UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the quarterly period ended March 31, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from to

Commission File Number: 001-34139

FreddieMac

Federal Home Loan Mortgage Corporation

(Exact name of registrant as specified in its charter)

Federally chartered corporation	**52-0904874**	**8200 Jones Branch Drive McLean, Virginia**	**22102-3110**	**(703) 903-2000**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*	*(Address of principal executive offices)*	*(Zip Code)*	*(Registrant's telephone number, including area code)*

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	N/A	N/A

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 13, 2021, there were 650,059,553 shares of the registrant's common stock outstanding.

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Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q includes forward-looking statements that are based on current expectations, including the effects the COVID-19 pandemic and the actions taken in response may have on our liquidity, business activities, financial condition, and results of operations, and are subject to significant risks and uncertainties. These forward-looking statements are made as of the date of this Form 10-Q. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date of this Form 10-Q. Actual results might differ significantly from those described in or implied by such statements due to various factors and uncertainties, including those described in the **MD&A - Forward-Looking Statements** *section of this Form 10-Q and the* **Introduction** *and* **Risk Factors** *sections of our Annual Report on Form 10-K for the year ended December 31, 2020, or 2020 Annual Report.*

Throughout this Form 10-Q, we use certain acronyms and terms that are defined in the **Glossary** *of our 2020 Annual Report.*

You should read the following **MD&A** *in conjunction with our 2020 Annual Report and our condensed consolidated financial statements and accompanying notes for the three months ended March 31, 2021 included in* **Financial Statements***.*

INTRODUCTION

Freddie Mac is a GSE chartered by Congress in 1970. Our public mission is to provide liquidity, stability, and affordability to the U.S. housing market. We do this primarily by purchasing residential mortgage loans originated by lenders. In most instances, we package these loans into guaranteed mortgage-related securities, which are sold in the global capital markets, and transfer interest-rate and liquidity risks to third-party investors. In addition, we transfer mortgage credit risk exposure to third-party investors through our credit risk transfer programs, which include securities- and insurance-based offerings. We also invest in mortgage loans and mortgage-related securities. We do not originate loans or lend money directly to mortgage borrowers.

We support the U.S. housing market and the overall economy by enabling America's families to access mortgage loan funding with better terms and by providing consistent liquidity to the single-family and multifamily mortgage markets. We have helped many distressed borrowers keep their homes or avoid foreclosure and have helped many distressed renters avoid eviction. We are working with FHFA, our customers, and the industry to build a better housing finance system for the nation.

COVID-19 Pandemic Response Efforts

During 1Q 2021, the COVID-19 pandemic continued to have adverse effects on the U.S. economy, although the economy showed signs of improvement as vaccination rates increased and the federal government continued to provide economic stimulus. In addition, the housing market has continued to perform well during the pandemic. Throughout the pandemic, we have remained focused on serving our mission and the crucial role we play in the U.S. housing finance system while supporting the health and safety of our communities, customers, and staff. We continue to actively monitor the effects of the pandemic and to make decisions based on guidance from national, state, and local governments and public health authorities, including the U.S. CDC. More than 95% of our staff continued to work remotely as of March 31, 2021.

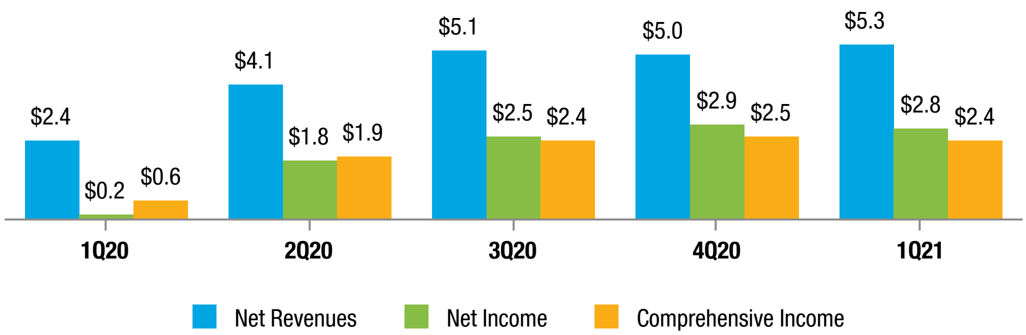
We have taken actions to help homeowners with Freddie Mac-owned mortgages who are directly or indirectly affected by the COVID-19 pandemic stay in their homes during this challenging time. We have also provided support to the multifamily mortgage market. For additional information on our support of the mortgage markets during the pandemic, see **MD&A - Our Business Segments *- Single-Family***, **MD&A - Our Business Segments *- Multifamily***, **MD&A - Risk Management *- Credit Risk - Single-Family Mortgage Credit Risk,*** and **MD&A - Risk Management - *Credit Risk - Multifamily Mortgage Credit Risk***.

Business Results

Consolidated Financial Results

Net Revenues, Net Income, and Comprehensive Income

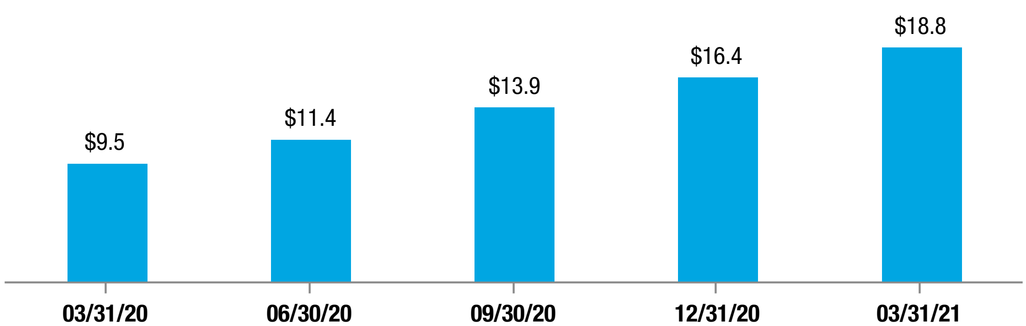
(In billions)



- Net income was $2.8 billion for 1Q 2021, an increase of $2.6 billion year-over-year. Comprehensive income was $2.4 billion for 1Q 2021, an increase of $1.8 billion year-over-year. The increases in both net income and comprehensive income were driven by higher net revenues and lower credit-related expense.
- Net revenues increased 118% year-over-year to $5.3 billion, primarily due to higher net interest income and higher net investment gains.

Net Worth

(In billions)

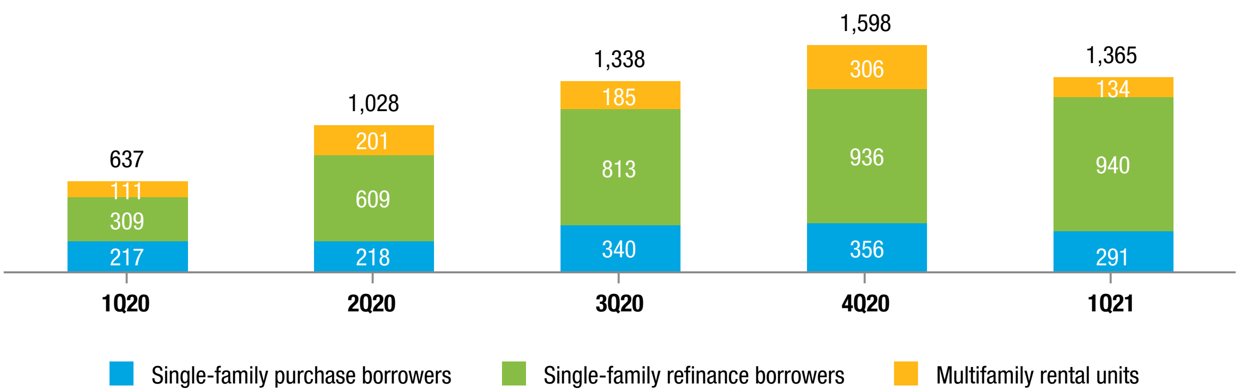


- Net worth was $18.8 billion as of March 31, 2021, up from $16.4 billion as of December 31, 2020.
- Pursuant to the January 2021 Letter Agreement, the liquidation preference of the senior preferred stock increased from $86.5 billion on December 31, 2020 to $89.1 billion on March 31, 2021 based on the $2.5 billion increase in our Net Worth Amount during 4Q 2020, and will increase to $91.4 billion on June 30, 2021 based on the $2.4 billion increase in our Net Worth Amount during 1Q 2021.

Market Liquidity

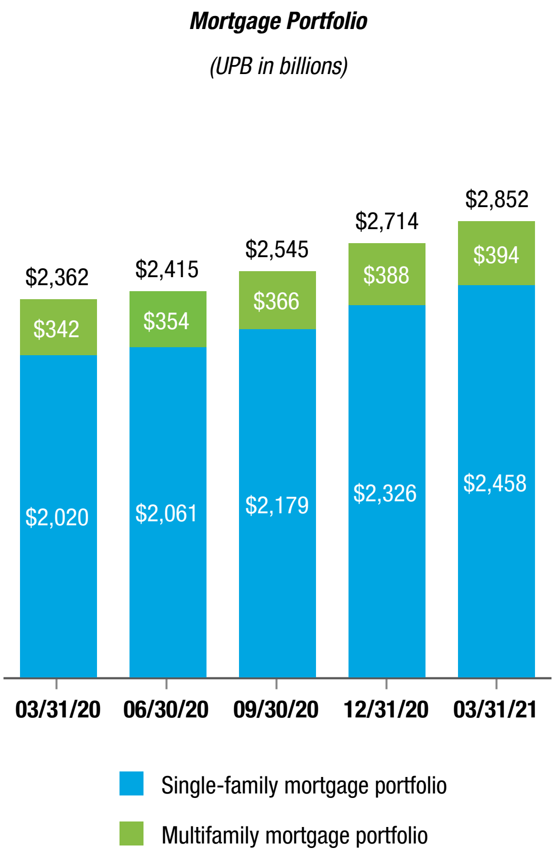
Market Liquidity

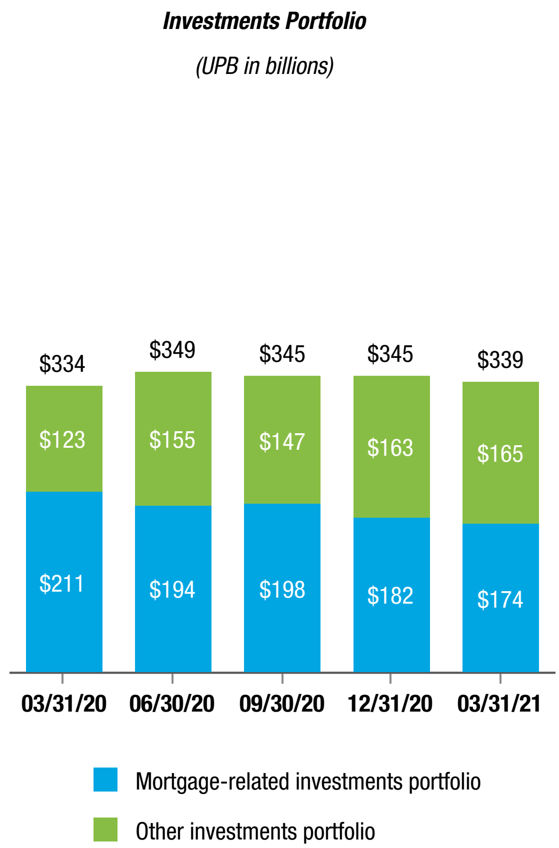
(In thousands)



We support the U.S. housing market by executing our Charter Mission to provide liquidity and help maintain credit availability for new and refinanced single-family mortgages as well as for rental housing. We provided $377 billion in liquidity to the mortgage market in 1Q 2021, which enabled the financing of nearly 1.4 million home purchases, refinancings, and rental units. Single-family refinance activity increased year-over-year, as borrowers continued to take advantage of low mortgage interest rates during 1Q 2021.

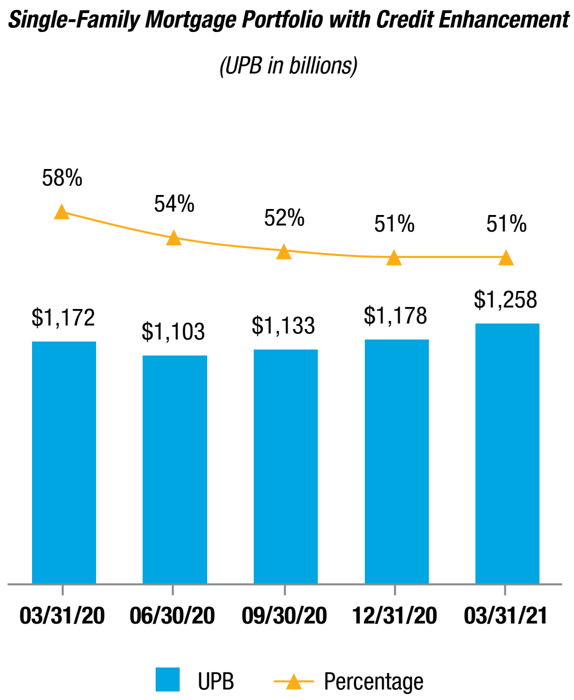
Portfolio Balances

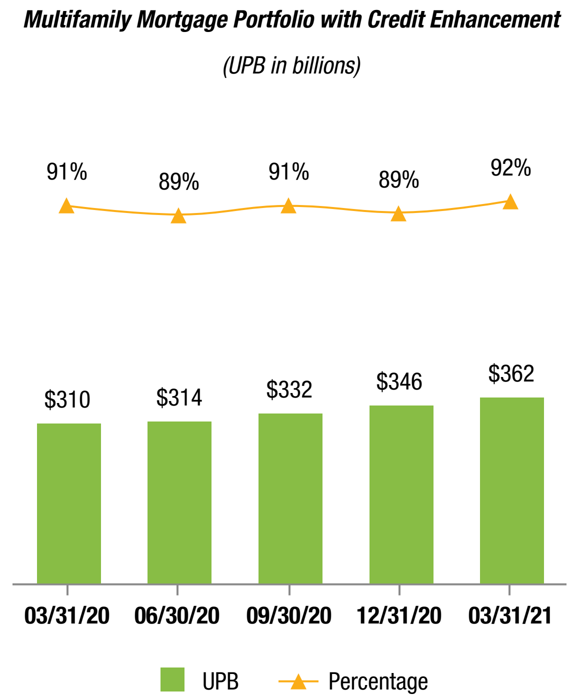




- Our total mortgage portfolio increased 21% year-over-year to $2,852 billion, driven by a 22% increase in our single-family mortgage portfolio and a 15% increase in our multifamily mortgage portfolio.
  - The growth in our single-family mortgage portfolio was primarily driven by higher new business activity. Additionally, continued house price appreciation contributed to new business acquisitions having a higher average loan size compared to older vintages that continued to run off.
  - The growth in our multifamily mortgage portfolio was primarily driven by increased loan purchase and securitization activity attributable to continued high demand for multifamily financing.
- Our total investments portfolio increased 1% year-over-year to $339 billion, primarily due to an increase in our other investments portfolio, partially offset by a decrease in our mortgage-related investments portfolio.
  - The increase in our other investments portfolio was driven by higher loan prepayments and increased near-term cash needs for higher expected single-family cash window loan purchases, as well as our compliance with updated minimum liquidity requirements established by FHFA that have been in effect since December 2020.
  - Since 2019, FHFA has instructed us to maintain the mortgage-related investments portfolio at or below $225 billion at all times and to include 10% of the notional value of certain interest-only securities we own in the calculation of this portfolio. Pursuant to the January 2021 Letter Agreement, the Purchase Agreement currently caps our mortgage-related investments portfolio at $250 billion, and the calculation of mortgage assets subject to this cap also includes 10% of the notional value of our interest-only securities. At the end of 2022, the Purchase Agreement cap will be lowered from $250 billion to $225 billion. With respect to composition, in August 2020, FHFA instructed us to further limit the amount and type of assets we hold in our mortgage-related investments portfolio. For more information on limits to our mortgage-related investments portfolio, see **MD&A - Our Portfolios - *Investments Portfolio - Mortgage-Related Investments Portfolio***.

Credit Risk Transfer





In addition to transferring interest-rate and liquidity risk to third-party investors through our securitization activities, we have developed CRT programs that distribute mortgage credit risk to third-party investors. We regularly transfer a portion of the credit risk, primarily on recently acquired loans, with 51% of our single-family mortgage portfolio and 92% of our multifamily mortgage portfolio covered by credit enhancements as of March 31, 2021. Credit enhancement coverage of the singe-family mortgage portfolio decreased year-over-year, primarily due to a higher proportion of recently acquired loans with lower LTV ratios and the high volume of new business activity which has not been included in CRT transactions yet, but may be included in future periods. See **MD&A - Our Business Segments - Single-Family Guarantee - *Business Overview - Products and Activities*** and **MD&A - Our Business Segments - Multifamily - *Business Overview - Products and Activities*** for additional information on our credit enhancements.

Business Segments

During 1Q 2021, our chief operating decision maker began making decisions about allocating resources and assessing segment performance based on two reportable segments, Single-family and Multifamily. Prior to 1Q 2021, we managed our business based on three reportable segments, Single-family Guarantee, Multifamily, and Capital Markets.

For additional information on our change in segment reporting presentation, see **MD&A - Our Business Segments** and **Note 15.**

Conservatorship and Government Support for Our Business

Since September 2008, we have been operating in conservatorship, with FHFA as our Conservator. The conservatorship and related matters significantly affect our management, business activities, financial condition, and results of operations. Our future is uncertain, and the conservatorship has no specified termination date. We do not know what changes may occur to our business model during or following conservatorship, including whether we will continue to exist.

In connection with our entry into conservatorship, we entered into the Purchase Agreement with Treasury, under which we issued Treasury both senior preferred stock and a warrant to purchase common stock. The senior preferred stock and warrant were issued as an initial commitment fee in consideration for Treasury's commitment to provide funding to us under the Purchase Agreement. Our Purchase Agreement with Treasury is critical to keeping us solvent and avoiding the appointment of a receiver by FHFA under statutory mandatory receivership provisions. We believe that the support provided by Treasury pursuant to the Purchase Agreement currently enables us to have adequate liquidity to conduct normal business activities.

Our Purchase Agreement with Treasury significantly affects our business activities, including by: limiting our secondary market activities; the amount and type of single-family and multifamily loans we can acquire; the amount of indebtedness we can incur; the size of our mortgage-related investments portfolio; and our ability to pay dividends, transfer certain assets, raise capital, pay down the liquidation preference of the senior preferred stock, and exit conservatorship.

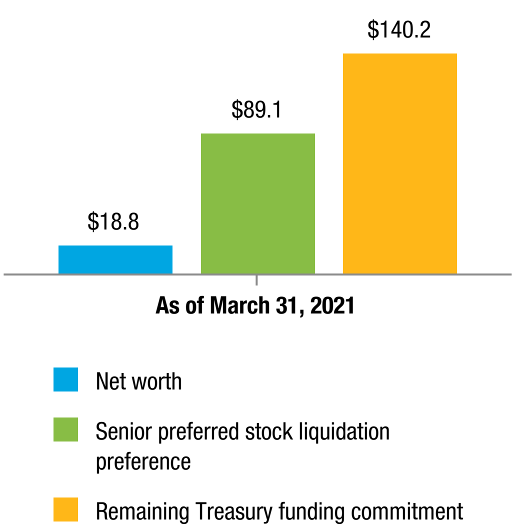
Treasury, as the holder of the senior preferred stock, is entitled to receive cumulative quarterly cash dividends, when, as, and if declared by the Board of Directors. The dividends we have paid to Treasury on the senior preferred stock have been declared by, and paid at the direction of, the Conservator, acting as successor to the rights, titles, powers, and privileges of the Board.

Under the August 2012 amendment to the Purchase Agreement, our cash dividend requirement each quarter is the amount, if any, by which our Net Worth Amount at the end of the immediately preceding fiscal quarter, less the applicable Capital Reserve Amount, exceeds zero. Pursuant to the January 2021 Letter Agreement, the applicable Capital Reserve Amount is the amount of adjusted total capital necessary to meet the capital requirements and buffers set forth in the ERCF. This Capital Reserve Amount will remain in effect until the last day of the second fiscal quarter during which we have reached and maintained such level of capital (the Capital Reserve End Date). As a result of increases in the applicable Capital Reserve Amount since December 2017, we have been able to retain earnings and build capital, but the increases in our Net Worth Amount have been, or will be, added to the aggregate liquidation preference of the senior preferred stock. If for any reason we were not to pay our dividend requirement on the senior preferred stock in full in any future period until the Capital Reserve End Date, the unpaid amount would be added to the liquidation preference and the applicable Capital Reserve Amount would thereafter be zero. This would not affect our ability to draw funds from Treasury at the request of FHFA, our Conservator, under the Purchase Agreement. After the Capital Reserve End Date, we will be subject to a new periodic cash dividend requirement, as well as a periodic commitment fee to be agreed upon with Treasury in consultation with the Chairman of the Federal Reserve.

The graphs below show our net worth, the liquidation preference of the senior preferred stock, the remaining amount of Treasury's funding commitment to us, the cumulative senior preferred stock dividends we have paid to Treasury, and the cumulative funds we have drawn from Treasury pursuant to its funding commitment.

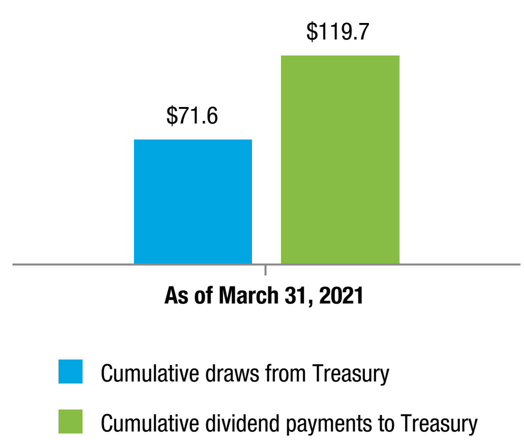
Net Worth, Liquidation Preference, and Treasury Funding Commitment

(In billions)



Draws and Dividend Payments

(In billions)



Pursuant to the Purchase Agreement and terms of the senior preferred stock, both as amended:

- Our Net Worth Amount was $18.8 billion as of March 31, 2021, up from $16.4 billion as of December 31, 2020. As our Net Worth Amount as of December 31, 2020 was below the amount necessary to meet the capital requirements and buffers set forth in the ERCF, we did not have a dividend requirement to Treasury on the senior preferred stock for 1Q 2021, and we will not have a dividend requirement on the senior preferred stock until we reach such capital levels.
- The liquidation preference of the senior preferred stock increased from $86.5 billion on December 31, 2020 to $89.1 billion on March 31, 2021 based on the $2.5 billion increase in our Net Worth Amount during 4Q 2020, and will increase to $91.4 billion on June 30, 2021 based on the $2.4 billion increase in our Net Worth Amount during 1Q 2021.

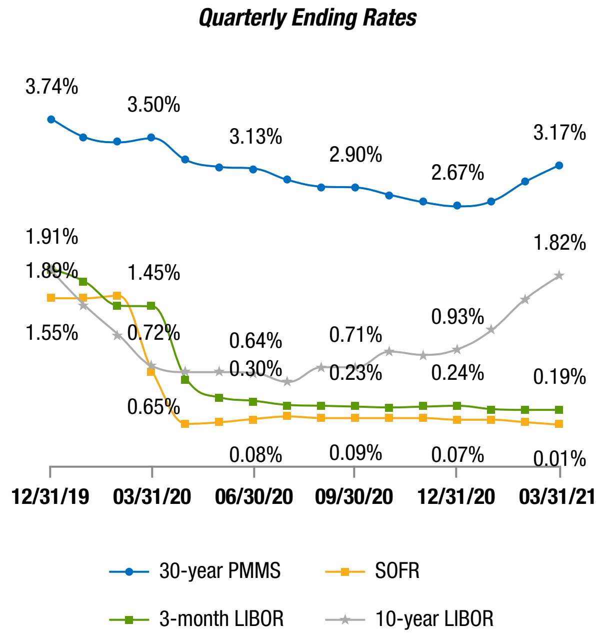
At March 31, 2021, our assets exceeded our liabilities under GAAP; therefore, no draw is being requested from Treasury under the Purchase Agreement. As of March 31, 2021, our aggregate funding received from Treasury under the Purchase Agreement was $71.6 billion. The remaining Treasury commitment under the Purchase Agreement was $140.2 billion at March 31, 2021, and will be reduced by any future draws.

For more information on the conservatorship and government support for our business, including our dividend requirements on and increases in the liquidation preference of the senior preferred stock, see **Note 2**.

MARKET CONDITIONS AND ECONOMIC INDICATORS

The following graphs and related discussions present certain market and macroeconomic indicators that can significantly affect our business and financial results.

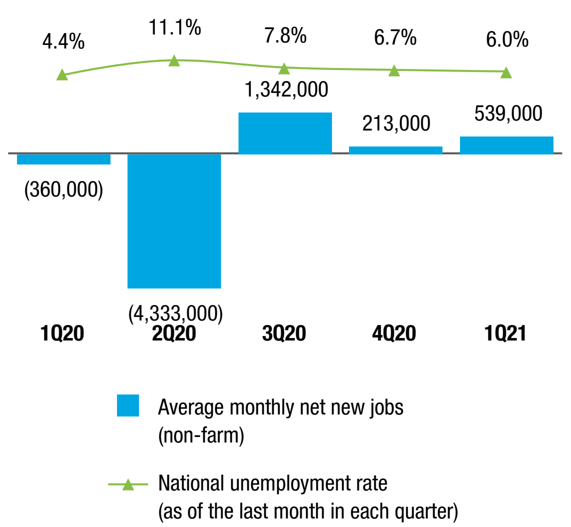
Interest Rates[1]



(1) 30-year PMMS interest rates are as of the last week in each quarter. SOFR interest rates are 30-day average rates.

