



Freddie Mac Closes First SHRP Deal of the Year

May 22, 2018

Introduces STACR Trust Notes

MCLEAN, Va., May 22, 2018 (GLOBE NEWSWIRE) -- [Freddie Mac](#) (OTCQB:FMCC) further reduces mortgage credit risk with the settlement of an \$880 million transaction of Structured Agency Credit Risk (STACR[®]) 2018-HRP-1 Notes (STACR SHRP Notes). The SHRP Notes represent the first STACR transaction in which the notes are issued by a special purpose trust rather than as Freddie Mac debt.

"STACR SHRP Notes represent our most recent innovation of our flagship STACR program and are designed to reduce the accounting volatility of our earnings and move us closer to the durable credit risk transfer (CRT) structure of the future," said Mike Reynolds, vice president of credit risk transfer. "Over the last nine months alone, we have introduced five new single-family CRT offerings and we continue to explore options to transfer mortgage credit risk per the FHFA Scorecard."

The offering is backed by Relief Refinance loans, which includes loans that meet the Home Affordable Refinance Program (HARP) eligibility criteria, with marketed-to-market LTVs between 60 and 200 percent or if the loan does not have an ELTV, OLV greater than 80 percent and less than 200 percent.

Pricing for \$880 million STACR Trust Series 2018-HRP1:

| Class | Coupon |
|-------|---|
| M-2 | One-month LIBOR plus a spread of 165 bps. |
| B-1 | One-month LIBOR plus a spread of 375 bps. |
| B-2 | One-month LIBOR plus a spread of 1,175 bps. |

STACR 2018-HRP1 has a reference pool of single-family mortgages with an unpaid principal balance (UPB) of approximately \$29 billion, consisting of a subset of fixed-rate, single-family mortgages with an original term of 241 to 360 months funded by Freddie Mac between Jan. 1, 2012 and March 31, 2013. The reference pool includes loans refinanced under Freddie Mac's Relief Refinance Program with estimated loan to value (ELTV) ratios greater than 60 percent and less than 200 percent or, if the loan does not have an ELTV, an OLV greater than 80 percent and less than 200 percent. As with STACR debt, a hypothetical structure of classes of reference tranches has been established which is backed by the mortgage loans in the reference pool. Freddie Mac retains the senior loss risk A-H reference tranche and the M-1H reference tranche. Freddie Mac also retains a portion of the credit risk in the M-2, B-1 and B-2 reference tranches.

BofA Merrill Lynch and Barclays Capital Inc. are co-lead managers and joint bookrunners.

Freddie Mac has led the market in introducing new credit risk-sharing offerings with STACR DNA, HQA and HRP programs, STACR Securitization Participation Interests (STACR SPI[®]), Agency Credit Insurance Structure (ACIS[®]) and Whole Loan Securities (WLSSM). The company has since grown its investor base to more than 220 unique investors, including insurers and reinsurers. Since 2013, the company has transferred a significant portion of credit risk on approximately \$981 billion of UPB on single-family mortgages.

This announcement is not an offer to sell any Freddie Mac securities. Offers for any given security are made only through applicable offering circulars or private placement memoranda and any related supplements, which incorporate Freddie Mac's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission (SEC) on February 15, 2018; all other reports Freddie Mac filed with the SEC pursuant to Section 13(a) of the Securities Exchange Act of 1934 (Exchange Act) since December 31, 2017, excluding any information "furnished" to the SEC on Form 8-K; and all documents that Freddie Mac files with the SEC pursuant to Sections 13(a), 13(c) or 14 of the Exchange Act, excluding any information "furnished" to the SEC on Form 8-K.

Freddie Mac's press releases sometimes contain forward-looking statements. A description of factors that could cause actual results to differ materially from the expectations expressed in these and other forward-looking statements can be found in the company's Annual Report on Form 10-K for the year ended December 31, 2017, and its reports on Form 10-Q and Form 8-K, filed with the SEC and available on the Investor Relations page of the company's Web site at www.FreddieMac.com/investors and the [SEC's website](#).

The financial and other information contained in the documents that may be accessed on this page speaks only as of the date of those documents. The information could be out of date and no longer accurate. Freddie Mac does not undertake an obligation, and disclaims any duty, to update any of the information in those documents. Freddie Mac's future performance, including financial performance, is subject to various risks and uncertainties that could cause actual results to differ materially from expectations. The factors that could affect the company's future results are discussed more fully in our reports filed with the SEC.

Freddie Mac makes home possible for millions of families and individuals by providing mortgage capital to lenders. Since our creation by Congress in 1970, we've made housing more accessible and affordable for homebuyers and renters in communities nationwide. We are building a better housing finance system for homebuyers, renters, lenders and taxpayers. Learn more at FreddieMac.com, Twitter [@FreddieMac](https://twitter.com/FreddieMac) and Freddie Mac's blog FreddieMac.com/blog.

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