0.5%</td>
<td>15.6%</td>
<td>5.8%</td>
<td>23.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2019-HQA3</td>
<td>92</td>
<td>89</td>
<td>746</td>
<td>38</td>
<td>0.5%</td>
<td>16.0%</td>
<td>5.5%</td>
<td>24.3%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2019-HQA2</td>
<td>93</td>
<td>90</td>
<td>746</td>
<td>37</td>
<td>0.4%</td>
<td>16.2%</td>
<td>5.7%</td>
<td>30.4%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2019-HQA1</td>
<td>93</td>
<td>91</td>
<td>745</td>
<td>37</td>
<td>0.4%</td>
<td>15.5%</td>
<td>5.5%</td>
<td>26.2%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>92</td>
<td>89</td>
<td>749</td>
<td>37</td>
<td>0.4%</td>
<td>13.2%</td>
<td>4.5%</td>
<td>20.5%</td>
<td>0.9%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Source: Freddie Mac Clarity/Origination/Characteristics, as of August 2020. More data fields available in Clarity. Note: Amounts shown are as of issuance.
Cumulative Net Losses by Series

Low LTV Series

High LTV Series

Source: Freddie Mac Clarity/Performance/Loss Details, as of October 2020. For illustrative purposes only.
Portfolio Trends and CRT Performance

Transition Matrix by Series

Low LTV Series, Actual Loss

High LTV Series, Actual Loss

Source: Freddie Mac Clarity/Performance/Transition Matrix, as of October 2020. For illustrative purposes only.
Portfolio Trends and CRT Performance

Serious Delinquency by Series

**DNA Delinquent Status (% of Current Balance)**

**HQA Delinquent Status (% of Current Balance)**

Source: Freddie Mac Clarity/Performance/Delinquency, as of October 2020. Stacked column charts created using D90, D120, D150, D180+ and REO data segments.
Voluntary Prepayment Rates by Series

Source: Freddie Mac monthly remittance data, as of September 2020.

Source: Freddie Mac monthly remittance data, as of October 2020.
Portfolio Trends and CRT Performance

DNA Third-Party Base Expected Default and Loss

Collateral Expected Default and Loss at Issuance to Maturity

B-2 Attachment
B-1 Attachment

Collateral Expected Default and Loss at Issuance to Maturity

BofA Credit Suisse JP Morgan
BofA Credit Suisse JP Morgan
BofA Credit Suisse JP Morgan
BofA Credit Suisse JP Morgan
BofA Credit Suisse JP Morgan

0 25 50 75 100 125 150 175 200
0 25 50 75 100 125 150 175 200

Disclaimer: The estimates shown above are for informational purposes only and delivered solely as reference material with respect to Freddie Mac. There is no assurance that the actual losses of the Reference Obligations will mirror the estimates shown above. The information contained in these materials may be based on assumptions regarding market conditions and other matters that may be of a proprietary nature to the model owners and unknown to Freddie Mac. The model owners have consented to Freddie Mac’s use and presentation of the estimates shown here, but do not make any representations that the information is accurate or complete. Neither Freddie Mac, nor the model owners, take responsibility for or make representations regarding the reasonableness of the underlying assumptions that form the basis of the estimates shown here or the likelihood that the estimates shown will coincide with actual market conditions or events and the estimates should not be relied upon for such purposes.
HQA Third-Party Base Expected Default and Loss

Collateral Expected Default and Loss at Issuance to Maturity

Disclaimer: The estimates shown above are for informational purposes only and delivered solely as reference material with respect to Freddie Mac. There is no assurance that the actual losses of the Reference Obligations will mirror the estimates shown above. The information contained in these materials may be based on assumptions regarding market conditions and other matters that may be of a proprietary nature to the model owners and unknown to Freddie Mac. The model owners have consented to Freddie Mac’s use and presentation of the estimates shown here, but do not make any representations that the information is accurate or complete. Neither Freddie Mac, nor the model owners, take responsibility for or make representations regarding the reasonableness of the underlying assumptions that form the basis of the estimates shown here or the likelihood that the estimates shown will coincide with actual market conditions or events and the estimates should not be relied upon for such purposes.
Estimated LTV Numbers

On-going positive house price appreciation allows borrowers to build equity, thereby reducing loan-to-value ratio and credit risk.

- Home Value Explorer® (HVE®) is a Freddie Mac AVM tool that generates an estimate of property value
- HVE provides extensive coverage of all 50 states and more than 3,100 counties with its database of ~100 million property records
- For more information on HVE visit: sf.freddiemac.com/tools-learning/home-value-suite/overview

<table>
<thead>
<tr>
<th>Original LTV vs. Estimated LTV (HQA Series)</th>
<th>Original LTV vs. Estimated LTV (DNA Series)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated LTV</td>
<td>Original LTV</td>
</tr>
<tr>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>92</td>
<td>92</td>
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<tr>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>92</td>
<td>92</td>
</tr>
</tbody>
</table>

Source: Freddie Mac, as of October 2020. **Weighted average life was 28 months at issuance, typical transaction is between 9-12 months. 

Freddie Mac | 2020
Credit Risk Transfer Handbook

IMAGIN
**Overview**

**IMAGIN is an enhanced form of front-end mortgage insurance negotiated by Freddie Mac on behalf of lenders**

| **Introduces operational efficiencies to the mortgage market** | Eliminates duplicative processes and shortens underwriting time  
Single underwriting guide and credit box for the lender  
Lenders and servicers work solely and directly with Freddie Mac |
|---------------------------------------------------------------|-------------------------------------------------------------------|
| **Lowers costs for lenders & borrowers**                     | Reduces the traditional sales/operational costs of traditional MI  
Diversifies private capital sources  
Level playing field for lenders of all sizes – same pricing for all lenders |
| **Enables better management of taxpayer exposure**           | Freddie Mac works with highly rated and diversified global reinsurers and MIs who place aside secured collateral to pay claim liabilities  
No ability for the insurer/reinsurer to unilaterally rescind coverage |
IMAGIN is chosen in lieu of standard MI and sells loan to Freddie Mac.

Freddie Mac bills Seller IMAGIN credit fee.

Protected cell company provides charter compliant MI coverage upon loan delivery.

Risk transferred to panel of reinsurers / MI companies.

Loans reinsured by a panel of Freddie Mac chosen/approved reinsurers.

Back end operations (premium payments and claims) handled between Freddie Mac and investors.

Reinsurers post collateral into trust account.

Borrower

Seller/Servicer

Performs servicing activities in accordance with the Seller/Servicer Guide.