- The 30-year Primary Mortgage Market Survey (PMMS) interest rate is indicative of what a consumer could expect to be offered on a first-lien prime conventional conforming home purchase mortgage with an LTV of 80%. Increases (decreases) in the PMMS rate typically result in decreases (increases) in refinancing activity and total originations.
- Changes in the 10-year LIBOR interest rate and other benchmark rates can significantly affect the fair value of our financial instruments. We have elected hedge accounting for certain assets and liabilities in an effort to reduce GAAP earnings variability attributable to changes in benchmark interest rates.
- Changes in the 3-month LIBOR rate affect interest expense on our short-term funding.
- SOFR is a benchmark rate for secured overnight dollar-denominated financing identified by certain banking regulators and market participants as a potential replacement for LIBOR. SOFR affects the interest earned on our short-term investments.
- The yield curve steepened during 1Q 2021, as short-term rates remained near zero while longer-term rates increased significantly during the quarter.

Unemployment Rate and Monthly Net New Jobs

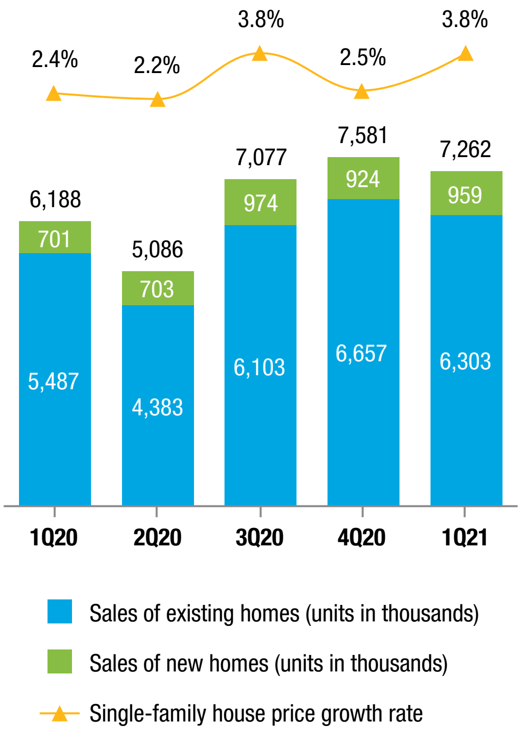


Source: U.S. Bureau of Labor Statistics.

- Changes in the national unemployment rate can affect several market factors, including the demand for both single-family and multifamily housing and loan delinquency rates.
- In response to the COVID-19 pandemic, many state and local governments enacted measures designed to curb the spread of COVID-19 that have severely curtailed economic activity and significantly increased unemployment levels. While the labor market has improved, it has yet to make a full recovery from the effects of the pandemic. The improved availability of a COVID-19 vaccine and its widespread distribution are contributing to the easing of government restrictions and driving economic growth, which may help reduce unemployment levels.

Single-Family Housing and Mortgage Market Conditions

U.S. Single-Family Home Sales and House Prices

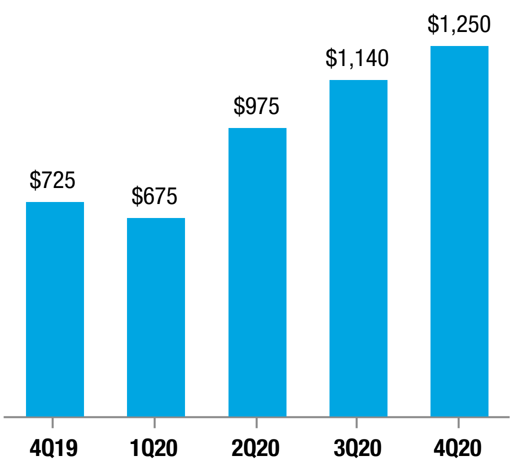


Sources: National Association of Realtors, U.S. Census Bureau, and Freddie Mac House Price Index.

- Low interest rates and increased time at home as a result of the COVID-19 pandemic (such as for health and safety reasons, remote work, or virtual learning) drove significant increases in home sales in 2020. Mortgage rates increased in 1Q 2021, and we expect them to continue to increase through the end of 2022. In addition, there is a supply shortage of single family homes for sale. Both of these factors could lead to lower purchase volumes. Freddie Mac's single-family loan purchase volumes typically follow a similar trend.
- Changes in house prices affect the amount of equity that borrowers have in their homes. Borrowers with less equity typically have higher delinquency rates.
- Single-family house prices increased 3.8% during 1Q 2021, compared to an increase of 2.4% during 1Q 2020. We expect house price growth to moderate in 2021.

U.S. Single-Family Mortgage Originations

(UPB in billions)

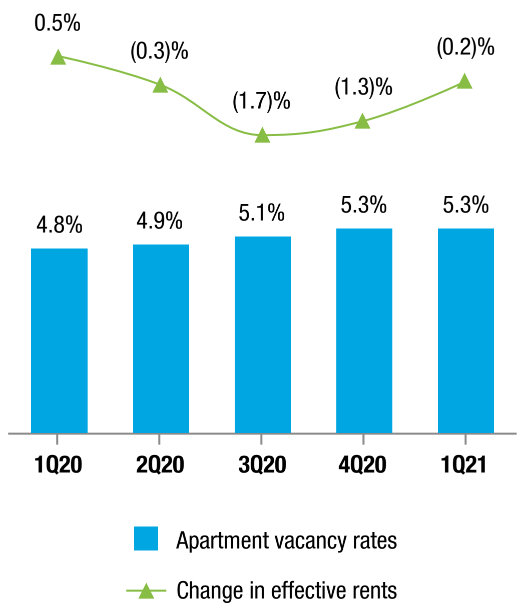


Source: Inside Mortgage Finance. 1Q 2021 U.S. single-family mortgage originations data is not yet available.

- U.S. single-family loan origination volumes increased to $1,250 billion in 4Q 2020 from $725 billion in 4Q 2019 as a result of low average mortgage interest rates, higher home sales, and increasing house prices.

Multifamily Housing and Mortgage Market Conditions

Apartment Vacancy Rates and Change in Effective Rents

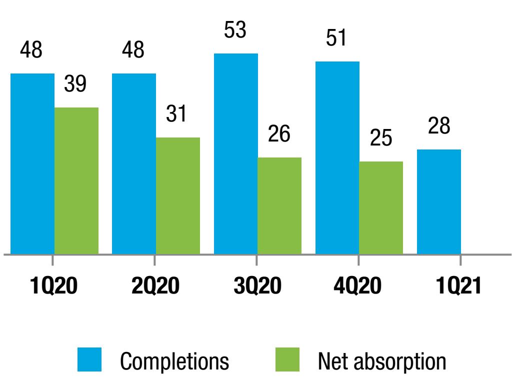


Source: Reis.

- Vacancy rates remained flat during 1Q 2021 and slightly below the long-term average (between 2000 and 1Q 2021) of 5.4% as new completions were near historic lows over the past year due to the lingering effects of the COVID-19 pandemic on construction. However, vacancy rates may increase in the future when the COVID-19 relief programs expire in the second half of 2021.
- Effective rent growth (i.e., the average rent paid by the renter over the term of the lease, adjusted for concessions by the landlord and costs borne by the renter) was negative at a national level in 1Q 2021; however, positive rent growth was seen in over 60% of the geographic markets. While negative, the national rent growth rate improved relative to its low point in 3Q 2020, a trend we expect to continue for the remainder of 2021.
- Despite slightly negative effective rent growth and flat vacancy rates, multifamily property prices grew 2.1% in 1Q 2021, as investors continued to believe there was a need for additional rental housing in the U.S. and the overall investment environment remained attractive given low interest rates and continued stress in other commercial property types (e.g., office, retail, hotel).

Apartment Completions and Net Absorption

(Units in thousands)



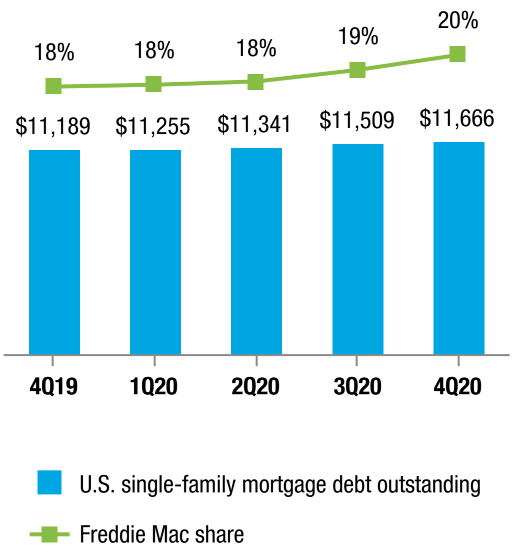
Source: Reis. 1Q 2021 net absorption data is not yet available.

- We expect that both supply and demand for rental housing will be affected over the next year or two due to the COVID-19 pandemic, which will flow through to multifamily market fundamentals.
- Although we expect the increase in demand observed in late 2020 to continue into 2021, new completions are expected to be elevated and are likely to outpace absorptions.

Mortgage Debt Outstanding

Single-Family Mortgage Debt Outstanding

(UPB in billions)

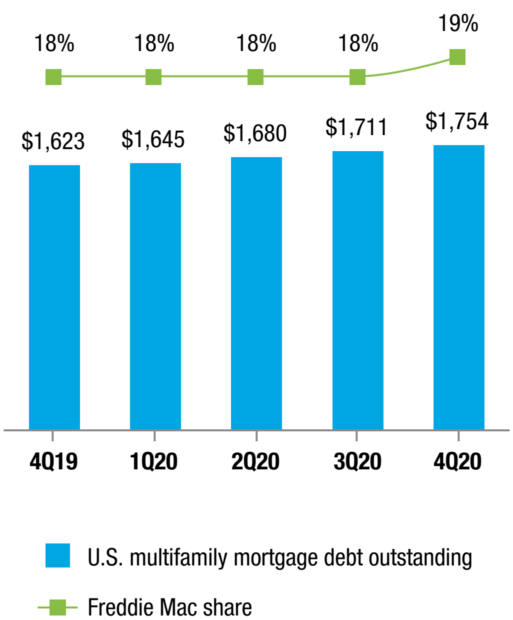


Source: Federal Reserve Financial Accounts of the United States of America. 1Q 2021 U.S. single-family mortgage debt outstanding data is not yet available.

- U.S. single-family mortgage debt outstanding is expected to increase year-over-year, primarily driven by house price appreciation. An increase in U.S. single-family mortgage debt outstanding typically results in the growth of our single-family mortgage portfolio.

Multifamily Mortgage Debt Outstanding

(UPB in billions)

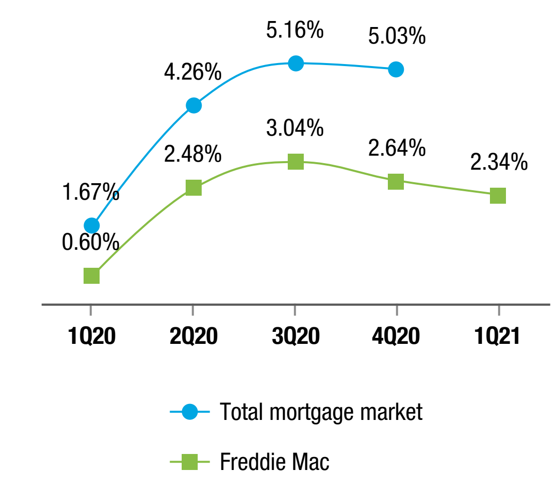


Source: Federal Reserve Financial Accounts of the United States of America. 1Q 2021 U.S. multifamily mortgage debt outstanding data is not yet available.

- Our share of total multifamily mortgage debt outstanding increased in 4Q 2020 as we accounted for a larger share of total multifamily mortgage debt origination volume. This growth in our share of debt origination volume was driven by our efforts during 2020 to serve a countercyclical role while other market participants reduced their presence.

Delinquency Rates

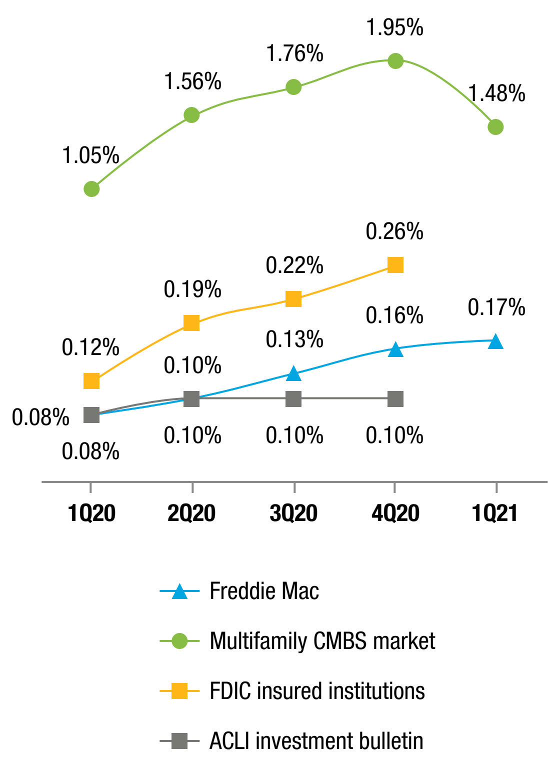
Single-Family Serious Delinquency Rates



Source: National Delinquency Survey from the Mortgage Bankers Association. 1Q 2021 total mortgage market rate is not yet available.

- Our single-family serious delinquency rate is based on the number of loans in our single-family mortgage portfolio that are three monthly payments or more past due or in the process of foreclosure. We report single-family loans in forbearance as delinquent during the forbearance period to the extent that payments are past due based on the loans' original contractual terms, irrespective of the forbearance plan.
- Our single-family serious delinquency rate increased year-over-year, driven by loans in forbearance due to the effects of the COVID-19 pandemic, but declined quarter-over-quarter, due primarily to forbearance exits. 56% of the seriously delinquent loans at March 31, 2021 were covered by credit enhancements that may partially reduce our credit risk exposure to these loans.
- We expect our single-family serious delinquency rate to remain elevated as a result of the COVID-19 pandemic and the forbearance programs we are offering in response.

Multifamily Delinquency Rates



Source: Freddie Mac, FDIC Quarterly Banking Profile, Intex Solutions, Inc., and Wells Fargo Securities (Multifamily CMBS market, excluding REOs), American Council of Life Insurers (ACLI). The 1Q 2021 delinquency rates for FDIC insured institutions and ACLI investment bulletin are not yet available.

- Our multifamily delinquency rate is based on the UPB of loans in our multifamily mortgage portfolio that are two monthly payments or more past due or in the process of foreclosure. We report multifamily loans in forbearance as current as long as the borrowers are in compliance with their forbearance agreement, including the agreed upon repayment plan.
- Our multifamily delinquency rate was higher as of March 31, 2021 compared to March 31, 2020, due to the effects of the COVID-19 pandemic, but remains low compared to many other market participants. See ***MD&A - Risk Management - Credit Risk - Multifamily Mortgage Credit Risk*** for additional information on our delinquency and forbearance rates.
- Multifamily delinquency rates could increase further in the near term due to the continuing effects of the COVID-19 pandemic. However, our credit enhancement coverage will partially reduce our credit risk exposure from these loans. See ***MD&A - Risk Management - Credit Risk - Multifamily Mortgage Credit Risk*** for additional information.

CONSOLIDATED RESULTS OF OPERATIONS

The discussion of our consolidated results of operations should be read in conjunction with our condensed consolidated financial statements and accompanying notes.

The table below compares our summarized consolidated results of operations.

Table 1 - Summary of Condensed Consolidated Statements of Comprehensive Income (Loss)

			Change	
(Dollars in millions)	1Q 2021	1Q 2020	$	%
Net interest income	$3,639	$2,785	$854	31 %
Guarantee fee income	248	377	(129)	(34)
Investment gains (losses), net	1,208	(835)	2,043	245
Other income (loss)	178	95	83	87
Net revenues	**5,273**	**2,422**	**2,851**	**118**
Benefit (provision) for credit losses	196	(1,233)	1,429	116
Credit enhancement expense	(335)	(231)	(104)	(45)
Benefit for (decrease in) credit enhancement recoveries	(257)	467	(724)	(155)
REO operations expense	(8)	(85)	77	91
Credit-related expense	**(404)**	**(1,082)**	**678**	**63**
Administrative expense	(639)	(587)	(52)	(9)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(534)	(432)	(102)	(24)
Other expense	(215)	(103)	(112)	(109)
Operating expense	**(1,388)**	**(1,122)**	**(266)**	**(24)**
Income (loss) before income tax (expense) benefit	**3,481**	**218**	**3,263**	**1,497**
Income tax (expense) benefit	(714)	(45)	(669)	(1,487)
Net income (loss)	**2,767**	**173**	**2,594**	**1,499**
Total other comprehensive income (loss), net of taxes and reclassification adjustments	(389)	449	(838)	(187)
Comprehensive income (loss)	**$2,378**	**$622**	**$1,756**	**282 %**

Net Revenues

Net Interest Income

The table below presents the components of net interest income.

Table 2 - Components of Net Interest Income

(Dollars in millions)	1Q 2021	1Q 2020	Change $	Change %
Guarantee net interest income:				
Contractual net interest income	$1,825	$1,184	$641	54 %
Net interest income related to the Temporary Payroll Tax Cut Continuation Act of 2011	555	429	126	29
Deferred fee income	1,019	552	467	85
Total guarantee net interest income	**3,399**	**2,165**	**1,234**	**57**
Investments net interest income:				
Contractual net interest income and amortization	1,096	1,210	(114)	(9)
Interest expense related to CRT debt	(147)	(240)	93	39
Total investments net interest income	**949**	**970**	**(21)**	**(2)**
Income (expense) from hedge accounting	(709)	(350)	(359)	(103)
Net interest income	**$3,639**	**$2,785**	**$854**	**31 %**

Key Drivers:

- **Guarantee contractual net interest income and deferred fee income**
  - **1Q 2021 vs. 1Q 2020** - Increased primarily due to the continued growth in the single-family mortgage portfolio, a higher deferred fee balance, and faster loan prepayments as a result of the low mortgage interest rate environment.
- **Investments contractual net interest income and amortization**
  - **1Q 2021 vs. 1Q 2020** - Decreased primarily due to a change in our investment mix as the lower-yielding other investments portfolio represented a larger percentage of our total investments portfolio, partially offset by lower funding costs.
- **Interest expense related to CRT debt**
  - **1Q 2021 vs. 1Q 2020** - Decreased primarily due to a decline in volume as we no longer issue STACR debt notes on a regular basis.
- **Income (expense) from hedge accounting**
  - **1Q 2021 vs. 1Q 2020** - Expense increased primarily due to amortization of hedge accounting-related basis adjustments driven by faster prepayments, partially offset by higher income related to accruals of periodic cash settlements on derivatives in hedging relationships.

Net Interest Yield Analysis

The table below presents an analysis of interest-earning assets and interest-bearing liabilities.

Table 3 - Analysis of Net Interest Yield

	1Q 2021			1Q 2020		
(Dollars in millions)	Average Balance	Interest Income (Expense)	Average Rate	Average Balance	Interest Income (Expense)	Average Rate
Interest-earning assets:						
Cash and cash equivalents	$65,143	$3	0.02 %	$12,232	$21	0.68 %
Securities purchased under agreements to resell	80,281	17	0.08	72,291	261	1.44
Secured lending	5,601	17	1.27	3,680	26	2.72
Mortgage-related securities, net	29,089	574	7.89	45,001	529	4.71
Non-mortgage-related securities	27,592	36	0.53	28,616	123	1.71
Loans held by consolidated trusts[(1)]	2,349,324	12,526	2.13	1,964,613	15,857	3.23
Loans held by Freddie Mac[(1)]	104,001	729	2.80	78,406	775	3.95
Total interest-earning assets	**2,661,031**	**13,902**	**2.09**	**2,204,839**	**17,592**	**3.19**
Interest-bearing liabilities:						
Debt securities of consolidated trusts held by third parties	2,342,060	(9,756)	(1.67)	1,901,467	(13,447)	(2.83)
Debt of Freddie Mac:						
Short-term debt	13,491	(2)	(0.06)	119,222	(430)	(1.43)
Long-term debt	261,382	(505)	(0.77)	170,471	(930)	(2.18)
Total debt of Freddie Mac	**274,873**	**(507)**	**(0.74)**	**289,693**	**(1,360)**	**(1.87)**
Total interest-bearing liabilities	**2,616,933**	**(10,263)**	**(1.57)**	**2,191,160**	**(14,807)**	**(2.70)**
Impact of net non-interest-bearing funding	44,098	—	0.03	13,679	—	0.02
Total funding of interest-earning assets	**2,661,031**	**(10,263)**	**(1.54)**	**2,204,839**	**(14,807)**	**(2.68)**
Net interest income/yield		**$3,639**	**0.55 %**		**$2,785**	**0.51 %**

(1) Loan fees, primarily consisting of amortization of upfront fees, included in interest income were $983 million and $838 million for loans held by consolidated trusts and $23 million and $21 million for loans held by Freddie Mac during 1Q 2021 and 1Q 2020, respectively.

Guarantee Fee Income

The table below presents the components of guarantee fee income.

Table 4 - Components of Guarantee Fee Income

			Change	
(Dollars in millions)	1Q 2021	1Q 2020	$	%
Contractual guarantee fees	$285	$240	$45	19 %
Guarantee obligation amortization	272	220	52	24
Guarantee asset fair value changes	(309)	(83)	(226)	(272)
Guarantee fee income	**$248**	**$377**	**($129)**	**(34)%**

Key Drivers:

- **1Q 2021 vs. 1Q 2020** - Decreased as continued growth in our multifamily guarantee portfolio was more than offset by higher fair value losses on our multifamily guarantee assets as a result of an increase in long-term interest rates. As most multifamily loans are not prepayable without penalty, increases in interest rates generally result in lower multifamily guarantee asset fair values.

Investment Gains (Losses), Net

The table below presents the components of investment gains (losses), net.

Table 5 - Components of Investment Gains (Losses), Net

			Change	
(Dollars in millions)	1Q 2021	1Q 2020	$	%
Mortgage loans gains (losses)	$206	$1,172	($966)	(82)%
Investment securities gains (losses)	(507)	1,055	(1,562)	(148)
Debt gains (losses)	138	700	(562)	(80)
Derivative gains (losses)	1,371	(3,762)	5,133	136
Investment gains (losses), net	**$1,208**	**($835)**	**$2,043**	**245 %**

Mortgage Loans Gains (Losses)

The table below presents the components of mortgage loans gains (losses).

Table 6 - Components of Mortgage Loans Gains (Losses)

			Change	
(Dollars in millions)	1Q 2021	1Q 2020	$	%
Single-family:				
Gains (losses) on mortgage loans	$44	($22)	$66	300 %
Multifamily:				
Gains (losses) on certain loan purchase commitments	195	532	(337)	(63)
Gains (losses) on mortgage loans	(33)	662	(695)	(105)
Total Multifamily	**162**	**1,194**	**(1,032)**	**(86)**
Mortgage loans gains (losses)	**$206**	**$1,172**	**($966)**	**(82)%**

Key Drivers:

- **1Q 2021 vs. 1Q 2020** - Decreased as tighter spreads and higher margins on multifamily loan commitments were more than offset by interest-rate related fair value losses due to the increase in long-term interest rates in 1Q 2021. We economically hedge our interest rate exposure on loan commitments and mortgage loans using interest-rate risk management derivatives. The offsetting effects of these derivatives are recognized in derivative gains (losses). 1Q 2020 included interest rate-related gains due to the significant decrease in interest rates during 1Q 2020, partially offset by significant spread-related losses as a result of the market volatility caused by the COVID-19 pandemic.

Investment Securities Gains (Losses)

The table below presents the components of investment securities gains (losses).

Table 7 - Components of Investment Securities Gains (Losses)

			Change	
(Dollars in millions)	1Q 2021	1Q 2020	$	%
Realized gains (losses) on sales of available-for-sale securities	$368	$10	$358	3,580 %
Realized and unrealized gains (losses) on trading securities	(854)	1,069	(1,923)	(180)
Other	(21)	(24)	3	13
Investment securities gains (losses)	**($507)**	**$1,055**	**($1,562)**	**(148)%**

Key Drivers:

- **1Q 2021 vs. 1Q 2020** - Decreased primarily due to losses on trading securities driven by the increase in long-term interest rates in 1Q 2021 compared to gains in 1Q 2020 due to a decrease in interest rates, partially offset by gains on sales of agency mortgage-related securities. We economically hedge our interest rate exposure on investment securities using interest rate-risk management derivatives. The offsetting effects of these derivatives are recognized in derivative gains (losses).

Debt Gains (Losses)

The table below presents the components of debt gains (losses).

Table 8 - Components of Debt Gains (Losses)

			Change	
(Dollars in millions)	1Q 2021	1Q 2020	$	%
Fair value changes:				
Debt securities of consolidated trusts	($1)	$4	($5)	(125)%
Debt of Freddie Mac	8	548	(540)	(99)
Total fair value changes	**7**	**552**	**(545)**	**(99)**
Gains (losses) on extinguishment of debt:				
Debt securities of consolidated trusts	141	4	137	3,425
Debt of Freddie Mac	(10)	144	(154)	(107)
Total gains (losses) on extinguishment of debt	**131**	**148**	**(17)**	**(11)**
Debt gains (losses)	**$138**	**$700**	**($562)**	**(80)%**

Key Drivers:

- **1Q 2021 vs. 1Q 2020** - Decreased primarily due to lower fair value gains on STACR debt notes for which we elected the fair value option. Fair value gains in 1Q 2020 were driven by spread widening caused by the significant market volatility related to the COVID-19 pandemic.

Derivative Gains (Losses)

The table below presents the components of derivative gains (losses).

