



## Freddie Mac Executes Largest Ever Sale of Seriously Delinquent Loans From Its Investment Portfolio

March 28, 2015

MCLEAN, VA--(Marketwired - Mar 27, 2015) - Freddie Mac (OTCQB: FMCC) today announced it sold via auction 5,398 deeply delinquent non-performing loans (NPLs) from its mortgage investment portfolio on March 25th, 2015. The loans have an aggregate unpaid principal balance (UPB) of \$985 million. The transaction is expected to settle in early May 2015.

These loans have been delinquent for approximately three years, on average. Given the deep delinquency status of the loans, the borrowers have likely been evaluated previously for or are already in various stages of loss mitigation, including modification or other alternatives to foreclosure, or are in foreclosure. Mortgages that were previously modified and subsequently became delinquent comprise 24.7% of the aggregate pool balance.

The loans were offered as three separate pools of mortgage loans, and investors had the flexibility to bid on one or more pools, or bid on the aggregate of all three pools. GCAT Management Services 2015-13 LLC was the winning bidder on all three pools. The cover bid prices (second highest bids) were in the low 80's percent of UPB for Pool #1, in the low 70's percent of UPB for Pool #2 and in the mid 70's percent of UPB for Pool #3.

The three pools were:

Pool #1: 3,577 NPLs with an aggregate UPB of \$629.6 million and a BPO LTV of 74%  
Pool #2: 1,331 NPLs with an aggregate UPB of \$235.9 million and a BPO LTV of 84%  
Pool #3: 490 NPLs with an aggregate UPB of \$120.0 million and a BPO LTV of 74%

The average loan size and note rate on the aggregate of the three pools were \$182,562 and 5.5%, respectively. The aggregate weighted average loan-to-value (LTV) was 76% of the property value, based on Broker Price Opinions (BPO) of the underlying properties.

Freddie Mac, through its advisors, began marketing the transaction on March 2, 2015, to potential bidders, including minority and women-owned businesses (MWOBs), non-profits, neighborhood advocacy funds and private investors active in the NPL market. Also on March 2, Freddie Mac's regulator and conservator, the Federal Housing Finance Agency (FHFA), announced enhanced requirements for NPL sales.

Requirements on winning bidders' servicers include:

- Servicer must be approved by and in good standing with Freddie Mac, Fannie Mae, Ginnie Mae, or FHA
- All servicers must agree to service in accordance with applicable law.
- Servicers must prioritize loan modifications over short sales or deeds in lieu of foreclosure, and foreclosure must be the last option; and for loans that transition to REO (Real Estate Owned), servicers must encourage sales to owner occupants and non-profits.
- Servicers must comply with the requirements of the U.S. Department of the Treasury's Making Home Affordable programs, including the Home Affordable Modification Program (HAMP), and evaluate eligible borrowers for such programs.
- Servicers must evaluate all borrowers who are determined ineligible for HAMP (other than those with an imminent foreclosure sale date or vacant property) for a proprietary modification.
- Servicers must honor completed modifications, and those in trial or applications in process at the time of sale, and continue to close in-process modifications unless they are able to offer terms more favorable to borrowers.
- Subsequent servicers must agree to assume the responsibilities of the initial servicer.

Advisors to Freddie Mac on the transaction were Wells Fargo Securities, Credit Suisse and The Williams Capital Group, L.P.

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](http://FreddieMac.com), Twitter [@FreddieMac](https://twitter.com/FreddieMac) and Freddie Mac's blog [FreddieMac.com/blog](http://FreddieMac.com/blog).

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