Freddie Mac

Cell Company

Panel of Reinsurers / MI

Collateral Account
# Mortgage Insurance Comparison

<table>
<thead>
<tr>
<th>Feature</th>
<th>BPMI</th>
<th>LPMI</th>
<th>IMAGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyer of MI</td>
<td>Lender</td>
<td>Lender</td>
<td>Freddie Mac</td>
</tr>
<tr>
<td>MI Premium Paid By</td>
<td>Borrower</td>
<td>Lender</td>
<td>Freddie Mac</td>
</tr>
<tr>
<td>Payment of Coverage</td>
<td>One-time or monthly insurance payment</td>
<td>One-time, monthly, or annual payment which is built into the note rate</td>
<td>Similar to LPMI, the cost of IMAGIN is embedded in the borrower note rate</td>
</tr>
<tr>
<td>Lower Mortgage Payment Through Cancellation of the MI</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>MI Cancellation</td>
<td>Automatic cancellation once LTV drops below 78%</td>
<td>None – MI coverage exists for life of loan</td>
<td>None – MI coverage exists for 10-year term</td>
</tr>
<tr>
<td>MI Rescissions &amp; Denials</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Length/Term of Coverage</td>
<td>Terminates upon cancellation</td>
<td>Life of loan</td>
<td>10-year term</td>
</tr>
<tr>
<td>Policy</td>
<td>Approved MI companies – Selected by borrower/lender</td>
<td>Approved MI companies – Selected by borrower/lender</td>
<td>Negotiated by Freddie Mac</td>
</tr>
<tr>
<td>Origination Guidelines</td>
<td>GSE and MI Guidelines</td>
<td>GSE and MI Guidelines</td>
<td>Freddie Mac Guidelines</td>
</tr>
<tr>
<td>Loan Quality Reviews</td>
<td>GSE and MI Guidelines</td>
<td>GSE and MI Guidelines</td>
<td>Freddie Mac Quality Control</td>
</tr>
<tr>
<td>Loan Performance Reporting</td>
<td>Servicer works with both GSE and MI</td>
<td>Servicer works with both GSE and MI</td>
<td>Servicer works directly with Freddie Mac</td>
</tr>
<tr>
<td>Loss Mitigation and Property Disposition Approvals</td>
<td>GSE and MI Loss Mitigation and Approval requirements</td>
<td>GSE and MI Loss Mitigation and Approval requirements</td>
<td>Freddie Mac Loss Mitigation and Approval requirements</td>
</tr>
<tr>
<td>Claim Filing</td>
<td>Servicer files claims</td>
<td>Servicer files claims</td>
<td>Freddie Mac files claims</td>
</tr>
</tbody>
</table>
Credit Risk Transfer Handbook

Credit Risk Management Framework
1. Overview
### Credit Risk Management Overview

**Freddie Mac – Risk Management**

<table>
<thead>
<tr>
<th>Underwriting Standards</th>
<th>Quality Control</th>
<th>Seller/Servicer Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Documentation Standards and Credit Eligibility Requirements</td>
<td>▪ Post-Close Credit Review</td>
<td>▪ Seller In-House Quality Control</td>
</tr>
<tr>
<td>▪ Delegated Underwriting Guidelines</td>
<td>▪ Quality Assurance</td>
<td>▪ Seller Servicer Approval Standards</td>
</tr>
<tr>
<td>▪ Seller Representations and Warranties</td>
<td>▪ Compliance Review</td>
<td>▪ Loan Servicer Performance Monitoring and Scorecard</td>
</tr>
<tr>
<td>▪ Loan Advisor®</td>
<td>▪ Performing Loan and Non-Performing Loan Quality Control Review</td>
<td>▪ CORE Reviews</td>
</tr>
<tr>
<td></td>
<td>▪ Due Diligence Review</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Underwriting Defects Repurchase Process</td>
<td></td>
</tr>
</tbody>
</table>

**CRT is supported by an advanced risk management framework**
Underwriting Standards

Loan Advisor

Freddie Mac Loan Advisor® is a smart, end-to-end technology solution built to provide greater certainty about the quality of loans and offer insight into loans’ purchase eligibility early in the loan production process. Loan Advisor’s advanced analytics and modeling capabilities automate processes, catch errors and identify opportunities to reduce risk.

- Loan Product Advisor®
- Condo Project Advisor®
- Loan Collateral Advisor®
- Loan Quality Advisor®
- Loan Closing Advisor®
- Loan Selling Advisor®
- Quality Control Advisor®
- Loan Coverage Advisor®
- Business Intelligence
- Correspondent Assignment Center

Freddie Mac’s goal is to have 100% of loans processed through Loan Product Advisor or Loan Quality Advisor*

Loan Advisor is set up so the Exclusionary List is only accessible by approved Seller-Servicers

Loans sold to Freddie Mac must have documented evidence of the mortgagor’s ability to repay and of the value of the property

Appraisal independence rules insulate the appraiser from influence by other parties involved in processing or originating the loan

Representations & Warranties require the seller-servicer to repurchase the loan if there is a material underwriting defect discovered, subject to certain limits

*does not include bulk deals
Underwriting Standards

Loan Product Advisor®

Loan Product Advisor (LPA) is the cornerstone of Loan Advisor. LPA takes advantage of proprietary data models and intelligent automation to promote loan compliance with Freddie Mac underwriting standards.

Features innovative tools and offerings leveraging algorithms to enhance the origination process

Home Value Explorer ® (HVE)
An automated Freddie Mac tool used to determine values of properties inside and outside of Freddie Mac.

Automated Collateral Evaluation (ACE)
An offering that eliminates the need for a traditional appraisal for properties that have valuations validated by HVE.

Asset and Income Modeler (AIM)
An Automated Underwriting System (AUS) solution used to verify borrower assets and income. AIM is the first and only AUS solution in the industry to also assess self-employed income.

Generates an assessment of a loan’s credit risk and overall quality

✓ Minimum credit score requirements
✓ Maximum debt-to-income ratio limits
✓ Maximum loan-to-value ratio limits
✓ Elimination of risky products (IOs, pay option ARMs, no documentation and balloons)
Quality Control (QC)

Freddie Mac performs QC across all purchased loans, including those that are credit enhanced by any of the CRT programs. Losses are mitigated through a comprehensive QC program across performing and non-performing loans, including third-party QC processes by lenders.