Table 9 - Components of Derivative Gains (Losses)

			Change	
(Dollars in millions)	1Q 2021	1Q 2020	$	%
Fair value gains (losses):				
Interest-rate risk management derivatives	$392	($2,969)	$3,361	113 %
Mortgage commitment derivatives	1,476	(726)	2,202	303
CRT-related derivatives	(42)	78	(120)	(154)
Other	(3)	31	(34)	(110)
Total fair value gains (losses)	**1,823**	**(3,586)**	**5,409**	**151**
Accrual of periodic cash settlements	(452)	(176)	(276)	(157)
Derivative gains (losses)	**$1,371**	**($3,762)**	**$5,133**	**136 %**

Key Drivers:

- **1Q 2021 vs. 1Q 2020** - Derivative gains in 1Q 2021 primarily related to mortgage commitment derivatives, driven by the increase in long-term interest rates, compared to derivative losses in 1Q 2020 due to a decrease in long-term interest rates. Certain of our interest-rate related derivative gains (losses) have offsetting effects recognized in mortgage loans gains (losses), investment securities gains (losses), debt gains (losses), or other comprehensive income (loss).

Credit-Related Expense

Benefit (Provision) for Credit Losses

The table below presents the components of benefit (provision) for credit losses.

Table 10 - Components of Benefit (Provision) for Credit Losses

			Change	
(Dollars in millions)	1Q 2021	1Q 2020	$	%
Benefit (provision) for credit losses:				
Single-family	$146	($1,166)	$1,312	113 %
Multifamily	50	(67)	117	175
Benefit (provision) for credit losses	**$196**	**($1,233)**	**$1,429**	**116 %**

Key Drivers:

- **Single-family**
  - **1Q 2021 vs. 1Q 2020** - A benefit for credit losses in 1Q 2021 compared to a provision for credit losses in 1Q 2020 primarily driven by the following factors:
    - ***Expected credit losses related to COVID-19*** - Our provision for credit losses increased significantly in 1Q 2020 due to the increase in expected credit losses related to the economic effects of the COVID-19 pandemic. Our estimate of expected credit losses related to the pandemic decreased in 1Q 2021 as economic conditions improved.
    - ***Portfolio growth*** - We recognize expected credit losses over the entire contractual term of the loan at the time of loan acquisition. Our single-family mortgage portfolio grew $438 billion, or 22%, year-over-year, which partially offset the benefit for credit losses.
    - ***Changes in house prices and interest rates*** - The effect of changes in forecasted interest rates and changes related to house price growth rates had largely offsetting impacts in both periods.
- **Multifamily**
  - **1Q 2021 vs. 1Q 2020** - A benefit for credit losses in 1Q 2021 compared to a provision for credit losses in 1Q 2020 driven by improved economic forecasts.

The decline in economic activity caused by the COVID-19 pandemic, and the corresponding government response, is unprecedented, and as a result, our estimate of expected credit losses is subject to significant uncertainty. See **MD&A - Risk Management - *Credit Risk*** for additional information.

Credit Enhancement Expense

Key Drivers:

- **1Q 2021 vs. 1Q 2020** - Increased $104 million year-over-year, primarily due to higher outstanding cumulative volumes of CRT transactions.

Benefit for (Decrease in) Credit Enhancement Recoveries

Key Drivers:

- **1Q 2021 vs. 1Q 2020** - Decreased $724 million year-over-year as a result of the corresponding decrease in expected credit losses.

Other Comprehensive Income (Loss)

Key Drivers:

- **1Q 2021 vs. 1Q 2020** - Decreased $838 million year-over-year, primarily due to fair value losses on available-for-sale securities as long-term interest rates increased in 1Q 2021 compared to fair value gains in 1Q 2020 due to a decrease in long-term interest rates. We economically hedge our interest rate exposure on investment securities using interest-rate risk management derivatives. The offsetting effects of these derivatives are recognized in derivative gains (losses).

CONSOLIDATED BALANCE SHEETS ANALYSIS

The table below compares our summarized condensed consolidated balance sheets.

Table 11 - Summarized Condensed Consolidated Balance Sheets

			Change	
(Dollars in millions)	March 31, 2021	December 31, 2020	$	%
Assets:				
Cash and cash equivalents	$100,979	$23,889	$77,090	323 %
Securities purchased under agreements to resell	15,140	105,003	(89,863)	(86)
Subtotal	**116,119**	**128,892**	**(12,773)**	**(10)**
Investment securities, at fair value	61,880	59,825	2,055	3
Mortgage loans, net	2,507,887	2,383,888	123,999	5
Accrued interest receivable, net	7,662	7,754	(92)	(1)
Derivative assets, net	2,085	1,205	880	73
Deferred tax assets, net	6,826	6,557	269	4
Other assets	39,415	39,294	121	—
Total assets	**$2,741,874**	**$2,627,415**	**$114,459**	**4 %**
Liabilities and Equity:				
Liabilities:				
Accrued interest payable	$5,954	$6,210	($256)	(4)%
Debt	2,704,270	2,592,546	111,724	4
Derivative liabilities, net	950	954	(4)	—
Other liabilities	11,909	11,292	617	5
Total liabilities	**2,723,083**	**2,611,002**	**112,081**	**4**
Total equity	**18,791**	**16,413**	**2,378**	**14**
Total liabilities and equity	**$2,741,874**	**$2,627,415**	**$114,459**	**4 %**

Key Drivers:

As of March 31, 2021 compared to December 31, 2020:

- **Cash and cash equivalents** and **securities purchased under agreements to resell** decreased on a combined basis primarily due to lower near-term cash needs for debt maturities and calls of debt of Freddie Mac. Cash and cash equivalents increased significantly quarter-over-quarter, primarily due to higher uninvested trust and operating cash as Treasury bills and securities purchased under agreements to resell continued to earn near zero returns.
- **Derivative assets, net** increased primarily due to changes in the fair value of forward commitments to sell mortgage-related securities.
- **Total equity** increased primarily due to our net income for 1Q 2021 combined with our continued ability to retain earnings as a result of the increases in the applicable Capital Reserve Amount and the resulting changes in our dividend requirement pursuant to the Letter Agreements.

OUR PORTFOLIOS

In connection with the change in our reportable segments implemented in 1Q 2021, we have updated the definitions of our portfolio balances and aligned the definitions across our two reportable segments. Prior periods have been revised to conform to the current period presentation.

Mortgage Portfolio

Our mortgage portfolio includes assets held by both business segments and consists of:

- **Securitized mortgage loans** - Loans held by securitization trusts that issue securities that we guarantee.
- **Unsecuritized mortgage loans**
  - ***Securitization pipeline loans*** - Single-family and multifamily loans that we have purchased for cash and aggregate prior to securitization.
  - ***Loss mitigation loans*** - Delinquent and modified single-family loans that we have purchased from securitization trusts to facilitate loss mitigation. Certain of these loans have re-performed, either on their own or through modification or other loss mitigation activity.
  - ***Other loans*** - Unsecuritized mortgage loans that do not fit in either of the prior two categories, primarily multifamily loans we acquire as part of a buy-and-hold investment strategy.
- **Other** - Primarily consists of other mortgage-related guarantees.

The table below presents the UPB of our mortgage portfolio by segment.

Table 12 - Mortgage Portfolio

	March 31, 2021			December 31, 2020		
(In millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Securitized mortgage loans:						
Held by consolidated trusts	$2,324,786	$13,782	$2,338,568	$2,204,936	$12,305	$2,217,241
Held by nonconsolidated trusts	33,697	345,192	378,889	34,932	331,860	366,792
Total securitized mortgage loans	**2,358,483**	**358,974**	**2,717,457**	**2,239,868**	**344,165**	**2,584,033**
Unsecuritized mortgage loans:						
Securitization pipeline loans	63,516	20,281	83,797	51,040	29,183	80,223
Loss mitigation loans	26,529	—	26,529	26,303	—	26,303
Other loans	—	4,125	4,125	—	4,224	4,224
Total unsecuritized mortgage loans	**90,045**	**24,406**	**114,451**	**77,343**	**33,407**	**110,750**
Other	**9,584**	**10,297**	**19,881**	**9,215**	**10,775**	**19,990**
Total mortgage portfolio	**$2,458,112**	**$393,677**	**$2,851,789**	**$2,326,426**	**$388,347**	**$2,714,773**

Guarantee Portfolio

Our guarantee portfolio primarily consists of mortgage-related securities guaranteed by Freddie Mac in exchange for guarantee fee income. This amount differs from the securitized mortgage loans amount included in the mortgage portfolio because of two primary factors: (1) it includes only the UPB of securities guaranteed by Freddie Mac and excludes the UPB of any unguaranteed subordinated securities issued by securitization trusts and (2) it reflects timing differences between the receipt of mortgage payments and the pass-through of those payments to security holders. The other category primarily consists of other mortgage-related guarantees.

The table below presents the guarantee portfolio by segment.

Table 13 - Guarantee Portfolio

	March 31, 2021			December 31, 2020		
(In millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Guaranteed mortgage-related securities:						
Issued by consolidated trusts	$2,398,852	$13,776	$2,412,628	$2,273,736	$12,305	$2,286,041
Issued by nonconsolidated trusts	28,095	301,593	329,688	29,300	289,056	318,356
Total guaranteed mortgage-related securities	**2,426,947**	**315,369**	**2,742,316**	**2,303,036**	**301,361**	**2,604,397**
Other	**9,584**	**10,297**	**19,881**	**9,215**	**10,775**	**19,990**
Total guarantee portfolio	**$2,436,531**	**$325,666**	**$2,762,197**	**$2,312,251**	**$312,136**	**$2,624,387**

Our guarantee portfolio excludes guarantees of Fannie Mae securities and other similar transactions in which we do not directly guarantee mortgage credit risk in exchange for guarantee fees. See **Note 5** for additional information on our guarantee activities.

Investments Portfolio

Our investments portfolio consists of our mortgage-related investments portfolio and other investments portfolio.

Mortgage-Related Investments Portfolio

We primarily use our mortgage-related investments portfolio to provide liquidity to the mortgage market and support our loss mitigation activities. Our mortgage-related investments portfolio includes assets held by both business segments and consists of:

- **Unsecuritized mortgage loans** - Single-family and multifamily unsecuritized loans as discussed above.
- **Agency mortgage-related securities** - Primarily includes Freddie Mac mortgage-related securities, both single-family and multifamily, although we may also invest in Fannie Mae and Ginnie Mae mortgage-related securities.
- **Non-agency mortgage-related securities** - We continue to own certain non-agency mortgage-related securities that we acquired in prior years. We generally no longer purchase non-agency mortgage-related securities, although we may acquire such securities in connection with our senior subordinate securitization structures backed by seasoned loans.

The table below presents the UPB of our mortgage-related investments portfolio. For purposes of the limit imposed by the Purchase Agreement and FHFA, our mortgage-related investments portfolio was $181.5 billion as of March 31, 2021, including $7.0 billion representing 10% of the notional amount of the interest-only securities we held as of March 31, 2021.

With respect to the composition of our mortgage-related investments portfolio, in August 2020, FHFA instructed us to: (1) reduce the amount of agency MBS to no more than $50 billion by June 30, 2021 and no more than $20 billion by June 30, 2022, with all dollar caps to be based on UPB; and (2) reduce the UPB of our existing portfolio of collateralized mortgage obligations (CMOs), which are also sometimes referred to as REMICs, to zero by June 30, 2021. We will have a holding period limit to sell any new CMO tranches created but not sold at issuance. CMOs do not include tranches initially retained from reperforming loans senior subordinate securitization structures.

Table 14 - Mortgage-Related Investments Portfolio

	March 31, 2021			December 31, 2020		
(In millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Unsecuritized mortgage loans:						
Securitization pipeline loans	$63,516	$20,281	$83,797	$51,040	$29,183	$80,223
Loss mitigation loans	26,529	—	26,529	26,303	—	26,303
Other loans	—	4,125	4,125	—	4,224	4,224
Total unsecuritized mortgage loans	**90,045**	**24,406**	**114,451**	**77,343**	**33,407**	**110,750**
Mortgage-related securities:						
Agency mortgage-related securities	55,115	3,511	58,626	65,954	4,066	70,020
Non-agency mortgage-related securities	1,266	113	1,379	1,300	114	1,414
Total mortgage-related securities	**56,381**	**3,624**	**60,005**	**67,254**	**4,180**	**71,434**
Mortgage-related investments portfolio	**$146,426**	**$28,030**	**$174,456**	**$144,597**	**$37,587**	**$182,184**

Other Investments Portfolio

Our other investments portfolio, which includes the liquidity and contingency operating portfolio, is primarily used for short-term liquidity management, collateral management, and asset and liability management. The assets in the other investments portfolio are primarily allocated to the Single-family segment.

OUR BUSINESS SEGMENTS

As shown in the table below, we have two reportable segments, which are based on the way our chief operating decision maker manages our business.

During 1Q 2021, our chief operating decision maker began making decisions about allocating resources and assessing segment performance based on two reportable segments, Single-family and Multifamily. In prior periods, we managed our business based on three reportable segments, Single-family Guarantee, Multifamily, and Capital Markets. As our mortgage-related investments portfolio has declined over time, our capital markets activities have become increasingly focused on supporting our single-family and multifamily businesses. As a result, we have determined that, effective in 1Q 2021, our Capital Markets segment should no longer be considered a separate reportable segment, and our chief operating decision maker no longer reviews separate financial results or discrete financial information for our capital markets activities. Substantially all of the revenues and expenses that were previously directly attributable to our Capital Markets segment are now included in our Single-family segment, while certain administrative expenses and other centrally-incurred costs previously allocated to the Capital Markets segment are now allocated between the Single-family and Multifamily segments using various methodologies depending on the nature of the expense.

In connection with this change, we have also changed the measure of segment profit and loss for each segment to be based on net income and comprehensive income calculated using the same accounting policies we use to prepare our general purpose financial statements in conformity with generally accepted accounting principles. The financial results of each reportable segment include directly attributable revenue and expenses. We allocate interest expense and other debt funding and hedging-related costs to each reportable segment using a funds transfer pricing process. We fully allocate to each reportable segment the administrative expenses and other centrally-incurred costs that are not directly attributable to a particular segment using various methodologies depending on the nature of the expense. As a result, the sum of each income statement line item for the two reportable segments is equal to that same income statement line item for the consolidated entity. We have discontinued the reclassifications of certain activities between various line items that were included in our previous measure of segment profit and loss. Prior period information has been revised to conform to the current period presentation. See **Note 15** for additional information on the change in our segment reporting presentation.

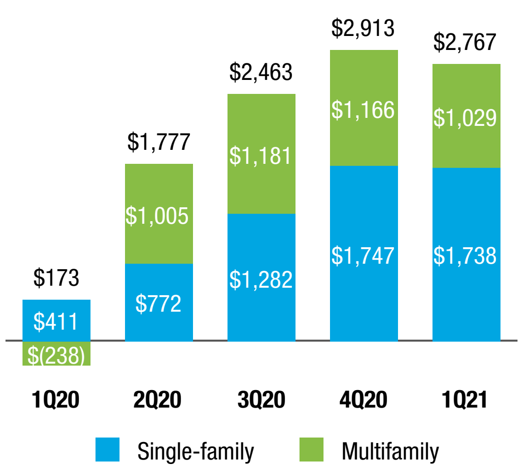
Segment	Description
Single-family	Reflects results from our purchase, sale, securitization, and guarantee of single-family loans and securities, our investments in those loans and securities, the management of single-family mortgage credit risk and market risk, and any results of our treasury function that are not allocated to each segment.
Multifamily	Reflects results from our purchase, sale, securitization, and guarantee of multifamily loans and securities, our investments in those loans and securities, and the management of multifamily mortgage credit risk and market risk.

Segment Net Income (Loss) and Comprehensive Income (Loss)

The graphs below show our net income (loss) and comprehensive income (loss) by segment.

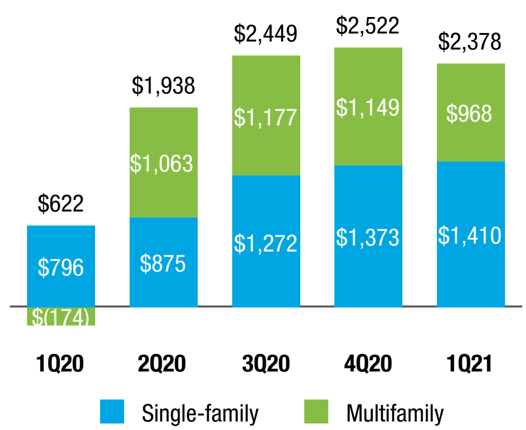
Segment Net Income (Loss)

(In millions)



Segment Comprehensive Income (Loss)

(In millions)



Single-Family

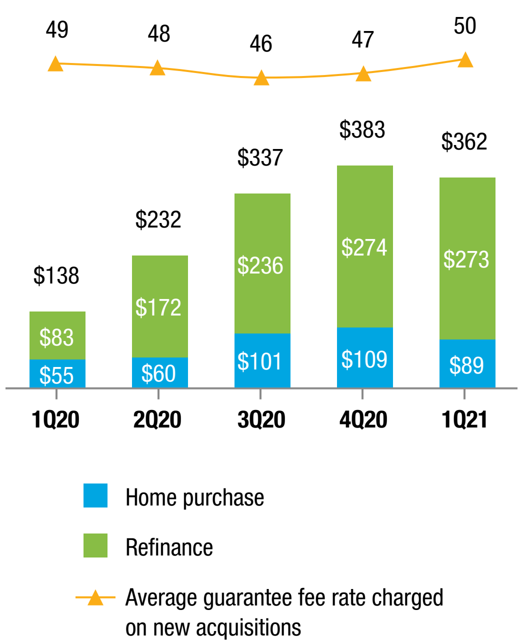
Business Results

The graphs, tables, and related discussion below present the business results of our Single-family segment.

New Business Activity

UPB of Single-Family Loan Purchases and Guarantees by Loan Purpose and Average Guarantee Fee Rate[(1)] Charged on New Acquisitions

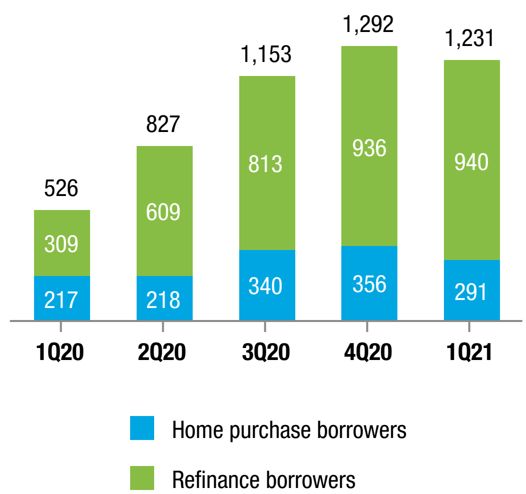
(UPB in billions, guarantee fee rate in bps)



(1) Guarantee fee excludes the legislated 10 basis point increase and includes deferred fees recognized over the estimated life of the related loans.

Number of Families Helped to Own a Home

(In thousands)

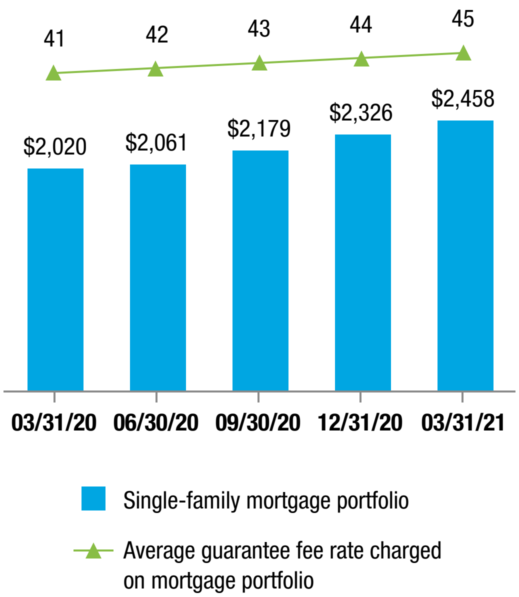


- **1Q 2021 vs. 1Q 2020**
  - Our loan purchase and guarantee activity increased primarily due to higher refinance activity driven by the low mortgage interest rate environment. We expect the low mortgage rate environment to continue through 2021 and 2022 as the Federal Reserve has stated that it intends to keep interest rates low for an extended period of time.
  - The average guarantee fee rate charged on new acquisitions increased primarily due to the adverse market refinance fee we began to charge in December 2020 in response to projected costs related to the COVID-19 pandemic.
  - Home purchase volume was also higher, as home sales increased primarily driven by continued low mortgage rates.
  - We continue to monitor our compliance with the Purchase Agreement covenants added pursuant to the January 2021 Letter Agreement that place additional restrictions on our secondary market activities, including our single-family loan acquisitions and cash window activities, and we have changed, and may further change, our loan acquisition and cash window programs to maintain compliance. During 1Q 2021, we announced changes to our requirements for purchasing single-family mortgage loans secured by either second homes or investment properties to manage compliance with the restrictions in the January 2021 Letter Agreement. In April 2021, we announced requirements related to loans originated under the CFPB's temporary GSE qualified mortgage rule as required by the January 2021 Letter Agreement, and FHFA instructed us to apply the $1.5 billion limit on the volume of loans purchased through the cash window program per lender during any period comprising four calendar quarters to certain lenders beginning on July 1, 2021, rather than January 1, 2022.

Single-Family Mortgage Portfolio

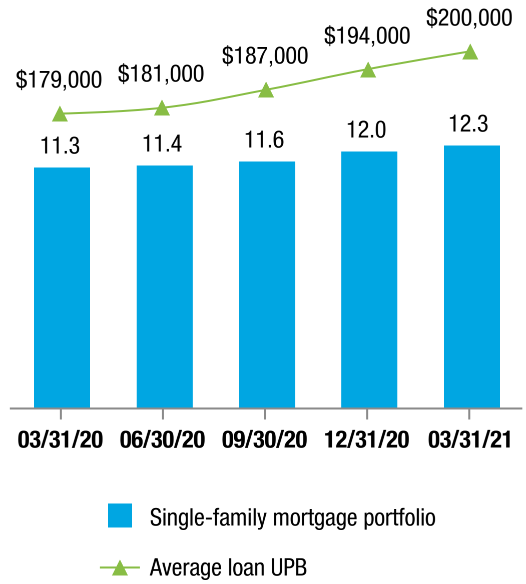
Single-Family Mortgage Portfolio and Average Guarantee Fee Rate[1] Charged on Mortgage Portfolio

(UPB in billions, guarantee fee rate in bps)



Single-Family Loans

(Loan count in millions)



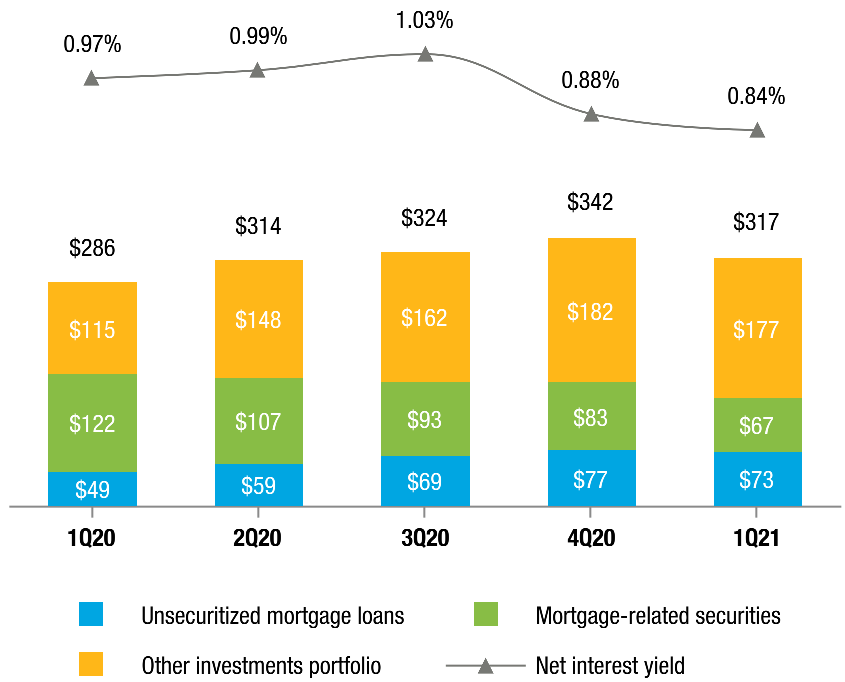
(1) Guarantee fee rate calculation excludes the legislated 10 basis point increase. As of March 31, 2021, excludes $47 billion in UPB of loans in certain securitization products that we do not consolidate and loans that we acquired in 2000 and prior years for which average guarantee fee charged information is not available.

- The single-family mortgage portfolio grew $438 billion, or 22%, year-over-year, driven by higher new business activity. Additionally, continued house price appreciation contributed to new business acquisitions having a higher average loan size compared to older vintages that continued to run off.
- The average guarantee fee rate charged on the single-family mortgage portfolio increased year-over-year as older vintages with lower charged guarantee fee rates were replaced by acquisitions of new loans with higher charged guarantee fee rates due to faster loan prepayments as a result of the low mortgage interest rate environment.

Net Interest Yield and Average Investments Portfolio Balances

Net Interest Yield & Average Investments Portfolio Balances

(Weighted average balance in billions)

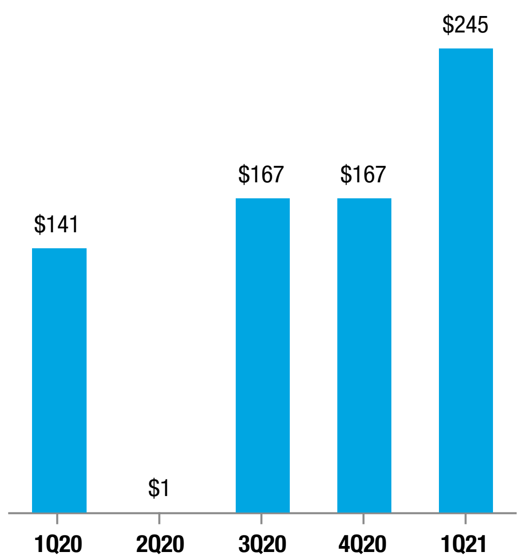


- **1Q 2021 vs. 1Q 2020**
  - Net interest yield on our investments portfolio decreased primarily due to faster loan prepayments as a result of the low mortgage interest rate environment, combined with a change in investment mix as the lower-yielding other investments portfolio represented a larger percentage of the total investments portfolio. Net interest yield on our investments portfolio is calculated as net interest income related to our investments portfolio divided by the weighted average investments portfolio balance during the period.
  - The weighted average investments portfolio balance increased primarily due to higher near-term cash needs driven by a higher expected single-family cash window loan purchase forecast, coupled with a larger liquidity and contingency operating portfolio as we transitioned to comply with the updated minimum liquidity requirements established by FHFA. The increase in the portfolio balance was partially offset by the decrease in the mortgage-related investments portfolio primarily due to constraints imposed by the Purchase Agreement and FHFA.

