

Freddie Mac Announces Changes to Rules for Non-Sticky Jump/Sticky Jump Securities February 6, 2006

The following changes are effective for Freddie Mac REMIC transactions settling March 2006 and thereafter; however, we would encourage all Freddie Mac REMIC underwriters to follow these rules for existing deals:

Non-Sticky Jump (NSJ)/Sticky-Jump (SJ) Structure Rules for New Issue Securities:

1. The NSJ or SJ label will only be given to bonds subjected to a single trigger or other priority-changing condition. If the trigger is a prepayment schedule, it must be structured at a single PSA or CPR speed. No vectors or schedules without a structuring speed are permitted. Segments and Components also are not permitted for these bonds. The minimum denomination will remain at \$100,000.
2. If there are Jump conditions for the Accrual Amount payment, they have to be identical to the corresponding Principal payment rules.

When securities are subject to jump conditions, Freddie Mac will **only** issue securities that conform to both guidelines listed above.

Re-REMIC Reminder:

NSJ, SJ structures (nested jumps) on top of existing NSJ, SJ or Jump REMIC collateral are still prohibited. Re-REMIC and MACR classes are also subject to the above rules.