



May 5, 2022

Pass Through of Outstanding Principal Curtailment for Certain MBS Securities

Freddie Mac is announcing that certain principal curtailments were previously not passed through on a timely basis to MBS securities holders. The outstanding principal curtailments will be reflected in the May 2022 factors and passed through to the affected MBS securities with the May 2022 payment. The curtailments are associated with approximately 178,000 mortgages distributed across approximately 50,000 pools. As a result of this catch-up pass through of principal curtailments, the May 2022 factors will reflect an approximately 0.7% CPR increase in prepayment speeds for the related pools, in the aggregate. CPR refers to the constant (or conditional) prepayment rate model.

Generally, principal curtailments (i.e., partial prepayments on mortgages) are passed through to MBS securities holders when those payments are reported to Freddie Mac by its servicers. Freddie Mac discovered that principal curtailments were not being passed through properly in certain circumstances, leading to the outstanding principal curtailments mentioned above. This has been corrected, beginning with the May 2022 factors.

Attached [here](#) is a list of 1,102 pools where the additional curtailment amount not previously passed through equaled or exceeded 5% of the unpaid principal balance (UPB) of the pool, as of the April 2022 factors. All of the 5% impacted pools have fewer than 35 mortgages remaining in such pools, and a majority have fewer than 10 mortgages remaining.

For questions, please contact Freddie Mac Investor Inquiry at investor_inquiry@freddiemac.com.

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