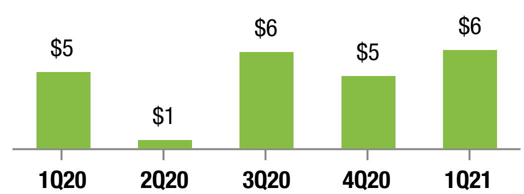
CRT Activities

We transfer credit risk on a portion of our single-family mortgage portfolio to the private market, which reduces the risk of future losses to us when borrowers default. The graphs below show the issuance amounts associated with CRT transactions for loans in our single-family mortgage portfolio. We evaluate and update our CRT strategy as needed depending on our overall business strategy, regulatory requirements such as the ERCF, and market conditions, including the significant market volatility caused by the COVID-19 pandemic. The ERCF specifies substantial capital requirements and could affect our CRT strategy, perhaps significantly. Our risk appetite limits are also governed by FHFA, and we may take actions to comply with these limits, including continued execution of CRT transactions. See **MD&A – Risk Management - Single-Family Mortgage Credit Risk - *Transferring Credit Risk to Third-Party Investors*** for additional information on our CRT activities and other credit enhancements.

CRT Issuance Protected UPB
(In billions)



CRT Issuance Maximum Coverage
(In billions)



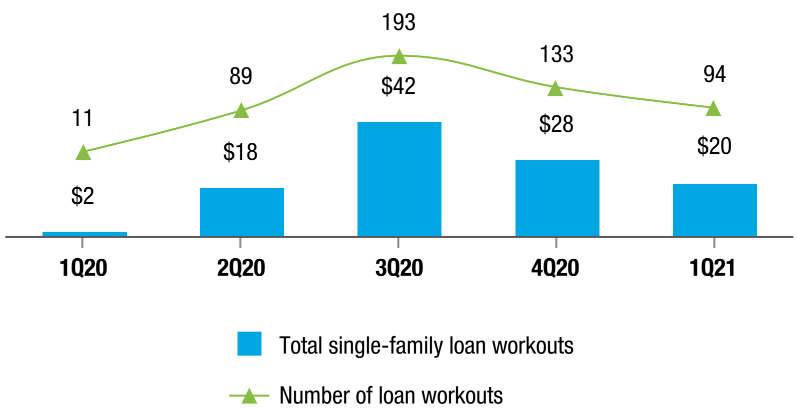
- During 1Q 2021 and 1Q 2020, 61% and 70%, respectively, of our single-family acquisitions were loans in the targeted population for our CRT transactions (primarily 30-year fixed rate loans with LTV ratios between 60% and 97%). The year-over-year decline was primarily driven by an increase in the proportion of recently acquired loans with lower LTV ratios.
- Our CRT issuance amounts increased significantly year-over-year due to the increase in loan acquisition activity in recent quarters as well as our ability to shorten the loan acquisition to ACIS issuance timeline in 1Q 2021.
- Our CRT issuance maximum coverage increased slightly year-over-year and was proportionally lower than the increase in protected UPB due to the improved credit quality of the covered loans, which reduced the amount of credit coverage we required on those loans.
- The calculation of maximum coverage varies across CRT programs. For STACR transactions, maximum coverage represents the balance held by third parties at issuance. For insurance/reinsurance transactions, maximum coverage represents the aggregate limit of insurance purchased from third parties at issuance. For subordination, maximum coverage represents the UPB of the securities that are subordinate to Freddie Mac guaranteed securities and held by third parties.

Loss Mitigation Activities

The following graph provides details about our completed single-family loan workout activities. The forbearance data below is limited to loans in forbearance that are past due based on the loans' original contractual terms and excludes both loans for which we do not control servicing and loans included in certain legacy transactions, as the forbearance data for such loans is either not reported to us by the servicers or is otherwise not readily available to us.

Completed Loan Workout Activity

(UPB in billions, number of loan workouts in thousands)



- Completed loan workout activity includes forbearance plans where borrowers fully reinstated the loan to current status during or at the end of the forbearance period, payment deferrals, modifications, successfully completed repayment plans, short sales, and deeds in lieu of foreclosure. Completed loan workout activity excludes active loss mitigation activity that was ongoing and had not been completed as of the end of the quarter, such as forbearance plans that had been initiated but not completed and trial period modifications. There were approximately 230,000 loans in active forbearance plans and 10,000 loans in other active loss mitigation activity as of March 31, 2021.
- Pursuant to FHFA guidance and the CARES Act, we offer mortgage relief options for borrowers affected by the COVID-19 pandemic. Among other things, we are offering forbearance of up to 18 months to single-family borrowers experiencing a financial hardship, either directly or indirectly, related to the COVID-19 pandemic. We are also offering a payment deferral option that allows a borrower to defer up to 18 months of payments for eligible homeowners who have the financial capacity to resume making their monthly payments, but who are unable to afford the additional monthly contributions required by a repayment plan. The length of available forbearance or payment deferral may be extended or the terms of forbearance or payment deferral revised by further FHFA guidance or federal government regulation.
- **1Q 2021 vs. 1Q 2020 -** Our loan workout activity increased significantly, primarily driven by the increase in completed forbearance plans and payment deferrals related to the COVID-19 pandemic.

See **MD&A - Risk Management** for additional information on our loan workout activities.

Financial Results

The table below presents the components of net income and comprehensive income for our Single-family segment.

Table 15 - Single-Family Segment Financial Results

			Change	
(Dollars in millions)	**1Q 2021**	**1Q 2020**	**$**	**%**
Guarantee net interest income	$3,346	$2,140	$1,206	56 %
Investments net interest income	671	695	(24)	(3)
Income (expense) from hedge accounting	(709)	(350)	(359)	(103)
Net interest income	3,308	2,485	823	33
Guarantee fee income	89	(13)	102	785
Investment gains (losses), net	300	24	276	1,150
Other income (loss)	152	58	94	162
Net revenues	**3,849**	**2,554**	**1,295**	**51**
Benefit (provision) for credit losses	146	(1,166)	1,312	113
Credit enhancement expense	(325)	(227)	(98)	(43)
Benefit for (decrease in) credit enhancement recoveries	(245)	439	(684)	(156)
REO operations expense	(8)	(85)	77	91
Credit-related expense	**(432)**	**(1,039)**	**607**	**58**
Administrative expense	(488)	(467)	(21)	(4)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(534)	(432)	(102)	(24)
Other expense	(209)	(98)	(111)	(113)
Operating expense	**(1,231)**	**(997)**	**(234)**	**(23)**
Income (loss) before income tax (expense) benefit	**2,186**	**518**	**1,668**	**322**
Income tax (expense) benefit	(448)	(107)	(341)	(319)
Net income (loss)	**1,738**	**411**	**1,327**	**323**
Total other comprehensive income (loss), net of taxes	(328)	385	(713)	(185)
Total comprehensive income (loss)	**$1,410**	**$796**	**$614**	**77 %**

Key Business Drivers:

- **1Q 2021 vs. 1Q 2020**
  - Higher net interest income primarily due to mortgage portfolio growth and higher deferred fee income recognition, which was driven by a higher deferred fee balance and faster loan prepayments as a result of the low mortgage interest rate environment.
  - Lower credit-related expense primarily driven by a benefit for credit losses as a result of improving economic conditions in 1Q 2021, partially offset by a decrease in credit enhancement recoveries. Credit-related expense in 1Q 2020 was primarily driven by the negative economic effects of the COVID-19 pandemic.

Multifamily

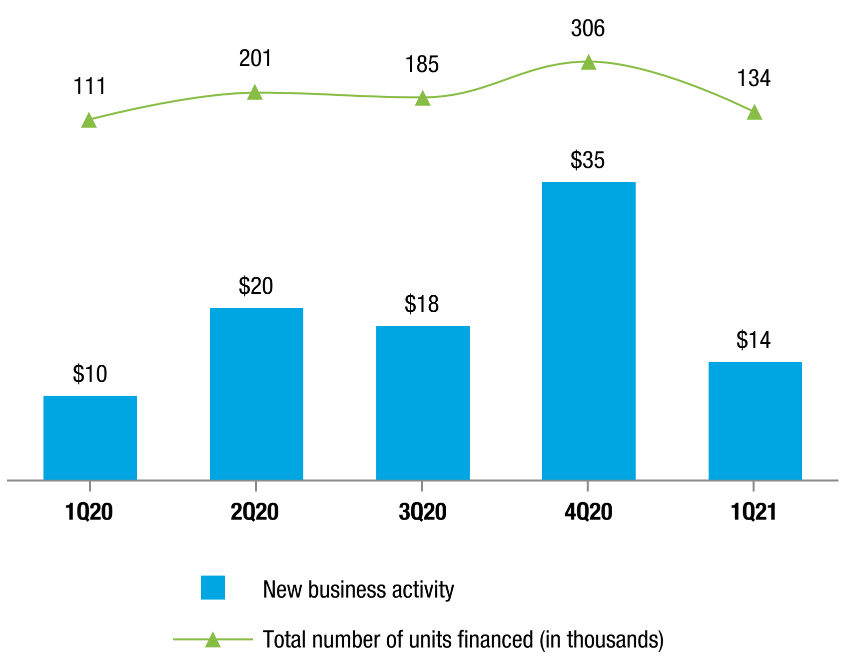
Business Results

The graphs, tables, and related discussion below present the business results of our Multifamily segment.

New Business Activity

New Business Activity[(1)]

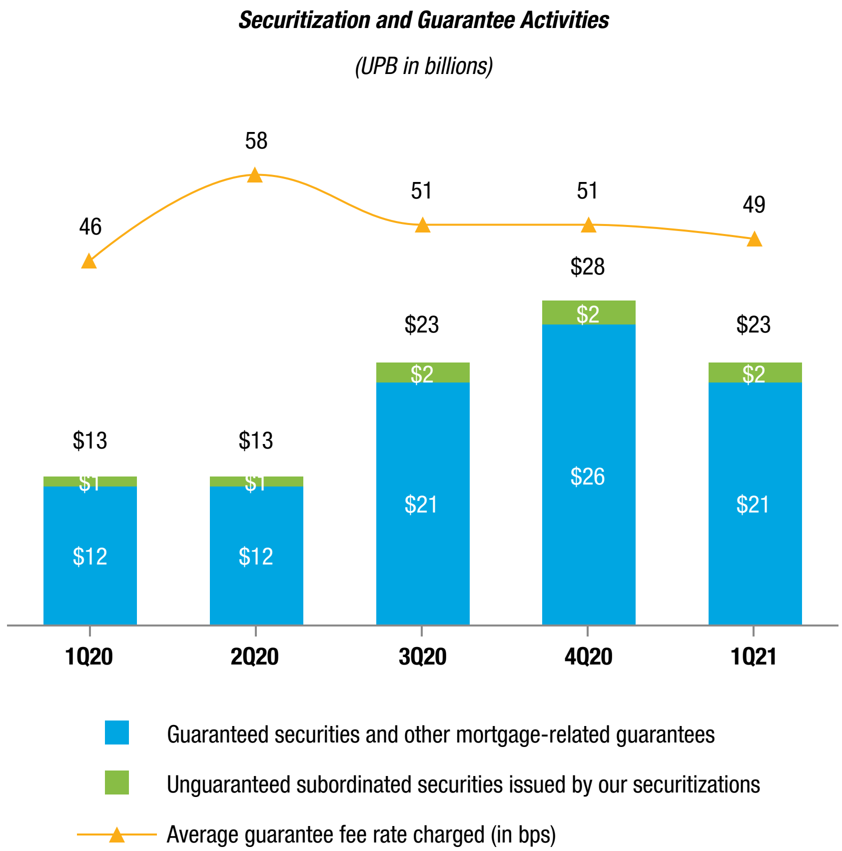
(UPB in billions)



(1) Includes LIHTC new business activity

- In November 2020, FHFA announced that the 2021 loan purchase cap for the multifamily business will be $70 billion. At least 50% of the multifamily new business activity must be mission-driven, affordable housing, generally defined as affordable to renters at 80% of AMI or below, with at least 20% being affordable to renters at 60% of AMI or below. While the loan purchase cap is subject to reassessment throughout the year by FHFA to determine whether an increase in the cap is appropriate based on a stronger than expected overall market, we are also subject to an $80 billion multifamily loan purchase limit in the Purchase Agreement that is not subject to such adjustment by FHFA.
  - As of March 31, 2021, the total multifamily new business activity counting toward this FHFA cap was $13.9 billion. Approximately 65% of this activity, based on UPB, was mission-driven, affordable housing, with 32% being affordable to renters at 60% of AMI or below.
- While our new business activity was higher year-over-year due to the low interest rate environment, we have observed increased competition from other market participants, which we expect to continue for the remainder of 2021.
- Outstanding commitments, including index lock commitments and commitments to purchase or guarantee multifamily assets, were $17.7 billion and $22.7 billion as of March 31, 2021 and March 31, 2020, respectively.
- The percentage of our new mortgage loan purchase activity that was classified as held-for-sale and intended for our securitization pipeline increased to 88% from 87% year-over-year. The loan purchase activity in 1Q 2021, combined with market demand for our securities, will be a driver for our securitizations in the next two quarters of 2021.

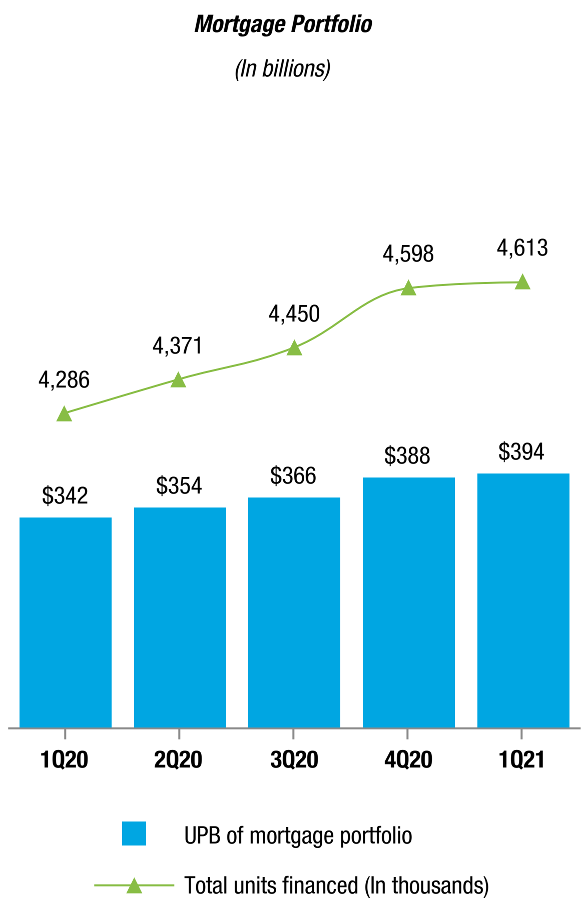
Securitization, Guarantee, and Risk Transfer Activities

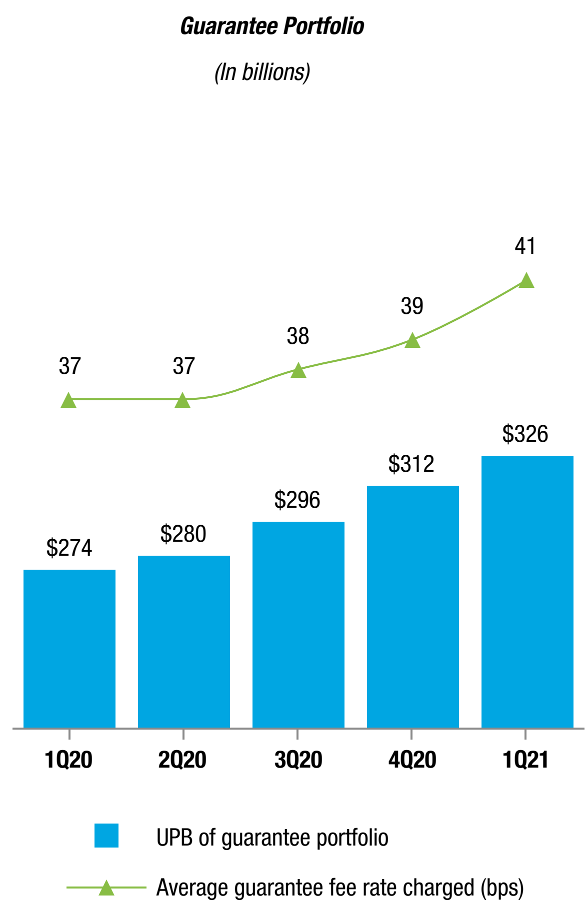


- Total securitization UPB increased year-over-year primarily due to the securitization of the significant loan purchase activity from 4Q 2020.
- The average guarantee fee rate on new guarantees increased slightly year-over-year primarily due to the issuance of certain new K Certificate securitizations with lower subordination levels. The lower subordination levels are still expected to absorb a substantial amount of expected and stressed credit losses.
- In addition to the credit risk we transferred to third parties through our securitizations, we obtained credit protection of up to $0.3 billion on $4.9 billion of UPB through our other CRT products and loss sharing arrangements during 1Q 2021. There were no such activities during 1Q 2020.

We evaluate our risk transfer strategy and make changes depending on market conditions and our business strategy. See **MD&A - Risk Management - *Multifamily Mortgage Credit Risk - Transferring Credit Risk to Third-Party Investors*** for more information on risk transfer transactions and credit enhancements on our multifamily mortgage portfolio.

Multifamily Mortgage Portfolio and Guarantee Portfolio



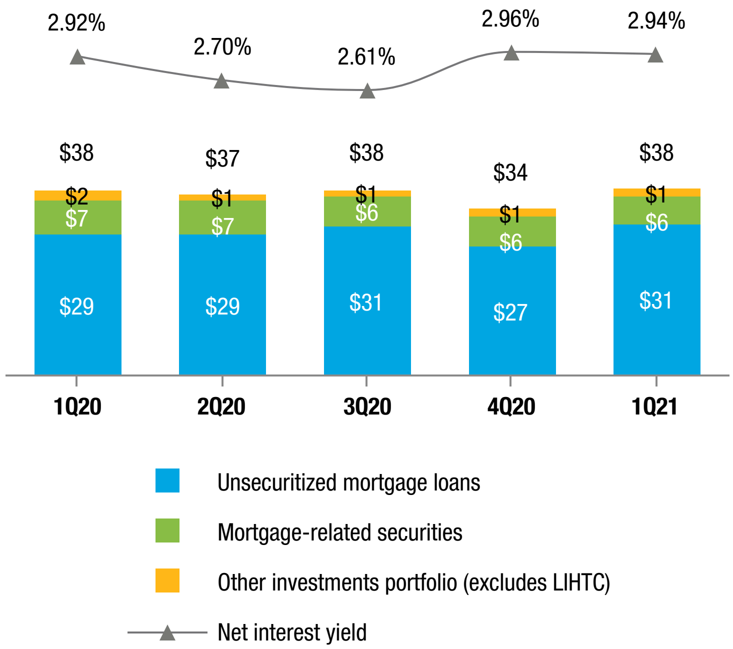


- Our multifamily mortgage portfolio increased year-over-year primarily due to ongoing loan purchase and securitization activities. We expect continued growth in our mortgage portfolio during 2021 as purchase and securitization activities should outpace loan payoffs.
- At March 31, 2021, approximately 63% of the unsecuritized mortgage loans in our mortgage portfolio were classified as held-for-sale, while the remaining 37% were classified as held-for-investment and generally intended to be used as collateral for our PC securitizations.
- Our guarantee portfolio increased year-over-year primarily due to the securitization of the significant purchase volume from 4Q 2020.
- As of March 31, 2021, we had cumulatively transferred a substantial amount of the expected and stressed credit risk on the multifamily guarantee portfolio primarily through subordination in our securitizations. In addition, nearly all of our securitization activities shifted substantially all of the interest-rate and liquidity risk associated with the underlying collateral away from Freddie Mac to third-party investors.
- In addition to our multifamily mortgage portfolio, we own equity interests in LIHTC fund partnerships with carrying values totaling $1.5 billion and $1.4 billion as of March 31, 2021 and December 31, 2020, respectively.

Net Interest Yield and Average Investments Portfolio Balances

Net Interest Yield & Average Investments Portfolio Balances

(Weighted average balance in billions)

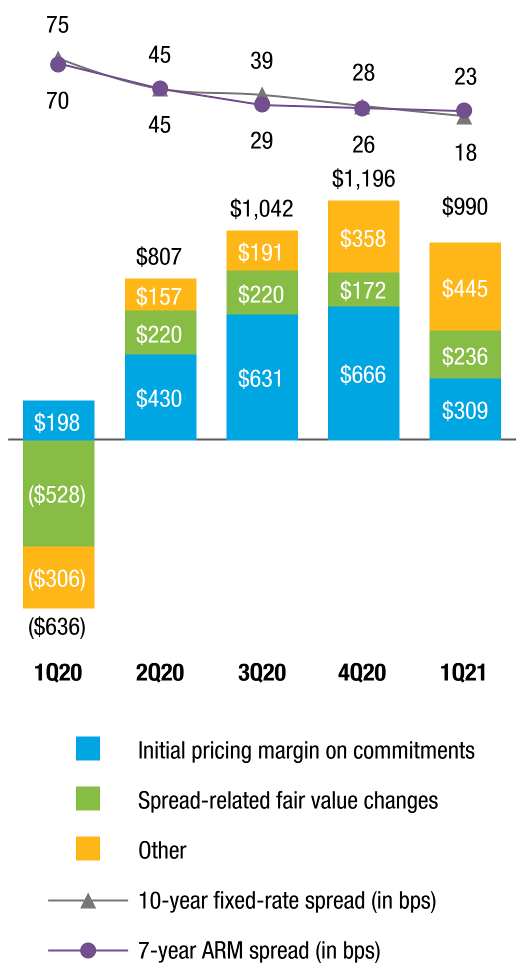


- **1Q 2021 vs. 1Q 2020**
  - Net interest yield increased slightly year-over-year.
  - The weighted average investments portfolio balance remained unchanged as the increase in the average unsecuritized mortgage loans balance attributable to the 4Q 2020 significant loan purchase activity was offset by a decrease in the average balance of mortgage-related securities.

Mortgage Loans Gains (Losses), Net and Initial Pricing Margin on Commitments

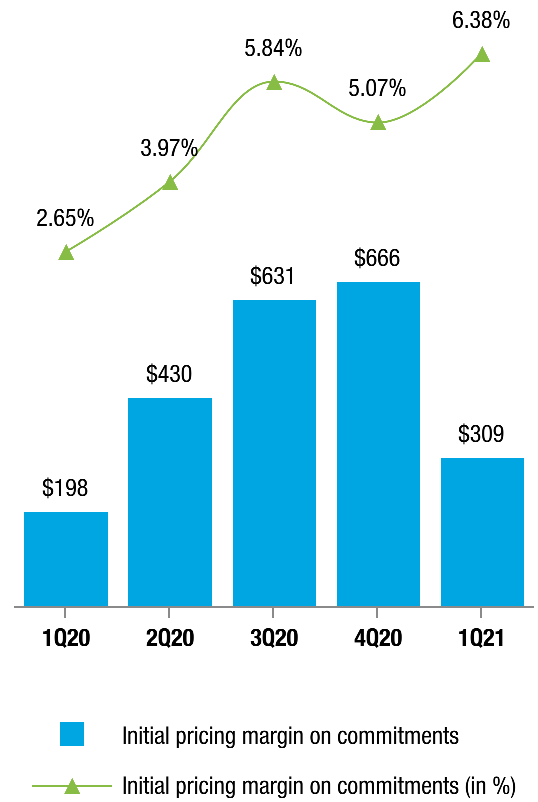
Multifamily Segment Mortgage Loans Gains (Losses), Net

(In millions)



Initial Pricing Margin on Commitments

(In millions)



(Notional in millions)	**1Q20**	**2Q20**	**3Q20**	**4Q20**	**1Q21**
New loan commitments for which we have elected the fair value option	$7,475	$10,821	$10,804	$13,127	$4,850

Source of spread data in basis points: Independent dealers

- We primarily recognize revenue from our mortgage loans as mortgage loans gains (losses), net, which is a component of investment gains (losses), net. The amount of mortgage loans gains (losses), net, shown above is net of gains and losses on derivative instruments we use to economically hedge the interest-rate risk of the loan commitments and mortgage loans.
- Mortgage loans gains (losses), net, consists of three components: (1) the initial pricing margin on new loan commitments for which we have elected the fair value option, (2) spread-related fair value changes during the commitment and loan holding periods for loan commitments and mortgage loans we measure at fair value, which are primarily driven by changes in benchmark spreads after the commitment date, and (3) other items, including realized gains on sales of mortgage loans for which we do not elect the fair value option.
- We recognized net mortgage loans gains in 1Q 2021 compared to net mortgage loans losses in 1Q 2020 primarily due to loan pricing decisions resulting in higher initial pricing margins on new loan commitments, spread-related fair value gains due to spread tightening, and realized gains from sales of mortgage loans for which we have not elected the fair value option.

Financial Results

The table below presents the components of net income and comprehensive income for our Multifamily segment.

