



Freddie Mac Sells \$1.4 Billion of Seriously Delinquent Loans

March 26, 2016

Winning Bidders Include Non-Profit and For-Profit Entities

MCLEAN, VA--(Marketwired - Mar 23, 2016) - Freddie Mac (OTCQB: FMCC) today announced it sold via auction 6,816 deeply delinquent non-performing loans (NPLs) serviced by Nationstar Mortgage, LLC from its mortgage investment portfolio. The sale consisted of two transactions: an Extended Timeline Pool Offering (EXPO[®]) on March 10, 2016 and a Standard Pool Offering (SPO[®]) on February 25, 2016. The transactions are expected to settle in April and May 2016, and servicing will be transferred post-settlement. Community Loan Fund of New Jersey, Inc., a non-profit, was the winning bidder on the two EXPO pools and two for-profit entities were the winning bidders on the SPO pools. Freddie Mac, through its advisors, began marketing the transaction on January 21, 2016, to potential bidders, including minority and women-owned businesses (MWOBs), non-profits, neighborhood advocacy funds and private investors active in the NPL market.

The loans were offered as seven separate pools of mortgage loans. Two of the pools were EXPO pools consisting of Florida mortgage loans and targeting participation by smaller investors, including non-profits and MWOBs, with an extended bidding timeline and limited pool sizes. Five of the pools were geographically diverse SPO pool offerings. Investors had the flexibility to bid on one or multiple pools, or bid on the aggregate of the SPO pools.

The loans have been delinquent for almost four 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 approximately 34 percent of the aggregate pool balance. The aggregate pool is geographically diverse and has a loan-to-value ratio of approximately 97 percent, based on BPO (Broker Price Opinion).

The pools, winning bidders and cover bid prices (second highest bids) are summarized below:

Table 1: EXPO Pool Offerings

Description	Pool #1	Pool #2
Unpaid Principal Balance	\$27.0 million	\$37.6 million
Loan Count	113	183
CLTV Range	All	All
BPO CLTV	100	98
Average Months Delinquent	57	51
Average Loan Balance (\$000)	239.0	205.5
Geographical Distribution	Miami, FL	Tampa, FL
Winning Bidder	Community Loan Fund of New Jersey, Inc.	Community Loan Fund of New Jersey, Inc.
Cover Bid Price (second-highest bid price)	Around \$70	Around \$70

Table 2: SPO Pool Offerings

Description	Pool #1	Pool #2	Pool #3	Pool #4	Pool #5
Unpaid Principal Balance	\$132.8 million	\$335.7 million	\$354.1 million	\$373.9 million	\$165.0 million
Loan Count	689	1,720	1,537	1,745	829
CLTV Range	Less than 90	Less than 90	Greater than or equal to 90 and less than 110	Greater than or equal 110	All
BPO CLTV	73	73	100	138	130
Average Months Delinquent	44	45	47	47	41
Average Loan Balance (\$000)	192.8	195.2	230.4	214.3	199.0
Geographical Distribution	National	National	National	National	National

Winning Bidder	LSF9 Mortgage Holdings, LLC	LSF9 Mortgage Holdings, LLC	LSF9 Mortgage Holdings, LLC	Rushmore Loan Management Services, LLC	Rushmore Loan Management Services, LLC
Cover Bid Price (second-highest bid price)	Mid \$80s	Low \$80s	Mid \$60s	High \$40s	Low \$50s

Last year, Freddie Mac's regulator, the Federal Housing Finance Agency, announced [enhanced requirements pdf](#) for NPL sales. Additional loss mitigation standards that apply to all the winning bidders on this sale were included for loans with proprietary modifications resulting in a temporary reduction in borrower payments. Specifically, these additional standards include annual rate increases and a cap on the permanent rate after the initial payment reduction period. These changes encourage sustainable modifications that have the potential to give more borrowers the opportunity for home retention.

Advisors to Freddie Mac on the transaction were Wells Fargo Securities, Credit Suisse Securities and The Williams Capital Group, a minority-owned business.

Additional information about the company's NPL sales is at <http://www.freddie.com/npl/>.

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 the largest source of financing for multifamily housing. Additional information is available at FreddieMac.com, Twitter @FreddieMac and Freddie Mac's blog at FreddieMac.com/blog.

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