



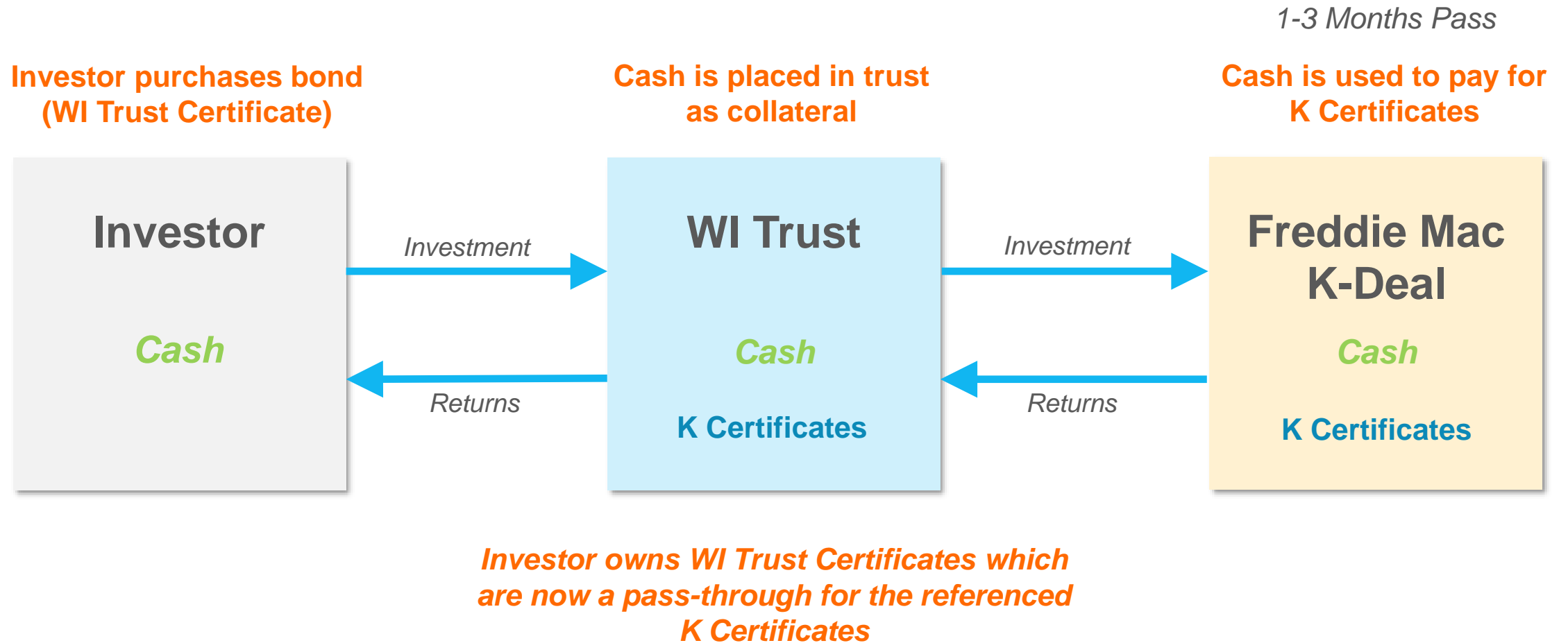
# When-Issued K-Deal<sup>®</sup> Program Overview

**Investor Presentation**

As of December 31, 2023



## What is a WI K-Deal?



## When-Issued K-Deal (WI Trust)

WI Trust Certificates are bonds that offer investors a funded method to purchase certain K Certificates® in advance of the K-Deal settlement, while earning a guaranteed coupon

