

Pooling Requirements for ARM PCs

ARM Attribute	Pooling Requirement
Adjustment Period	The underlying ARMs in each ARM PC Pool must have the same time interval between adjustments.
Assumability	The underlying ARMs in each ARM PC Pool may have different assumability features.
Convertibility	<p>The underlying ARMs in each convertible ARM PC Pool must be convertible. However, if at time of delivery the conversion window is expired, convertible and non-convertible ARMs may be pooled together.</p> <p>An Additional Supplement is required for all convertible ARM PC Pools to describe the conversion window and formula. Additional Supplements for PC Pools are available from the Security Lookup page on Freddie Mac's website: http://www.freddiemac.com/mbs/html/sd_pc_lookup.html.</p>
Conversion Window	<p>The conversion window for annual ARMs must be the same for each mortgage in a PC ARM Pool.</p> <p>The conversion window for hybrid ARMs must begin after the first interest-rate change date for each mortgage in a PC Pool.</p>
Conversion Formula	<p>The conversion formula must be the same for all the mortgages in a PC ARM Pool. The conversion formula used to determine the new fixed-rate mortgage rate for the borrower must be one of the following:</p> <ul style="list-style-type: none"> – Freddie Mac's 60-day required net yield + a minimum of 3/8 of a percent – Fannie Mae's 60-day required net yield + a minimum of 3/8 of a percent
Index	The underlying ARMs in each ARM PC Pool must have the same index.
Initial Cap Up/Initial Cap Down	<p>The underlying ARMs in each ARM PC Pool must have the same initial cap up and initial cap down percentages.</p> <p>Exceptions:</p> <ul style="list-style-type: none"> – If an ARM is past the first interest-rate change date at the time of delivery, the periodic cap is in effect. – 7/1 and 10/1 1-year weekly CMT ARMs may have different initial caps, if the initial cap for each mortgage is equal to its respective life cap. PC Pool disclosure will indicate in the Legend field "<i>Life cap at 1st adjustment.</i>"

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Initial Period	<p>The underlying ARMs in each ARM PC Pool must have the same initial period. For example, 3/1 ARMs may only be pooled with other 3/1 ARMs.</p> <p>Note: Initial Interest mortgages are no longer eligible for purchase by Freddie Mac.</p> <table border="1" data-bbox="375 407 1453 693"> <thead> <tr> <th data-bbox="375 407 911 443">ARM Type</th> <th data-bbox="911 407 1453 443">First Interest Change Date¹</th> </tr> </thead> <tbody> <tr> <td data-bbox="375 443 911 474">6-month</td> <td data-bbox="911 443 1453 474">3-9 months</td> </tr> <tr> <td data-bbox="375 474 911 506">1-year</td> <td data-bbox="911 474 1453 506">6-18 months</td> </tr> <tr> <td data-bbox="375 506 911 537">3-year</td> <td data-bbox="911 506 1453 537">30-42 months</td> </tr> <tr> <td data-bbox="375 537 911 569">5-year</td> <td data-bbox="911 537 1453 569">54-66 months</td> </tr> <tr> <td data-bbox="375 569 911 600">3/1 year, 3/6 months</td> <td data-bbox="911 569 1453 600">30-42 months</td> </tr> <tr> <td data-bbox="375 600 911 632">5/1 year, 5/6 months</td> <td data-bbox="911 600 1453 632">54-66 months</td> </tr> <tr> <td data-bbox="375 632 911 663">7/1 year, 7/6 months</td> <td data-bbox="911 632 1453 663">78-90 months</td> </tr> <tr> <td data-bbox="375 663 911 693">10/1 year, 10/6 months</td> <td data-bbox="911 663 1453 693">114-126 months</td> </tr> </tbody> </table> <p>¹ First interest change date is the period between the first payment due date and the first interest change date.</p>	ARM Type	First Interest Change Date ¹	6-month	3-9 months	1-year	6-18 months	3-year	30-42 months	5-year	54-66 months	3/1 year, 3/6 months	30-42 months	5/1 year, 5/6 months	54-66 months	7/1 year, 7/6 months	78-90 months	10/1 year, 10/6 months	114-126 months						
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Interest Only Period	<p>The underlying mortgages in an initial interest ARM PC must have the same original interest only period and fully amortizing period.</p> <table border="1" data-bbox="375 938 1453 1404"> <thead> <tr> <th data-bbox="375 938 737 974">Mortgage Type</th> <th data-bbox="737 938 1094 974">Initial Period²</th> <th data-bbox="1094 938 1453 974">IO Period³</th> </tr> </thead> <tbody> <tr> <td data-bbox="375 974 737 1037">3-year Initial Period, 3-year IO Period ARM</td> <td data-bbox="737 974 1094 1037">30-42 months</td> <td data-bbox="1094 974 1453 1037">30-42 months</td> </tr> <tr> <td data-bbox="375 1037 737 1100">3-year Initial Period, 10-year IO Period ARM</td> <td data-bbox="737 1037 1094 1100">30-42 months</td> <td data-bbox="1094 1037 1453 1100">114-126 months</td> </tr> <tr> <td data-bbox="375 1100 737 1163">5-year Initial Period, 5-year IO Period ARM</td> <td data-bbox="737 1100 1094 1163">54-66 months</td> <td data-bbox="1094 1100 1453 1163">54-66 months</td> </tr> <tr> <td data-bbox="375 1163 737 1226">5-year Initial Period, 10-year IO Period ARM</td> <td data-bbox="737 1163 1094 1226">54-66 months</td> <td data-bbox="1094 1163 1453 1226">114-126 months</td> </tr> <tr> <td data-bbox="375 1226 737 1289">7-year Initial Period, 7-year IO Period ARM</td> <td data-bbox="737 1226 1094 1289">78-90 months</td> <td data-bbox="1094 1226 1453 1289">78-90 months</td> </tr> <tr> <td data-bbox="375 1289 737 1352">7-year Initial Period, 10-year IO Period ARM</td> <td data-bbox="737 1289 1094 1352">78-90 months</td> <td data-bbox="1094 1289 1453 1352">114-126 months</td> </tr> <tr> <td data-bbox="375 1352 737 1404">10-year Initial Period, 10-year IO Period ARM</td> <td data-bbox="737 1352 1094 1404">114-126 months</td> <td data-bbox="1094 1352 1453 1404">114-126 months</td> </tr> </tbody> </table> <p>² Initial period is the period between the first payment due date and the first interest change date. ³ IO period is the period between the first payment date and the last IO payment date.</p>	Mortgage Type	Initial Period ²	IO Period ³	3-year Initial Period, 3-year IO Period ARM	30-42 months	30-42 months	3-year Initial Period, 10-year IO Period ARM	30-42 months	114-126 months	5-year Initial Period, 5-year IO Period ARM	54-66 months	54-66 months	5-year Initial Period, 10-year IO Period ARM	54-66 months	114-126 months	7-year Initial Period, 7-year IO Period ARM	78-90 months	78-90 months	7-year Initial Period, 10-year IO Period ARM	78-90 months	114-126 months	10-year Initial Period, 10-year IO Period ARM	114-126 months	114-126 months
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Jumbo Conforming	<p>Jumbo Conforming ARM PCs with the same characteristics may be pooled together under existing prefixes.</p>																								
Lifetime Ceiling	<p>The underlying ARMs in each ARM PC Pool may have different lifetime ceilings.</p>																								
Lifetime Floor	<p>If an ARM PC is formed with a stated mortgage floor, each underlying ARM must have a stated lifetime floor. The underlying ARMs in each ARM PC Pool may have different lifetime floors.</p>																								
Lookback Period	<p>The underlying ARMs in each ARM PC Pool must have the same lookback period.</p>																								

