



Weighted Average Coupon (WAC) ARM Cash Execution

Sell ARMs with various margins and interest rates in a single contract

Our WAC ARM Cash execution lets you sell ARMs with various margins and interest rates (within specified ranges) in a single, flexible contract that's not limited by tight contracting terms. With this servicing-retained cash execution, you can reduce your exposure to interest rate fluctuations and the corresponding changes in ARM pricing on your ARMs that have not yet closed.

> Key Features

- Eligible for 1-year, 3/1, 5/1, 7/1, and 10/1 Constant Maturity Treasury (CMT)- and London Interbank Offered Rate (LIBOR)-indexed ARMs, and other Freddie Mac mortgage products, such as Home Possible® Mortgages
- Sell one loan or many for cash in a single contract
- Commitments from 2 to 90 days
- Fast settlement, often within the same day as certification (if edits are cleared and the loan is certified by noon)
- Two-way pair-off capability

> Lender Benefits

- Take advantage of extensive flexibility by using one contract to sell a variety of ARMs with various rate and cap structures
- Get the benefits of a securities execution without the additional considerations of a swap
- Expand the range of ARM products you can offer your borrowers with an assured secondary market sale
- Reduce exposure to interest rate fluctuations

WAC ARM CASH EXECUTION

Eligible Mortgages	<p>Eligible ARMs for purchase by Freddie Mac under WAC ARM Cash include:</p> <ul style="list-style-type: none">• First lien mortgages that are fully amortizing with an original maturity not exceeding 30 years.• Nonconvertible CMT-indexed ARMs or LIBOR-indexed ARMs.• Non-seasoned ARMs only.• ARMs with a Note Rate, Margin, and a Lifetime Ceiling that are divisible by one-eighth of 1% (0.125%).• ARMs with a weighted average servicing spread for the contract that is no less than 0.25% (25 basis points) and no greater than 0.375 % (37.5 basis points), and have a separate servicing spread for each mortgage allocated to the contract that is either 0.25% or 0.375%.• Home Possible Mortgages are also eligible for sale under WAC ARM Cash execution.• Eligible Freddie Mac Relief Refinance MortgagesSM with LTV ratios less than or equal to 105 percent.• For additional information regarding the eligibility requirements for ARMs sold to Freddie Mac, see Exhibit 17S of the Freddie Mac <i>Single-Family Seller/Service Guide</i> (Guide) available on the last page of this document or at http://www.freddiemac.com/sell/secmktg/sellingloans-availmatrix.html.
Yield Maintenance Fee	<ul style="list-style-type: none">• The selling system calculates weighted averages of loan attributes for all ARMs delivered under a WAC ARM contract.• If the weighted averages are not within the contract tolerances, a yield maintenance fee may be assessed, resulting in a fee due to Freddie Mac from you or a fee due to you from Freddie Mac.• The yield maintenance fee, if applicable, appears on the 'Pair-off' screen and the 'View Weighted Average Terms' screen.• You will see the yield maintenance fee on your monthly invoice and it should be paid in accordance with Guide Section 17.2.
Contract Extensions	Contract extensions are not permitted, but two-way pair-offs are available.
Two-Way Pair-off Capability	<ul style="list-style-type: none">• Mandatory contracts only.• The pair-off process used is "two-way" and may result in either a fee due to Freddie Mac from the Seller, or a fee due to the Seller from Freddie Mac depending on market movement.• The selling system's automated two-way pair-off feature allows you to pair off part or all of a contract. At the same time, you can also take out a new contract with the option to add or reduce additional days or amounts to that new contract. A pair-off fee may apply.
Selling System Efficiencies	<p>These unique selling system options make it easier for you to use our WAC ARM Cash execution:</p> <ul style="list-style-type: none">• Live pricing for all products, delivery periods, and interest rates with a single request.• Immediate warning messages for missing or inconsistent data after running purchase edits.• Manage outstanding contracts with loan- and contract-level views.

DELIVERY REQUIREMENTS

Delivery Fees	Postsettlement delivery fees may apply based on certain characteristics of the mortgage. See Guide Exhibit 19 for details, available online at http://www.freddiemac.com/singlefamily/pdf/ex19.pdf .
----------------------	--

Exhibit 17S—Mortgage Products Available Through the Selling System
The complete Exhibit 17S is located in the *Single-Family Seller/Service Guide*.

ARMs Eligible Under WAC ARM Cash Selling System Only									
ARM Product	ARM Index Source Code	Lookback* Period (days)	Initial Period+ (months)	Subsequent Adjustment Period (months)	Initial Cap %	Periodic Cap %	Life Cap %	Convertible (Yes or No)	Conversion Process
1-Year Weekly Constant Maturity Treasury (CMT) Index									
1-year	004	45	12	12	1	1	6	No	N/A
1-year	004	45	12	12	2	2	6	No	N/A
3/1	004	45	36	12	2	2	6	No	N/A
5/1	004	45	60	12	2	2	5	No	N/A
5/1	004	45	60	12	5	2	5	No	N/A
7/1	004	45	84	12	5	2	5	No	N/A
10/1	004	45	120	12	5	2	5	No	N/A
1-Year LIBOR Index									
1-year	041	45	12	12	2	2	6	No	N/A
1-year	041	45	12	12	3	3	6	No	N/A
3/1	041	45	36	12	2	2	5 or 6	No	N/A
3/1	041	45	36	12	3	2	6	No	N/A
5/1	041	45	60	12	2	2	5 or 6	No	N/A
5/1	041	45	60	12	3	2	6	No	N/A
5/1	041	45	60	12	5	2	5	No	N/A
7/1	041	45	84	12	5	2	5	No	N/A
10/1	041	45	120	12	5	2	5	No	N/A

Legends:

* Lookback Period—"45" means 45 days preceding the Interest Change Date.

+ The Initial Period may be shorter or longer than the number of months specified, see Section 30.7(a).

Learn more about our WAC ARM Cash Execution:

- Review Guide Chapter 10 for WAC ARM Cash information
- Review Guide Chapter A1 for special requirements for selling mortgages through the selling system
- Visit www.FreddieMac.com/sell/factsheets/wacarm_cash.html
- Call your Freddie Mac Representative or (800) FREDDIE