### What is the difference between our WI Trust Certificates and a forward contract?



Funded at WI settlement



Pays K-Deal returns from settlement

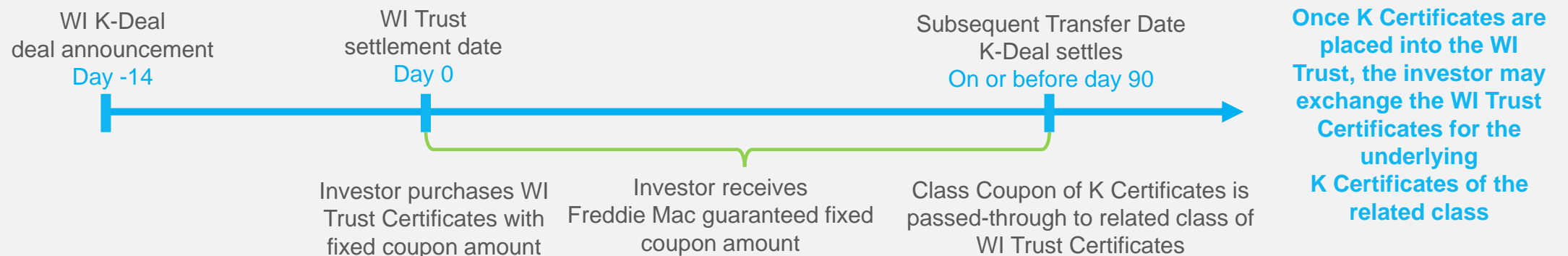


Tradeable in the Depository Trust Company (DTC)

## The WI K-Deal program offers investors a funded way to purchase K Certificates prior to K-Deal settlement

- Investors purchase WI Trust Certificates, which are backed by cash collateral for 90 days or less
- After the WI Trust settlement date and prior to the referenced K-Deal settlement (Pre-Transfer Period), investors of each class of WI Trust Certificates earn a guaranteed fixed coupon amount
- When the referenced K-Deal settles (Subsequent Transfer Date), the WI Trust will replace its cash collateral with the newly issued K Certificates
- Because there are no loans in the trust at the time of the WI Trust settlement, general pool parameters (as defined in the offering docs) will be provided to the investor at the time of WI K-Deal issuance
- At any point after the Subsequent Transfer Date, the investor may, but is not required to, exchange their WI Trust Certificates and receive the underlying K Certificates of the related class

### Hypothetical WI K-Deal Timeline



## WI K-Deal Program Details

### Sale to Investor

- WI Trust Certificates are a funded investment that settles immediately after the WI K-Deal offering period

### Features

- The WI Trust Certificates are tradeable shortly after pricing
- These are public securities backed by the Freddie Mac guarantee

### Term

- Less than or equal to 10.25 years for 10-year fixed-rate K-Deals and 7.25 years for 7-year fixed-rate K-Deals

### Coupon

- Initially fixed coupon amount, then pass-through of class coupon on related class of K Certificates

### Offered Classes

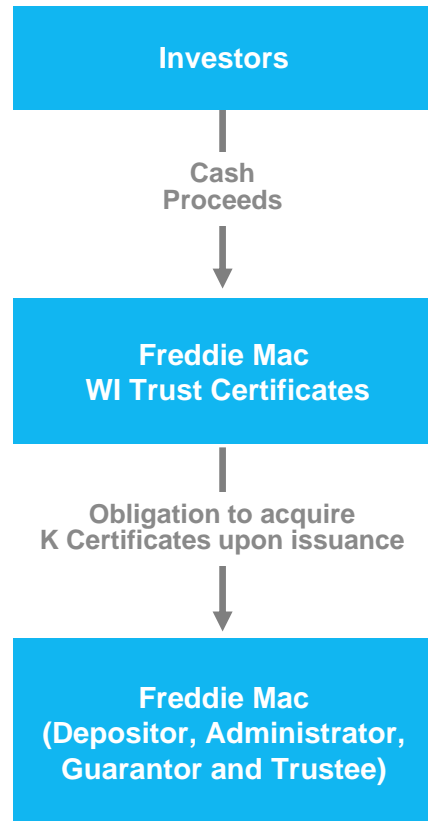
- A-2 and/or A-M classes of 7- and 10-year fixed-rate K-Deals
- If multiple classes of WI Trust Certificates are issued, cash is allocated separately and used to acquire the related class of K Certificates

