



## Weighted Average Coupon (WAC) ARM Guarantor Execution

### A competitive securities execution with lucrative options

Our Weighted Average Coupon (WAC) ARM Guarantor execution offers a competitive securities execution for your ARMs that adjust based on the Constant Maturity Treasury (CMT)-index or the London Interbank Offered Rate (LIBOR)-index. Under the WAC ARM Guarantor execution, we issue Freddie Mac WAC ARM Participation Certificates (PC) in exchange for a variety of nonconvertible CMT- and LIBOR-indexed ARMs.

#### Key Features

- \$500,000 minimum commitment, or \$1,000 commitment for Initial Interest<sup>SM</sup> ARMs
- Swap and hold or swap and sell
- Online and real-time conversion process
- Freddie Mac PCs are eligible for Giant PCs
- Three- or 4-day Gold Rush<sup>®</sup> settlement cycles are available

#### Lender Benefits

- Reduce your capital costs by swapping and holding WAC ARM PCs
- Choose a 3- or 4-day settlement cycle instead of the 5-day standard to get your securities sooner
- Better manage your servicing float value with a choice of two remittance cycles

WAC ARM GUARANTOR EXECUTION	
<b>Contract Servicing Spread</b>	<ul style="list-style-type: none"> <li>The Minimum Contract Servicing Spread must be at least 0.25% (25 basis points) and may not exceed 2.00% (200 basis points).</li> <li>Refer to <i>Single-Family Seller/Servicer Guide</i> (Guide) Section 8.2.2 for Minimum Contract Servicing Spread requirements, including variable servicing requirements.</li> </ul>
<b>Settlement Cycle</b>	<ul style="list-style-type: none"> <li>In addition to the 5-day standard option, you may select a 3- or 4-day settlement cycle in exchange for a Gold Rush fee. Please visit <a href="http://www.FreddieMac.com/singlefamily/pricing_center.html">http://www.FreddieMac.com/singlefamily/pricing_center.html</a> for our current Gold Rush fee rates.</li> <li>Update your security wire instructions until the day prior to settlement. Purchase Statement (Form 15C) and Funding Detail Reports are accessible by the first day of the Settlement Cycle.</li> </ul>
<b>Purchase and Delivery Requirements</b>	<ul style="list-style-type: none"> <li>Each eligible ARM product may only be sold on a whole loan basis.</li> <li>The margin must be at least the sum of the Required Spread and the Minimum Contract Servicing Spread.</li> <li>For ARMs that have had at least one Interest Change Date before the Settlement Date, you must complete the following fields on Form 13SF: <ul style="list-style-type: none"> <li>Date of first rate adjustment.</li> <li>Current interest rate.</li> <li>Current P&amp;I payment.</li> </ul> </li> <li>If the next Interest Change Date is during the month in which the Settlement Date occurs, you must complete the Form 13SF as if such Interest Change Date had already occurred.</li> </ul>
<b>Remittance Options</b>	<p>If your Master Commitment does not require a mandatory remittance cycle, you may select one of the following two options:</p> <ul style="list-style-type: none"> <li><b>First Tuesday</b> – Principal and interest (P&amp;I) payment due to Freddie Mac on the first Tuesday of the month after the month the payment is due to you. <ul style="list-style-type: none"> <li>First Tuesday comes with a higher guarantee fee than Gold remittance since you get to retain the funds for a longer period and earn float income.</li> <li>You do not have to advance scheduled principal payments that you have not received from borrowers.</li> </ul> </li> <li><b>Accelerated Remittance Cycle (ARC)</b> – P&amp;I payment due to Freddie Mac on a contract-specified business day, or if not specified, three business days after the 15th of the month (the accounting cutoff ) <ul style="list-style-type: none"> <li>You do not have to advance scheduled principal payments that you have not received from borrowers.</li> </ul> </li> </ul> <p>See Guide Chapter 78.23 for a description of the available remittance cycles.</p>
<b>Pooling and Disclosure Requirements</b>	<p>Refer to Guide Chapter A13 for Pooling and Disclosure requirements, including:</p> <ul style="list-style-type: none"> <li>All ARMs must have an original term of 30 years (360 months) or less.</li> <li>Minimum pool size - \$500,000, minimum for Initial Interest - \$1,000.</li> <li>For each pool, all ARMs must have the same: Index, Lookback Period, Initial Period, Adjustment Period, Initial Cap (see Guide Section A13.4 (l) for exceptions), and Periodic Cap.</li> </ul>
<b>Offer Procedures</b>	<ul style="list-style-type: none"> <li>You need a Master Commitment to take out WAC ARM Guarantor Contracts in the selling system. A WAC ARM Guarantor Contract is an optional delivery commitment.</li> <li>The minimum commitment amount - \$500,000, minimum for Initial Interest - \$1,000.</li> <li>You can deliver your mortgages, including eligible Home Possible<sup>®</sup> Mortgages, on the same day you take out a WAC ARM Guarantor Contract. It is not necessary to wait until the next day to begin delivery.</li> </ul> <p>Call your Freddie Mac Account Manager to discuss the advantages of a Master Commitment and discuss your guarantee fee.</p>
<b>Selling System Efficiencies</b>	<p>These unique selling system options make it easier for you to use our WAC ARM Guarantor execution:</p> <ul style="list-style-type: none"> <li>Contract information and Master Commitment balances available in real time.</li> <li>Import data from your loan origination system using the Form 13SF file format for a seamless data transfer</li> <li>Freddie Mac loan numbers assigned automatically upon allocation to a contract.</li> <li>User-friendly loan evaluation and edits against your terms of business that includes immediate messages for missing or inconsistent data.</li> </ul>

**Learn more about our WAC ARM Guarantor Execution:**

- Review Guide Chapters, including but not limited to, 11, A13, C15, 17 and Exhibit 17S
- Review Guide Chapter A1 for special requirements for sale of mortgages through the selling system
- Visit [www.FreddieMac.com/sell/factsheets/wacarm\\_guarantor.html](http://www.FreddieMac.com/sell/factsheets/wacarm_guarantor.html)
- Call your Freddie Mac Representative or (800) FREDDIE