



Customer Education

Pairoff Mandatory Cash Contracts

Freddie Mac Selling System



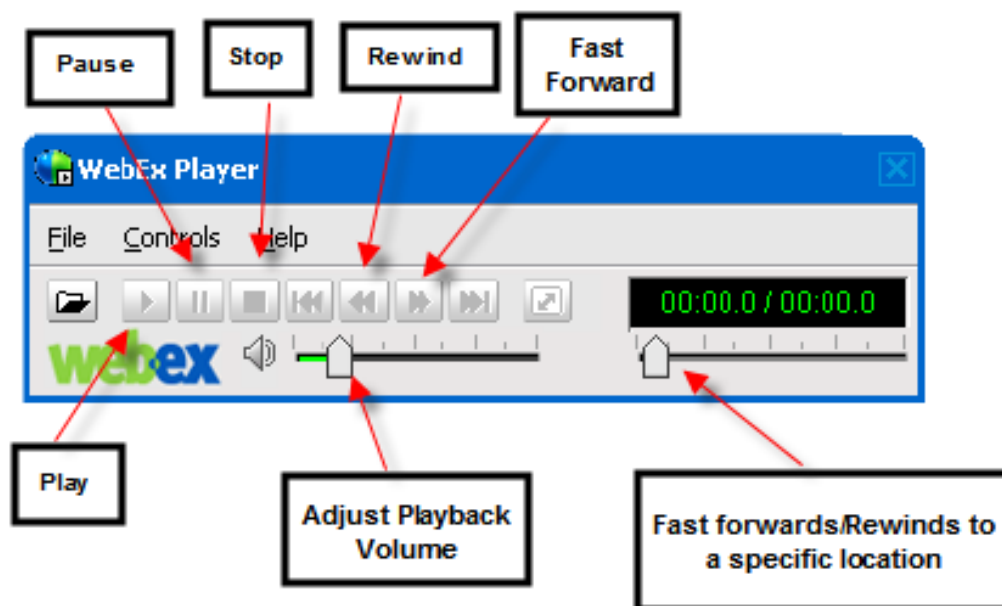
Your Freddie Mac presenter is...

Elizabeth Fink



Tools and Tips

- ✓ Close all other applications to enhance your workstation's performance
- ✓ Maximize the window used for viewing this recording
- ✓ For technical support, call (866) 229-3239

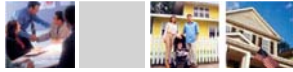


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Mandatory Cash Contracts

- Under a Mandatory Cash Contract you may sell one or more Mortgages that meet all of the contract requirements and have an aggregate unpaid principal balance (UPB) equal to the contract amount, subject to the purchase tolerance applicable to cash contracts under Section 8.7 of the Single Family Seller/Service Guide
- Complete all requirements for the sale of the Mortgages by the close of business on the Purchase Contract Expiration Date
- Mandatory cash contracts are subject to:
 - ✓ Purchase tolerance
 - ✓ Payoff



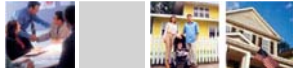
What is a Pairoff?

- A pairoff constitutes fulfillment of a mandatory obligation to deliver Mortgages to Freddie Mac under the Cash program
- The pairoff amount is equal to the original commitment amount, less the applicable purchase tolerance and less the amount of Mortgages previously purchased by Freddie Mac under the applicable Purchase Contract.



Purchase Tolerance

- The purchase tolerance under the cash program is equal to the greater of 2.5% of the Purchase Contract amount or \$10,000
- Refer to Section 8.7 of the Single Family/Seller Servicer Guide for further information



Two Way Pairoff

- The selling system uses the two-way Pairoff process based on market movement and may result in
 - ✓ A fee due Freddie Mac from you
 - ✓ A fee due you from Freddie Mac
- Pairoff fees/credits are non-negotiable
- Pairoff fees/credits are included in your monthly invoice statement and must be paid and/or credited as set forth in the Single Family Seller/Service Guide, Section 17.2
- Freddie Mac reserves the right to amend the provisions relating to the selling system pairoff process without prior notice



When Should You Pairoff?