### NRSRO Ratings

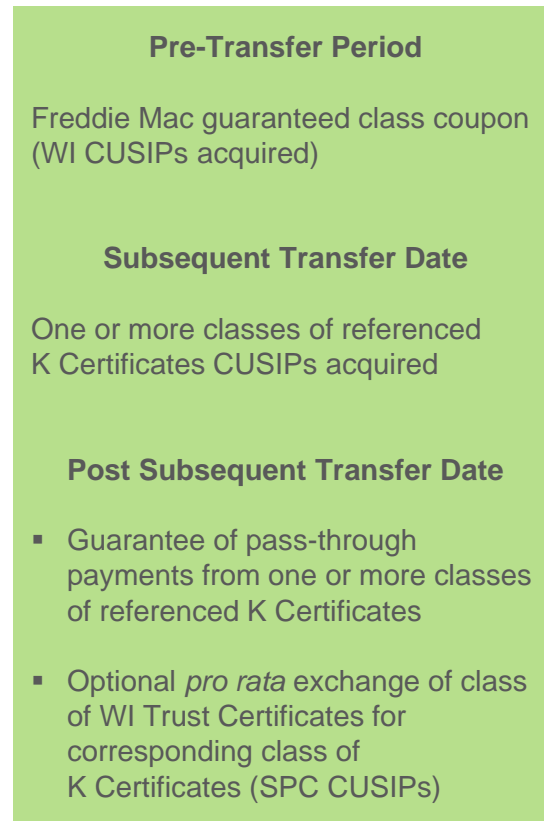
- WI A-2 offered certificates are expected to receive a credit rating of AAA based on the Freddie Mac guarantee only; the subsequent transferred K-Deal A-2 certificates will receive a AAA rating with ongoing surveillance
- WI A-M certificates are not subject to any rating requirements; the subsequent transferred K-Deal A-M certificates will also not be receiving a rating

## Sample Program Structure<sup>1</sup>

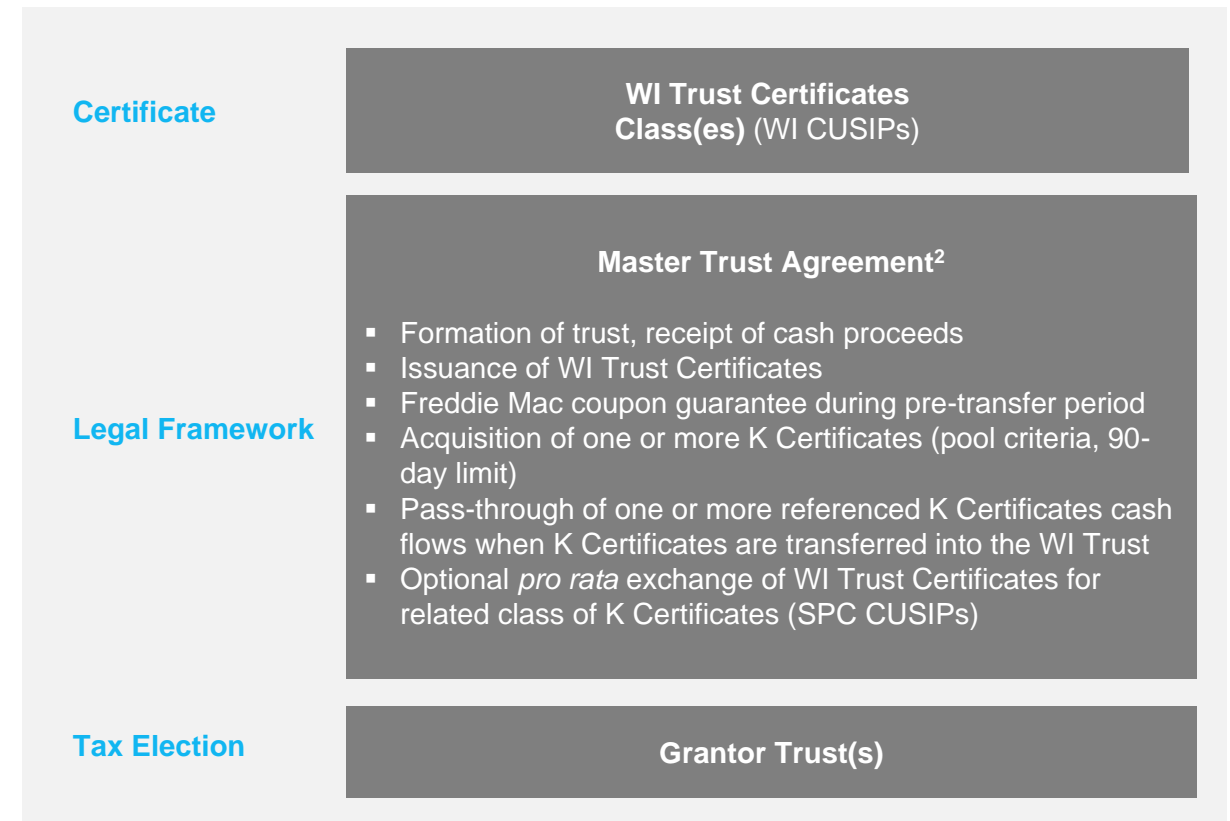
### Forward Commitment between WI and Freddie Mac