Performing Loan QC

- Regularly perform QC on a random and targeted basis to test the quality of recently purchased loans, including added focus on key elements of particular interest or concern (e.g., loan attributes or sellers).
- Freddie Mac benchmarks every loan we purchase against our valuation model and appraisals are assessed within our automated system, Loan Collateral Advisor® for instantaneous feedback to the originator.
- CRT transactions perform a separate Due Diligence review

Non-Performing Loan QC

- Freddie Mac also reviews mortgage loans that default within the first few years after purchase or guarantee.

Seller In-House QC

- Each loan seller must have an in-house QC program that has written procedures and operates independently of the sellers’ origination and underwriting functions.
- Freddie Mac reviews, monitors, and provides feedback on sellers’ QC and origination practices, including performing on-site reviews of its largest sellers.
Overview

Seller/Servicer Management

Freddie Mac believes that a well-rounded view of servicing performance supports a broad and in-depth analysis of both performing and non-performing loans.

**Account Plans**
- Focused on covered National, Regional and Community Servicers, Independent Mortgage Bankers, Specialty Servicers, Master Servicers and Subservicers.
- Sets goals and objectives, establishes agreed-upon action plans and milestones.

**File Reviews, Rewards and Remedies**
- Identifies servicing performance gaps and trends, encourages and rewards quality servicing.
- Helps identify and resolve issues and provides consequences for poor data quality and servicing processes.

**Servicer Success Scorecard**
- Covers Master, Interim, Sub and Consolidated servicing modes
- Performance evaluation specific to servicer segments (ranked groups), uses synthetics and ranks.
- Provides loan level data and analyses.
- **SHARP SM – Servicer Honors and Rewards Program** enables eligible servicing clients to receive annual rewards based on completion of the Servicer Success Scorecard.

**Counterparty Operational Risk Evaluation (CORE)**
- Identifies SF counterparty operational risk issues and monitors remediation.
- Provides assessment of Counterparty’s compliance with Guide Requirements.
- Conducts on-site due diligence of Servicers’ preparedness for large MSR transfers.
- Works closely with account managers and Single-Family Operations to ensure review scope addresses new/ emerging risks.
2. Loss Mitigation
# Loss Mitigation Waterfall

<table>
<thead>
<tr>
<th>Loss Mitigation Waterfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Forbearance</td>
</tr>
<tr>
<td>2. Reinstatement</td>
</tr>
<tr>
<td>3. Repayment Plan</td>
</tr>
<tr>
<td>4. Payment Deferral</td>
</tr>
<tr>
<td>5. Flex Modification</td>
</tr>
<tr>
<td>6. Applicable Credit Events</td>
</tr>
</tbody>
</table>

### 1. Forbearance
Provides a temporary reduction or suspension of payments to give borrowers a specified period of time to improve their financial situation. No mod loss impact.

### 2. Reinstatement
The most desirable resolution for a temporary hardship. Reinstatement is the act of restoring a delinquent Mortgage to current status.

### 3. Repayment Plan
Gives the borrower a defined period of time to reinstate the Mortgage following a temporary hardship by paying normal regular payments plus an additional agreed upon amount in repayment of the Delinquency.

### 4. Payment Deferral
A relief option for borrowers who became delinquent due to a short-term hardship that has since been resolved. Past due payments are deferred (non-interest bearing) and will be due at maturity, payoff date, or upon transfer or sale of the Mortgaged Premises.

#### COVID-19 Payment Deferral
Leverages a similar concept to the Payment Deferral solution. An eligible borrower will be brought current by deferring delinquent amounts to create a non-interest bearing balance that will become due at the earlier of the Mortgage maturity date, payoff date, or upon transfer or sale of the Mortgaged Premises.

#### Disaster Payment Deferral
As with the Payment Deferral and the COVID-19 Payment Deferral, under the terms of a Disaster Payment Deferral an eligible Borrower will be brought current by deferring delinquent amounts to create a non-interest bearing balance that will become due at the earlier of the Mortgage maturity date, payoff date or upon transfer or sale of the Mortgaged Premises.

### 5. Flex Modification
An affordable modification that provides significant payment relief to eligible borrowers, leverages requirements of the Freddie Mac Standard and Streamlined Modifications.

### 6. Applicable Credit Events
Credit Events such as short sale, third party sale, deed-in-lieu, foreclosure
REO Overview

Mission: effectively manage Freddie Mac’s credit losses in a way that maximizes financial recoveries and supports community stabilization.

Credit Loss Management
- Improve Collateral Values
- Manage Expenses
- Maximize Remedies

Community Stabilization
- Preserve, Maintain, & Repair
- Price Homes At Fair Market Value
- Non-Profit / Owner Occupant Priority
Loss Mitigation

REO Business Model & Process

Freddie Mac utilizes an asset management firm to perform the core REO disposition activities using the firm’s vendor network.

REO Core Process

Outsourced With Freddie Mac Oversight

The outsourcer and their vendors are required to use Freddie Mac systems, follow detailed policies & procedures, and utilize proprietary methodologies for valuation, pricing, and repair decisioning.

REO Support & Financial Functions

Managed By Freddie Mac Staff

Freddie Mac staff perform oversight monitoring, support, and financial functions.

Freddie Mac: Oversight | Support | Financial Functions

Asset Management Firm (Outsourced)

- Listing Brokers
- P&M Vendors
- General Contractors
- Eviction Attorneys
- Title & Closing Agents
REO Core Competencies

**Efficient & Controlled Processes**
Mature, efficient, and controlled disposition processes that helped us effectively manage our REO portfolio during the last financial crisis. Processes are continually refined as business and market conditions change.

**Valuation & Pricing Methodologies**
Extensive disposition data and analytics used to develop pricing models and disposition strategies to maximize collateral recoveries.

**Risk Management**
Proven financial, liability and reputation risk management practices.

**“Good Neighbor Policy”**
REO homes are properly maintained and priced to protect communities. Nonprofit / Owner Occupant exclusive purchase opportunities.

**Experienced Staff**
Experienced and tenured staff & management team.
Servicing Disaster Relief Timeline

Disaster strikes → 90 day forbearance begins → Servicer establishes Qualified Right party Contact (QRPC) to determine effect of disaster on homeowner → Servicer works with borrower to transition from forbearance into the appropriate modification option to cure the delinquency; (forbearance can continue for a maximum of 12 months) → If borrower was current or less than 31 days delinquent at time of the disaster and the servicer has established QRPC three main modifications are available:

Disaster Modifications

**Extend Modification**
- Borrower resumes close to contractual payment
- Advanced escrow and escrow shortage is spread over up to 60 months in a repayment plan
- Term is only extended by number of payments missed

**Disaster Payment Deferral**
- An eligible Borrower will be brought current by deferring delinquent amounts to create a non-interest bearing balance that will become due at the earlier of the Mortgage maturity date, payoff date or upon transfer or sale of the Mortgaged Premises.