Table 16 - Multifamily Segment Financial Results

			Change	
(Dollars in millions)	1Q 2021	1Q 2020	$	%
Guarantee net interest income	$53	$25	$28	112 %
Investments net interest income	278	275	3	1
Net interest income	331	300	31	10
Guarantee fee income	159	390	(231)	(59)
Mortgage loans gains (losses), net	990	(636)	1,626	256
Other investment gains (losses), net	(82)	(223)	141	63
Investment gains (losses), net	908	(859)	1,767	206
Other income (loss)	26	37	(11)	(30)
Net revenues	**1,424**	**(132)**	**1,556**	**1,179**
Credit-related expense	**28**	**(43)**	**71**	**165**
Administrative expense	(151)	(120)	(31)	(26)
Other expense	(6)	(5)	(1)	(20)
Operating expense	**(157)**	**(125)**	**(32)**	**(26)**
Income (loss) before income tax (expense) benefit	**1,295**	**(300)**	**1,595**	**532**
Income tax (expense) benefit	(266)	62	(328)	(529)
Net income (loss)	**1,029**	**(238)**	**1,267**	**532**
Total other comprehensive income (loss), net of taxes	(61)	64	(125)	(195)
Total comprehensive income (loss)	**$968**	**($174)**	**$1,142**	**656 %**

Key Business Drivers:

- **1Q 2021 vs. 1Q 2020**
  - Lower guarantee fee income as the continued growth in our multifamily guarantee portfolio was more than offset by higher fair value losses on the guarantee assets as a result of an increase in long-term interest rates in 1Q 2021.
  - Net investment gains compared to net investment losses in 1Q 2020, primarily due to tighter spreads and higher margins on multifamily loan commitments in 1Q 2021, while 1Q 2020 included significant spread-related losses as a result of the market volatility caused by the COVID-19 pandemic.

RISK MANAGEMENT

Risk is an inherent part of our business activities. We are exposed to the following key types of risk: credit risk, operational risk, market risk, liquidity risk, strategic risk, and reputation risk.

Credit Risk

Overview

Credit risk is the risk associated with the inability or failure of a borrower, issuer, or counterparty to meet its financial and/or contractual obligations. We are exposed to both mortgage credit risk and counterparty credit risk.

Mortgage credit risk is the risk associated with the inability or failure of a borrower to meet its financial and/or contractual obligations. We are exposed to two types of mortgage credit risk:

- **Single-family mortgage credit risk**, through our ownership or guarantee of loans in the single-family mortgage portfolio and
- **Multifamily mortgage credit risk**, through our ownership or guarantee of loans in the multifamily mortgage portfolio.

In the section below, we provide a discussion of the current risk environment for our mortgage credit risk.

Single-Family Mortgage Credit Risk

Maintaining Prudent Underwriting Standards and Quality Control Practices and Managing Seller/Servicer Performance

Temporary Underwriting Changes Due to COVID-19 Pandemic

We have announced temporary changes in our underwriting standards due to the COVID-19 pandemic, which may negatively affect the expected performance of purchased loans that were underwritten under these temporary changes.

In March and May 2020, we introduced a number of temporary measures to help provide sellers with the clarity and flexibility to continue to lend in a prudent and responsible manner during the COVID-19 pandemic. We are allowing flexibility in demonstrating a borrower's current employment status for applications received through April 30, 2021. This flexibility will not be extended again; however, the option to verify the borrower's employment via email was included permanently in our Guide on April 7, 2021.

In March and April 2020, we announced loan processing flexibilities to expedite loan closings and help keep homebuyers, sellers, and appraisers safe during the COVID-19 pandemic. These flexibilities have also been extended to include loans with applications dated on or before May 31, 2021, and will not be further extended. They include:

- Allowing desktop appraisals or exterior-only inspection appraisals for certain purchase transactions;
- Allowing exterior-only appraisals for certain no cash-out refinances;
- Allowing desktop appraisals on new construction properties (purchase transactions);
- Allowing flexibility on demonstrating that construction has been completed; and
- Allowing flexibility for borrowers to provide documentation (rather than requiring an inspection) to allow renovation disbursements (draws).

The following temporary flexibilities were extended for the final time, to include loans with application dates dated on or before April 30, 2021:

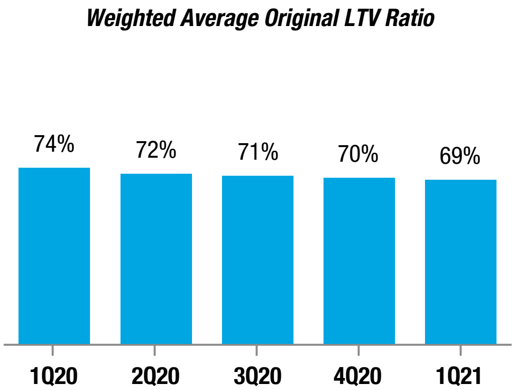
- Offering flexibility in condominium project reviews and
- Expanding the use of powers of attorney and remote online notarizations. Permanent updates to our requirements for the use of powers of attorney were included in our Guide and are effective for applications dated on or after June 30, 2021.

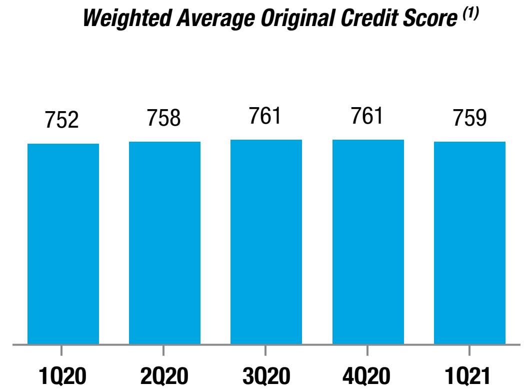
Appraisal Waivers

In March 2020, we introduced expanded eligibility of Automated Collateral Evaluation (ACE) waivers to include no cash-out refinances with LTVs up to 90% and cash-out refinances for primary residences with LTVs up to 70% and second homes with LTVs up to 60%. As a result of this expansion, combined with a historically high refinance market (ACE waivers are granted more often for refinanced loans), ACE waiver usage increased from approximately 19% in 1Q 2020 to approximately 47% of loan purchases in 1Q 2021.

Loan Purchase Credit Characteristics

We monitor and evaluate market conditions that could affect the credit quality of our single-family loan purchases. The graphs below show the credit profile of the single-family loans we purchased or guaranteed.





(1) Original credit score is based on three credit bureaus (Equifax, Experian, and TransUnion).

The table below contains additional information about the single-family loans we purchased or guaranteed.

Table 17 - Single-Family New Business Activity

	1Q 2021		1Q 2020	
(Dollars in billions)	Amount	% of Total	Amount	% of Total
30-year or more amortizing fixed-rate	$293	81 %	$114	83 %
20-year amortizing fixed-rate	18	5	6	4
15-year amortizing fixed-rate	51	14	17	13
Adjustable-rate	—	—	1	—
Total	**$362**	**100 %**	**$138**	**100 %**
Percentage of purchases				
DTI ratio > 45%		10 %		14 %
Original LTV ratio > 90%		8		15
Original credit score < 680		4		6
Transaction type:				
Cash window		62		48
Guarantor swap		38		52
Property type:				
Detached single-family houses and townhouses		93		92
Condominium or co-op		7		8
Occupancy type:				
Primary residence		93		91
Second home		3		4
Investment property		4		5
Loan purpose:				
Purchase		25		40
Cash-out refinance		20		21
Other refinance		55		39

Transferring Credit Risk to Third-Party Investors

To reduce our credit risk exposure, we engage in various credit enhancement arrangements, which include CRT transactions and other credit enhancements.

Single-Family Mortgage Portfolio CRT Issuance

The table below provides the issuance amounts during the applicable periods, including the protected UPB and maximum coverage, associated with CRT transactions for loans in our single-family mortgage portfolio.

Table 18 - Single-Family Mortgage Portfolio CRT Issuance

	1Q 2021		1Q 2020	
(In millions)	Protected UPB(1)	Maximum Coverage(2)	Protected UPB(1)	Maximum Coverage(2)
STACR	$176,707	$3,544	$132,571	$3,707
Insurance/reinsurance	228,307	2,714	97,758	854
Subordination	—	—	1,688	177
Lender risk-sharing	171	171	6,207	391
Less: UPB with more than one type of CRT activity	(159,835)	—	(97,505)	—
Total CRT Activities	**$245,350**	**$6,429**	**$140,719**	**$5,129**

(1) For STACR and certain insurance/reinsurance transactions (e.g., ACIS), represents the UPB of the assets included in the reference pool of the transactions. For other insurance/reinsurance transactions, represents the UPB of the assets covered by the insurance policy. For subordination, represents the UPB of the guaranteed securities, which represents the UPB of the assets included in the trust net of the protection provided by the subordinated securities.

(2) For STACR transactions, represents the balance held by third parties at issuance. For insurance/reinsurance transactions, represents the aggregate limit of insurance purchased from third parties at issuance. For subordination, represents the UPB of the securities that are subordinate to Freddie Mac guaranteed securities and held by third parties.

Single-Family Mortgage Portfolio Credit Enhancement Coverage Outstanding

The table below provides information on the total protected UPB and maximum coverage associated with credit enhanced loans in our single-family mortgage portfolio as of March 31, 2021 and December 31, 2020, respectively.

Table 19 - Single-Family Mortgage Portfolio Credit Enhancement Coverage Outstanding

	March 31, 2021		
(Dollars in millions)	Protected UPB(1)	% of Single-Family Mortgage Portfolio	Maximum Coverage(2)
Primary mortgage insurance	$485,593	20%	$119,111
STACR	905,528	37	31,682
Insurance/reinsurance	975,289	40	13,645
Subordination	34,977	1	6,090
Lender risk-sharing	5,177	—	4,587
Other	314	—	311
Less: UPB with multiple CRT and/or other credit enhancements	(1,148,738)	(47)	—
Single-family mortgage portfolio - covered by credit enhancement	**1,258,140**	**51**	**175,426**
Single-family mortgage portfolio - other	1,199,972	49	—
Total	**$2,458,112**	**100%**	**$175,426**

Referenced footnotes are included after the prior period table.

(Dollars in millions)	December 31, 2020 Protected UPB(1)	% of Single-Family Mortgage Portfolio	Maximum Coverage(2)
Primary mortgage insurance	$472,881	20%	$116,973
STACR	853,733	37	29,665
Insurance/reinsurance	876,815	38	11,586
Subordination	38,074	2	6,182
Lender risk sharing	5,731	—	4,831
Other	374	—	371
Less: UPB with multiple CRT and/or other credit enhancements	(1,069,281)	(46)	—
Single-family mortgage portfolio - covered by credit enhancement	**1,178,327**	**51**	**169,608**
Single-family mortgage portfolio - other	1,148,099	49	—
Total	**$2,326,426**	**100%**	**$169,608**

(1) For STACR and certain insurance/reinsurance transactions (e.g., ACIS), represents the UPB of the assets included in the reference pool of the transactions. For other insurance/reinsurance transactions, represents the UPB of the assets covered by the insurance policy. For subordination, represents the UPB of the guaranteed securities, which represents the UPB of the assets included in the trust net of the protection provided by the subordinated securities. For certain transactions, protected UPB may be different from the UPB of the underlying loans due to timing differences in reporting cycles between the transactions and the loans.

(2) For STACR transactions, represents the outstanding balance held by third parties. For insurance/reinsurance transactions, represents the remaining aggregate limit of insurance purchased from third parties. For subordination, represents the outstanding UPB of the securities that are subordinate to Freddie Mac guaranteed securities and held by third parties.

Credit Enhancement Coverage Characteristics

The table below provides information on the credit-enhanced and non-credit-enhanced loans in our single-family mortgage portfolio. The credit-enhanced categories are not mutually exclusive as a single loan may be covered by both primary mortgage insurance and other credit enhancements.

Table 20 - Credit-Enhanced and Non-Credit-Enhanced Loans in Our Single-Family Mortgage Portfolio

	March 31, 2021		December 31, 2020	
(% of portfolio based on loan UPB)(1)(2)	% of Portfolio	SDQ Rate	% of Portfolio	SDQ Rate
Credit-enhanced				
Primary mortgage insurance	20 %	3.42 %	21 %	3.77 %
CRT and other	43	2.79	41	3.22
Non-credit-enhanced	50	1.89	50	2.13
Total	**N/A**	**2.34**	**N/A**	**2.64**

(1) Excludes loans underlying certain securitization products for which loan-level data is not available.

(2) Based on loan UPB, which may be different from the protected UPB of the associated credit enhancement transaction due to timing differences in reporting cycles between the transactions and the loans.

The table below provides information on the amount of credit enhancement coverage by year of origination associated with loans in our single-family mortgage portfolio.

Table 21 - Credit Enhancement Coverage by Year of Origination

	March 31, 2021		December 31, 2020	
(Dollars in millions)	UPB(1)(2)	% of UPB with Credit Enhancement	UPB(1)(2)	% of UPB with Credit Enhancement
Year of Loan Origination				
2021	$249,721	18 %	N/A	N/A
2020	1,022,146	48	$971,136	36 %
2019	231,493	73	276,315	73
2018	100,324	79	118,673	80
2017	127,073	75	147,863	75
2016 and prior	726,967	48	812,041	49
Total	**$2,457,724**	**50**	**$2,326,028**	**50**

(1) Excludes loans underlying certain securitization products for which loan-level data was not available.

(2) Based on loan UPB, which may be different from the protected UPB of the associated credit enhancement transaction due to timing differences in reporting cycles between the transactions and the loans.

The following table provides information on the characteristics of the loans in our single-family mortgage portfolio without credit enhancement.

Table 22 - Single-Family Mortgage Portfolio Without Credit Enhancement[1]

	March 31, 2021		December 31, 2020	
(Dollars in millions)	UPB	% of Total	UPB	% of Total
Low current LTV ratio[1][2]	$837,533	68 %	$784,150	66 %
Short-term[1][3]	96,968	8	81,681	7
Pre-CRT program inception[1][4]	9,347	1	11,327	1
CRT pipeline[1][5]	264,843	21	276,611	24
Other[1][6]	19,356	2	20,414	2
Total	**$1,228,047**	**100 %**	**$1,174,183**	**100 %**

(1) Loans with multiple characteristics are assigned to categories in this table based on the following order: low current LTV ratio, short-term, pre-CRT program inception, and CRT pipeline.

(2) Represents loans with a current LTV ratio less than or equal to 60%.

(3) Represents loans with an original maturity of 20 years or less.

(4) Represents relief refinance loans and loans that were acquired before the inception of our CRT programs in 2013.

(5) Represents recently acquired loans that are targeted to be included in the on-the-run CRT transactions and have not yet been included in a reference pool.

(6) Primarily includes government guaranteed loans, ARM loans, loans with a current LTV ratio greater than 97%, and loans that fail the delinquency requirements for CRT transactions.

Credit Enhancement Expenses and Recoveries

The recognition of expenses and expected recoveries associated with credit enhancements in our condensed consolidated financial statements depends on the type of credit enhancement. See **Note 8** for additional information on our credit enhancements. The table below contains details on the costs, investment gains (losses), and recoveries associated with our single-family credit enhancements.

Table 23 - Details of Single-Family Credit Enhancement Costs, Investment Gains (Losses), and Recoveries

(In millions)	1Q 2021	1Q 2020
Credit enhancement costs:		
Credit enhancement expense	($325)	($227)
Interest expense related to CRT debt	(139)	(232)
Less: estimated reinvestment income from proceeds of CRT debt issuance	11	46
Single-family credit enhancement costs	**($453)**	**($413)**
Credit enhancement investment gains (losses):		
CRT derivatives gains (losses)	$6	$92
CRT debt gains (losses)	37	549
Single-family credit enhancement investment gains (losses)[1]	**$43**	**$641**
Single-family benefit for (decrease in) credit enhancement recoveries[1]	**($245)**	**$439**

(1) Recoveries collected under freestanding CE and write-offs of CRT debt were $3 million during both 1Q 2021 and 1Q 2020.

The table below presents the details of the credit enhancement recovery receivables we have recognized within other assets on our condensed consolidated balance sheet.

Table 24 - Single-Family Credit Enhancement Receivables

(In millions)	March 31, 2021	December 31, 2020
Freestanding credit enhancement expected recovery receivables, net of allowance	$395	$653
Primary mortgage insurance receivables[1], net of allowance	82	74
Total credit enhancement receivables	**$477**	**$727**

(1) Excludes $433 million and $444 million of deferred payment obligations associated with unpaid claim amounts as of March 31, 2021 and December 31, 2020, respectively. We have reserved for substantially all of these unpaid amounts as collectability is uncertain.

Monitoring Loan Performance and Characteristics

We review loan performance, including delinquency statistics and related loan characteristics, in conjunction with housing market and economic conditions, including the economic effects associated with the COVID-19 pandemic, to assess credit risk when estimating our allowance for credit losses and to determine if our pricing and eligibility standards reflect the risk associated with the loans we purchase and guarantee.

Loans in COVID-19 Related Forbearance Plans

The table below contains details on the characteristics of our single-family loans in forbearance that are past due based on the loan's original contractual terms.

Table 25 - Credit Quality Characteristics of Our Single-Family Loans in Forbearance[1]

	March 31, 2021		December 31, 2020	
(Dollars in billions)	UPB	As a % of Total	UPB	As a % of Total
Current LTV ratio:				
≤ 60	$25.5	51 %	$29.4	49 %
> 60 to 80	19.5	39	23.7	39
> 80 to 100	4.7	10	6.9	11
> 100	0.1	—	0.3	1
Total	**$49.8**	**100 %**	**$60.3**	**100 %**

(1) Excludes certain loans for which we do not control servicing and loans underlying certain legacy transactions, as the forbearance information for these loans is either not reported to us by servicers or not readily available to us. These loans represented approximately 2% of the single-family mortgage portfolio as of both March 31, 2021 and December 31, 2020.

The table below presents payment status information of our single-family loans in forbearance based on the loans' original contractual terms.

Table 26 - Single-Family Loans in Forbearance Plans by Payment Status[1]

	March 31, 2021					
(Dollars in millions)	Current	One Month Past Due	Two Months Past Due	Three Months to Six Months Past Due[2]	Greater Than Six Months Past Due[2]	Total
UPB	$7,725	$3,149	$2,947	$10,425	$33,293	$57,539
Number of loans (in thousands)	39	16	15	51	149	270
As a percentage of our single-family mortgage portfolio[3]	0.32%	0.13%	0.12%	0.41%	1.21%	2.19%

	December 31, 2020					
(Dollars in millions)	Current	One Month Past Due	Two Months Past Due	Three Months to Six Months Past Due[2]	Greater Than Six Months Past Due[2]	Total
UPB	$8,907	$5,443	$4,372	$15,366	$35,144	$69,232
Number of loans (in thousands)	44	28	22	75	155	324
As a percentage of our single-family mortgage portfolio[3]	0.37%	0.23%	0.18%	0.63%	1.29%	2.70%

(1) Excludes certain loans for which we do not control servicing and loans underlying certain legacy transactions, as the forbearance information for these loans is either not reported to us by servicers or not readily available to us. These loans represented approximately 2% of the single-family mortgage portfolio as of both March 31, 2021 and December 31, 2020.

(2) The UPB of loans in forbearance that were three months or more past due and accruing was $27.7 billion and $42.2 billion as of March 31, 2021 and December 31, 2020, respectively.

(3) Based on loan count.

We generally place single-family loans on non-accrual status when the loan becomes three monthly payments past due. For loans in active forbearance plans that were current prior to receiving forbearance, we continue to accrue interest income while the loan is in forbearance and is three or more monthly payments past due when we believe the available evidence indicates that collectability of principal and interest is reasonably assured based on management judgment, taking into consideration additional factors, the most important of which is the current LTV ratio. We ceased accruing interest income on certain loans that were more than nine months past due and in forbearance based on this analysis during 1Q 2021. When we accrue interest on loans that are three or more monthly payments past due, we measure an allowance for expected credit losses on unpaid accrued interest receivable balances such that the balance sheet reflects the net amount of interest we expect to collect.

The table below provides the amount of accrued interest receivable, net of the allowance for credit losses, related to our single-family loans in forbearance.

Table 27 - Single-Family Loans in Forbearance(1)

(In millions)	March 31, 2021	December 31, 2020
Accrued interest receivable:		
Less than three months past due	$40	$74
Three months to six months past due	144	235
Greater than six months past due(2)	930	911
Accrued interest receivable, gross	1,114	1,220
Allowance for credit losses	(213)	(138)
Accrued interest receivable, net	**$901**	**$1,082**

(1) Excludes certain loans for which we do not control servicing and loans underlying certain legacy transactions, as the forbearance information for these loans is either not reported to us by servicers or not readily available to us. These loans represented approximately 2% of the single-family mortgage portfolio as of both March 31, 2021 and December 31, 2020.

(2) 94% and 90% of the accrued interest receivable greater than six months past due is related to loans with current LTV ratios that are less than or equal to 80% as of March 31, 2021 and December 31, 2020, respectively.

Prior to expiration of a borrower's forbearance plan, servicers are required to contact the borrower to determine how the payments missed during the forbearance period will be repaid. We require servicers to follow a defined loss mitigation hierarchy to determine which options to offer to borrowers. This hierarchy is based on certain factors, such as the borrowers' delinquency status, reasons for delinquency, loan types, and types of hardships. Borrowers are not required to repay all past due amounts in a single lump sum. Upon expiration of the forbearance plan, borrowers may reinstate the loan or enter into either a repayment plan, a payment deferral, or a trial period plan related to a loan modification. If the borrower is not eligible for any of the home retention options, we may seek to pursue a foreclosure alternative or foreclosure. As a result of loans exiting COVID-19 related forbearance plans through payment deferrals or loan modifications during 1Q 2021, we deferred $250 million of delinquent interest into non-interest-bearing principal balances that are due at the earlier of the payoff date, maturity date, or sale of the property.

The table below presents a summary of single-family loans that received forbearance and were past due based on the loans' original contractual terms at some point during the forbearance period.

Table 28 - Status of Single-Family Loans That Received Forbearance(1)

(Loan count in thousands)	March 31, 2021	December 31, 2020
Active forbearance at end of period	230	280
Forbearance plan exits(2) (from January 1, 2020 to end of period)		
Reinstatement(3)	219	189
Pay-off	48	39
Payment deferral	219	166
Other(4)	52	43
Total forbearance plan exits(5)	538	437
Total single-family loans that received forbearance(6) (from January 1, 2020 to end of period)	**768**	**717**

(1) Excludes certain loans for which we do not control servicing and loans underlying certain legacy transactions, as the forbearance information for these loans is either not reported to us by servicers or not readily available to us. These loans represented approximately 2% of the single-family mortgage portfolio as of both March 31, 2021 and December 31, 2020.

(2) Represents the exit path the borrower took upon exit from the forbearance plan, which could be at the end of or during the forbearance period.

(3) Includes forbearance plans where the borrower brought the mortgage current during forbearance.

(4) Primarily includes forbearance plans where the borrowers remained delinquent and the exit paths were not determined at the end of the forbearance periods. Also includes other exit paths such as repayment plans, modifications, and foreclosure alternatives.

(5) 85% and 83% of loans that received forbearance and subsequently exited were current or paid off as of March 31, 2021 and December 31, 2020, respectively.

(6) Based on number of forbearance plans. A loan may have received more than one forbearance plan during the period.

Allowance for Credit Losses

The table below summarizes our single-family allowance for credit losses activity.

Table 29 - Single-Family Allowance for Credit Losses Activity

(Dollars In millions)	1Q 2021	1Q 2020
Beginning balance	$6,353	$5,233
Provision (benefit) for credit losses	(146)	1,166
Charge-offs	(238)	(164)
Recoveries collected	46	88
Other	115	24
Ending balance	**$6,130**	**$6,347**
Components of ending balance of allowance for credit losses:		
Mortgage loans held-for-investment	$5,253	$6,044
Advances of pre-foreclosure costs	615	254
Accrued interest receivable on mortgage loans	213	—
Off-balance-sheet credit exposures	49	49
Total	**$6,130**	**$6,347**
As a percentage of our single-family mortgage portfolio	0.25 %	0.31 %

Credit Losses and Recoveries

The table below contains certain credit performance metrics for our single-family mortgage portfolio. Credit losses increased year-over-year as charge-offs of accrued interest receivable when we placed the related loans on non-accrual status increased. Other credit losses declined as a result of the foreclosure moratorium that will remain in effect through June 30, 2021. It is likely that we will incur additional costs in future periods, such as higher property preservation and maintenance expenses, due to this foreclosure moratorium as the borrowers may remain delinquent for an extended period of time.

Table 30 - Single-Family Mortgage Portfolio Credit Performance Metrics

(Dollars in millions)	1Q 2021	1Q 2020
Charge-offs	$238	$164
Recoveries collected[1]	(46)	(88)
Charge-offs, net	192	76
REO operations expense	8	85
Total credit losses	**$200**	**$161**
Total credit losses (in bps)	3.3	4.6

(1) Includes cash, REO, or other assets such as receivables from primary mortgage insurance.

TDRs and Non-Accrual Loan Activity

Single-family loans that have been modified or placed on non-accrual status generally have a higher associated allowance for credit losses.

The table below presents information about the UPB of single-family TDR loans and non-accrual loans on our condensed consolidated balance sheets.

Table 31 - Single-Family TDR and Non-Accrual Loans

	March 31, 2021			December 31, 2020		
(Dollars in millions)	Mortgage Loans Held-for-Investment	Mortgage Loans Held-for-Sale	Total	Mortgage Loans Held-for-investment	Mortgage Loans Held-for-Sale	Total
UPB:						
TDRs on accrual status	$26,797	$4,566	$31,363	$28,547	$4,293	$32,840
Non-accrual loans	22,974	4,880	27,854	13,679	5,020	18,699
Total TDRs and non-accrual loans	**$49,771**	**$9,446**	**$59,217**	**$42,226**	**$9,313**	**$51,539**
Non-accrual loans as a percentage of total loans outstanding[1]			1.13 %			0.80 %
Allowance for credit losses as a percentage of non-accrual loans[2]			22.01			33.98

(1) Represents the total UPB of single-family non-accrual loans as a percentage of the total UPB of the single-family mortgage portfolio as of period end.

