

# Freddie Mac Enhances Seasoned Loans Structured Transaction Program

## Completes Auction of Subordinate Certificates for First SLST Trust Offering

MCLEAN, Va., May 22, 2018 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB:FMCC) today completed an auction of subordinate non-guaranteed certificates (the "Subordinate Certificates"). The Subordinate Certificates will be issued by Freddie Mac Seasoned Loans Structured Transaction (SLST), Trust 2018-1, which will also issue guaranteed senior certificates (the "Senior Certificates"). The Senior and Subordinate Certificates will be backed by 2,617 seasoned re-performing loans (RPL) and moderately delinquent loans serviced by Nationstar Mortgage LLC, d/b/a Mr. Cooper. This is the fourth SLST transaction overall and marks the first time a Freddie Mac created trust will be the issuer of an SLST securitization. The transaction is expected to settle in June 2018. Freddie Mac, through its advisors, began marketing the transaction to potential bidders on April 23, 2018.

The SLST program is a key part of Freddie Mac's seasoned loan offerings to reduce less liquid assets in its mortgage-related investments portfolio and shed credit and market risk via economically reasonable transactions. The servicing of the loans will be in accordance with RPL requirements [\[PDF\]](#) ([http://www.freddiemac.com/seasonedloanofferings/docs/rpl\\_sales\\_guidelines\\_factsheets.pdf](http://www.freddiemac.com/seasonedloanofferings/docs/rpl_sales_guidelines_factsheets.pdf)), similar to FHFA's requirements [\[PDF\]](#) ([https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/NPL-Fact-Sheet\\_04-14-16.pdf](https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/NPL-Fact-Sheet_04-14-16.pdf)) applicable to the sale of nonperforming loans (NPLs), which prioritize borrower retention options in the event of a default and promote neighborhood stability.

This transaction involves a two-step process. The initial step involved the auction of the right to purchase the Subordinate Certificates via a competitive bidding process subject to the terms set forth in a securitization term sheet. The winning bidder was chosen on the basis of economics, subject to meeting Freddie Mac's internal reserve levels. The winning bidder is 400 Capital Asset Based Master Term Fund I LP ("400 Cap ABMTF"), a fund managed by 400 Capital Management LLC. The purchaser of the Subordinate Certificates is expected to be an entity managed by 400 Capital Management LLC, comprised of several funds including 400 Cap ABMTF, which will purchase the Subordinate Certificates at issuance.

In the second step, the loans will be deposited into a Freddie Mac trust which will issue the Senior and Subordinate Certificates. Freddie Mac will guarantee, purchase and initially retain the Senior Certificates.

The pool is primarily comprised of loans that were modified to assist borrowers who were at risk of foreclosure to help them keep their homes. The aggregate pool is geographically diverse and has a loan-to-value ratio of approximately 90 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 Senior Certificates at par:

| <b>Description</b>                         | <b>Pool</b>   |
|--|---|
| Unpaid Principal Balance                   | \$497.5 million                                     |
| Loan Count                                 | 2,617   |
| BPO CLTV (Weighted by BPO)                 | 90  |
| Average Loan Balance (\$000)               | 190.1   |
| Winning Bidder                             | 400 Capital Asset Based Master<br>Term<br>Fund I LP |
| Cover Bid Price (second-highest bid price) | High \$80s  |

Advisors to Freddie Mac on this transaction are Wells Fargo Securities, LLC, Credit Suisse Securities (USA) LLC and Loop Capital Markets, LLC.

To date, Freddie Mac has sold \$7 billion of seasoned non-performing loans and transacted \$38 billion of RPLs consisting of (i) \$27 billion via fully guaranteed PCs, (ii) \$10 billion via Seasoned Credit Risk Transfer ("SCRT") securitizations, and (iii) \$1 billion via SLST transactions. Additional information about the company's seasoned loan offerings can be found at:

[http://www.freddiemac.com/seasonedloanofferings/docs/rpl\\_sales\\_guidelines\\_factsheets.pdf](http://www.freddiemac.com/seasonedloanofferings/docs/rpl_sales_guidelines_factsheets.pdf).

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, 2017, filed with the Securities and Exchange Commission (SEC) on February 15, 2018; 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, 2017, 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.

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