**General Modifications**

**Flex Modification**
- Targeting a payment reduction of 20% or greater
- Delinquencies (including advanced escrow) are capitalized
- Term is extended up to 480 months
- May provide interest rate relief
- May result in principal forbearance

Only available for borrowers affected by disaster
Servicing Guidelines for Disaster Relief

Freddie Mac Disaster Policy goes into effect when:

A property located in a county, parish or municipality has been declared by the President of the United States to be a Major Disaster Area where federal aid in the form of Individual Assistance is being made available (Eligible Disaster Area*).

Servicers must assist borrowers with Freddie Mac-owned mortgages who work or reside in the designated eligible disaster area*

<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Suspend Payments</strong></td>
<td>for up to 12 months</td>
</tr>
<tr>
<td><strong>Waive Fees</strong></td>
<td>for being late and assessment of new penalties during forbearance, trial, or repayment plan periods</td>
</tr>
<tr>
<td><strong>Disburse Insurance</strong></td>
<td>proceeds</td>
</tr>
</tbody>
</table>

*Disaster policy also goes into effect if damaged property is outside of FEMA area, but has an insurable loss.
Sustaining Homeownership During COVID-19 Workout Options – What are they?

Relief Options

Reinstatement: An option to catch up on all the missed payments at once in a single lump-sum payment.

Repayment: An option to spread out past due amount on the mortgage over a set time frame (e.g., 3, 6, 9 or up to 12 months) and added onto the existing mortgage payments.

Payment Deferral: An option to defer up to two monthly delinquent amounts to create a non-interest bearing balance that will become due at the earlier of the mortgage maturity date, payoff date, or upon transfer or sale of the mortgaged premises.

COVID-19 Payment Deferral (Effective July 1, 2020): An option to defer up to twelve monthly delinquent amounts to create a non-interest bearing balance that will become due at the earlier of the mortgage maturity date, payoff date, or upon transfer or sale of the mortgaged premises. The hardship must be related to COVID-19.

Modification Options

Flex Modification: An option for borrowers who can no longer afford their pre-forbearance payment. It adds unpaid balances from a forbearance period to an unpaid loan balance. The payment reduction is calculated depending on the LTV.

Visit the COVID-19 Resources web page
3. Home Possible
Home Possible® Overview

Home Possible® offers flexibility to meet a variety of borrowers’ needs.

**Borrower Profile**
First-time homebuyers, move-up borrowers, and retirees
Effective July 28, 2019 all HP loans have the same income limits of 80% AMI, regardless of where the mortgage premise is located

**Key Features**
- Purchase and no cash out refinancing.
- Maximum 97 percent LTV/TLTV/HTLTV. 105 percent TLTV with Affordable Second.®
- Sweat equity allowed for the entire amount of down payment and closing costs.
- Mortgage insurance options
- Loan Product Advisor or manual underwriting
- No reserves required for 1-unit properties for manually underwritten mortgages.
- Maximum credit fee in price of 1.5 percent, with no credit fee in price on many loans.

**Borrower Benefits**
- Stable monthly payments with fixed-rate mortgages
- Flexible sources of funds for down payment
- Reduced mortgage insurance coverage for LTV ratios greater than 90%
- Minimum down payment of 3% allowed.
# Home Possible® Overview

<table>
<thead>
<tr>
<th>Feature</th>
<th>Home Possible</th>
<th>Standard Conventional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Mortgages</td>
<td>15, 20, and 30-year fixed</td>
<td>15, 20, and 30-year fixed</td>
</tr>
<tr>
<td></td>
<td>5/1, 5/5, 7/1 and 10/1 CMT- and LIBOR-indexed ARMS</td>
<td>5/1, 5/5, 7/1 and 10/1 CMT- and LIBOR-indexed ARMS</td>
</tr>
<tr>
<td>Maximum LTV</td>
<td>1 Unit: 97%</td>
<td>95%</td>
</tr>
<tr>
<td></td>
<td>2-4 Unit: 95%</td>
<td></td>
</tr>
<tr>
<td>Maximum TLTV</td>
<td>105% affordable second</td>
<td>95%</td>
</tr>
<tr>
<td></td>
<td>97% secondary financing</td>
<td></td>
</tr>
<tr>
<td>Occupancy</td>
<td>1 to 4 unit primary residence</td>
<td>Primary residence, second home, or investment property</td>
</tr>
<tr>
<td>Property Type</td>
<td>1 to 4 unit: Single-Family, Condos, PUDs, Manufactured Housing (1-unit primary residences only)</td>
<td>1 to 4 unit: Single-Family, Condos, PUDs, Manufactured Housing</td>
</tr>
<tr>
<td>Other Income</td>
<td>Boarder income (1-unit properties only)</td>
<td>All income considered</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>Lender Paid Single Premium MI and Financed Single Premium MI allowed</td>
<td>Lender Paid or Borrower Paid</td>
</tr>
<tr>
<td>Underwriting Method</td>
<td>Loan Product Advisor® (LPA) or Manual – LPA flags Home Possible eligible loans</td>
<td>LPA or LQA</td>
</tr>
<tr>
<td>No Credit Score Borrowers</td>
<td>Borrowers with no credit score can be evaluated through LPA</td>
<td>At least one borrower on the transaction must have a usable credit score</td>
</tr>
<tr>
<td>Income Limit</td>
<td>Determined by LPA; Non-LPA HP eligibility is determined by the HP Income and Eligibility Tool</td>
<td>No Income Limits</td>
</tr>
<tr>
<td>Geographic Limit</td>
<td>No Geographic Limits</td>
<td>No Geographic Limits</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mortgage Insurance Coverage Levels</th>
<th>Home Possible Fixed Rate &gt;20yrs</th>
<th>Non-Home Possible Fixed Rate &gt;20yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standard</td>
<td>Custom*</td>
</tr>
<tr>
<td>&gt;80% &amp; ≤85% LTV</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>&gt;85% &amp; ≤90% LTV</td>
<td>25%</td>
<td>12%</td>
</tr>
<tr>
<td>&gt;90% &amp; ≤95% LTV</td>
<td>25%</td>
<td>16%</td>
</tr>
<tr>
<td>&gt;95% &amp; ≤97% LTV</td>
<td>25%</td>
<td>18%</td>
</tr>
</tbody>
</table>

*If custom mortgage insurance is chosen, in addition to all other applicable delivery fees, the custom mortgage insurance delivery fee applies, including on Home Possible Mortgages.
U.S. Housing Market Overview
**Home Value Trends**

**Total Value of U.S. Real Estate Held by Households ($trillions)**

- $24.1T (Previous peak seen in 4/06)
- $30.8
- $20.2

**Value of Housing Stock**

**Single-Family Mortgage Debt Outstanding**

**Source:** Federal Reserve Board’s Flow of Funds Accounts and Urban Institute. Data as of June 2020.

**Note:** Value of U.S. housing stock includes homes with and without underlying mortgages. U.S. home equity is the difference between the value of the U.S. housing stock and the amount of U.S. single-family mortgage debt outstanding.