- If you cannot fulfill the terms of the contract:
 - ✓ A loan falls out of your pipeline and you cannot find a replacement/substitution
 - ✓ The loan parameters do not meet the terms of the contract
- Take advantage of
 - ✓ Price improvements
 - ✓ Recommit for a shorter/longer commitment period
 - ✓ Recommit at same terms for a longer commitment period (re-lock)



Initiating a Pairoff

- You may initiate a Pairoff:
 - ✓ After accepting the cash contract terms
 - ✓ On or before the contract expiration date
 - ✓ During the hours of 8:30 a.m. to 5:00 p.m. eastern time on selling system business days

- If you do not initiate the pairoff, the selling system will automatically pairoff the contract the first business day following contract expiration:
 - ✓ If any of the contract terms remain unfulfilled
 - ✓ Will pairoff the remaining unfulfilled balance of the contract, less tolerance



Pairoff Option 1

- You may Pairoff:
 - ✓ The remaining unfulfilled contract balance
 - ✓ The entire contract balance after loans are allocated and before loans have settled (ARMs may be subject to an added yield maintenance fee)
 - ✓ Any amount up to the remaining unfulfilled contract balance less the purchase tolerance



Paioff Options, 2

- Paioff and transfer to a new contract
 - ✓ Transfer the entire unfulfilled contract amount
 - ✓ Transfer only the non-funded loans

AND

- ✓ Select a new contract period between 2 up to 90 days (no limit to number of pairoffs per contract/commitment)
- ✓ Increase the contract amount for any new loans to be added to the contract

Using the Pairoff Functionality

- Request FM Price Sheet
- Take Out Cash Contract
- Take Out Guarantor Contract
- Add Loans to Contract
- Remove Loans from Contract
- Pair-Off Contract**
- Manage Templates

Loans

- Loan Pipeline
- Create New Loan
- View Evaluation Issues
- View Evaluation Results
- Import Loans
- Import from LP
- View Import Results
- Customize Import Formats
- Export Data
- View Export Results

Settlement

- Review
- Certification Issues
- Enter Settlement Details
- Create/View
- Certification Forms
- Record Warehouse
- Lender Release
- View Warehouse
- Lender Release
- View Settlement
- Statements
- Transfer Servicing
- Instructions

View Contract Pipeline

- Review BEM
- Certification Issues
- Review BEM
- Rejected Loans
- View Certification Pipeline
- Uncertify Loans
- Search For Contracts

Change User Context

Welcome to the Freddie Mac Selling System

News and Tips

- If you're new to the WAC ARM Cash execution, we strongly encourage you to take our WAC ARM Cash [web conference training session](#) before you take out your first commitment.
- If you're selling for Cash, benefit from greater efficiencies and market positioning through the new auto-pairoff and recommit feature. Instead of extending a contract, use this feature to pairoff part or all of a contract using a two-way pairoff, and take out a new contract at the same time with an option to add additional days or an additional amount to the new contract.
- For helpful tips on creating Security Wire Instructions for your securities execution, check out "selling system Security Wire Instructions" under Quick References at <http://www.freddiemac.com/learn/deliver>.
- Be sure to visit the News tab above for the latest information and details about the selling system.
- [Home Possible Mortgages Delivery and Execution Tips](#)
- [Holiday Hours](#)

Contact your selling system representative today to find out how you can take advantage of these value-added features and all the selling system has to offer.

System Hours of Operations

8am-8pm ET, Monday through Friday business days

Mandatory Contract Execution Availability:

8:30am-5:00pm ET, Monday through Friday business days

Best Efforts Contract Execution Availability:

8:30am-8:00pm ET, Monday through Friday business days

ARM Contract Execution Availability:

9:30am-4:30pm ET, Monday through Friday business days

Guarantor and MultiLender Execution Availability:

8am-8pm ET, Monday through Friday business days

Customer Service

8am-8pm ET, Monday through Friday business days

Call (800) FREDDIE, enter your Seller/Servicer number, and then say, "Selling System."

System Status

Call (800) FREDDIE, enter your Seller/Servicer number, and then say, "Selling System Status."

