



Freddie Mac's Accelerated Settlement Cycles

Securities when you want them, even as fast as overnight – guaranteed.

Take advantage of the selling system's accelerated 1-, 3-, or 4-day settlement cycles for your MultiLender Swap contracts to obtain a prorated share of a Giant Participation Certificate (PC) or, in some cases, a Gold PC. Additionally, select settlement cycles of 3 or 4 days for your Fixed-rate Guarantor and Weighted Average Coupon (WAC) ARM Guarantor contracts to obtain a PC exclusively backed by the mortgages you sell to us.

> Key Features

- Available for Guarantor and MultiLender Swap contracts
- Hold less capital in your portfolio with Freddie Mac PCs
- Overnight settlement for your error-free deliveries
- Gold Rush fee rates are the same for both peak and off-peak deliveries

> Lender Benefits

- Attract more borrowers with the ability to keep current rate sheets at their competitive levels longer
- Get your PCs closer to the borrower's loan closing, giving you a low-cost alternative to warehouse lines, gestation repos or other financing vehicles
- Put end-of-month closings into current month pools to avoid month-to-month PC price drops and protect your profit
- Obtain securities quickly to avoid and/or minimize fails within your secondary marketing operations

ACCELERATED SETTLEMENT CYCLES

Gold Rush Fee Rates	<ul style="list-style-type: none"> Freddie Mac charges a Gold Rush fee for the use of 1-, 3-, or 4-day settlement cycles. Gold Rush fee rates are based on the duration of the settlement cycle you select for your Fixed-rate Guarantor, WAC ARM Guarantor or MultiLender Swap contracts. The longer the settlement cycle, the lower the Gold Rush fee rate. You can see the Gold Rush fee rate applicable to your particular contract when you take out that contract with an accelerated settlement cycle through the selling system. For deliveries made through MIDANET and Gold Connection[®] for Delivery (GCD), the same Gold Rush fee rate is assessed for all settlement cycles of less than five days. MIDANET and GCD accept settlement cycles of less than five days for MultiLender Swap conversions only. <p>Gold Rush fee rates are subject to change each month based on market conditions. Freddie Mac posts new Gold Rush fee rates for the selling system on FreddieMac.com by the eighth business day of the month preceding the PC issue month (for example, Gold Rush fee rates for December settlements are posted by the eighth business day of November). Get the latest fee rates online at http://www.freddiemac.com/singlefamily/pricing_center.html. Gold Rush fee rates are also available on MIDANET and GCD for loans being delivered through these systems.</p>
Monthly Invoice and Payment of Gold Rush Funding Fees	Each calendar month, Freddie Mac will send you an invoice listing each delivery for which the Gold Rush funding option was elected and the corresponding fee for that delivery. Gold Rush fees must be paid on a monthly basis.
Master Commitment	You will need a Master Commitment to sell mortgages using the Fixed-rate Guarantor, WAC ARM Guarantor and MultiLender Swap executions.

Accelerated Settlement Example – MultiLender Swap

You're unable to package and deliver your loans by October 17 for Freddie Mac's October 30-year Giant PC pool. Without an accelerated settlement cycle, you'd be forced to carry these loans over month-end and include them in November's Giant PC Pool. But, since you can select a 1-day settlement cycle for your MultiLender Swap Contract, you can package and send your notes on October 20, deliver the loans via the selling system as late as October 21, and still get your loans into the October 30-year Giant PC Pool. This enables you to pick up the current-month PC price gain and avoid the cost of financing the loans until November's Giant PC.

Here are the calculations, given the following assumptions:

- \$5 million worth of 30-year fixed-rate loans at a 6.00% note rate
- Month-end price drop: 6/32nds, or .1875%
- Financing costs: 5.00%
- Gold Rush rate: 1 basis point (.01%)

Income Stream from Carry

1 month of mortgage interest income (\$5M x 0.06/12)	\$25,000
Less: 1 month of financing costs (\$5M x 0.05/12)	<u>\$20,833</u>
Income from Carry	\$ 4,167

Income Stream from 1-day Settlement Cycle

Current-month PC price gain (\$5M x .001875)	\$ 9,375
Less: Gold Rush fee	<u>\$ 500</u>
Income from 1-day settlement cycle	\$ 8,875

Advantage of Accelerated Settlement

Income stream from 1-day settlement cycle	\$ 8,875
Less: Carry income	<u>\$ 4,167</u>
Profit from 1-day settlement cycle	\$ 4,708

Accelerated Settlement Example – Fixed-rate Guarantor

This example highlights the advantage of receiving your Guarantor pool early by using an accelerated settlement cycle.

Here are the calculations, given the following assumptions:

- 30-year pool with a UPB of \$5 million
- 3-day settlement cycle
- Gold Rush fee rate of .5 basis point (.005%)

Dealer pays up 1 tick (.03125%) for a Guarantor funding in 3 days.

Dealer pay-up (\$5M x .03125%)	\$ 1,562.50
Less: Gold Rush fee (\$5M x .005%)	<u>\$ 250.00</u>
Net profit from 3-day settlement Cycle	\$ 1,312.50

Learn more about our accelerated settlement cycles:

- Contact your Freddie Mac Representative or call (800) FREDDIE
- Visit www.FreddieMac.com/sell/secmktg/swap.html