**National Home Prices**

**Cumulative Increase of 27% Since June 2006 (NSA Series)**

**Freddie Mac House Price Index (December 2000=100)**

**2020 Q3 Not Seasonally Adjusted (NSA) Index Growth: (3.59%)**

**2020 Q3 Seasonally Adjusted (SA) Index Growth: (4.12%)**

**Source:** Freddie Mac’s Single-Family credit guarantee portfolio. Quarterly growth rates are calculated as a 3-month change based on the final month of each quarter. Historical growth rates change as new data becomes available.

Values for the most recent periods typically see the largest changes. Cumulative increase, based on the NSA series, calculated as the percent change from June 2006 to June 2020. Source: Freddie Mac.
U.S. Housing Market Overview

Origination Trends

Annual Single-Family Mortgage Originations ($trillions)

- Purchase
- Refi

Source: Freddie Mac September 2020 Economic and Housing Research Outlook. Note: Totals may not add due to rounding. Includes only 1st lien loans (F=forecast).

Largest Age Cohorts in the U.S.

Median Age of First Time Home Buyer

Source: U.S. Census Bureau.
U.S. Housing Market Overview

Freddie Mac Housing Market Support

Number of Families Freddie Mac Helped to Own Or Rent A Home

<table>
<thead>
<tr>
<th>Year</th>
<th>(Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2,311</td>
</tr>
<tr>
<td>2018</td>
<td>2,192</td>
</tr>
<tr>
<td>2019</td>
<td>2,578</td>
</tr>
<tr>
<td>YTD 2019*</td>
<td>1,855</td>
</tr>
<tr>
<td>YTD 2020*</td>
<td>775</td>
</tr>
</tbody>
</table>

1. Based on the company’s purchases of loans and issuances of mortgage-related securities. For the periods presented, a borrower may be counted more than once if the company purchased more than one loan (purchase or refinance mortgage) relating to the same borrower.

2. Consists of both home retention actions and foreclosure alternatives.

3. Categories are not mutually exclusive, and a borrower in one category may also be included in another category in the same or another period. For example, a borrower helped through a home retention action in one period may subsequently lose his or her home through a foreclosure alternative in a later period.

Number of Single-Family Loan Workouts

<table>
<thead>
<tr>
<th>Year</th>
<th>(Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>75</td>
</tr>
<tr>
<td>2018</td>
<td>33</td>
</tr>
<tr>
<td>2019</td>
<td>90</td>
</tr>
<tr>
<td>YTD 2019*</td>
<td>51</td>
</tr>
<tr>
<td>YTD 2020*</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: Freddie Mac, as 9/30/2020. Notes: Totals may not add due to rounding.

- Single-Family refinance borrowers
- Single-Family purchase borrowers
- Multifamily rental units

Forbearance agreements
- Repayment plans
- Payment deferrals
- Loan modifications
- Short sales and deed-in-lieu of foreclosure transactions

Home Retention Actions
Foreclosure Alternatives

Freddie Mac | 2020
## Housing Market Outlook

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>30-year PMMS (%) a.</td>
<td>4.3</td>
<td>4.5</td>
<td>4.6</td>
<td>4.8</td>
</tr>
<tr>
<td>Total Home Sales (M) b.</td>
<td>6.1</td>
<td>6.1</td>
<td>5.9</td>
<td>5.7</td>
</tr>
<tr>
<td>House Price Growth (%) c.</td>
<td>1.8</td>
<td>1.1</td>
<td>1.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Total Originations ($B) d.</td>
<td>$400</td>
<td>$462</td>
<td>$451</td>
<td>$387</td>
</tr>
<tr>
<td>Purchase Originations ($B) d.</td>
<td>$233</td>
<td>$331</td>
<td>$329</td>
<td>$270</td>
</tr>
<tr>
<td>Refinance Originations ($B) d.</td>
<td>$167</td>
<td>$131</td>
<td>$122</td>
<td>$117</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.6</td>
<td>4.0</td>
<td>3.2</td>
<td>3.0</td>
</tr>
<tr>
<td>6.0</td>
<td>6.0</td>
<td>6.2</td>
<td>6.1</td>
</tr>
<tr>
<td>5.1</td>
<td>4.2</td>
<td>5.5</td>
<td>2.6</td>
</tr>
<tr>
<td>$1,700</td>
<td>$2,432</td>
<td>$3,582</td>
<td>$2,685</td>
</tr>
<tr>
<td>$1,163</td>
<td>$1,303</td>
<td>$1,414</td>
<td>$1,445</td>
</tr>
<tr>
<td>$537</td>
<td>$1,130</td>
<td>$2,168</td>
<td>$1,240</td>
</tr>
</tbody>
</table>

**Source:** Freddie Mac Economic and Housing Research group, as of September 2020 (freddiemac.com/research/forecast/20200413_quarterly_forecast_housing_challenges.page). Send comments and questions to chief_economist@freddiemac.com.

**Notes:** Quarterly and annual forecasts (or estimates) are shown in shaded areas; totals may not add due to rounding; annual forecast data are averages of quarterly values.

a. Quarterly average of monthly interest rates (not seasonally-adjusted); reported as an annual rate.

b. Millions of housing units; total sales are the sum of new and existing single-family, condo/co-op home sales; quarterly averages of monthly, seasonally-adjusted levels (reported at an annual rate).

c. Quarterly growth rate of Freddie Mac's House Price Index; seasonally-adjusted; annual rates for yearly data.

d. Billions of dollars (not seasonally-adjusted). Includes only 1st lien mortgage originations.
Freddie Mac Key Contacts and Resources

**Credit Risk Transfer**
- **Mike Reynolds**
  - Vice President
  - Michael_S_Reynolds@freddiemac.com
  - (571) 382-4852
- **Christian Valencia**
  - Vice President
  - Christian_Valencia@freddiemac.com
  - (571) 382-3727
- **Charlotte Gladwin**
  - Director
  - Charlotte_Gladwin@freddiemac.com
  - (571) 382-3732
- **Jeff Shue**
  - Director
  - Jeffrey_Shue@freddiemac.com
  - (571) 382-3023
- **Mike Timmick**
  - Director
  - Michael_Timmick@freddiemac.com
  - (571) 382-4988

