Countdown to Go Live

With June 3 just around the corner, Fannie Mae and Freddie Mac would like to thank you for your support of the Single Security Initiative. We recognize that this effort has required an incredible amount of hard work and coordination across all industry participants. Our goal from the start was to try to effect a smooth transition to UMBS™ – and so far, all signs point to a positive outcome heading into June 3. To date, forward trading volumes have exceeded usual market activity, pricing has been orderly, financing has been seamless, and PC exchanges have gone well. The focus and teamwork across the industry has helped lay the foundation for a better outcome.

As we enter the new UMBS market, please remember that our teams here at Freddie Mac and Fannie Mae remain a resource to support you. As always, if there are any questions or concerns, please reach out to our teams at Single_Security@FreddieMac.com or Single_Security@FannieMae.com.

Mark Hanson, SVP, Securitization, Freddie Mac
Renee Schultz, SVP, Capital Markets, Fannie Mae

Exchange Review

On Tuesday, May 7, Freddie Mac’s Gold PC Exchange program opened broadly to the market. Through May 22, Freddie Mac had settled $58.3B in original par and $49.7B in UPB of exchange-eligible securities. Overall the exchange program had a successful launch, which was a large stepping-stone toward UMBS Go Live on June 3.

SWIFT Communication with Custodians

The custodian community has provided instructional requirements for communicating pending exchange settlements via SWIFT. Review the table below and confirm that your SWIFT messages include the appropriate details. If you are communicating pending settlements via other means, please reach out to your custodian(s) to confirm the correct format and details, including clearly marking the transactions as exchanges.
<table>
<thead>
<tr>
<th>Primary Considerations</th>
<th>Dealer-Facilitated Path</th>
<th>Direct-to-Freddie Mac Path</th>
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</table>
| Message Type           | Deliver vs Payment - MT543  
Receive vs Payment - MT541 | Free of Payment Deliver - MT542  
Free of Payment Receive - MT540 |
| Universal Exchange Reference Identifier * | :20C::COMM//UMBS00345678  
12 characters | :20C::COMM//UMBS00345678  
12 characters |
| Exchange Code Words**  | :22F::STCO/FHMC/UMBS | :22F::STCO/FHMC/UMBS |
| Counterparty details   | Dealer counterparty instructions | ABA#: 021033205  
Beneficial account: 2BD5 (REC)  
& 2BD7 (DEL)  
Buyer/Seller: FMACUS33 |
| Float Compensation     | Float compensation Included in DVP net settlement amount | MT210 to highlight expected float compensation |

* The Universal Exchange Reference Identifier should be a unique 12-character ID and exclude ‘/’ in the data field when combining the UMBS prefix and the 8-digit reservation number.

** Exchange Code Words will allow custodian to identify the trades as exchanges for purposes of accounting and tax reporting.

**Exchange Booking and Settlement Calendar for 2019; Exchange and Resecuritization Timing**

Freddie Mac has developed an exchange booking and settlement calendar to show booking and settlement dates from June through the end of this year.

June will be the first month for new UMBS issuance and the first UMBS trade settlements, apart from exchanges. As such, we expect there could be many exchanges settling to close trades on the Reg A & B days – June 13 and June 18. Dealers and investors who want to use exchanged securities for June UMBS settlements should plan to book their exchange transactions as soon as possible.

In the Dealer Direct℠ path, exchanges may be booked in May or June for June settlement.

In the Direct-to-Freddie path, exchanges may be booked for the current month only. Further, as the booking and settlement calendar shows, the first four business days of each month are blacked out for bookings in this path. The first day for bookings in the Direct-to-Freddie path will be June 7.

Finally, please remember to budget additional time for Supers℠ and REMIC settlements if you expect to exchange securities for these transactions first. The following graphic displays the key steps and timing associated with an exchange followed by a Supers
transaction. Note that exchanges and resecuritizations may have different booking and settlement blackout days. Additional scenarios – including REMICs – are detailed here.

**Key Steps**

1. **Book Transactions (Day T)**
   - Set up exchange and Supers/Giant MBS transactions
   - Choose settlement dates

2. **Specify Collateral (Day T or T+1)**
   - Specify collateral to be delivered for Supers or Giant MBS at least two days prior to settlement

3. **Settle Exchange (Day T+2)**
   - Deliver 45-day collateral by noon ET on settlement date
   - Take delivery of 55-day security

4. **Settle Supers/Giant MBS (Day T+3)**
   - Deliver 35-day collateral by 11:00 a.m. ET on settlement date
   - Take delivery of Supers/Giant MBS

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**Single Security Resources**

- **Exchange Website:** [Freddie Mac Gold PC Exchange](https://www.freddiemac.com/exchange)

- **Other Helpful links:**
  - [Exchange Activity Reports](https://www.freddiemac.com/exchange/activity-reports)
  - [Single Security FAQs](https://www.freddiemac.com/single-security/faqs)
  - [Exchange FAQs](https://www.freddiemac.com/exchange/faqs)
  - [Float Compensation Tools](https://www.freddiemac.com/single-security/float-compensation)

- **Questions? Reach out to:**
  - General inquiries: [Single_Security@freddiemac.com](mailto:Single_Security@freddiemac.com) or [SingleSecurity@fanniemae.com](mailto:SingleSecurity@fanniemae.com)
  - Exchange-specific inquiries: [Exchange_Ops@FreddieMac.com](mailto:Exchange_Ops@FreddieMac.com)
  - Direct-to-Freddie Mac via Tradeweb path questions: [UMBS@tradeweb.com](mailto:UMBS@tradeweb.com)
  - Fannie Mae Hotline: call 800-2FANNIE and press ‘3’ for the Investor Hotline
Tidbits

- **Exchange Booking and Settlement Guides** | Freddie Mac recently shared the [Dealer Direct Exchange Booking and Settlement Guide](https://www.freddiemac.com) and [Direct-to-Freddie Exchange Booking and Settlement Guide](https://www.freddiemac.com) to help market participants through the exchange process.

- **Freddie Mac Approved Dealers List** | Freddie Mac has posted the [Approved Dealer List](https://www.freddiemac.com) for Gold PC Exchange (via the Dealer Direct Exchange Path).

 Helpful links

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*What Does It Mean for Freddie Mac Seller/Servicers?*