

Freddie Mac

Term Sheet

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| Structure | <ul style="list-style-type: none"> • Pilot Volume: 10% Random sample of Eligible¹ 80-95% LTV Loans for a 6-month period (“Acquisition Period”) • Structure: 3-layer amortizing structure² <ul style="list-style-type: none"> “A” – 97% Retained Risk “M” – 2.65 Offering Risk “B” – 0.35% Retained Risk • Contract Term: 10 years from the close of the Acquisition Period, and clean-up call • Premium: Will be paid monthly in arrears on the “M” balance with a one- time payment covering the acquisition period |
| Collateral / Security | <ul style="list-style-type: none"> • Insurer must collateralize their exposure, based upon external ratings: <ul style="list-style-type: none"> ○ S&P external rating A- or above: 25% of remaining Loss Limit ○ S&P external rating BBB- through BBB+: 50% of remaining Loss Limit plus premium capture until total collateral equals at least 60% of remaining Loss Limit ○ S&P external rating of less than BBB- or not rated by S&P: 75% of remaining Loss Limit plus premium capture until total collateral equals at least 100% of remaining Loss Limit |

¹ Eligible loans are 30 year fixed rate mortgages, which meet all criteria defined in the policy (similar to existing STACR® criteria)

² Subject to a minimum credit enhancement test