Branch: 991841182

Search for Existing Loan

Seller Loan #:

[Search in Loan Pipeline](#)

Search for Existing Contract

Contract #:

[Basic Search](#)

[Advanced Search](#)

Click on pairoff contract to access search criteria screen



Pairoff Contract

Summary of Contract Terms:

Contract Name:		Remaining Balance:	\$255,000.00
Contract #:	787803789	Contract Amount:	\$700,000
Contract Type:	Mandatory	Contract Status:	Accepted
Contract Product:	30-Year Fixed Rate Conventional	Accepted Date:	05/04/2006 10:38:01
Pricing Product:	30-Year Fixed-Rate Conventional	Pair-off Amount:	
Master Commitment:	NONE	Expiration Date:	06/05/2006
Amortization Period:	239 to 362 months	Servicing Option:	Retained
Interest Rate:	6.000% to 6.500%	Servicer #:	777710
Maturity Period:	241 to 360 months	Servicing Fee Rate:	0.250%
		Remittance Option:	Gold
		Total UPB:	\$445,000.00

Contract Options
[Change Contract Name](#)
[Add Loan\(s\)](#)
Pair-off
[View/Print Contract Confirmation](#)

Loan Options
[Price Loan\(s\) Against Contract](#)
[Print Loan\(s\)](#)
[Remove Loan\(s\)](#)
[Enter Settlement Details](#)
[Evaluate Loan\(s\)](#)
[Build Form 1034](#)
[Build Form 996E](#)

Total UPB of loans allocated to contract

Interest Rate Range:	6.000%	6.125%	6.250%	6.375%	6.500%
Contract Price:	96.635	97.256	97.886	98.508	99.129

Loan Details

Go to [Loan Pipeline](#) to view additional columns for these loans

Seller Loan Number	Borrower Last Name	Interest Rate	Loan Product	Loan Status	Unpaid Principal Balance	WHL Servicer	Net Price	Total Fees
45285	WILSON	6.125%	30-Year Fixed-Rate Conventional	New	\$225,000.00	No		
4587890	WILSON	6.000%	30-Year Fixed-Rate Conventional	New	\$220,000.00	No		

Displaying: 1-2 of 2 Loans Loans Per Page: 25

Select Pairoff Options

EXAMPLE:
30 Year Fixed Rate

Pair off and
transfer allocated
loans to a new
contract

AND
Amended contract
period

AND
Increased amount
of contract

Contract #: 787803789 Contract Type: Mandatory
Contract Name: Expiration Date: 06/05/2006

* Denotes a required field.

Contract Amount: \$700,000.00
Tolerance Amount: \$17,500.00

700,000 X 2.5%

Funded Loans: \$0.00

Unfulfilled Amount(non-funded loans,
remaining balance and tolerance): \$700,000.00

Non-Funded Loans: \$445,000.00

Total loan UPB's

Previously Paired-Off Amount:

Choose a pair-off option:*

Pair Off:

Remaining Balance On Contract \$237,500.00

Pair-Off Amount to Fulfill** \$682,500.00

Other Amount \$ (Enter any amount up to the Remaining Balance)

Pair Off and transfer to a new contract:

Transfer entire unfulfilled amount

Transfer only the non-funded loans by selecting the loans to include

New Contract Period: * 10 Days (between 2 and 90)

Additional Contract Amount: \$350,000.00

New Contract Name:

**For ARMS, may incur a yield maintenance fee in addition to the pair-off fee.

Request Pair Off

[<< Back to Contract Details](#)



Confirm Loan(s) to be Transferred

Confirm your selection and contract amount before pricing.

New Contract Amount:

Non-funded Loan UPB:

Non-Funded Loans

Seller Loan Number	Borrower Name	Last Interest Rate	Current UPB	Loan Product	Loan Status	Certification Status	Edits Clear	WareHouse Lender Assigned
4587890	WILSON WILSON	6.000%	\$220,000.00	30-Year Fixed-Rate Conventional	New	No	No	No <input checked="" type="checkbox"/>
45285	WILSON	6.125%	\$225,000.00	30-Year Fixed-Rate Conventional	New	No	No	No <input checked="" type="checkbox"/>

Displaying: 1-2 of 2 Loans

Loans Per Page:

[<< Back to PairOff](#)



**Contract Price and Pair-Off Fee

You have 60 seconds to accept the pair-off fee and new contract price.

Contract Amount:	\$1,050,000.00	Contract Product:	30-Year Fixed-Rate Conventional
Expiration Date:	05/15/2006	Pricing Product:	30-Year Fixed Rate Conventional

Time Remaining: 47 Seconds

Accept Reject

You have 15 seconds to confirm this pair-off fee and pricing.

Time Remaining: 7 Seconds

I Agree I Do NOT Agree

** Price information displayed here is not final. Final price adjustments for each mortgage will be determined at settlement and reflected on your settlement statement.

