



Freddie Mac Launches New Front-End Risk Transfer Offering

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MCLEAN, VA--(Marketwired - Sep 26, 2016) - In a further innovation of its credit risk sharing program, [Freddie Mac](#) (OTCQB: FMCC) announced today a new front-end credit risk transfer offering, Freddie Mac Deep MI CRT. Through a forward credit insurance policy by a panel of mortgage insurance company affiliates, this pilot structured transaction provides additional coverage beyond the primary mortgage insurance on 30-year fixed-rate mortgages with 80-95 percent LTVs -- which is placed immediately upon their sale to Freddie Mac. Transactions are executed via a competitive, transparent auction process.

"Deep MI CRT builds on the success of our [Agency Credit Insurance Structure \(ACIS®\)](#) program and is the first credit risk transfer offering in the market with a flow-basis structure on loans purchased from our diverse lender base," said Kevin Palmer, senior vice president of credit risk transfer at Freddie Mac. "The pricing certainty provided by day one coverage offers us an economically sensible way to transfer mortgage credit risk away from taxpayers. Deep MI CRT embodies all the core elements of our single-family credit risk transfer program, and also helps us expand our important relationships with mortgage insurers.

"Risk transfer outside of the capital markets is a meaningful part of our single-family credit risk transfer strategy and we continue to explore options to expand our front-end risk transfer offerings," Palmer added.

Freddie Mac has led the market in introducing new credit risk-sharing initiatives with Structured Agency Credit Risk ([STACR®](#)) debt notes, ACIS and Whole Loan Securities (WLSSM), and was the first agency to market these types of credit risk transfer transactions. The company has since grown its investor base to more than 200 unique investors, including insurers and reinsurers. Since 2013, the company has transferred a significant portion of credit risk on nearly \$545 billion of UPB on single-family mortgages. Additional information about the company's single-family risk sharing offerings is available at <http://www.freddiemac.com/creditriskofferings/>.

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 approximately one in four home borrowers and is one of the largest sources of financing for multifamily housing. Additional information is available at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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