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**From:** Ugoletti, Mario  
**Sent:** Friday, August 17, 2012 1:55 PM  
**To:** Brereton, Peter  
**Subject:** RE: income sweep payments

There is no short answer, it is basically a variable dividend payment, the mechanism on paying down the liquidation preference is contained in the stock certificate (which is online somewhere) in sections 3 and 4:

Section 3 is optional pay down, really is not any, occurs when:

- (1) Termination of the commitment, which occurs only at liquidation end date, the sellers liabilities have been paid off, or Treasury runs out of money.
- (2) If dividends were paid in kind or the periodic commitment fee was imposed and added to the liquidation preference

Section 4 is the mandatory pay down

- (1) The proceeds from any new issuance of capital stock must be used to pay down the liquidation preference.

Glad to discuss with him, Mario.

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**From:** Brereton, Peter  
**Sent:** Friday, August 17, 2012 1:00 PM  
**To:** Ugoletti, Mario  
**Subject:** FW: income sweep payments

Mario:

Is there a short answer to his question or some link that we can send him? Thanks.

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**From:** Bright, Michael (Corker) [<mailto:Michael.Bright@corker.senate.gov>]  
**Sent:** Friday, August 17, 2012 12:55 PM  
**To:** Brereton, Peter  
**Subject:** RE: income sweep payments

Thanks. How does the "liquidity preference" arrangement work?

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**From:** Brereton, Peter [<mailto:Peter.Brereton@fhfa.gov>]  
**Sent:** Friday, August 17, 2012 12:16 PM  
**To:** Bright, Michael (Corker)  
**Subject:** Re: income sweep payments

The dividend does not paydown the principal. The rest of the SPSA stands meaning that the taxpayer will be paid off only when Treasury exercises its rights under the liquidity preference of the senior preferred.

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**From:** Bright, Michael (Corker) [<mailto:Michael.Bright@corker.senate.gov>]  
**Sent:** Friday, August 17, 2012 11:47 AM  
**To:** Brereton, Peter

**Subject:** income sweep payments

Peter,

Is the "net income sweep" money that goes to paydown principal or is it just basically a variable coupon payment? If the latter, are there mechanisms for paying down the principal of what the GSE's owe Treasury?

Thanks,  
Michael

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