60 second timer

15 Second Timer

Interest Rate Range:	6.000%	6.125%	6.250%	6.375%	6.500%
New Contract Price:	96.899	97.520	98.178	98.799	99.421
Original Contract Price:	96.635	97.256	97.886	98.508	99.129

Pair-off Fee Assessed
 Amount Due Freddie Mac: \$106.64

Price improvement

Amount Due Customer:	\$0.00	Funded Loans:	\$0.00
Amount to Pair-off:	\$682,500.00	Non-funded Loans:	\$445,000.00
Original Contract Amount:	\$700,000.00	Previously Paired-off Amount:	
Tolerance Amount:	\$17,500.00		

Pairoff cost/fee

Contract Details

Contract #:	787803790	Servicing Option:	Retained
Contract Name:		Servicer #:	777710
Contract Type:	Mandatory	Servicing Fee Rate:	0.250%
Expiration Date:	05/15/2006	Prepayment Remittance Due Days:	5
Contract Period:	10	Remittance Option:	Gold
Master Commitment:	NONE		



New Contract

This Contract was transferred from Contract # [787803789](#)

Click here to access previous contract information or pair off confirmation report

Summary of Contract Terms:

Contract Name:		Remaining Balance:	\$605,000.00
Contract #:	787803790	Contract Amount:	\$1,050,000
Contract Type:	Mandatory	Contract Status:	Accepted
Contract Product:	30-Year Fixed Rate Conventional	Accepted Date:	05/04/2006 10:43:22
Pricing Product:	30-Year Fixed-Rate Conventional	Pair-off Amount:	\$0
Master Commitment:	NONE	Expiration Date:	05/15/2006
Amortization Period:	239 to 362 months	Servicing Option:	Retained
Interest Rate:	6.000% to 6.500%	Servicer #:	777710
Maturity Period:	241 to 360 months	Servicing Fee Rate:	0.250%
		Remittance Option:	Gold
		Total UPB:	\$445,000.00

Contract Options

- [Modify Mandatory Contract](#)
- [Change Contract Name](#)
- [Add Loan\(s\)](#)
- [Pair-off](#)
- [View/Print Contract Confirmation](#)

Loan Options

- [Price Loan\(s\) Against Contract](#)
- [Print Loan\(s\)](#)
- [Remove Loan\(s\)](#)
- [Enter Settlement Details](#)
- [Evaluate Loan\(s\)](#)
- [Build Form 1034](#)
- [Build Form 996E](#)

Interest Rate Range:	6.000%	6.125%	6.250%	6.375%	6.500%
Contract Price:	96.899	97.520	98.178	98.799	99.421

Loan Details

[Go to Loan Pipeline to view additional columns for these loans](#)

Seller Loan Number	Borrower Last Name	Interest Rate	Loan Product	Loan Status	Unpaid Principal Balance	WHL Servicer	Net Price	Total Fees
4587890 WILSON	WILSON	6.000%	30-Year Fixed-Rate Conventional	New	\$220,000.00	No 777710	96.899	\$0.00
45285	WILSON	6.125%	30-Year Fixed-Rate Conventional	New	\$225,000.00	No 777710	96.770	\$1,687.50

Paioff Confirmation Report

[Print Pair-Off Confirmation](#)

Test 7 PE Bank 7
8000 Jones Branch Drive
McLean, VA 22012

In accordance with the terms and conditions of the Freddie Mac Sellers' and Servicers' guide (The "Guide"), the Federal Home Loan Mortgage Corporation ("Freddie Mac") has made the following decision regarding your mandatory delivery contract:

Freddie Mac has assessed a pair-off fee on the contract indicated below. No further deliveries may be made on this contract other than those agreed to at the time of the pair-off by Freddie Mac.

Seller/Servicer Number:	777710
Contract Name:	
Contract Type:	Mandatory
Contract Number:	787803789
Expiration Date:	06/05/2006
Contract Amount:	\$700,000.00
Tolerance Amount:	\$17,500.00
Paired off Amount:	\$682,500.00
Date Assessed:	05/04/2006

Amount Due to Freddie Mac:	\$106.64
Amount Due to Customer:	\$0.00

Remittance Instructions:

The fee will appear on your monthly Seller invoice. The Proceeds due Freddie Mac should be included with your monthly remittance per the instructions on your consolidated statement.



