



Freddie Mac Completes First Single-Family Credit Risk Transfer Offering Indexed to SOFR

October 16, 2020

STACR REMIC 2020-DNA5 Distributes Risk Through \$1.086 Billion Issuance

McLEAN, Va., Oct. 16, 2020 (GLOBE NEWSWIRE) -- [Freddie Mac](#) (OTCQB: FMCC) announced today that it has priced its \$1.086 billion STACR REMIC 2020-DNA5 offering, its first Single-Family credit risk transfer (CRT) offering tied to the Secured Overnight Financing Rate (SOFR).

"As a member of the Alternative Reference Rates Committee (ARRC) Freddie Mac has been a leader in the shift from LIBOR to SOFR," said Freddie Mac's Mike Reynolds, Vice President, Single-Family CRT. "SOFR has multiple benefits to our CRT investors and Freddie Mac. The transaction volumes underlying SOFR are increasing across different fixed income products, and now CRT is in that category."

STACR REMIC 2020-DNA5 is structured to use 30-day average SOFR published daily by the Federal Reserve Bank of New York as the reference rate, with a determination date of two business days prior to the beginning of the accrual period for the STACR notes.

It is Freddie Mac's intention to transition this transaction, as well as future CRT transactions, to an International Organization of Securities Commissions compliant one-month term SOFR, if the appropriate regulatory authority approves such a rate. Once term SOFR is ready and administratively feasible, Freddie Mac expects to cease new issuance using a compound average of SOFR and to solely use term SOFR. However, at this point there is no estimate when or if such a rate will be endorsed by the ARRC and approved for use.

STACR REMIC 2020-DNA5

STACR REMIC 2020-DNA5 is Freddie Mac's fifth securities transaction of the year covering single-family loans with low loan-to-value (LTV) ratios between 61% and 80%. The loans were securitized between April 1, 2020 and May 15, 2020 and originated on or after January 1, 2015.

Pricing for STACR REMIC 2020-DNA5:

- M-1 class: 30-day Average SOFR plus a spread of 130 basis points.
- M-2 class: 30-day Average SOFR plus a spread of 280 basis points.
- B-1 class: 30-day Average SOFR plus a spread of 480 basis points.
- B-2 class: 30-day Average SOFR plus a spread of 1,150 basis points.

Freddie Mac holds in its entirety the senior loss risk A-H bond and the first loss B-3H bond in the capital structure. Freddie Mac also retains a portion of the risk in the class M-1, M-2, B-1, and B-2 tranches. BofA Securities and Nomura are co-lead managers and joint bookrunners.

Freddie Mac has led the market in introducing new credit risk sharing opportunities. Since 2013, the company has transferred a portion of credit risk on approximately \$1.7 trillion in unpaid principal balance (UPB) on single-family mortgages. It has also grown its investor base to more than 250 unique participants, including investors, insurers and reinsurers.

This announcement is not an offer to sell any Freddie Mac securities. Offers for any given security are made only through applicable offering circulars and related supplements, which incorporate Freddie Mac's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission (SEC) on February 13, 2020; 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, 2019, 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. 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 could cause actual results to differ materially from the expectations expressed in these and other forward-looking statements. These assumptions, judgments, estimates and factors are discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2019, and its reports on Form 10-Q and Form 8-K, which are available on the Investor Relations page of the company's Web site 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 press release.

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 undertakes no obligation, and disclaims any duty, to update any of the information in those documents.

About Freddie Mac Single-Family Credit Risk Transfer

Freddie Mac's [Single-Family CRT](#) programs transfer credit risk away from U.S. taxpayers to global private capital via securities and (re)insurance

policies. We founded the GSE Single-Family CRT market when we issued our first Structured Agency Credit Risk (STACR®) notes in July 2013. In November 2013, we introduced our Agency Credit Insurance Structure (ACIS®) program. Today, CRT serves as the primary source of private capital investment in residential mortgage credit. For specific STACR and ACIS transaction data, please visit [Clarity](#), our CRT data intelligence portal.

About Freddie Mac

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, investors and taxpayers. Learn more at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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