

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 Web site (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 $\frac{3}{8}$ of a percent - Fannie Mae's 60-day required net yield + a minimum of $\frac{5}{8}$ of a percent
Index	The underlying ARMs in each ARM PC Pool must have the same index.
Initial Cap Up/Down	<p>The underlying ARMs in each ARM PC Pool must have the same initial cap up/down percentage.</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 "Lifecap at 1st adjustment."

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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> <table border="1" data-bbox="431 480 1445 921"> <thead> <tr> <th data-bbox="431 480 941 543">ARM Type</th> <th data-bbox="941 480 1445 543">First Interest Change Date¹</th> </tr> </thead> <tbody> <tr> <td data-bbox="431 543 941 590">6-month</td> <td data-bbox="941 543 1445 590">3-9 months</td> </tr> <tr> <td data-bbox="431 590 941 636">1-year</td> <td data-bbox="941 590 1445 636">6-18 months</td> </tr> <tr> <td data-bbox="431 636 941 682">3-year</td> <td data-bbox="941 636 1445 682">30-42 months</td> </tr> <tr> <td data-bbox="431 682 941 728">5-year</td> <td data-bbox="941 682 1445 728">54-66 months</td> </tr> <tr> <td data-bbox="431 728 941 774">3/1 year, 3/6 months</td> <td data-bbox="941 728 1445 774">30-42 months</td> </tr> <tr> <td data-bbox="431 774 941 821">5/1 year, 5/6 months</td> <td data-bbox="941 774 1445 821">54-66 months</td> </tr> <tr> <td data-bbox="431 821 941 867">7/1 year, 7/6 months</td> <td data-bbox="941 821 1445 867">78-90 months</td> </tr> <tr> <td data-bbox="431 867 941 921">10/1 year, 10/6 months</td> <td data-bbox="941 867 1445 921">114-126 months</td> </tr> </tbody> </table> <p>¹First 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="431 1129 1468 1686"> <thead> <tr> <th data-bbox="431 1129 821 1192">Mortgage Type</th> <th data-bbox="821 1129 1156 1192">Initial Period¹</th> <th data-bbox="1156 1129 1468 1192">IO Period²</th> </tr> </thead> <tbody> <tr> <td data-bbox="431 1192 821 1255">3-year Initial Period, 3-year IO Period ARM</td> <td data-bbox="821 1192 1156 1255">30-42 months</td> <td data-bbox="1156 1192 1468 1255">30-42 months</td> </tr> <tr> <td data-bbox="431 1255 821 1318">3-year Initial Period, 10-year IO Period ARM</td> <td data-bbox="821 1255 1156 1318">30-42 months</td> <td data-bbox="1156 1255 1468 1318">114-126 months</td> </tr> <tr> <td data-bbox="431 1318 821 1381">5-year Initial Period, 5-year IO Period ARM</td> <td data-bbox="821 1318 1156 1381">54-66 months</td> <td data-bbox="1156 1318 1468 1381">54-66 months</td> </tr> <tr> <td data-bbox="431 1381 821 1444">5-year Initial Period, 10-year IO Period ARM</td> <td data-bbox="821 1381 1156 1444">54-66 months</td> <td data-bbox="1156 1381 1468 1444">114-126 months</td> </tr> <tr> <td data-bbox="431 1444 821 1507">7-year Initial Period, 7-year IO Period ARM</td> <td data-bbox="821 1444 1156 1507">78-90 months</td> <td data-bbox="1156 1444 1468 1507">78-90 months</td> </tr> <tr> <td data-bbox="431 1507 821 1570">7-year Initial Period, 10-year IO Period ARM</td> <td data-bbox="821 1507 1156 1570">78-90 months</td> <td data-bbox="1156 1507 1468 1570">114-126 months</td> </tr> <tr> <td data-bbox="431 1570 821 1686">10-year Initial Period, 10-year IO Period ARM</td> <td data-bbox="821 1570 1156 1686">114-126 months</td> <td data-bbox="1156 1570 1468 1686">114-126 months</td> </tr> </tbody> </table> <p>¹Initial period is the period between the first payment due date and the first interest change date. ²IO period is the period between the first payment date and the last IO payment date.</p>	Mortgage Type	Initial Period ¹	IO Period ²	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>																								

ARM Attribute	Pooling Requirement
Lifetime Ceiling	The underlying ARMs in each ARM PC Pool may have different lifetime ceilings.
Lifetime Floor	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.
Lookback Period	The underlying ARMs in each ARM PC Pool must have the same lookback period.
Note Rate	The underlying ARMs in each ARM PC Pool may have different note rates.
PC Margin	The underlying ARMs in each ARM PC Pool may have different margins.
Periodic Rate Cap	The underlying ARMs in each ARM PC Pool must have the same periodic cap.
Pool Size	<p>The minimum pool size for fully-amortizing ARM PCs is \$500k UPB.</p> <p>The minimum pool size for Initial Interest ARM PCs is \$1k UPB.</p>
Prepayment Penalty Mortgages (PPMs)	<p>ARMs with prepayment penalties must be pooled only with other ARMs 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>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 PCs 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 PCs with servicing below 25 basis points will be assigned a prefix according to the ARM characteristics of the underlying mortgages. A disclosure flag will indicate the mortgages have a minimum servicing fee of less than 25 bps. ARM PCs with servicing below 25 basis points are identified on our web & Bloomberg by a Disclosure Flag</p> <p>Reduced Minimum Servicing: <u>Yes</u> or <u>No</u></p>
Term	<p><u>40-Year</u></p> <p>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-</p>

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	<p>year mortgages may not be commingled in a 40-year pool.</p> <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>Initial Interest ARMs</u> The underlying ARMs in each Initial Interest ARM PC Pool must have an original term of 30 years (360 months).</p>