Paioff Scenarios

- Scenario 1
 - ✓ Paioff and and recommit for a shorter contract period
- Scenario 2
 - ✓ Paioff, transfer and recommit for a longer contract period



Scenario 1 – Pairoff and Recommit for a Shorter Contract Period

Summary of Contract Terms:				Contract Options	
Contract Name:		Remaining Balance:	\$350,000.00	Change Contract Name	
Contract #:	787803714	Contract Amount:	\$350,000	Add Loan(s)	
Contract Type:	Mandatory	Contract Status:	Accepted	Pair-off	
Contract Product:	30-Year Fixed Rate Conventional	Accepted Date:	04/13/2006 11:46:15	View/Print Contract Confirmation	
Pricing Product:	30-Year Fixed-Rate Conventional	Pair-off Amount:		Loan Options	
Master Commitment:	NONE	Expiration Date:	05/30/2006	No options available	
Amortization Period:	239 to 362 months	Servicing Option:	Retained		
Interest Rate:	6.000% to 6.500%	Servicer #:	777710		
Maturity Period:	241 to 360 months	Servicing Fee Rate:	0.250%		
		Remittance Option:	Gold		
		Total UPB:	\$0.00		

Interest Rate Range: 6.000% 6.125% 6.250% 6.375% 6.500%

Contract Price: 97.132 97.757 98.399 99.024 99.649

There are no loans added to this contract.

Original contract period of 45 days. You are able to complete delivery in a shorter time-frame



Scenario 1: Pairoff, transfer remaining balance and select shorter contract period

Contract #:	787803714	Contract Type:	Mandatory
Contract Name:		Expiration Date:	05/30/2006

* Denotes a required field.

Contract Amount:	\$350,000.00
Tolerance Amount:	\$10,000.00
Funded Loans:	\$0.00
Unfulfilled Amount(non-funded loans, remaining balance and tolerance):	\$350,000.00
Non-Funded Loans:	\$0.00

Previously Paired-Off Amount:

Choose a pair-off option:*

Pair Off:

- Remaining Balance On Contract \$340,000.00
- Pair-Off Amount to Fulfill** \$340,000.00
- Other Amount \$ (Enter any amount up to the Remaining Balance)

Pair Off and transfer to a new contract:

- Transfer entire unfulfilled amount
- Transfer only the non-funded loans by selecting the loans to include

New Contract Period: * Days (between 2 and 90)

Additional Contract Amount: \$

New Contract Name:

**For ARMS, may incur a yield maintenance fee in addition to the pair-off fee.

Request Pair Off

[<< Back to Contract Details](#)



Scenario 1

**Contract Price and Pair-Off Fee

You have 60 seconds to accept the pair-off fee and new contract price.

Contract Amount:	\$350,000.00	Contract Product:	30-Year Fixed-Rate Conventional
Expiration Date:	05/09/2006	Pricing Product:	30-Year Fixed Rate Conventional

Time Remaining: 50 Seconds



Accept Reject

** Price information displayed here is not final. Final price adjustments for each mortgage will be determined at settlement and reflected on your settlement statement.

Interest Rate Range:	6.000%	6.125%	6.250%	6.375%	6.500%
New Contract Price:	96.622	97.266	97.912	98.557	99.201
Original Contract Price:	97.132	97.757	98.399	99.024	99.649

Pair-off Fee Assessed

Amount Due Freddie Mac: \$0.00

Amount Due Customer: \$1,381.25

Decrease in contract price

Original Contract Amount:	\$350,000.00	Non-funded Loans:	\$0.00
Tolerance Amount:	\$10,000.00	Previously Paired-off Amount:	

Contract Details

Contract #:	787803795	Servicing Option:	Retained
Contract Name:		Servicer #:	777710
Contract Type:	Mandatory	Servicing Fee Rate:	0.250%
Expiration Date:	05/09/2006	Prepayment Remittance Due Days:	5
Contract Period:	5	Remittance Option:	Gold
Master Commitment:	NONE		



Scenario 1 – New Contract

Click to print/view or access terms of the previous contract

This Contract was transferred from Contract # [787803714](#)

Summary of Contract Terms:

