# Freddie Mac Completes Auction of First Structured Loan Sale

July 26, 2016

**Sells $199 Million of Seasoned Loans**

MCLEAN, VA--(Marketwired - Jul 26, 2016) - Freddie Mac (OTCQB: FMCC) today announced it reached a binding commitment to sell via auction 846 seasoned loans serviced by JP Morgan Chase Bank, N.A. that it currently guarantees and holds in its mortgage-related investments portfolio. The transaction is expected to settle in October 2016. Freddie Mac, through its advisors, began marketing the transaction to potential bidders on June 24, 2016.

The transaction is a pilot structured sale of seasoned loans. The winning bidder will, upon completion of collateral due diligence, purchase and simultaneously securitize the loans. Freddie Mac will guarantee and purchase the senior tranches of the securitization at par. Freddie Mac may retain or sell the guaranteed senior tranches. The first loss subordinate tranche will be initially retained by the loan purchaser. A key requirement of this transaction is that the buyer of the loans, and therefore the subordinate tranche, has to be an investor with substantial experience in managing both "high-risk" mortgage loans as well as in securitizations.

The collateral is comprised of seasoned Option ARMs and loans that were originated as Option ARMs but have since been modified pursuant to a HAMP or proprietary modification. The majority of the loans have payment histories that are less than six months current or are moderately delinquent. The aggregate pool is geographically diverse and has a loan-to-value ratio of approximately 70 percent, based on Broker Price Opinions (BPOs).

The pool, winning bidder and cover bid price (second highest bid), stated in the form of a whole loan bid, are summarized below. The indicative price assumes Freddie Mac purchases the guaranteed senior bonds at par:

| **Description** | **Pool** |
|---|---|
| Unpaid Principal Balance | $198.9 million |
| Loan Count | 846 |
| BPO CLTV (Weighted by BPO) | 70 |
| Average Loan Balance ($000) | 235.1 |
| Winning Bidder | Chimera Investment Corporation |
| Cover Bid Price (second-highest bid price) | High $70s |

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

The servicing of the loans will be in accordance with requirements pdf similar to those applicable to the sale of non-performing loans (NPLs). This transaction expands on Freddie Mac's re-performing loan (RPL) securitization program (approximately $24 billion in fully guaranteed securitized to date) and NPL sales program ($4.3 billion sold and settled through March 31, 2016). Freddie Mac's seasoned loan offerings are a key part of its strategy to reduce less liquid assets in its mortgage-related investments portfolio, shed credit and market risk via economically reasonable and well-controlled transactions, potentially improve borrower outcomes in the event of a default and promote neighborhood stability.

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

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.