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Note Rate	The underlying ARM's in each ARM PC Pool may have different note rates.
PC Margin	The underlying ARM's in each ARM PC Pool may have different margins.
Periodic Rate Cap	The underlying ARM's in each ARM PC Pool must have the same periodic cap.
Pool Size	<p>The minimum pool size for fully-amortizing ARM PC's is \$500k UPB.</p> <p>The minimum pool size for Initial Interest ARM PC's is \$1k UPB.</p>
Prepayment Penalty Mortgages (PPMs)	<p>ARM's with prepayment penalties must be pooled only with other ARM's with prepayment penalties. The prepayment penalty feature may be different on each mortgage. Mortgages containing expired prepayment penalties are still considered to be mortgages with a prepayment penalty feature and must be pooled as prepayment penalty mortgages. The prepayment penalty period and prepayment penalty premium may not be modified or waived and must be serviced accordingly.</p> <p>Note: Prepayment Penalty mortgages are no longer eligible for purchase by Freddie Mac.</p> <p>An Additional Supplement is required for all PPM PC Pools to describe the prepayment penalty period and prepayment penalty premium, including whether the Servicer may collect a prepayment penalty premium if the borrower sells the mortgaged property. Additional Supplements for PC Pools are available from the Security Lookup page on Freddie Mac's Web site (http://www.freddiemac.com/mbs/html/sd_pc_lookup.html). ARM PC's with prepayment penalties are identified on our web and Bloomberg by a Disclosure Flag.</p> <p>PPM: <u>Yes</u> or <u>No</u></p>
Reduced Minimum Servicing	<p>ARM PC's with servicing below 25 basis points will be assigned a prefix according to the ARM characteristics of the underlying mortgages.</p> <p>A disclosure flag will indicate the mortgages that have a minimum servicing fee of less than 25 bps which will be identified on Freddie Mac's website & Bloomberg.</p> <p>Reduced Minimum Servicing: <u>Yes</u> or <u>No</u></p>
Term	<p><u>30-Year</u> The underlying mortgages in a 30-year ARM PC security must have an original term of 30 years (360 months) or less.</p> <p><u>40-Year</u> The underlying mortgages in a 40-year ARM PC security must have an original term greater than 30 years (360 months) but not exceeding 40 years (480 months). 30- and 40-year mortgages may not be commingled in a 40-year pool.</p> <p>Note: 40-Year mortgages are no longer eligible for purchase by Freddie Mac.</p> <p><u>Initial Interest ARM's</u> The underlying ARM's in each Initial Interest ARM PC Pool must have an original term of 30 years (360 months).</p> <p>Note: Initial Interest mortgages are no longer eligible for purchase by Freddie Mac.</p>