



Freddie Mac Announces Another New Single-Family Credit Risk Transfer Capability -- A Senior/Sub Offering

July 24, 2015

MCLEAN, VA--(Marketwired - Jul 23, 2015) - [Freddie Mac](#) (OTCQB: FMCC) announced another industry leading capability in Agency credit risk transfer -- the Freddie Mac Whole Loan Security (SM) (WLS (SM)), an offering of approximately \$300 million of guaranteed senior and unguaranteed subordinate actual loss securities that priced today. This new credit risk transfer capability builds on the company's leadership and innovation in bringing more private capital into the mortgage credit markets.

By shifting some of its credit risk from the underlying mortgages to subordinate investors, WLS compliments the Freddie Mac award-winning and innovative Structured Agency Credit Risk (STACR[®]) and Agency Credit Insurance Structure (ACIS[®]) offerings, and continues the company's path to selling a portion of its credit risk.

"We led the industry in creating entirely new asset classes to de-concentrate risk across the financial system with STACR and ACIS," said Kevin Palmer, vice president of Freddie Mac Single-Family strategic credit costing and structuring. "WLS represents another important capability to transfer credit risk. We believe this offering will be especially attractive to certain private capital participants that prefer a cash securitization."

Freddie Mac Whole Loan Securities Trust, Series 2015 SC01, a Freddie Mac trust, will issue approximately \$278 million in guaranteed senior certificates and approximately \$23 million in unguaranteed subordinate certificates. The collateral backing the certificates is 574 fixed-rate super conforming loans originated in the fourth quarter of 2014 and the first quarter of 2015.

Credit Suisse is the left lead manager and sole bookrunner. BofA Merrill Lynch is co-lead manager; Barclays is co-manager; and CastleOak Securities is a selling group member. WLS 2015-SC01 is expected to settle later this month.

Palmer added, "Cash securitizations were the primary way the industry transferred credit risk in the mortgage market pre-crisis, but post crisis this market has been nearly dormant. We believe the WLS addresses some of the key concerns that investors experienced during the financial crisis, such as ensuring there is an active risk manager like Freddie Mac who can adapt mortgage servicing requirements to meet changing market conditions. We are pleased with the market response to this initial WLS offering. We expect to have regular WLS issuances."

WLS preserves many of the features found in Freddie Mac Gold PC's while leveraging traditional private label characteristics. Key features include:

- The underlying loans were originated, and will be serviced, in accordance with the Freddie Mac Single Family Seller/Servicer Guide.
- The certificates are backed by newly-originated super-conforming fixed-rate loans that, while eligible, were not delivered into TBA loan pools.
- Senior certificates guaranteed by Freddie Mac as to timely interest and ultimate principal.
- Principal payments on loans are allocated to senior and subordinate certificates on a pro-rata basis, subject to certain collateral performance and credit enhancement tests.
- The senior certificates, other than the interest-only certificates, have fixed coupons.
- The interest-only certificates and subordinate certificates have net weighted average coupons.

Freddie Mac has completed 14 STACR offerings and nine [ACIS[®]](#) transactions since 2013. The first STACR transaction in 2013 sparked demand that has grown steadily to more than 160 unique investors, including many of the largest money managers in the U.S.

Through STACR and ACIS, Freddie Mac has laid off a portion of credit risk on more than \$313 billion of UPB in Single-Family mortgages, representing more than one million loans. STACR has won [numerous awards](#) including RMBS Deal of the Year, Global Structured Deal of the Year and U.S. Deal of the Year for the Americas.

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, 2014, filed with the Securities and Exchange Commission (SEC) on February 19, 2015; 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, 2014, 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, 2014, 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 Web site at www.sec.gov.

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 one of the largest sources of financing for multifamily housing. Additional information is available at [FreddieMac.com](https://www.FreddieMac.com), Twitter [@FreddieMac](https://twitter.com/FreddieMac) and Freddie Mac's blog [FreddieMac.com/blog](https://www.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.