Freddie Mac’s securitization program reflects our leadership, creativity and business acumen. The addition of the Small Balance (SBL) line of business to Freddie Mac’s lending platform was formally announced in October 2014. The inaugural SB-Deal® was issued in August of 2015.

Freddie Mac Multifamily generally refers to SBL as loans ranging from $1 million to $7.5 million on housing from five to 50 units. Our securitized loans are underwritten to the same standards as loans held in our investment portfolio. Since the inception of our SB-Deal securitization program in 2015, our execution volume has steadily increased, as shown in the graph below.

SBL loan terms range from 5-, 7- and 10-year fixed-rate balloon products as well as 20-year hybrid ARM structures with 5-, 7- and 10-year initial fixed-rate periods followed by 6-month floating-rate periods.

Below is a break out of Fixed and Hybrid rate SB-Deal collateral UPB that was securitized in 2019.
SB-Deal® Program

Investor Participation

<table>
<thead>
<tr>
<th>Year</th>
<th>Bank</th>
<th>Money Manager</th>
<th>Insurance Company/Pension Plan</th>
<th>Hedge Fund</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>121</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2017</td>
<td>180</td>
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<tr>
<td>2018</td>
<td>161</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>2019</td>
<td>175</td>
<td></td>
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</tr>
</tbody>
</table>

175 accounts participated in 2019 comprising banks, money managers, insurance/pension plans, and hedge funds

Average of 27 different accounts per transaction historically, 32 per transaction in 2019

12 subordinate investors historically, with 5 participating in 2019

67 new investors in 2019, with 5 new investors per transaction for the year

Structural Diagram of SB-Deal

Freddie Mac (Mortgage Loan Seller) ➔ FRESB Mortgage Trust ➔ Guaranteed Senior Bonds ➔ Investors (Including Freddie Mac) ➔ Unguaranteed Subordinate Bonds ➔ Investors

The SB-Deal structure mirrors the typical floating-rate K-Deal pro rata structure1 with senior Freddie Mac guaranteed A bonds, a single Freddie Mac guaranteed interest-only bond (the X1) and a single subordinate bond

Waterfall Overview

Pro Rata Pay ➔ Sequential Pay

$625 million pool of mortgages ➔ $562.5 million Class A bonds (A5F, A5H, A7F, A7H, A10F, A10H)

The securitization will switch from pro rata to sequential pay if a Waterfall Trigger Event occurs. The trigger events are:

» The UPB of the collateral (excluding specially serviced loans) is less than or equal to 15 percent of the initial pool balance
» The aggregate 60-day delinquency is greater than 3 percent of the collateral. In the event the 60-day delinquency subsequently goes below 3 percent, the transaction will revert to pro rata pay
» Credit support to Class A is less than 7.5 percent. Once credit support increases to 10 percent, the transaction will revert back to pro rata pay

For additional information, please contact: MF_Securities@freddiemac.com or visit our website at mf.freddiemac.com

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