### Sequence



### Legal Overview



<sup>1</sup> This sample program structure is intended for informational purposes only and may differ from the program structure for a particular transaction. Please review the offering documents before making your investment decisions.

<sup>2</sup> WI Trust Certificates issued pursuant to Master Trust Agreement and Terms Supplement.

## Pool Parameters

### K-Deal collateral criteria<sup>1</sup> will generally include:

- **Weighted Average (WA) DSCR > 1.25x**
- **Weighted Average LTV < 70%**
- **Student Housing Concentration < 10%**, though typical deals < 5%
- **Seniors Housing Concentration < 10%**, though typical deals < 5%
- **Manufactured Housing Community < 15%**, though typical deals < 10%
- **Largest Loan or Crossed Loan Group Concentration < 15%**
- **Top 10 Loan Concentration < 65%**
- **WA Loan Seasoning ≤ 9 months**
- **Standard Defeasance Call Protection ≥ 90%**

### Historical WA LTV and DSCR<sup>2</sup> (K-100 to K-161)

	WA LTV	WA DSCR
<b>WA</b>	66%	1.60x
<b>Min.</b>	58%	1.32x
<b>Max.</b>	71%	2.02x

<sup>1</sup> The pool parameters for any particular deal may differ from the pool parameters outlined here. Please review the offering documents before making your investment decisions.

<sup>2</sup> Future collateral characteristics may differ from historical averages.

## Tax Considerations

- K-Deal REMIC qualification is not impacted
- For each class of WI Trust Certificates, the arrangement will be treated as a forward contract solely for U.S. federal income tax purposes
- Tax opinions to be provided generally to the effect that:
  - The WI Trust will be classified as one or more “grantor trusts”
  - A transfer of K Certificates to the WI Trust in performance of the forward contract on the K-Deal settlement date will not result in tax gain or loss to an investor
- A redemption of a class of WI Trust Certificates may result in a tax gain or loss to an investor
- Coupon payments prior to the K-Deal settlement date will be treated as payments of U.S.-source income and non-U.S. investors will be subject to U.S. withholding tax

## Automatic Termination

Redemption of each class of WI Trust Certificates if the related class of K Certificates is not delivered in Settlement Window

- Settlement Window: The corresponding class of K Certificates must be delivered into the WI Trust within 90 days. If the window is passed, the related class of WI Trust Certificates will be redeemed at the original principal balance plus a Yield Maintenance Payment (see Yield Maintenance Payment in the attached Appendix) to compensate the investor for changes in reference interest rates. WI Trust automatically terminates if no K Certificates are delivered.



## Appendix A: WI-K162 Transaction Highlights

### Overview of Deal Structure (Pricing Date: November 28, 2023)

Class	Initial Principal or Notional Amount	Pricing Spread	Assumed Weighted Average Life
<b>Offered WIK162 Certificates:</b>			
WI-A2	\$400,000,000	J+69	10.30
WI-AM	\$125,000,000	J+79	10.30
<b>Total Guaranteed</b>	<b>\$525,000,000</b>		