**Fixed Income Marketing**
- **Sonya Sheth**
  - Fixed Income Marketing Manager
  - Sonya_M_Sheth@freddiemac.com
  - (571) 382-4376

**Websites**
- CRT.FreddieMac.com
- Clarity.FreddieMac.com
Freddie Mac has made available the Single-Family Loan-Level Dataset as part of a larger effort to increase transparency; The dataset includes loan-level origination and monthly loan performance data on over 26.6 million loans. freddiemac.com/research/datasets/sf_loanlevel_dataset.page

Additionally, Freddie Mac releases a STACR Loan-Level Dataset for all deals on a monthly basis. Access the data files, disclosure file layout, and glossary here: crt.freddiemac.com/offerings/stacr.aspx#overview-details

In 2019, CLARITY launched bringing further insight into Freddie Mac's CRT program. Origination and Performance metrics are available with new enhancements scheduled. clarity.freddiemac.com/

Additional information about Freddie Mac’s Single-Family CRT offerings including: issuance calendars, historical performance presentations, NAIC designations and more can be found at: crt.freddiemac.com/
## Market Support Tools

Freddie Mac’s credit risk offerings have deep market support. Analyze and Model transactions using these tools:

<table>
<thead>
<tr>
<th>Freddie Mac</th>
<th>Credit Suisse</th>
<th>Milliman</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLARITY</td>
<td>Locus Tool</td>
<td>M-Pire</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>J.P. Morgan</th>
<th>RiskSpan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morgan Markets</td>
<td>Edge</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Bloomberg</th>
<th>CoreLogic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terminal/BTM Model</td>
<td>Property Data Leader</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LSEG</th>
<th>TheNumber</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield Book</td>
<td>Analytics and Data Management</td>
</tr>
</tbody>
</table>
Resources

Disaster Relief Servicing Resources

COVID-19 CRT FAQs
crt.freddiemac.com/_assets/docs/covid-19-crt-faqs.pdf

COVID-19 Resources
sf.freddiemac.com/about/covid-19#latest-updates

Freddie Mac Disaster Relief Reference Guide
freddiemac.com/learn/pdfs/service/disaster_mod.pdf

Natural Disaster Relief web page:
freddiemac.com/singlefamily/service/natural_disasters.html

Managing Hazard Insurance Losses reference:
freddiemac.com/learn/pdfs/service/mhil.pdf

Guide Chapter 8404
freddiemac.com/app/guide/chapter/8404

Seller/Servicer Guide
guide.freddiemac.com/app/guide/
Appendix
STACR Trust Structure

Payments of principal and interest on notes

STACR Transaction

Proceeds of sale of notes

Freddie Mac STACR Trust

Credit premium and credit protection reimbursement payments

Credit protection payments

Earnings/liquidation proceeds of eligible investments

Produce of sale of notes

Eligible Investments
In 2014, new CFPB rules went into effect to provide homeowners and consumers shopping for a home mortgage with new rights and greater protection from harmful practices. Now, nearly every mortgage a lender makes must now be evaluated based on the borrower’s ability to repay. These new rules defined a new class of mortgages called “Qualified Mortgages” or “QM.”

**QM Common Rules**
- A loan a borrower should be able to repay – lenders must assess a borrower’s ability to repay, in general the borrower must have a DTI of 43% or less including mortgage payments.
- Safer and easier to understand – no risky features like negative amortization or interest-only payments and terms of 30 years or less
- Fairer deal – limit the points and fees lenders can charge when they want to make a qualified mortgage to 3 percent

**“GSE Patch”**
- If a loan made to a borrower is eligible for purchase by one of the GSEs or insured by FHA, VA, or USDA the loan may have a DTI higher than 43% with no maximum.
- CFPB issued a final rule on October 20, 2020, extending the sunset date for the GSE patch, which was formally set to expire on January 10, 2021 or when the GSEs exit conservatorship whichever occurred first.
- Under the final rule, the GSE patch will expire on the earlier of:
  - the mandatory compliance date of the final rule amending the general QM loan definition; or
  - the date that a GSE exits conservatorship.
Enhanced Relief Refinance (ERR) is Freddie Mac’s high LTV ratio refinance program which was developed at the direction of the FHFA. ERR provides refinance opportunities to borrowers with existing Freddie Mac guaranteed mortgage loans who are making their mortgage payments on time but whose LTV ratio for a new mortgage exceeds the maximum allowed for standard refinance products under our Guide.

ERR substitution in CRT pools is subject to CFTC approval; after approval, loans in the reference pool that refinance through ERR will replace the original loans in the reference pool.

If Freddie Mac does not get CFTC approval then the loans in this pool that refinance through ERR will be treated as a prepayment.

Replacement loans refinanced through ERR will not constitute a Modification Event.

**Eligibility limited to:**
- Loans owned or securitized by Freddie Mac that were funded on or after October 1, 2017
- Have been originated at least 15 months prior to refinance date
- No 30-day delinquency in the past 6 months and no more than one 30-day delinquency in the preceding 12 months
# FHFA Proposed Capital Rule

## FACT SHEET: RE-PROPOSED RULE ON ENTERPRISE CAPITAL

### Preamble Table 26: Comparison of Single-family Risk-based Capital Requirements under the 2018 Proposal and the Proposed Rule, as of September 30, 2019