(2) Represents the total allowance for credit losses as a percentage of the total UPB of single-family non-accrual loans as of period end.

The table below presents information about the foregone interest income of single-family TDR loans and non-accrual loans.

Table 32 - Foregone Interest Income on Single-Family TDRs and Non-Accrual Loans

	1Q 2021[1]			1Q 2020[1]		
(In millions)	Mortgage Loans Held-for-Investment	Mortgage Loans Held-for-Sale	Total	Mortgage Loans Held-for-Investment	Mortgage Loans Held-for-Sale	Total
Interest on TDRs and non-accrual loans:						
At original contractual rates	$622	$134	$756	$464	$223	$687
Recognized	(332)	(58)	(390)	(331)	(129)	(460)
Foregone interest income on TDRs and non-accrual loans[2]	**$290**	**$76**	**$366**	**$133**	**$94**	**$227**

(1) Represents interest income at the original contractual rates, interest income recognized, and foregone interest income based on TDRs and non-accrual loans at the end of each period.

(2) Represents the amount of interest income that we did not recognize but would have recognized during the period for the loans outstanding at the end of each period had the loans performed according to their original contractual terms.

The table below summarizes the UPB of single-family held-for-investment TDR loan activity.

Table 33 - Single-Family TDR Loan Activity

	March 31, 2021		March 31, 2020	
(Dollars in millions)	Loan Count	Amount	Loan Count	Amount
Beginning balance, as of January 1	229,277	$32,676	249,182	$35,623
New additions[1]	4,453	731	7,424	1,215
Repayments and reclassifications to held-for-sale	(10,783)	(1,838)	(19,741)	(3,223)
Foreclosure sales and foreclosure alternatives	(510)	(96)	(864)	(127)
Ending balance, as of March 31	**222,437**	**$31,473**	**236,001**	**$33,488**

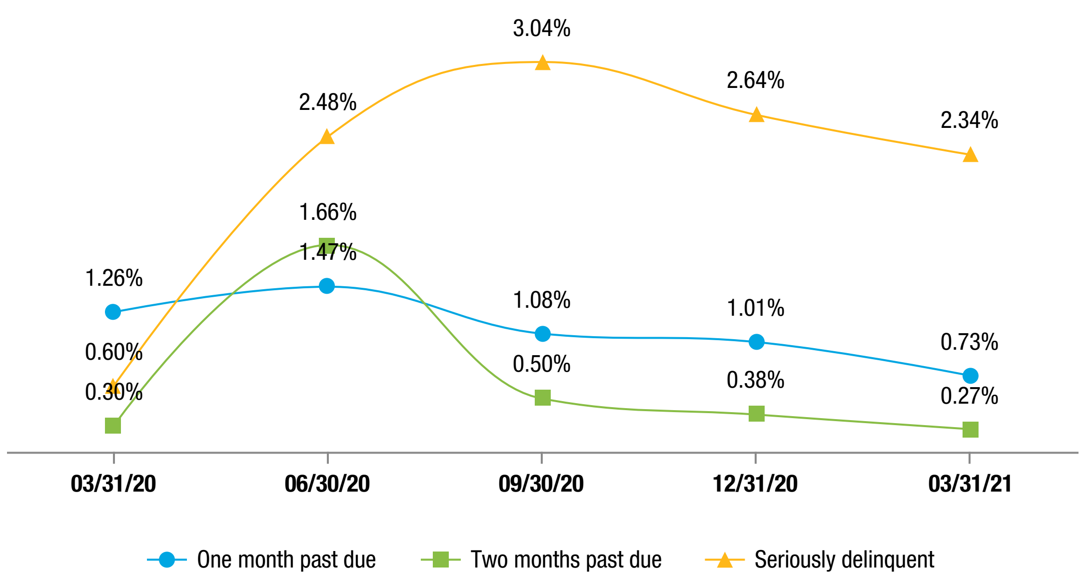
(1) Includes certain bankruptcy events and forbearance plans, repayment plans, payment deferrals, and modification activities that do not qualify for the temporary relief related to TDR provided by the CARES Act, based on servicer reporting at the time of the TDR event.

Delinquency Rates

We report single-family delinquency rates based on the number of loans in our single-family mortgage portfolio that are past due as reported to us by our servicers as a percentage of the total number of loans in our single-family mortgage portfolio.

The chart below shows the delinquency rates of mortgage loans in our single-family mortgage portfolio.

Single-Family Delinquency Rates



The percentages of loans that were one month past due and two months past due increased in early 2020 due to the COVID-19 pandemic but have trended back toward pre-pandemic levels as the impact of the pandemic on early-stage delinquencies has started to stabilize. The percentage of loans one month past due can be volatile due to servicer reporting methodologies, seasonality, and other factors that may not be indicative of default. As a result, the percentage of loans two months past due tends to be a better early performance indicator than the percentage of loans one month past due. The percentage of loans two months past due was down slightly year-over-year.

Our single-family serious delinquency rate increased to 2.34% as of March 31, 2021, compared to 0.60% as of March 31, 2020, driven by an increase in the number of loans in forbearance related to the COVID-19 pandemic. However, 56% of the seriously delinquent loans at March 31, 2021 were covered by credit enhancements that may partially reduce our credit risk exposure to these loans. See **Note 4** for additional information on the payment status of our single-family mortgage loans.

The COVID-19 pandemic has caused mortgage delinquencies to increase significantly. We expect our single-family serious delinquency rates to remain elevated as a result of the pandemic and the forbearance programs we are offering in response.

Loan Characteristics

The table below contains details on characteristics of the loans in our single-family mortgage portfolio.

Table 34 - Credit Quality Characteristics of Our Single-Family Mortgage Portfolio

	March 31, 2021						
(Dollars in billions)	UPB	Original Credit Score (1)	Current Credit Score (1)(2)	Original LTV Ratio	Current LTV Ratio	Current LTV Ratio >100%	Alt-A %
Single-family mortgage portfolio year of origination:							
2021	$250	758	758	69 %	69 %	— %	— %
2020	1,022	759	759	71	66	—	—
2019	232	746	752	77	64	—	—
2018	100	738	737	77	60	—	—
2017	127	741	746	75	54	—	—
2016 and prior	727	739	751	75	42	—	2
Total	**$2,458**	**750**	**754**	**73**	**58**	**—**	**1**

	December 31, 2020						
(Dollars in billions)	UPB	Original Credit Score (1)	Current Credit Score (1)(2)	Original LTV Ratio	Current LTV Ratio	Current LTV Ratio >100%	Alt-A %
Single-family mortgage portfolio year of origination:							
2020	$971	760	758	71 %	68 %	— %	— %
2019	276	747	754	77	67	—	—
2018	119	739	739	77	62	—	—
2017	148	742	747	75	56	—	—
2016	187	748	758	73	49	—	—
2015 and prior	625	737	750	75	41	—	3
Total	**$2,326**	**749**	**754**	**74**	**58**	**—**	**1**

(1) Original credit score is based on three credit bureaus (Equifax, Experian, and TransUnion). Current credit score is based on Experian only.

(2) Credit scores for certain recently acquired loans may not have been updated by the credit bureau since the loan acquisition and therefore the original credit scores also represented the current credit scores.

Higher Risk Loan Attributes and Attribute Combinations

Certain combinations of loan attributes can indicate a higher degree of credit risk, such as loans with both higher LTV ratios and lower credit scores. The following table presents the combination of credit score and CLTV ratio attributes of loans in our single-family mortgage portfolio.

Table 35 - Single-Family Mortgage Portfolio Attribute Combinations

	March 31, 2021										
	CLTV ≤ 60		CLTV > 60 to 80		CLTV > 80 to 100		CLTV > 100		All Loans		
(Original credit score)	% Portfolio	SDQ Rate(1)	% Portfolio	SDQ Rate(1)	% Portfolio	SDQ Rate(1)	% Portfolio	SDQ Rate(1)	% Portfolio	SDQ Rate(1)	% Modified(2)
< 620	0.8 %	9.30 %	0.3 %	15.15 %	0.1 %	20.75%	— %	NM	1.2 %	10.93 %	10.1 %
620 to 659	2.1	6.31	1.1	8.25	0.2	8.97	—	NM	3.4	6.97	6.1
≥ 660	47.2	1.85	37.1	2.09	10.9	1.70	0.1	14.01%	95.3	1.92	0.9
Not available	0.1	8.33	—	NM	—	NM	—	NM	0.1	9.06	17.5
Total	**50.2 %**	**2.29**	**38.5 %**	**2.47**	**11.2 %**	**2.08**	**0.1 %**	**18.27**	**100.0 %**	**2.34**	**1.3**

	December 31, 2020										
	CLTV ≤ 60		CLTV > 60 to 80		CLTV > 80 to 100		CLTV > 100		All Loans		
(Original credit score)	% Portfolio	SDQ Rate(1)	% Portfolio	SDQ Rate(1)	% Portfolio	SDQ Rate(1)	% Portfolio	SDQ Rate(1)	% Portfolio	SDQ Rate(1)	% Modified(2)
< 620	0.9 %	9.27%	0.3 %	14.96%	0.1 %	19.62%	— %	NM	1.3 %	11.00%	10.2%
620 to 659	2.0	6.56	1.2	9.08	0.3	10.08	—	NM	3.5	7.45	6.3
≥ 660	47.6	2.01	35.8	2.50	11.6	2.22	0.1	13.99%	95.1	2.18	0.9
Not available	0.1	7.96	—	NM	—	NM	—	NM	0.1	8.79	16.9
Total	**50.6 %**	**2.46**	**37.3 %**	**2.94**	**12.0 %**	**2.65**	**0.1 %**	**18.11**	**100.0 %**	**2.64**	**1.4**

(1) NM - not meaningful due to the percentage of the portfolio rounding to zero.

(2) Primarily includes loans modified through the Freddie Mac Flex Modification program.

Alt-A and Subprime Loans

While we have referred to certain loans as subprime or Alt-A for purposes of the discussion below and elsewhere in this Form 10-Q, there is no universally accepted definition of subprime or Alt-A, and the classification of such loans may differ from company to company. We do not rely on these loan classifications to evaluate the credit risk exposure relating to such loans in our single-family mortgage portfolio.

Participants in the mortgage market have characterized single-family loans based upon their overall credit quality at the time of origination, including as prime or subprime. While we have not historically characterized the loans in our single-family mortgage portfolio as either prime or subprime, we monitor the amount of loans we have guaranteed with characteristics that indicate a higher degree of credit risk. In addition, we estimate that approximately $0.7 billion of security collateral underlying our other securitization products at both March 31, 2021 and December 31, 2020, were identified as subprime based on information provided to us when we entered into these transactions.

Mortgage market participants have classified single-family loans as Alt-A if these loans have credit characteristics that range between their prime and subprime categories, if they are underwritten with lower or alternative income or asset documentation requirements compared to a full documentation loan, or both. Although we have discontinued new purchases of loans with lower documentation standards, we continue to purchase certain amounts of such loans in cases where the loan was either purchased pursuant to a previously issued guarantee, part of our relief refinance initiative or part of another refinance loan initiative and the pre-existing loan was originated under less than full documentation standards. In the event we purchase a refinance loan and the original loan had been previously identified as Alt-A, such refinance loan may no longer be categorized or reported as an Alt-A loan in this Form 10-Q and our other financial reports because the new refinance loan replacing the original loan would not be identified by the seller or servicer as an Alt-A loan. As a result, our reported Alt-A balances may be lower than would otherwise be the case had such refinancing not occurred. From the time the relief refinance initiative began in 2009 to March 31, 2021, we have purchased approximately $36.4 billion of relief refinance loans that were previously categorized as Alt-A loans in our portfolio.

The table below contains information on Alt-A loans in our single-family mortgage portfolio.

Table 36 - Alt-A Loans in Our Single-Family Mortgage Portfolio

	March 31, 2021				December 31, 2020			
(Dollars in billions)	UPB	CLTV	% Modified[(1)]	SDQ Rate	UPB	CLTV	% Modified[(1)]	SDQ Rate
Alt-A	$17.6	54 %	14.7 %	10.49 %	$18.4	55 %	14.7 %	10.66 %

(1) Primarily includes loans modified through the Freddie Mac Flex Modification program.

The UPB of Alt-A loans in our single-family mortgage portfolio is continuing to decline due to borrowers refinancing into other mortgage products, foreclosure sales, and other liquidation events.

Geographic Concentrations

We purchase mortgage loans from across the U.S. However, local economic conditions can affect the borrower's ability to repay and the value of the underlying collateral, leading to concentrations of credit risk in certain geographic areas. In addition, certain states and municipalities may pass laws that limit our ability to foreclose or evict and make it more difficult and costly to manage our risk.

The table below summarizes the concentration by geographic area of our single-family mortgage portfolio as of March 31, 2021 and December 31, 2020. While our portfolio is diversified geographically, the economic effects of the COVID-19 pandemic may be disproportionately concentrated in certain geographic regions or areas. See **Note 16** for more information about credit risk associated with loans that we hold or guarantee.

Table 37 - Concentration of Credit Risk of Our Single-Family Mortgage Portfolio

	March 31, 2021			December 31, 2020			1Q 2021[(1)]		1Q 2020[(1)]	
(Dollars in billions)	Portfolio UPB	% of Portfolio	SDQ Rate	Portfolio UPB	% of Portfolio	SDQ Rate	Credit Losses Amount	% of Credit Losses[(2)]	Credit Losses Amount	% of Credit Losses
Region:[(3)]										
West	$770	31 %	2.11 %	$720	31 %	2.41 %	$—	NM	$—	8 %
Northeast	581	24	2.82	549	24	3.16	—	NM	0.1	36
North Central	371	15	1.88	357	15	2.06	—	NM	0.1	29
Southeast	393	16	2.58	375	16	2.95	—	NM	—	18
Southwest	343	14	2.33	325	14	2.59	—	NM	—	9
Total	**$2,458**	**100 %**	**2.34**	**$2,326**	**100 %**	**2.64**	**$—**	**NM**	**$0.2**	**100 %**
State:										
California	$455	19 %	2.29	$424	18 %	2.64	$—	NM	$—	5 %
Texas	152	6	2.75	145	6	3.11	—	NM	—	3
Florida	142	6	3.14	135	6	3.70	—	NM	—	9
New York	108	4	4.07	103	4	4.56	—	NM	—	9
Illinois	99	4	2.83	96	4	2.96	—	NM	0.1	16
All other	1,502	61	2.09	1,423	62	2.34	—	NM	0.1	58
Total	**$2,458**	**100 %**	**2.34**	**$2,326**	**100 %**	**2.64**	**$—**	**NM**	**$0.2**	**100 %**

(1) Excludes credit losses related to charge-offs of accrued interest receivables.

(2) NM - not meaningful due to the credit losses amount rounding to zero.

(3) Region designation: West (AK, AZ, CA, GU, HI, ID, MT, NV, OR, UT, WA); Northeast (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI, VT, VA, WV); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, VI); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY).

Engaging in Loss Mitigation Activities

We offer a variety of borrower assistance programs, including refinance programs for certain eligible loans and loan workout activities for struggling borrowers. Our loan workouts include both home retention options and foreclosure alternatives. We also engage in transfers of servicing for and sales of certain seriously delinquent and reperforming loans.

Loan Workout Activities

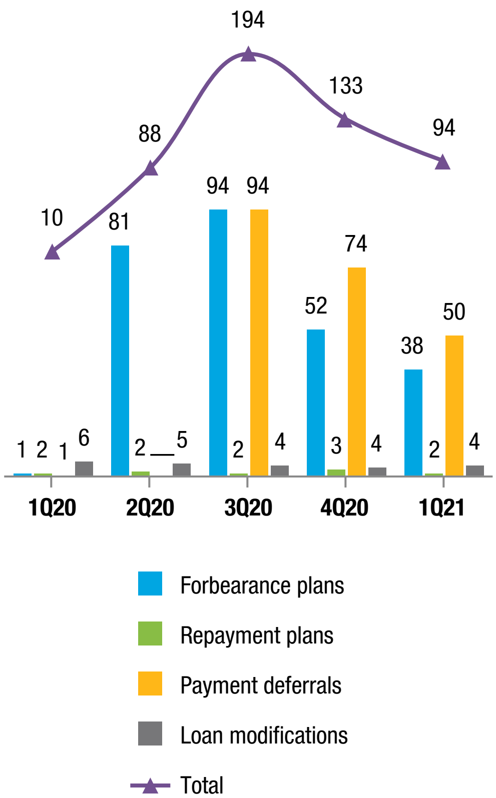
Pursuant to FHFA guidance and the CARES Act, we have offered mortgage payment relief options to borrowers affected by the COVID-19 pandemic. Among other things, we are offering forbearance of up to 18 months to single-family borrowers experiencing a financial hardship and a payment deferral option that allows a borrower to defer up to 18 months of payments for eligible homeowners who have the financial capacity to resume making their monthly payments, but who are unable to afford the additional monthly contributions required by a repayment plan. The types of loss mitigation options available to borrowers impacted by the COVID-19 pandemic may be revised by further FHFA guidance or federal government regulation.

The volume of foreclosures declined significantly, year-over-year, primarily due to the foreclosure moratorium that will remain in effect through June 30, 2021. The volume of our foreclosure alternatives remained insignificant in recent periods.

The following graphs provide details about our single-family loan workout activities and foreclosure sales. In prior periods, payment deferrals were included in the loan modification category, as such amounts were not significant. Prior periods have been revised to conform to the current period presentation.

Home Retention Actions[1]

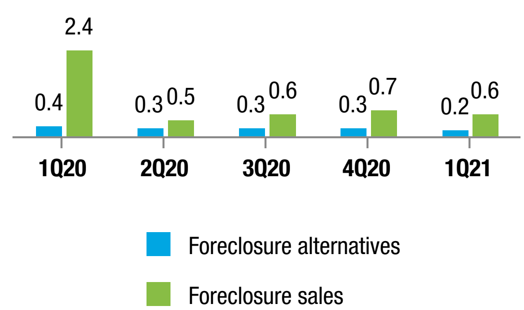
(In thousands)



(1) Forbearance plans in this graph only include those where borrowers fully reinstated the loan to current status during or at the end of forbearance period.

Foreclosure Alternatives and Foreclosure Sales

(In thousands)



Sales and Securitization of Certain Seasoned Loans

We pursue sales of certain seriously delinquent loans when we believe the sale of these loans provides better economic returns than continuing to hold them. The FHFA requirements guiding these transactions include bidder qualifications, loan modifications, and performance reporting. In addition to other requirements, in February 2021, in response to the COVID-19 pandemic, FHFA required that future transactions include requirements that the loans (i) be serviced in a manner that is consistent with any requirements that would apply under Section 4022 of the CARES Act as if the loans were still owned or securitized by Freddie Mac and (ii) adhere to any existing and future foreclosure or eviction moratoria related to the COVID-19 pandemic that have been imposed by FHFA or by federal legislation applicable to single-family loans that are owned or securitized by Freddie Mac.

Certain seriously delinquent loans may reperform, either on their own or through modification. In addition to sales of seriously delinquent loans, we sell certain reperforming loans, which typically involves securitization of the loans using our senior subordinate securitization structures or Level 1 Securitization Products, depending on market conditions, business strategy, credit risk considerations, and operational efficiency. As with sales of seriously delinquent loans, FHFA required that future securitizations of such reperforming loans include requirements regarding compliance with Section 4022 of the CARES Act (which is applicable for loans purchased or securitized by Freddie Mac) and that the servicers adhere to any existing and future foreclosure or eviction moratoria related to the COVID-19 pandemic that have been imposed by FHFA or by federal legislation applicable to single-family loans that are owned or securitized by Freddie Mac. Of the $10.9 billion in UPB of single-family loans classified as held-for-sale at March 31, 2021, $4.7 billion related to loans that were seriously delinquent.

We did not sell any reperforming loans or seriously delinquent loans during 1Q 2021, compared to sales of $2.2 billion in UPB of such loans during 1Q 2020.

Managing Foreclosure and REO Activities

Pursuant to FHFA guidance and the CARES Act, we are required to suspend foreclosures, other than for vacant or abandoned properties, and evictions due to the COVID-19 pandemic until June 30, 2021, and this suspension period may be extended by FHFA or other actions by the federal government, if necessary. As a result of this suspension, our REO ending inventory declined year-over-year.

The table below shows our single-family REO activity.

Table 38 - Single-Family REO Activity

	1Q 2021		1Q 2020	
(Dollars in millions)	Number of Properties	Amount	Number of Properties	Amount
Beginning balance — REO	1,766	$199	4,989	$565
Additions	354	30	1,441	136
Dispositions	(516)	(54)	(2,262)	(227)
Ending balance — REO	**1,604**	**175**	**4,168**	**474**
Beginning balance, valuation allowance		(1)		(10)
Change in valuation allowance		—		(7)
Ending balance, valuation allowance		**(1)**		**(17)**
Ending balance — REO, net		**$174**		**$457**

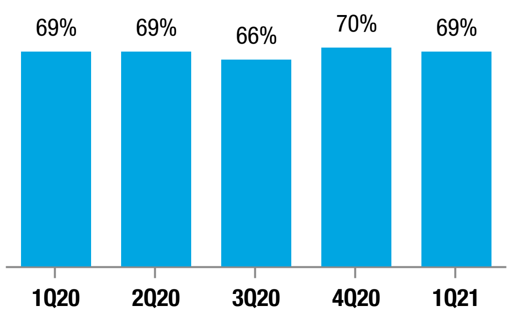
Multifamily Mortgage Credit Risk

Maintaining Prudent Underwriting Standards

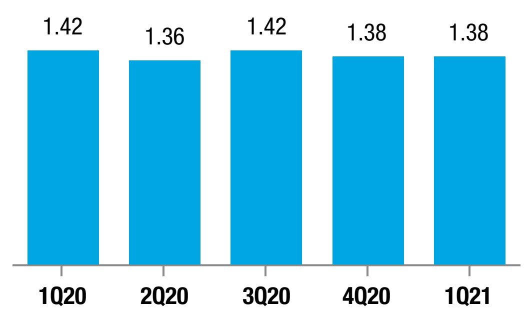
We use a prior approval underwriting approach for multifamily loans in which we maintain credit discipline by completing our own underwriting and credit review for each new loan prior to purchase. Our underwriting standards focus on the LTV ratio and DSCR, which estimates a borrower's ability to repay the loan using the secured property's cash flows, after expenses. Our standards require maximum LTV ratios and minimum DSCRs that vary based on the characteristics and features of the loan. Changes in market conditions can affect the credit quality of our multifamily loan purchases and/or guarantees. Notwithstanding the effects of the COVID-19 pandemic on the multifamily market and broader economic environment, the credit quality of our multifamily loan purchases and guarantees remained consistent with prior periods.

The graphs below show the credit profile of the multifamily loans we purchased or guaranteed.

Weighted Average Original LTV Ratio



Weighted Average Original Debt Service Coverage Ratio



Managing Our Portfolio, Including Loss Mitigation Activities

Loans in COVID-19 Related Forbearance Plans

Pursuant to FHFA guidance and the CARES Act, beginning in March 2020, we have offered multifamily borrowers mortgage forbearance with the condition that they suspend all evictions during the forbearance period for renters unable to pay rent. Under our forbearance program, through December 31, 2020, multifamily borrowers with a fully performing loan as of February 1, 2020 were able to defer their loan payments for up to 90 days by showing hardship as a consequence of the COVID-19 pandemic and by gaining lender approval. After the forbearance period, the borrower was required to repay the forborne loan amounts in no more than 12 equal monthly installments.

In June 2020, in coordination with FHFA, we announced several supplemental forbearance relief options that servicers may use to assist borrowers who have a forbearance plan in place and continue to be materially affected by the COVID-19 pandemic. These supplemental relief options extend most of the original tenant protections and provide increased flexibility to tenants, including allowing the repayment of past due rent over time and not in a lump sum. In December 2020, we extended the deadline for borrowers whose loans have not been more than 30 days past due to request a new COVID-19 forbearance agreement or supplemental relief to March 31, 2021, and in March 2021 we further extended this deadline to June 30, 2021.

We report multifamily delinquency rates based on the UPB of loans in our multifamily mortgage portfolio that are two monthly payments or more past due based on the loan's current contractual terms or in the process of foreclosure, as reported by our servicers. Loans in forbearance are not considered delinquent as long as the borrower is in compliance with the forbearance agreement, including the agreed upon repayment plan.

The following table summarizes the current credit quality of loans under a forbearance program, which includes both the forbearance period and the repayment period.

Table 39 - Current Credit Quality of Multifamily Loans Under a Forbearance Program

	March 31, 2021		
(Dollars in millions)	UPB	LTV > 80%(1)	DSCR < 1.25(1)
Forbearance period	$240	$67	$217
Repayment period	6,522	362	3,821
Credit-enhanced	**6,762**	**429**	**4,038**
Forbearance period	—	—	—
Repayment period	654	81	200
Non-credit-enhanced	**654**	**81**	**200**
Total	**$7,416**	**$510**	**$4,238**
Weighted average LTV(1)	64%		
Weighted average DSCR(1)	1.36		

(1) Based on the most recent borrower financial information submissions received from the servicers.

Of the loans in forbearance, 84.5% based on UPB are in securitizations with first loss credit protection provided by subordination. The weighted average subordination level of securitizations with subordination that have loans in forbearance was 14.6% as of March 31, 2021. 10.6% of loans in forbearance are scheduled to mature prior to 2023.

Allowance for Credit Losses

The following table summarizes the allowance for credit losses recorded on our multifamily mortgage loans held-for-investment and our off-balance sheet credit exposures.

Table 40 - Multifamily Allowance for Credit Losses Activity

(In millions)	1Q 2021	1Q 2020
Beginning balance	$200	$69
(Benefit) provision for credit losses	(50)	67
Charge-offs, net	—	—
Ending balance	**$150**	**$136**
Components of ending balance of allowance for credit losses:		
Mortgage loans held-for-investment	$77	$77
Off-balance sheet credit exposures	73	59
Total	**$150**	**$136**

Our multifamily credit losses remain low due to the property performance of the loans underlying our multifamily mortgage portfolio. See **Note 7** for additional information regarding multifamily credit losses and allowance for credit losses.

