

# Freddie Mac

## Term Sheet

|                              |  |
|------------------------------|--|
| <b>Structure</b>             | <ul style="list-style-type: none"><li>• <b>Volume:</b> 5% Random sample of Eligible<sup>1</sup> 80-97% LTV Loans for a 9-month period (“Acquisition Period”)</li><li>• <b>Structure:</b> 3-layer amortizing structure<sup>2</sup><ul style="list-style-type: none"><li>“A” – 97% Retained Risk</li><li>“M” – 2.50% Offering Risk</li><li>“B” – 0.50% Retained Risk</li></ul></li><li>• <b>Contract Term:</b> 10 years from the close of the Acquisition Period, and clean-up call</li><li>• <b>Early Call Option:</b> Includes a 5-year call option to cancel the policy on a cut-off basis.</li><li>• <b>Premium:</b> Will be paid monthly in arrears on the “M” balance with a one- time payment covering the acquisition period</li></ul> |
| <b>Collateral / Security</b> | <ul style="list-style-type: none"><li>• Insurer must collateralize their exposure, based upon external ratings:<ul style="list-style-type: none"><li>○ S&amp;P external rating A- or above: 25% of remaining Loss Limit</li><li>○ S&amp;P external rating BBB- through BBB+: 50% of remaining Loss Limit plus premium capture until total collateral equals at least 60% of remaining Loss Limit</li><li>○ S&amp;P external rating of less than BBB- or not rated by S&amp;P: 75% of remaining Loss Limit plus premium capture until total collateral equals at least 100% of remaining Loss Limit</li></ul></li></ul>   |

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<sup>1</sup> Eligible loans are 30 year fixed rate mortgages, which meet all criteria defined in the policy (similar to existing STACR® criteria)

<sup>2</sup> Subject to a minimum credit enhancement test