<table>
<thead>
<tr>
<th>$ in billions</th>
<th>Fannie Mae</th>
<th></th>
<th>Freddie Mac</th>
<th></th>
<th>Enterprises Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Credit Risk</td>
<td>$61.8</td>
<td>$75.1</td>
<td>$38.0</td>
<td>$47.4</td>
<td>$99.9</td>
</tr>
<tr>
<td>Loan level Enhancement</td>
<td>(11.0)</td>
<td>(10.4)</td>
<td>(6.9)</td>
<td>(6.6)</td>
<td>(17.9)</td>
</tr>
<tr>
<td>Net Credit Risk</td>
<td>50.8</td>
<td>64.6</td>
<td>31.2</td>
<td>40.8</td>
<td>82.0</td>
</tr>
<tr>
<td>CRT Impact, net</td>
<td>(15.2)</td>
<td>(16.2)</td>
<td>(12.0)</td>
<td>(16.7)</td>
<td>(27.2)</td>
</tr>
<tr>
<td>Post-CRT Net Credit Risk</td>
<td>35.6</td>
<td>58.4</td>
<td>19.1</td>
<td>36.1</td>
<td>54.7</td>
</tr>
<tr>
<td>Market Risk</td>
<td>3.6</td>
<td>3.6</td>
<td>5.5</td>
<td>5.5</td>
<td>9.1</td>
</tr>
<tr>
<td>Operational Risk</td>
<td>2.4</td>
<td>4.5</td>
<td>1.5</td>
<td>2.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Subtotal</td>
<td>41.6</td>
<td>66.5</td>
<td>26.2</td>
<td>44.5</td>
<td>67.8</td>
</tr>
<tr>
<td>Going-concern Buffer</td>
<td>22.4</td>
<td>0.0</td>
<td>14.5</td>
<td>0.0</td>
<td>36.9</td>
</tr>
<tr>
<td><strong>Total Capital Requirement</strong></td>
<td><strong>54.0</strong></td>
<td><strong>56.5</strong></td>
<td><strong>40.7</strong></td>
<td><strong>44.5</strong></td>
<td><strong>104.7</strong></td>
</tr>
</tbody>
</table>

Total UPB $2,944.9 $2,944.9 $2,058.8 $2,058.8 $5,003.8 $5,003.8

Includes single-family whole loans, Fannie Mae and Freddie Mac guarantees of single-family securities held by third parties, and investments in single-family securities guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.
Transition to SOFR-Indexed CRT Issuance

- Reducing LIBOR exposure and LIBOR transition risk for investors has been a high priority for Freddie Mac
- Freddie Mac has been a market leader in LIBOR transition and successfully issued floating rate notes (FRNs), agency CMOs, Multi-family K-deals and a STACR deal that are indexed to SOFR

Replacement Feedback
- Closely engaged CRT investors to get feedback on LIBOR replacement index

May 2020

Freddie Mac Intentions
- Announced our intention to begin issuing SOFR-indexed CRT deals in Q4 2020

June 2020

Market Readiness
- Conducted a joint GSE market survey to gauge the market readiness for SOFR-indexed CRT

Q3 2020

Index Methodology
- Published SOFR index methodology for new CRT issuance, and affirmed SOFR readiness with key market participants

October 2020

Inaugural SOFR CRT
- STACR 2020-DNA5 was Freddie Mac’s inaugural SOFR-indexed CRT transaction
- Freddie Mac discontinued issuance of LIBOR-indexed CRT deals
SOFR benchmark will use 30-day Average SOFR, published by NY Fed

Benchmark determined two business days prior to the start of the Accrual Period, the same as existing Benchmark Adjustment Date

No changes to Accrual Period, Payment Date, Day Count Convention

Subsequently transition to using an IOSCO compliant forward-looking one-month Term SOFR at a later date, if such a rate becomes available and approved by the appropriate regulatory authority

**30-Day Average SOFR vs 1-Month LIBOR**

Average Historical Basis: ~8bps
Disclaimers
Safe Harbor Statements

Freddie Mac obligations
Freddie Mac's securities are obligations of Freddie Mac only. The securities, including any interest or return of discount on the securities, are not guaranteed by and are not debts or obligations of the United States or any federal agency or instrumentality other than Freddie Mac.

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Forward-looking statements
Freddie Mac's presentations may contain forward-looking statements, which may include statements pertaining to the conservatorship, the company's current expectations and objectives for its Single-family Guarantee, Multifamily and Capital Markets segments, its efforts to assist the housing market, liquidity and capital management, economic and market conditions and trends, market share, the effect of legislative and regulatory developments and new accounting guidance, credit quality of loans the company owns or guarantees, the costs and benefits of the company's credit risk transfer transactions, and results of operations and financial condition on a GAAP, Segment Earnings, non-GAAP and fair value basis. Forward-looking statements involve known and unknown risks and uncertainties, some of which are beyond the company's control. Management's expectations for the company's future necessarily involve a number of assumptions, judgments and estimates, and various factors, including changes in market conditions, liquidity, mortgage spreads, credit outlook, actions by the U.S. government (including FHFA, Treasury and Congress), and the impacts of legislation or regulations and new or amended accounting guidance, could cause actual results to differ materially from these expectations. These assumptions, judgments, estimates and factors are discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2018, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, which are available on the Investor Relations page of the company's website at www.freddiemac.com/investors and the SEC's website at www.sec.gov. The company undertakes no obligation to update forward-looking statements it makes to reflect events or circumstances occurring after the date of this presentation.
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THIS PRESENTATION MUST NOT BE ACTED ON OR RELIED UPON BY PERSONS WHO ARE NOT (RE)INSURANCE PROFESSIONALS WITH THE REQUISITE LEVEL OF EXPERTISE AND SOPHISTICATION REQUIRED TO UNDERSTAND AND UNDERWRITE MORTGAGE CREDIT INSURANCE RISK. ADDITIONAL DUE DILIGENCE WILL BE REQUIRED ON THE PART OF SUCH PROFESSIONALS IN THEIR INDIVIDUAL ASSESSMENTS OF, AND THE DEGREE TO WHICH THEIR RESPECTIVE (RE)INSURANCE COMPANIES MAY COVER, ANY RISK SUMMARIZED IN THIS PRESENTATION.

Notice to Investors in the European Economic Area and the United Kingdom:
THIS PRESENTATION IS NOT A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS REGULATION (AS DEFINED IN REGULATION (EU) 2017/1129 (AS AMENDED, THE “PROSPECTUS REGULATION”)) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULDN’T BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE “EEA”) OR IN THE UNITED KINGDOM (THE “UK”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF THE FOLLOWING:
(I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); OR
(II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED OR SUPERSEDED, THE “INSURANCE DISTRIBUTION DIRECTIVE”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF MIFID II; OR
(III) ANY PERSON NOT FALLING WITHIN ARTICLE 49(2)(A) THROUGH (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.”) OF THE FINANCIAL PROMOTION ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "PCIS PERSONS") AND, TOGETHER WITH THE FPO PERSONS, THE “RELEVANT PERSONS”).

CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR IN THE UK MAY LAWFULLY BE PROMOTED IN ACCORDANCE WITH CHAPTER 4.12 OF THE U.K. FINANCIAL CONDUCT AUTHORITY’S CONDUCT OF BUSINESS SOURCEBOOK (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "PCIS PERSONS") AND, TOGETHER WITH THE FPO PERSONS, THE “RELEVANT PERSONS”).