Transferring Credit Risk to Third-Party Investors

To reduce our credit risk exposure, we engage in various credit enhancement arrangements, which include securitizations and other credit enhancements. Our securitizations remain our principal risk transfer mechanism. Through these securitizations, we have transferred a substantial amount of the expected and stressed credit risk on the multifamily guarantee portfolio, thereby reducing our overall credit risk exposure.

The table below presents the UPB, delinquency rates, and forbearance rates for both credit-enhanced and non-credit enhanced loans underlying our multifamily mortgage portfolio.

Table 41 - Credit-Enhanced and Non-Credit-Enhanced Loans Underlying Our Multifamily Mortgage Portfolio

	March 31, 2021			December 31, 2020		
(Dollars in millions)	UPB	Delinquency Rate	Forbearance Rate(1)	UPB	Delinquency Rate	Forbearance Rate(1)
Credit-enhanced:						
Subordination	$342,425	0.19 %	1.83 %	$328,897	0.18 %	1.99 %
Other(2)	19,891	0.03	2.47	17,352	0.17	2.73
Total credit-enhanced	**362,316**	**0.18**	**1.87**	**346,249**	**0.18**	**2.03**
Non-credit-enhanced	31,361	0.03	2.09	42,098	0.02	1.83
Total	**$393,677**	**0.17**	**1.88**	**$388,347**	**0.16**	**2.01**

(1) Forbearance rate includes loans in a forbearance program including loans in their repayment period.

(2) Includes lender risk-sharing agreements related to certain securitizations, insurance/reinsurance contracts, SCR, and other credit enhancements.

The following table provides information on the level of subordination outstanding for our securitizations with subordination.

Table 42 - Level of Subordination Outstanding

	March 31, 2021			December 31, 2020		
(Dollars in millions)	UPB	Delinquency Rate	Forbearance Rate	UPB	Delinquency Rate	Forbearance Rate
Less than 10%	$72,364	0.03 %	0.11 %	$53,220	0.04 %	0.15 %
10% or greater	270,061	0.23	2.29	275,677	0.20	2.35
Total	**$342,425**	**0.19**	**1.83**	**$328,897**	**0.18**	**1.99**
Weighted average subordination level	13%			13%		

The table below contains details on the loans underlying our multifamily mortgage portfolio that are not credit-enhanced.

Table 43 - Credit Quality of Our Multifamily Mortgage Portfolio Without Credit Enhancement

	March 31, 2021			December 31, 2020		
(Dollars in millions)	UPB	Delinquency Rate	Forbearance Rate	UPB	Delinquency Rate	Forbearance Rate
Unsecuritized loans:						
Held-for-sale	$13,341	0.07 %	1.38 %	$21,794	0.04 %	0.85 %
Held-for-investment	7,938	—	0.08	8,655	—	1.40
Securitization products	5,147	—	8.92	6,711	—	6.84
Other mortgage-related guarantees	4,935	—	0.07	4,938	—	0.07
Total	**$31,361**	**0.03**	**2.09**	**$42,098**	**0.02**	**1.83**

Counterparty Credit Risk

We are exposed to counterparty credit risk, which is a type of institutional credit risk, as a result of our contracts with sellers and servicers, credit enhancement providers (mortgage insurers, investors, etc.), financial intermediaries, clearinghouses, and other counterparties, as well as through our guarantees of Fannie Mae securities underlying commingled resecuritization transactions.

Sellers and Servicers

Single-Family

We perform ongoing monitoring and review of our exposure to individual sellers or servicers in accordance with our institutional credit risk management framework, including requiring our counterparties to provide regular financial reporting to us. We have significant exposure to non-depository and smaller depository financial institutions in our single-family business. We monitor and review the financial stability of our non-depository institutional counterparties.

Our top five non-depository sellers provided approximately 30% and 27% of our single-family purchase volume during 1Q 2021 and 1Q 2020, respectively. The table below summarizes the concentration of non-depository servicers of our single-family mortgage portfolio.

Table 44 - Single-Family Mortgage Portfolio Non-Depository Servicers

	March 31, 2021		December 31, 2020	
	% of Portfolio(1)	% of Seriously Delinquent Single-Family Loans	% of Portfolio(1)	% of Seriously Delinquent Single-Family Loans
Top five non-depository servicers	18 %	17 %	18 %	17 %
Other non-depository servicers	33	32	30	28
Total	**51 %**	**49 %**	**48 %**	**45 %**

(1) Excludes loans where we do not exercise control over the associated servicing.

Multifamily

The majority of our multifamily loans are securitized using trusts that are administered by master servicers who bear responsibility to advance funds in the event of payment shortfalls, including principal and interest payments related to loans in forbearance. For the majority of our K Certificate securitizations, we utilize one of three large financial depository institutions as master servicer. For SB Certificate securitizations and a smaller number of K Certificate securitizations, we serve as master servicer. In instances where payment shortfalls occur, the master servicer is required to make advances as long as such advances have not been deemed non-recoverable. For loans purchased and held in our mortgage-related investment portfolio, the primary servicers are not required to advance funds in the event of payment shortfalls and therefore do not present significant counterparty credit risk.

Credit Enhancement Providers

We perform periodic analysis of the financial capacity of individual insurers under various adverse economic conditions and have continued our close monitoring and active communication with them to assess potential risk impacts.

The table below summarizes our exposure to single-family mortgage insurers as of March 31, 2021. In the event a mortgage insurer fails to perform, the coverage amounts represent our maximum exposure to credit losses resulting from such a failure.

Table 45 - Single-Family Mortgage Insurers

			March 31, 2021	
(In millions)	Credit Rating(1)	Credit Rating Outlook(1)	UPB	Coverage(2)
Arch Mortgage Insurance Company	A-	Negative	$96,012	$23,852
Radian Guaranty Inc. (Radian)	BBB+	Negative	92,428	22,097
Mortgage Guaranty Insurance Corporation (MGIC)	BBB+	Negative	88,879	21,743
Essent Guaranty, Inc.	BBB+	Negative	76,693	18,724
Genworth Mortgage Insurance Corporation	BB+	Negative	74,611	18,495
National Mortgage Insurance (NMI)	BBB	Negative	52,487	13,112
PMI Mortgage Insurance Co. (PMI)	Not Rated	N/A	1,793	449
Republic Mortgage Insurance Company (RMIC)	Not Rated	N/A	1,331	329
Triad Guaranty Insurance Corporation (Triad)	Not Rated	N/A	836	209
Others	N/A	N/A	523	101
Total			**$485,593**	**$119,111**

(1) Ratings and outlooks are for the corporate entity to which we have the greatest exposure. Latest rating available as of March 31, 2021. Represents the lower of S&P and Moody's credit ratings and outlooks stated in terms of the S&P equivalent.

(2) Coverage amounts exclude coverage related to IMAGIN and may include coverage provided by consolidated affiliates and subsidiaries of the counterparty.

The table below displays the concentration of our single-family credit risk exposure to our ACIS counterparties.

Table 46 - Single-Family ACIS Counterparties

	March 31, 2021		December 31, 2020	
(Dollars in billions)	Maximum Coverage(1)	% of Total	Maximum Coverage(1)	% of Total
Top five ACIS counterparties	$6.0	46 %	$5.3	48 %
All other ACIS counterparties	7.1	54	5.8	52
Total	**$13.1**	**100 %**	**$11.1**	**100 %**

(1) Represents maximum coverage exclusive of the collateral posted to secure the counterparties' obligations.

As of March 31, 2021 and December 31, 2020, our ACIS counterparties posted collateral of $2.9 billion and $2.4 billion, respectively.

Market Risk

Overview

Our business has embedded exposure to market risk, which is the economic risk associated with adverse changes in interest rates, volatility, and spreads. Market risk can adversely affect future cash flows, or economic value, as well as earnings and net worth.

A significant source of interest-rate risk is from our investments in mortgage-related assets (securities and loans) and the debt we issue to fund our assets. Another source of interest-rate risk comes from our single-family guarantee portfolio, which includes upfront fees (including buy-downs), buy-ups, and float. Our primary goal in managing interest-rate risk is to reduce the amount of change in the value of our future cash flows due to future changes in interest rates. We use models to analyze possible future interest-rate scenarios, along with the cash flows of our assets and liabilities over those scenarios. Our models include the possibility of future negative interest rate scenarios and such risk is included in our hedging framework.

Interest-Rate Risk

Our primary interest-rate risk measures are duration gap and Portfolio Value Sensitivity (PVS). Duration gap measures the difference in price sensitivity to interest rate changes between our financial assets and liabilities and is expressed in months relative to the value of assets. PVS is an estimate of the change in the present value of the cash flows of our financial assets and liabilities from an instantaneous shock to interest rates, assuming spreads are held constant and no rebalancing actions are undertaken. PVS is measured in two ways, one measuring the estimated sensitivity of our portfolio value to a 50 basis point parallel movement in the LIBOR yield curve (PVS-L) and the other to a non-parallel movement resulting from a 25 basis point change in the slope of the LIBOR yield curve (PVS-YC). While we believe that duration gap and PVS are useful risk management tools, they should be understood as estimates rather than as precise measurements.

The following tables provide our duration gap, estimated point-in-time and minimum and maximum PVS-L and PVS-YC results, and an average of the daily values and standard deviation. The table below also provides PVS-L estimates assuming an immediate 100 basis point shift in the LIBOR yield curve. The interest-rate sensitivity of a mortgage portfolio varies across a wide range of interest rates.

Table 47 - PVS-YC and PVS-L Results Assuming Shifts of the LIBOR Yield Curve

	March 31, 2021			December 31, 2020		
	PVS-YC	PVS-L		PVS-YC	PVS-L	
(In millions)	25 bps	50 bps	100 bps	25 bps	50 bps	100 bps
Assuming shifts of the LIBOR yield curve, (gains) losses on:(1)						
Assets:						
Investments	$358	($3,549)	($6,976)	($286)	$3,700	$7,670
Guarantees(2)	(103)	1,289	3,094	165	(1,691)	(3,250)
Total Assets	**255**	**(2,260)**	**(3,882)**	**(121)**	**2,009**	**4,420**
Liabilities	9	2,869	5,436	(54)	(3,237)	(7,503)
Derivatives	(262)	(633)	(1,676)	185	1,180	2,839
Total	**2**	**(24)**	**(122)**	**$10**	**($48)**	**($244)**
PVS	**2**	**—**	**—**	**$10**	**$—**	**$—**

(1) The categorization of the PVS impact between assets, liabilities, and derivatives on this table is based upon the economic characteristics of those assets and liabilities, not their accounting classification. For example, purchase and sale commitments of mortgage-related securities and debt securities of consolidated trusts held by the mortgage-related investments portfolio are both categorized as assets on this table.

(2) Represents the interest-rate risk from our single-family portfolio, which includes buy-ups, float, and upfront fees (including buy-downs).

Table 48 - Duration Gap and PVS Results

	1Q 2021			1Q 2020		
(Duration gap in months, **dollars in millions**)	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps
Average	0.4	$7	$62	0.4	$10	$62
Minimum	(0.2)	—	—	(0.1)	—	—
Maximum	1.0	20	200	1.5	28	236
Standard deviation	0.3	6	58	0.4	7	73

Derivatives enable us to reduce our economic interest-rate risk exposure as we continue to align our derivative portfolio with the changing duration of our economically hedged assets and liabilities. The table below shows that the PVS-L risk levels, assuming a 50 basis point shift in the LIBOR yield curve for the periods presented, would have been higher if we had not used derivatives.

Table 49 - PVS-L Results Before Derivatives and After Derivatives

	PVS-L (50 bps)		
(In millions)	Before Derivatives	After Derivatives	Effect of Derivatives
March 31, 2021	$610	$—	($610)
December 31, 2020 (1)	601	—	(601)

(1) Before derivatives, our adverse PVS-L rate movement is -50 bps, whereas after derivatives our adverse PVS-L rate movement is +50 bps.

Earnings Sensitivity to Market Risk

The accounting treatment for our financial assets and liabilities (e.g. some are measured at amortized cost, while others are measured at fair value) creates variability in our earnings when interest rates and spreads change. We have elected fair value hedge accounting for certain assets and liabilities in an effort to reduce this earnings variability and better align our financial results with the economics of our business. See **MD&A - Consolidated Results of Operations** and **MD&A - Our Business Segments** for additional information on the effect of changes in interest rates and market spreads on our financial results.

Interest Rate-Related Earnings Sensitivity

While we manage our interest-rate risk exposure on an economic basis to a low level as measured by our models, changes in interest rates may still result in significant earnings variability from period to period. Based upon the composition of our financial assets and liabilities, including derivatives, at March 31, 2021, we would generally recognize fair value losses when interest rates decline if we did not apply fair value hedge accounting.

By electing fair value hedge accounting for certain single-family mortgage loans and certain debt instruments, we are able to reduce the potential variability in our earnings attributable to changes in interest rates. See **Note 10** for additional information on hedge accounting.

Earnings Sensitivity to Changes in Interest Rates

We evaluate a range of interest rate scenarios to determine the sensitivity of our earnings due to changes in interest rates and to determine our fair value hedge accounting strategies. The interest rate scenarios evaluated include parallel shifts in the yield curve in which interest rates increase or decrease by 100 basis points, non-parallel shifts in the yield curve in which long-term interest rates increase or decrease by 100 basis points, and non-parallel shifts in the yield curve in which short-term and medium-term interest rates increase or decrease by 100 basis points. This evaluation identifies the net effect on comprehensive income from changes in fair value attributable to changes in interest rates for financial instruments measured at fair value, including the effects of fair value hedge accounting, for each of the identified scenarios. This evaluation does not include the net effect on comprehensive income from interest-rate sensitive items that are not measured at fair value (e.g., amortization of mortgage loan premiums and discounts, changes in fair value of held-for-sale mortgage loans for which we have not elected the fair value option), or from changes in our future contractual net interest income due to repricing of our interest-bearing assets and liabilities. The before-tax results of this evaluation are shown in the table below.

Table 50 - Earnings Sensitivity to Changes in Interest Rates

(In millions)	March 31, 2021	March 31, 2020
Interest Rate Scenarios(1)		
Parallel yield curve shifts:		
+100 basis points	$582	$265
-100 basis points	(582)	(265)
Non-parallel yield curve shifts - long-term interest rates:		
+100 basis points	743	110
-100 basis points	(743)	(110)
Non-parallel yield curve shifts - short-term and medium-term interest rates:		
+100 basis points	(161)	155
-100 basis points	161	(155)

(1) The earnings sensitivity presented is calculated using the change in interest rates and net effective duration exposure.

The actual effect of changes in interest rates on our comprehensive income in any given period may vary based on a number of factors, including, but not limited to, the composition of our assets and liabilities, the actual changes in interest rates that are realized at different terms along the yield curve, and the effectiveness of our hedge accounting strategies. Even if implemented properly, our hedge accounting programs may not be effective in reducing earnings volatility, and our hedges may fail in any given future period, which could expose us to significant earnings variability in that period.

Spread-Related Earnings Sensitivity

We have limited ability to manage our spread risk exposure, and therefore, the volatility of market spreads may contribute to significant GAAP earnings variability. For financial assets measured at fair value, we generally recognize fair value losses when market spreads widen. Conversely, for financial liabilities measured at fair value, we generally recognize fair value gains when market spreads widen. See **MD&A - Our Business Segments** for additional information on the impact of market spreads on our results of operations.

LIQUIDITY AND CAPITAL RESOURCES

Our business activities require that we maintain adequate liquidity to meet our financial obligations as they come due and meet the needs of customers in a timely and cost-efficient manner. We are also required to comply with the minimum liquidity requirements established by FHFA, and we must maintain adequate capital resources to avoid being placed into receivership by FHFA.

Liquidity

Primary Sources of Liquidity

The following table lists the sources of our liquidity, the balances as of March 31, 2021, and a brief description of their importance to Freddie Mac.

Table 51 - Liquidity Sources

Source	Balance(1) (In millions)	Description
Liquidity		
• Other Investments Portfolio - Liquidity and Contingency Operating Portfolio	$89,151	• The liquidity and contingency operating portfolio, included within our other investments portfolio, is primarily used for short-term liquidity management.
• Liquid Portion of the Mortgage-Related Investments Portfolio	$56,301	• The liquid portion of our mortgage-related investments portfolio can be pledged or sold for liquidity purposes. The amount of cash we may be able to successfully raise may be substantially less than the balance.

(1) Represents carrying value for the liquidity and contingency operating portfolio, included within our other investments portfolio, and UPB for the liquid portion of the mortgage-related investments portfolio.

Other Investments Portfolio

The investments in our other investments portfolio are important to our cash flow, collateral management, asset and liability management, and ability to provide liquidity and stability to the mortgage market. The table below summarizes the balances in our other investments portfolio, which includes the liquidity and contingency operating portfolio.

Table 52 - Other Investments Portfolio

	March 31, 2021				December 31, 2020			
(In millions)	Liquidity and Contingency Operating Portfolio	Custodial Account	Other	Total Other Investments Portfolio (1)	Liquidity and Contingency Operating Portfolio	Custodial Account	Other	Total Other Investments Portfolio (1)
Cash and cash equivalents	$39,017	$61,951	$11	$100,979	$6,509	$17,380	$—	$23,889
Securities purchased under agreements to resell	22,323	—	747	23,070	65,753	38,487	763	105,003
Non-mortgage related securities	27,811	—	3,462	31,273	23,632	—	3,321	26,953
Advances to lenders	—	—	6,401	6,401	—	—	4,162	4,162
LIHTC equity investment	—	—	1,488	1,488	—	—	1,410	1,410
Secured lending	—	—	1,632	1,632	—	—	1,680	1,680
Total	**$89,151**	**$61,951**	**$13,741**	**$164,843**	**$95,894**	**$55,867**	**$11,336**	**$163,097**

(1) Represents carrying value.

Our non-mortgage-related investments in the liquidity and contingency operating portfolio consist of U.S. Treasury securities and other investments that we could sell to provide us with an additional source of liquidity to fund our business operations. We also maintain non-interest-bearing deposits at the Federal Reserve Bank of New York and interest-bearing deposits at commercial banks. Our interest-bearing deposits at commercial banks totaled $3.1 billion as of both March 31, 2021 and December 31, 2020.

The liquidity and contingency operating portfolio also included cash collateral posted to us primarily by derivatives counterparties of $1.9 billion and $2.8 billion as of March 31, 2021 and December 31, 2020, respectively. We have invested this collateral in securities purchased under agreements to resell and non-mortgage-related securities as part of our liquidity and contingency operating portfolio, although the collateral may be subject to return to our counterparties based on the terms of our master netting and collateral agreements.

Mortgage Loans and Mortgage-Related Securities

We invest principally in mortgage loans and mortgage-related securities, certain categories of which are largely unencumbered and liquid. Our primary source of liquidity among these mortgage assets is our holdings of single-class and multiclass agency securities, excluding certain structured agency securities collateralized by non-agency mortgage-related securities. Our ability to pledge certain of these assets as collateral or sell them enhances our liquidity profile, although the amount of cash we may be able to raise successfully in the event of a liquidity crisis or significant market disruption may be substantially less than the amount of mortgage-related assets we hold.

We hold other mortgage assets, but given their characteristics, they may not be available for immediate sale or for use as collateral for repurchase agreements. These assets consist of certain structured agency securities collateralized by non-agency mortgage-related securities, non-agency CMBS, non-agency RMBS, and unsecuritized seriously delinquent and modified single-family loans.

Primary Sources of Funding

The following table lists the sources and balances of our funding as of March 31, 2021 and a brief description of their importance to Freddie Mac.

Table 53 - Funding Sources

Source	Balance[(1)] (In millions)	Description
Funding		
• Debt of Freddie Mac	$258,441	• Debt of Freddie Mac is used to fund our business activities.
• Debt Securities of Consolidated Trusts	$2,445,829	• Debt securities of consolidated trusts are used primarily to fund our single-family activities. This type of debt is principally repaid by the cash flows of the associated mortgage loans. As a result, our repayment obligation is limited to amounts paid pursuant to our guarantee of principal and interest and purchasing modified or seriously delinquent loans from the trusts.

(1) Represents the carrying value of debt balances after consideration of offsetting arrangements.

Debt of Freddie Mac

We issue debt of Freddie Mac to fund our business activities. Competition for funding can vary depending on economic, financial market, and regulatory environments. We issue debt of Freddie Mac based on a variety of factors, including an assessment of market conditions and our liquidity requirements.

The table below summarizes the par value and the average rate of debt of Freddie Mac we issued or paid off, including regularly scheduled principal payments, payments resulting from calls, and payments for repurchases. We call, exchange, or repurchase our outstanding debt from time to time for a variety of reasons, including managing our funding composition and supporting the liquidity of our debt securities.

Table 54 - Debt of Freddie Mac Activity

	1Q 2021				1Q 2020			
(Dollars in millions)	Short-term	Average Rate[1]	Long-term	Average Rate[1]	Short-term	Average Rate[1]	Long-term	Average Rate[1]
Discount notes and Reference Bills®								
Beginning balance	$11	0.69 %	$—	— %	$60,830	1.67%	$—	—%
Issuances	—	—	—	—	99,376	1.34	—	—
Repurchases	—	—	—	—	—	—	—	—
Maturities	(11)	0.69	—	—	(102,384)	1.62	—	—
Ending Balance	**—**	**—**	**—**	**—**	**57,822**	**1.33**	**—**	**—**
Securities sold under agreements to repurchase								
Beginning balance	—	—	—	—	9,843	1.46	—	—
Additions	133,828	(0.05)	—	—	299,679	1.10	—	—
Repayments	(125,898)	(0.05)	—	—	(295,217)	1.16	—	—
Ending Balance	**7,930**	**(0.05)**	**—**	**—**	**14,305**	**0.16**	**—**	**—**
Callable debt								
Beginning balance	685	0.10	123,338	0.71	1,000	2.36	94,152	2.03
Issuances	22,050	0.04	1,090	0.60	—	—	29,089	1.78
Repurchases	—	—	—	—	—	—	—	—
Calls	(11,825)	0.04	(22,389)	0.71	(1,000)	2.36	(36,102)	2.09
Maturities	—	—	(525)	1.90	—	—	(2,270)	1.48
Ending Balance	**10,910**	**0.03**	**101,514**	**0.71**	**—**	**—**	**84,869**	**1.92**
Non-callable debt								
Beginning balance	4,259	1.51	145,560	1.21	39,407	2.31	62,228	2.86
Issuances	—	—	—	—	14,356	1.57	31,656	0.85
Repurchases	(1,835)	1.53	(2,821)	1.93	—	—	—	—
Maturities	(2,424)	1.49	(4,766)	2.13	(13,450)	2.24	(3,589)	1.57
Ending Balance	**—**	**—**	**137,973**	**1.17**	**40,313**	**2.07**	**90,295**	**2.21**
STACR and SCR Debt[2]								
Beginning balance	—	—	12,488	4.09	—	—	15,497	5.55
Issuances	—	—	—	—	—	—	—	—
Repurchases	—	—	—	—	—	—	—	—
Maturities	—	—	(427)	4.27	—	—	(843)	3.83
Ending Balance	**—**	**—**	**12,061**	**4.13**	—	—	14,654	**5.57**
Total debt of Freddie Mac	**18,840**	**— %**	**251,548**	**1.12 %**	**112,440**	**1.45%**	**189,818**	**2.34%**
Offsetting arrangements	(7,930)				(14,305)			
Total debt of Freddie Mac, net	**$10,910**		**$251,548**		**$98,135**		**$189,818**	

(1) Average rate is weighted based on par value.

(2) STACR debt notes and SCR debt notes are subject to prepayment risk as their payments are based upon the performance of a reference pool of mortgage assets that may be prepaid by the related mortgage borrower at any time generally without penalty and are therefore included as a separate category in the table.

As of March 31, 2021, our aggregate indebtedness, calculated as the par value of debt of Freddie Mac, was $262.7 billion, which was below the current $300.0 billion debt cap limit imposed by the Purchase Agreement.

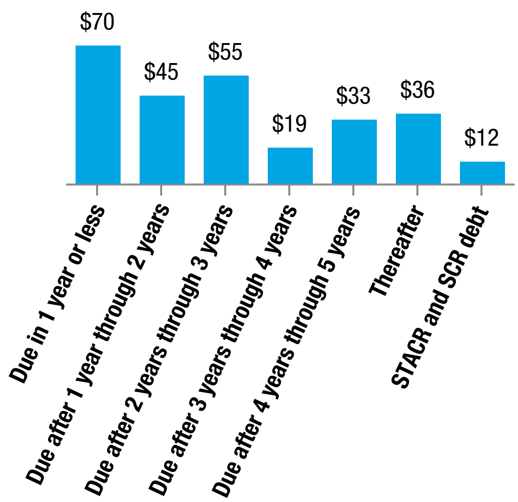
Our total outstanding debt of Freddie Mac balance decreased year-over-year driven by the decline in the mortgage-related investments portfolio, partially offset by an increase in cash needs to comply with the updated minimum liquidity requirements established by FHFA.

Maturity and Redemption Dates

The following graphs present debt of Freddie Mac by contractual maturity date and earliest redemption date. The earliest redemption date refers to the earliest call date for callable debt and the contractual maturity date for all other debt of Freddie Mac.

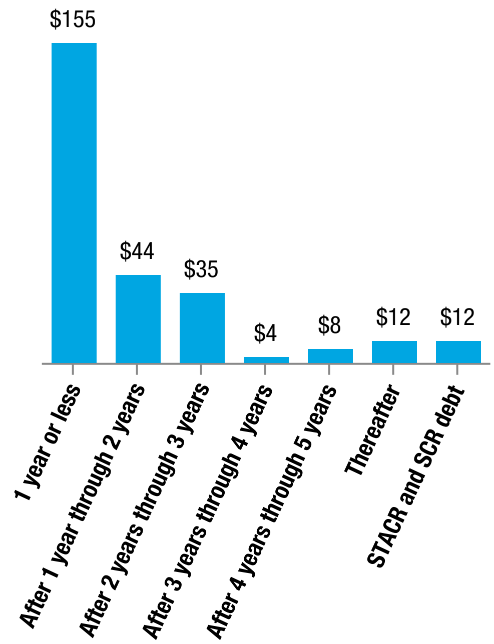
Contractual Maturity Date as of March 31, 2021 (1)

(Par value in billions)



Earliest Redemption Date as of March 31, 2021 (1)

(Par value in billions)



(1) STACR debt notes and SCR debt notes are subject to prepayment risk as their payments are based upon the performance of a reference pool of mortgage assets that may be prepaid by the related mortgage borrower at any time generally without penalty and are therefore included as a separate category in the graphs.