Contract Name:		Remaining Balance:	\$350,000.00
Contract #:	787803795	Contract Amount:	\$350,000
Contract Type:	Mandatory	Contract Status:	Accepted
Contract Product:	30-Year Fixed Rate Conventional	Accepted Date:	05/04/2006 14:14:56
Pricing Product:	30-Year Fixed-Rate Conventional	Pair-off Amount:	\$0
Master Commitment:	NONE	Expiration Date:	05/09/2006
Amortization Period:	239 to 362 months	Servicing Option:	Retained
Interest Rate:	6.000% to 6.500%	Servicer #:	777710
Maturity Period:	241 to 360 months	Servicing Fee Rate:	0.250%
		Remittance Option:	Gold
		Total UPB:	\$0.00

Contract Options

[Change Contract Name](#)
[Add Loan\(s\)](#)
[Pair-off](#)
[View/Print Contract Confirmation](#)

Loan Options

No options available

Interest Rate Range:	6.000%	6.125%	6.250%	6.375%	6.500%
Contract Price:	96.622	97.266	97.912	98.557	99.201

There are no loans added to this contract.



Scenario 2 – Pairoff, Transfer and Recommit

Summary of Contract Terms:

Contract Name:		Remaining Balance:	\$350,000.00
Contract #:	787803795	Contract Amount:	\$350,000
Contract Type:	Mandatory	Contract Status:	Accepted
Contract Product:	30-Year Fixed Rate Conventional	Accepted Date:	05/04/2006 14:14:56
Pricing Product:	30-Year Fixed-Rate Conventional	Pair-off Amount:	\$0
Master Commitment:	NONE	Expiration Date:	05/09/2006
Amortization Period:	239 to 362 months	Servicing Option:	Retained
Interest Rate:	6.000% to 6.500%	Servicer #:	777710
Maturity Period:	241 to 360 months	Servicing Fee Rate:	0.250%
		Remittance Option:	Gold
		Total UPB:	\$0.00

Contract Options

[Change Contract Name](#)
[Add Loan\(s\)](#)
[Pair-off](#)
[View/Print Contract Confirmation](#)

Loan Options

No options available

Interest Rate Range: 6.000% 6.125% 6.250% 6.375% 6.500%

Contract Price: 96.622 97.266 97.912 98.557 99.201

There are no loans added to this contract.



Scenario 2

**Contract Price and Pair-Off Fee

You have 60 seconds to accept the pair-off fee and new contract price.

Contract Amount:	\$350,000.00	Contract Product:	30-Year Fixed-Rate Conventional
Expiration Date:	08/02/2006	Pricing Product:	30-Year Fixed Rate Conventional

Time Remaining: 41 Seconds



Accept Reject

** Price information displayed here is not final. Final price adjustments for each mortgage will be determined at settlement and reflected on your settlement statement.

Interest Rate Range:	6.000%	6.125%	6.250%	6.375%	6.500%
New Contract Price:	96.498	97.111	97.739	98.352	98.966
Original Contract Price:	96.622	97.266	97.912	98.557	99.201

Pair-off Fee Assessed

Amount Due Freddie Mac:	\$53.12
Amount Due Customer:	\$0.00

Pair-Off Details

Amount to Pair-off:	\$340,000.00	Funded Loans:	\$0.00
Original Contract Amount:	\$350,000.00	Non-funded Loans:	\$0.00
Tolerance Amount:	\$10,000.00	Previously Paired-off Amount:	\$0.00

Contract Details

Contract #:	787803797	Servicing Option:	Retained
Contract Name:		Servicer #:	777710
Contract Type:	Mandatory	Servicing Fee Rate:	0.250%
Expiration Date:	08/02/2006	Prepayment Remittance Due Days:	5
Contract Period:	90	Remittance Option:	Gold
Master Commitment:	NONE		



Summary

- A payoff occurs if you fail to fulfill the terms of your Mandatory cash contract
- The Selling System uses the two-way payoff process based on market movement which may result in
 - ✓ A fee due Freddie Mac from the Seller
 - ✓ A fee due the Seller from Freddie Mac
- You may initiate the payoff on or before the contract expiration date
- The Selling System cash automatically initiates a payoff the first business day following contract expiration



Resources

- Selling and Delivery Home Page
 - ✓ <http://www.freddiemac.com/learn/deliver/>
- 800-FREDDIE (373-3343)
 - ✓ Enter your Seller Number
 - ✓ Say “Selling System”
- *Single-Family Seller/Service Guide*





Learning Center Updates

The **Learning Center Updates** page provides quick access to new and updated resources to help you with underwriting, mortgage products, selling, servicing, and more.



View a summary of recent changes at www.FreddieMac.com/learn/ch_ind/



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