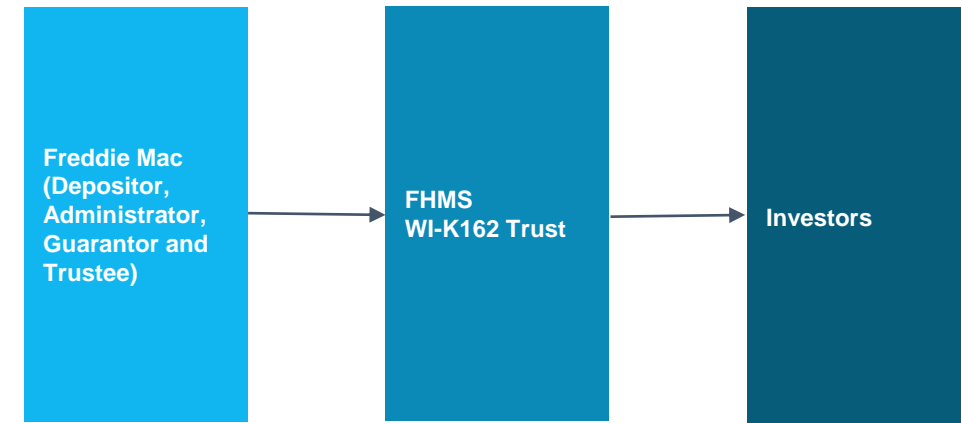
### Pool Parameters<sup>1</sup>

Mortgages Backing the Expected Underlying SPC Classes	Multifamily Fixed-Rate Mortgage Loans
WA DSCR	> 1.25x
WA LTV	< 70%
Student Loan Concentration	< 10%
Seniors Loan Concentration	< 10%
MHC Concentration	< 15%
Largest Loan or Crossed Loan Group Concentration	< 15%
Top 10 Loan Concentration	< 65%
WA Loan Seasoning	≤ 9 months
Standard Defeasance Call Protection	≥ 90%
Minimum Credit Enhancement	5%

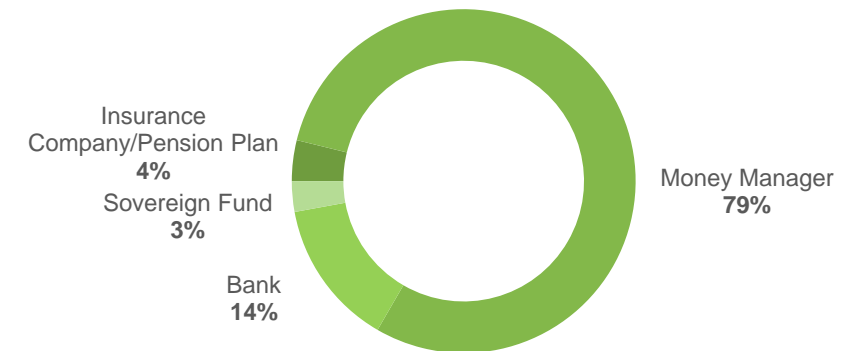
<sup>1</sup> SPCs eligible for transfer to the FHMS WI-K162 Trust will consist of fixed rate, K-Deal SPCs (Class A-2 and A-M SPCs) which will be indirectly backed by a pool of fixed-rate mortgages with the following characteristics (the "Pool Parameters"), among others, as more particularly described in the Offering Circular Supplement.

<sup>2</sup> As of the Closing Date

### Structural Diagram



### Breakdown of Investors (A-M and A-2 Classes)<sup>2</sup>



## Appendix B: Yield Maintenance Payment<sup>1,2</sup>

**Below is a sample Yield Maintenance (YM) payment in the event of an Automatic Termination. The YM payment is intended to compensate an investor who took duration risk.**

**N** – The number of months remaining to a date which is three months before the final payment date (minimum 84 or 120 months)

**Coupon** – The Coupon set at the time of pricing the WI Trust Certificates

**ARR** – At the WI K-Deal Trust termination, the Assumed Reinvestment Rate is set based on the interpolated CMT curve for the remaining term of the WI K-Deal Trust, set five business days before the prepayment date

**PVF** – Present Value of Annuity:  $[1 - (1 / (1 + ARR)^N)] / ARR$

$UPB * [(Coupon/12) - (ARR/12)] * [1 - (1 / (1 + ARR/12))^N] / (ARR/12) = YM\ Due$

<b>UPB</b>	<b>Excess Interest</b>	<b>PV Factor</b>
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**Example** – Coupon = 1.50%, ARR = 1.30%, N = 120 months, Remaining UPB = \$10 million

$10,000,000 * [(1.50\%/12) - (1.30\%/12)] * [1 - (1 / (1 + 1.30\%/12))^{120}] / (1.30\%/12) = \$187,450$

<sup>1</sup> The YM payment for any particular deal may differ from the YM payment outlined here and is computed separately on each class of WI Trust certificates. Please review the offering documents before making your investment decisions.

<sup>2</sup> The YM payment may not be negative and is floored at 0.

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