MIFID II PRODUCT GOVERNANCE

NONE OF THE TRUST, THE SPONSOR OR ANY OF THE INITIAL PURCHASERS MAKES ANY REPRESENTATIONS OR WARRANTIES AS TO A DISTRIBUTOR’S COMPLIANCE WITH THE DELEGATED DIRECTIVE.

Notice to Canadian Investors:
The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Disclaimer
NOTICE TO UNITED KINGDOM INVESTORS
THE TRUST MAY CONSTITUTE A “COLLECTIVE INVESTMENT SCHEME” AS DEFINED BY SECTION 235 OF THE FSMA THAT IS NOT A “RECOGNIZED COLLECTIVE INVESTMENT SCHEME” FOR THE PURPOSES OF THE FSMA AND THAT HAS NOT BEEN AUTHORIZED, REGULATED OR OTHERWISE RECOGNIZED OR APPROVED, AS AN UNREGULATED SCHEME. THE NOTES CANNOT BE Marketed IN THE UNITED KINGDOM TO THE GENERAL PUBLIC, EXCEPT IN ACCORDANCE WITH THE FSMA.

THE DISTRIBUTION OF THIS PRESENTATION (A) IF MADE BY A PERSON WHO IS NOT AN AUTHORIZED PERSON UNDER THE FSMA, IS BEING MADE ONLY TO, OR DIRECTED ONLY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, OR (II) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND QUALIFY AS INVESTMENT PROFESSIONALS IN ACCORDANCE WITH ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “FINANCIAL PROMOTION ORDER”), OR (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) THROUGH (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE FINANCIAL PROMOTION ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “FPO PERSONS”); AND (B) IF MADE BY A PERSON WHO IS AN AUTHORIZED PERSON UNDER THE FSMA, IS BEING MADE ONLY TO, OR DIRECTED ONLY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, OR (II) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND QUALIFY AS INVESTMENT PROFESSIONALS IN ACCORDANCE WITH ARTICLE 14(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001 (AS AMENDED) (THE “PROMOTION OF COLLECTIVE INVESTMENT SCHEMES EXEMPTIONS ORDER”), OR (III) ARE PERSONS FALLING WITHIN ARTICLE 23(2)(A) THROUGH (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.”) OF THE PROMOTION OF COLLECTIVE INVESTMENT SCHEMES EXEMPTIONS ORDER, OR (IV) ARE PERSONS TO WHOM THE TRUST MAY LAWFULLY BE PROMOTED IN ACCORDANCE WITH CHAPTER 4.12 OF THE U.K. FINANCIAL CONDUCT AUTHORITY’S CONDUCT OF BUSINESS SOURCEBOOK (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “PCS PERSONS”) AND, TOGETHER WITH THE FPO PERSONS, THE “RELEVANT PERSONS”).

THIS PRESENTATION MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PRESENTATION RELATES, INCLUDING THE NOTES, IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSONS OTHER THAN RELEVANT PERSONS SHOULD NOT ACT OR RELY ON THIS PRESENTATION.

NOTICE TO CANADIAN INVESTORS
THE NOTES MAY BE SOLD ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION 73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE NOTES MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.
Transaction Considerations

Disclaimer

Notice to Spanish Investors:
No action has been or will be taken by Freddie Mac that would permit a public offering of the Notes in Spain non-exempted from the prospectus requirement. Neither the Notes nor the offering have been or will be registered or approved by the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) ("CNMV") and, therefore, no prospectus has been or will be registered or approved by the CNMV for the purposes of this offering.

Notice to Japanese Investors:
The Notes have not been and will not be registered under FIEA and, accordingly, each Initial Purchaser undertakes that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FSA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Korean Investors:
The Trust is not making any representation with respect to eligibility of any recipients of this Presentation to acquire the Notes referred to herein under the laws of Korea. The Notes offered under this Presentation have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under FSCMA and are therefore subject to certain transfer restrictions. The Notes may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined in the Foreign Exchange Transaction Law of Korea) except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law and the decrees and regulations thereunder.

Notice to Investors in the People’s Republic of China ("PRC", for the sole purpose herein, excluding Hong Kong, Macau and Taiwan):
The Notes may not be offered or sold directly or indirectly within the PRC. The offering material or information contained herein relating to the Notes, which has not been and will not be submitted to or approved/verified by or registered with any relevant governmental authorities in the PRC (including but not limited to the China Securities Regulatory Commission ("CSRC")), may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. The offering material or information contained herein relating to the Notes does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. The Notes may only be invested by PRC investors that are authorized to engage in the purchase of capital market products of the type being offered or sold, including but not limited to those that are authorized to engage in the purchase and sale of foreign exchange for themselves and on behalf of their customers and/or the purchase and sale of government bonds or financial bonds and/or the purchase and sale of debt securities denominated in foreign currency other than stocks. PRC investors are responsible for forming themselves about and observing all legal and regulatory restrictions, obtaining all relevant approvals/licenses, verification and/or registrations themselves from relevant governmental authorities (including but not limited to the People's Bank of China, CSRC, the State Administration of Foreign Exchange, the China Banking and Insurance Regulatory Commission and other relevant regulatory bodies), and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or foreign investment regulations.

Notice to Singaporean Investors:
SECTION 309B(1)(C) NOTIFICATION UNDER THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE: THE NOTES ARE CAPITAL MARKETS PRODUCTS OTHER THAN PRESCRIBED CAPITAL MARKETS PRODUCTS (AS DEFINED IN THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE) AND SPECIFIED INVESTMENT PRODUCTS (AS DEFINED IN MAS NOTICE SFA 04-N12: NOTICE ON THE SALE OF INVESTMENT PRODUCTS AND MAS NOTICE FAA-N16: NOTICE ON RECOMMENDATIONS ON INVESTMENT PRODUCTS). This Presentation has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”). Accordingly, this Presentation or any document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) and/or the initial purchaser to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or (any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Notice to Taiwanese Investors:
The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan, the Republic of China pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan, the Republic of China through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan, the Republic of China that requires a registration or approval of the Financial Supervisory Commission of Taiwan, the Republic of China. No person or entity in Taiwan, the Republic of China has been authorized to offer or sell the Notes in Taiwan, the Republic of China.

A prospective investor in securities of Freddie Mac must conduct its own independent review and due diligence to make its own assessment of the merits and risks of making an investment in, perform its own legal, accounting and tax analysis and conclude that the investment in the securities of Freddie Mac (i) is fully consistent with the investor’s financial requirements and financial condition, investment objectives and risk tolerance; (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to the investor; and (iii) is a fit, proper and suitable investment for the investor.

Freddie Mac | 2020

83