Debt Securities of Consolidated Trusts

The largest component of debt on our condensed consolidated balance sheets is debt securities of consolidated trusts. We issue this type of debt by securitizing mortgage loans primarily to fund the majority of our single-family guarantee activities. When we consolidate securitization trusts, we recognize the following on our condensed consolidated balance sheets:

- The assets held by the securitization trusts, the majority of which are mortgage loans. We recognized $2,395.7 billion and $2,273.3 billion of mortgage loans, which represented 87.4% and 86.5% of our total assets, as of March 31, 2021 and December 31, 2020, respectively.
- The debt securities issued by the securitization trusts, the majority of which are Level 1 Securitization Products and are pass-through securities, where the cash flows of the mortgage loans held by the securitization trust are passed through to the holders of the securities. We recognized $2,445.8 billion and $2,308.2 billion of debt securities of consolidated trusts, which represented 90.4% and 89.0% of our total debt, as of March 31, 2021 and December 31, 2020, respectively.

Debt securities of consolidated trusts represent our liability to third parties that hold beneficial interests in our consolidated securitization trusts. Debt securities of consolidated trusts are principally repaid from the cash flows of the mortgage loans held by the securitization trusts that issued the debt securities. In circumstances when the cash flows of the mortgage loans are not sufficient to repay the debt, we make up the shortfall because we have guaranteed the payment of principal and interest on the debt. In certain circumstances, we have the right and/or obligation to purchase the loan from the trust prior to its contractual maturity.

The table below shows the issuance and extinguishment activity for the debt securities of our consolidated trusts.

Table 55 - Activity for Debt Securities of Consolidated Trusts Held by Third Parties

(In millions)	1Q 2021	1Q 2020
Beginning balance	$2,240,602	$1,854,802
Issuances:		
New issuances to third parties	230,200	103,769
Additional issuances of securities	179,923	42,652
Total issuances	**410,123**	**146,421**
Extinguishments:		
Purchases of debt securities from third parties	(2,565)	(4,017)
Debt securities received in settlement of secured lending	(50,692)	(14,765)
Repayments of debt securities	(220,777)	(96,670)
Total extinguishments	**(274,034)**	**(115,452)**
Ending balance	**2,376,691**	**1,885,771**
Unamortized premiums and discounts	69,138	44,234
Debt securities of consolidated trusts held by third parties	**$2,445,829**	**$1,930,005**

Off-Balance Sheet Arrangements

We enter into certain business arrangements that are not recorded on our condensed consolidated balance sheets or that may be recorded in amounts that differ from the full contractual or notional amount of the transaction that affect our short- and long-term liquidity needs. Certain of these arrangements present credit risk exposure. See **MD&A - Risk Management - Credit Risk** for additional information on our credit risk exposure on off-balance sheet arrangements.

We have certain off-balance sheet arrangements related to our securitization and other mortgage-related guarantee activities. Our off-balance sheet arrangements related to securitization activities primarily consist of guaranteed K Certificates and SB Certificates. Our guarantee of these securitization activities and other mortgage-related guarantees may result in liquidity needs to cover potential cash flow shortfalls from borrower defaults. As of March 31, 2021 and December 31, 2020, the outstanding UPB of the guaranteed securities was $348.2 billion and $337.0 billion, respectively. In addition to our securitization and other mortgage-related guarantees, we have certain other guarantees that are accounted for as derivative instruments and are recognized on our condensed consolidated balance sheets at fair value. See **Note 10** for additional information on these guarantees, which are not included in the totals above.

We have the ability to commingle TBA-eligible Fannie Mae collateral in certain of our resecuritization products. When we resecuritize Fannie Mae securities in our commingled resecuritization products, our guarantee covers timely payments of principal and interest on such securities. Accordingly, commingling Fannie Mae collateral in our resecuritization transactions increases our off-balance sheet liquidity exposure as we do not have control over the Fannie Mae collateral. As of March 31, 2021 and December 31, 2020, the total amount of our off-balance sheet exposure related to Fannie Mae securities backing Freddie Mac resecuritization products was approximately $93.7 billion and $85.8 billion, respectively.

Cash Flows

Cash and cash equivalents (including restricted cash and cash equivalents) increased by $76.7 billion from $24.3 billion in March 31, 2020 to $101.0 billion in March 31, 2021, primarily due to higher uninvested trust and operating cash as Treasury bills and securities purchased under agreements to resell continued to earn near zero returns.

Capital Resources

Primary Sources of Capital

Our entry into conservatorship resulted in significant changes to the assessment of our capital adequacy and our management of capital. Under the Purchase Agreement, Treasury made a commitment to provide us with funding, under certain conditions, to eliminate deficits in our net worth. Pursuant to the January 2021 Letter Agreement, we will not be required to pay a dividend on the senior preferred stock to Treasury until our Net Worth Amount exceeds the amount of adjusted total capital necessary to meet capital requirements and buffers set forth in the ERCF. Based on our Net Worth Amount of $18.8 billion as of March 31, 2021, no dividend is payable to Treasury for the quarter ended March 31, 2021. See **Note 2** for details of the support we receive from Treasury.

In May 2017, FHFA, as Conservator, issued guidance to us to evaluate and manage our financial risk and to make business decisions, while in conservatorship, utilizing a risk-based CCF, a capital system with detailed formulae provided by FHFA. In November 2020, FHFA released a final rule that establishes the ERCF as a new regulatory capital framework for Freddie Mac and Fannie Mae. The ERCF, which went into effect in February 2021, has a transition period for compliance. In general, the compliance date for the regulatory capital requirements will be the later of the date of termination of our conservatorship and any later compliance date provided in a consent order or other transition order; however, we may begin implementing the ERCF sooner, upon the direction of FHFA or otherwise. We will be required to report our regulatory capital under the ERCF beginning on January 1, 2022, and expect to continue capital reporting that is required by FHFA. The ERCF specifies substantial capital requirements and could affect our business strategies, perhaps significantly. While we have not finalized our procedures or governance process for complying with the ERCF, we estimate that, had the ERCF been applicable to us as of March 31, 2021, we would have been required to hold approximately $130 billion in adjusted total capital based on the leverage ratio requirements specified in the ERCF.

We invest our Net Worth Amount primarily in short-term investments. The table below presents activity related to our net worth during 1Q 2021 and 1Q 2020.

Table 56 - Net Worth Activity

(In millions)	1Q 2021	1Q 2020
Beginning balance	$16,413	$8,882
Comprehensive income (loss)	2,378	622
Capital draw from Treasury	—	—
Senior preferred stock dividends declared	—	—
Total equity / net worth	**$18,791**	**$9,504**
Aggregate draws under Purchase Agreement	$71,648	$71,648
Aggregate cash dividends paid to Treasury	119,680	119,680
Liquidation preference of the senior preferred stock	89,061	81,770

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with GAAP requires us to make a number of judgments, estimates, and assumptions that affect the reported amounts within our condensed consolidated financial statements. Certain of our accounting policies, as well as estimates we make, are critical, as they are both important to the presentation of our financial condition and results of operations and require management to make difficult, complex, or subjective judgments and estimates, often regarding matters that are inherently uncertain. Actual results could differ from our estimates, and the use of different judgments and assumptions related to these policies and estimates could have a material impact on our condensed consolidated financial statements.

Our critical accounting policies and estimates relate to the single-family allowance for credit losses and fair value measurements. For additional information about our critical accounting policies and estimates and other significant accounting policies, as well as recently issued accounting guidance, see **Note 1**.

Single-Family Allowance for Credit Losses

The single-family allowance for credit losses represents our estimate of expected credit losses over the contractual term of the mortgage loans. The single-family allowance for credit losses pertains to all held-for-investment single-family mortgage loans on our condensed consolidated balance sheets.

Determining the appropriateness of the single-family allowance for credit losses is a complex process that is subject to numerous estimates and assumptions requiring significant management judgment about matters that involve a high degree of subjectivity. This process involves the use of models that require us to make judgments about matters that are difficult to predict.

Changes in forecasted house price growth rates can have a significant effect on our allowance for credit losses. Our estimate of expected credit losses leverages an internally based model that uses a Monte Carlo simulation which generates many possible house price scenarios for up to 40 years for each metropolitan statistical area (MSA). These scenarios are used to estimate loan-level expected future cash flows and credit losses based on each loan's individual characteristics. The COVID-19 pandemic initially resulted in a decline in our near-term forecasted house price growth rates compared to pre-pandemic estimates, but our forecast has since improved. The table below summarizes our nationwide forecasted house price growth rates for both full-year 2021 and 2022 that were used in determining our allowance for credit losses as of March 31, 2021 and as of December 31, 2020. These growth rates are used as inputs to our models to develop the detailed forecasted life-of-loan house price growth rates for each MSA.

Table 57 - Forecasted House Price Growth Rates

	2021	2022
March 31, 2021	6.6 %	4.4 %
December 31, 2020	5.4 %	3.0 %

REGULATION AND SUPERVISION

In addition to our oversight by FHFA as our Conservator, we are subject to regulation and oversight by FHFA under our Charter and the GSE Act and to certain regulation by other government agencies. Furthermore, regulatory activities by other government agencies can affect us indirectly, even if we are not directly subject to such agencies' regulation or oversight. For example, regulations that modify requirements applicable to the purchase or servicing of mortgages can affect us.

Federal Housing Finance Agency

Affordable Housing Fund Allocations

The GSE Act requires us to set aside in each fiscal year an amount equal to 4.2 basis points of each dollar of total new business purchases, and pay this amount to certain housing funds. During 1Q 2021, we completed $374.5 billion of new business purchases subject to this requirement and accrued $157 million of related expense. We are prohibited from passing through these costs to the originators of the loans that we purchase.

Legislative and Regulatory Developments

Final Rule Extending a Category of Qualified Mortgages

In April 2021, the CFPB formally delayed the mandatory compliance date of its final rule that revises the general definition of qualified mortgage under the CFPB's Truth in Lending Act regulations. The CFPB's action extends the category of qualified mortgages that consists of loans that are eligible for purchase or guarantee by either Freddie Mac or Fannie Mae until October 1, 2022. However, FHFA has indicated that we may only purchase this category of qualified mortgages that have both application received dates before July 1, 2021 and settlement dates on or before August 31, 2021.

FORWARD-LOOKING STATEMENTS

We regularly communicate information concerning our business activities to investors, the news media, securities analysts, and others as part of our normal operations. Some of these communications, including this Form 10-Q, contain "forward-looking statements." Examples of forward-looking statements include, but are not limited to, statements pertaining to the conservatorship, our current expectations and objectives for the Single-family and Multifamily segments of our business, our efforts to assist the housing market, our liquidity and capital management, economic and market conditions and trends, the effects of the COVID-19 pandemic and actions taken in response thereto on our business, financial condition, and liquidity, our market share, the effect of legislative and regulatory developments and new accounting guidance, the credit quality of loans we own or guarantee, the costs and benefits of our CRT transactions, and our results of operations and financial condition. Forward-looking statements involve known and unknown risks and uncertainties, some of which are beyond our control. Forward-looking statements are often accompanied by, and identified with, terms such as "could," "may," "will," "believe," "expect," "anticipate," "forecast," and similar phrases. These statements are not historical facts, but rather represent our expectations based on current information, plans, judgments, assumptions, estimates, and projections. Actual results may differ significantly from those described in or implied by such forward-looking statements due to various factors and uncertainties, including those described in the **Risk Factors** section in our 2020 Annual Report, and including, without limitation, the following:

- Uncertainty regarding the duration and severity of the COVID-19 pandemic and the effects of the pandemic and actions taken in response thereto on the U.S. economy and housing market, which could, in turn, adversely affect our business in numerous ways, including, for example, by increasing our credit losses, impairing the value of our mortgage-related securities, decreasing our liquidity and capital levels, and increasing our credit risk and operational risk;
- The actions the U.S. government (including FHFA, Treasury, and Congress) may take, require us to take, or restrict us from taking, including actions to support the housing markets (such as programs implemented in response to the COVID-19 pandemic or to implement the recommendations in FHFA's Conservatorship Scorecards and other objectives for us);
- The effect of the restrictions on our business due to the conservatorship and the Purchase Agreement;
- Changes in our Charter or in applicable legislative or regulatory requirements (including any legislation affecting the future status of our company);
- Changes to our capital requirements and potential effects of the ERCF on our business strategies;
- Changes in the fiscal and monetary policies of the Federal Reserve (including purchasing agency MBS and agency CMBS in amounts needed to support the market during the COVID-19 pandemic);
- Changes in tax laws;
- Changes in accounting policies, practices, or guidance;
- Changes in economic and market conditions generally, and as a result of the COVID-19 pandemic, including changes in employment rates, interest rates, spreads, and house prices;
- Changes in the U.S. residential mortgage market, including changes in the supply and type of loan products (e.g., refinance vs. purchase and fixed-rate vs. ARM);
- The success of our efforts to mitigate our losses on our single-family mortgage portfolio;
- The success of our strategy to transfer mortgage credit risk through STACR debt note, STACR Trust note, ACIS, K Certificate, SB Certificate, and other CRT transactions;
- Our ability to maintain adequate liquidity to fund our operations;
- Our ability to maintain the security and resiliency of our operational systems and infrastructure, including against cyberattacks;
- Our ability to effectively execute our business strategies, implement new initiatives, and improve efficiency;
- The adequacy of our risk management framework, including the adequacy of the CCF for measuring risk;
- Our ability to manage mortgage credit risk, including the effect of changes in underwriting and servicing practices;
- Our ability to limit or manage our economic exposure and GAAP earnings exposure to interest-rate volatility and spread volatility, including the availability of derivative financial instruments needed for interest-rate risk management purposes and our ability to apply hedge accounting;
- Our operational ability to issue new securities, make timely and correct payments on securities, and provide initial and ongoing disclosures;
- Our reliance on CSS and the CSP for the operation of the majority of our single-family securitization activities, our limited influence over CSS Board decisions, and any additional changes FHFA may require in our relationship with, or support of, CSS;
- Changes in investor demand for our debt or mortgage-related securities;
- Our ability to maintain market acceptance of the UMBS, including our ability to continue to align the prepayment speeds of our and Fannie Mae's respective UMBS;

- Changes in the practices of loan originators, servicers, investors, and other participants in the secondary mortgage market;
- The discontinuance of, transition from, or replacement of LIBOR and the adverse consequences it could have on our business and operations;
- The occurrence of a major natural disaster or other catastrophic event in areas in which our offices or significant portions of our total mortgage portfolio are located; and
- Other factors and assumptions described in this Form 10-Q and our 2020 Annual Report, including in the **MD&A** section.

Forward-looking statements are made only as of the date of this Form 10-Q, and we undertake no obligation to update any forward-looking statements we make to reflect events or circumstances occurring after the date of this Form 10-Q.

Financial Statements

FREDDIE MAC

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(In millions, except share-related amounts)	1Q 2021	1Q 2020
Net interest income		
Interest income	$13,902	$17,592
Interest expense	(10,263)	(14,807)
Net interest income	**3,639**	**2,785**
Non-interest income (loss)		
Guarantee fee income	248	377
Investment gains (losses), net	1,208	(835)
Other income (loss)	178	95
Non-interest income (loss)	**1,634**	**(363)**
Net revenues	**5,273**	**2,422**
Benefit (provision) for credit losses	**196**	**(1,233)**
Non-interest expense		
Salaries and employee benefits	(344)	(341)
Professional services	(87)	(76)
Other administrative expense	(208)	(170)
Total administrative expense	(639)	(587)
Credit enhancement expense	(335)	(231)
Benefit for (decrease in) credit enhancement recoveries	(257)	467
REO operations expense	(8)	(85)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(534)	(432)
Other expense	(215)	(103)
Non-interest expense	**(1,988)**	**(971)**
Income (loss) before income tax (expense) benefit	**3,481**	**218**
Income tax (expense) benefit	(714)	(45)
Net income (loss)	**2,767**	**173**
Other comprehensive income (loss), net of taxes and reclassification adjustments		
Changes in unrealized gains (losses) related to available-for-sale securities	(395)	438
Changes in unrealized gains (losses) related to cash flow hedge relationships	10	13
Changes in defined benefit plans	(4)	(2)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	**(389)**	**449**
Comprehensive income (loss)	**$2,378**	**$622**
Net income (loss)	$2,767	$173
Future increase in senior preferred stock liquidation preference	(2,378)	(382)
Net income (loss) attributable to common stockholders	**$389**	**($209)**
Net income (loss) per common share — basic and diluted	**$0.12**	**($0.06)**
Weighted average common shares outstanding (in millions) — basic and diluted	3,234	3,234

The accompanying notes are an integral part of these condensed consolidated financial statements.

FREDDIE MAC

Condensed Consolidated Balance Sheets (Unaudited)

(In millions, except share-related amounts)	March 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents (Notes 3, 16) (includes $61,962 and $17,379 of restricted cash and cash equivalents)	$100,979	$23,889
Securities purchased under agreements to resell (Notes 3, 11, 16)	15,140	105,003
Investment securities, at fair value (Note 3, 6)	61,880	59,825
Mortgage loans held-for-sale (Notes 3, 4) (includes $8,093 and $14,199 at fair value)	24,915	33,652
Mortgage loans held-for-investment (Notes 3, 4) (net of allowance for credit losses of $5,330 and $5,732)	2,482,972	2,350,236
Accrued interest receivable (Notes 3, 4, 6, 11) (net of allowance of $213 and $140)	7,662	7,754
Derivative assets, net (Notes 10, 11)	2,085	1,205
Deferred tax assets, net	6,826	6,557
Other assets (Notes 3) (includes $5,894 and $5,775, at fair value)	39,415	39,294
Total assets	**$2,741,874**	**$2,627,415**
Liabilities and equity		
Liabilities		
Accrued interest payable (Note 3)	$5,954	$6,210
Debt (Notes 3, 9) (includes $2,364 and $2,592 at fair value)	2,704,270	2,592,546
Derivative liabilities, net (Notes 10, 11)	950	954
Other liabilities (Notes 3)	11,909	11,292
Total liabilities	**2,723,083**	**2,611,002**
Commitments and contingencies (Notes 5, 10, 18)		
Equity (Note 12)		
Senior preferred stock (liquidation preference of $89,061 and $86,539)	72,648	72,648
Preferred stock, at redemption value	14,109	14,109
Common stock, $0.00 par value, 4,000,000,000 shares authorized, 725,863,886 shares issued and 650,059,553 shares and 650,059,292 shares outstanding	—	—
Additional paid-in capital	—	—
Retained earnings (accumulated deficit)	(64,335)	(67,102)
AOCI, net of taxes, related to:		
Available-for-sale securities	415	810
Cash flow hedge relationships	(196)	(206)
Defined benefit plans	35	39
Total AOCI, net of taxes	254	643
Treasury stock, at cost, 75,804,333 shares and 75,804,594 shares	(3,885)	(3,885)
Total equity	**18,791**	**16,413**
Total liabilities and equity	**$2,741,874**	**$2,627,415**

The table below presents the carrying value and classification of the assets and liabilities of consolidated VIEs on our condensed consolidated balance sheets.

(In millions)	March 31, 2021	December 31, 2020
Condensed Consolidated Balance Sheet Line Item (Note 3)		
Assets:		
Mortgage loans held-for-investment	$2,395,707	$2,273,347
All other assets	90,128	83,982
Total assets of consolidated VIEs	**$2,485,835**	**$2,357,329**
Liabilities:		
Debt	$2,445,829	$2,308,176
All other liabilities	5,592	5,610
Total liabilities of consolidated VIEs	**$2,451,421**	**$2,313,786**

The accompanying notes are an integral part of these condensed consolidated financial statements.

FREDDIE MAC

Condensed Consolidated Statements of Equity (Unaudited)

(In millions)	Shares Outstanding: Senior Preferred Stock	Shares Outstanding: Preferred Stock	Shares Outstanding: Common Stock	Senior Preferred Stock	Preferred Stock, at Redemption Value	Common Stock, at Par Value	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	AOCI, Net of Tax	Treasury Stock, at Cost	Total Equity
Balance at December 31, 2020	1	464	650	$72,648	$14,109	$—	$—	($67,102)	$643	($3,885)	$16,413
Comprehensive income (loss):											
Net income (loss)	—	—	—	—	—	—	—	2,767	—	—	2,767
Other comprehensive income (loss), net of taxes	—	—	—	—	—	—	—	—	(389)	—	(389)
Comprehensive income (loss)	—	—	—	—	—	—	—	2,767	(389)	—	2,378
Ending balance at March 31, 2021	**1**	**464**	**650**	**$72,648**	**$14,109**	**$—**	**$—**	**($64,335)**	**$254**	**($3,885)**	**$18,791**
Balance at December 31, 2019	1	464	650	$72,648	$14,109	$—	$—	($74,188)	$438	($3,885)	$9,122
Comprehensive income (loss):											
Net income (loss)	—	—	—	—	—	—	—	173	—	—	173
Other comprehensive income (loss), net of taxes	—	—	—	—	—	—	—	—	449	—	449
Comprehensive income (loss)	—	—	—	—	—	—	—	173	449	—	622
Cumulative effect from adoption of CECL	—	—	—	—	—	—	—	(240)	—	—	(240)
Ending balance at March 31, 2020	**1**	**464**	**650**	**$72,648**	**$14,109**	**$—**	**$—**	**($74,255)**	**$887**	**($3,885)**	**$9,504**

The accompanying notes are an integral part of these condensed consolidated financial statements.

FREDDIE MAC

Condensed Consolidated Statements of Cash Flows (Unaudited)

(In millions)	1Q 2021	1Q 2020
Net cash provided by (used in) operating activities	**$10,382**	**$2,791**
Cash flows from investing activities		
Purchases of trading securities	(34,301)	(29,067)
Proceeds from sales of trading securities	31,425	24,252
Proceeds from maturities and repayments of trading securities	2,487	4,992
Purchases of available-for-sale securities	(4,407)	(1,375)
Proceeds from sales of available-for-sale securities	14,571	2,072
Proceeds from maturities and repayments of available-for-sale securities	502	865
Purchases of mortgage loans acquired as held-for-investment	(229,709)	(68,834)
Proceeds from sales of mortgage loans acquired as held-for-investment	1,019	2,464
Proceeds from repayments of mortgage loans acquired as held-for-investment	229,285	107,876
Advances under secured lending arrangements	(54,777)	(17,047)
Repayments of secured lending arrangements	52	591
Net proceeds from dispositions of real estate owned and other recoveries	71	260
Net (increase) decrease in securities purchased under agreements to resell	81,933	5,688
Derivative premiums and terminations, swap collateral, and exchange settlement payments, net	990	(8,357)
Other, net	(155)	(138)
Net cash provided by (used in) investing activities	**38,986**	**24,242**
Cash flows from financing activities		
Proceeds from issuance of debt securities of consolidated trusts held by third parties	267,096	73,626
Repayments and redemptions of debt securities of consolidated trusts held by third parties	(223,437)	(100,829)
Proceeds from issuance of debt of Freddie Mac	23,153	174,258
Repayments of debt of Freddie Mac	(47,019)	(159,391)
Net increase (decrease) in securities sold under agreements to repurchase	7,930	4,463
Other, net	(1)	(25)
Net cash provided by (used in) financing activities	**27,722**	**(7,898)**
Net increase (decrease) in cash and cash equivalents (includes restricted cash and cash equivalents)	77,090	19,135
Cash and cash equivalents (includes restricted cash and cash equivalents) at beginning of year	23,889	5,189
Cash and cash equivalents (includes restricted cash and cash equivalents) at end of period	**$100,979**	**$24,324**
Supplemental cash flow information		
Cash paid for:		
Debt interest	$17,373	$17,962
Income taxes	—	—
Non-cash investing and financing activities (Note 4, and 6)		

The accompanying notes are an integral part of these condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

NOTE 1

Summary of Significant Accounting Policies

Freddie Mac is a GSE chartered by Congress in 1970. Our public mission is to provide liquidity, stability, and affordability to the U.S. housing market. We are regulated by FHFA, the SEC, HUD, and Treasury, and are currently operating under the conservatorship of FHFA. For more information on the roles of FHFA and Treasury, see **Note 2** in this Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2020, or 2020 Annual Report. Throughout our unaudited condensed consolidated financial statements and related notes, we use certain acronyms and terms which are defined in the **Glossary** of our 2020 Annual Report.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes in our 2020 Annual Report.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP and include our accounts as well as the accounts of other entities in which we have a controlling financial interest. All intercompany balances and transactions have been eliminated.

We are operating under the basis that we will realize assets and satisfy liabilities in the normal course of business as a going concern and in accordance with the authority provided by FHFA to our Board of Directors to oversee management's conduct of our business operations. In the opinion of management, our unaudited condensed consolidated financial statements contain all adjustments, which include only normal recurring adjustments, necessary for a fair statement of our results.

During 1Q 2021, our chief operating decision maker began making decisions about allocating resources and assessing segment performance based on two reportable segments, Single-family and Multifamily. See **Note 15** for additional information on the change in our segment reporting presentation.

Use of Estimates

The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, and losses during the reporting period. Management has made significant estimates in preparing the financial statements for establishing the allowance for credit losses and valuing financial instruments and other assets and liabilities. Actual results could be different from these estimates.

Recently Issued Accounting Guidance

Recently Adopted Accounting Guidance

Standard	Description	Date of Adoption	Effect on Condensed Consolidated Financial Statements
ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity	The amendments in this Update simplify an issuer's accounting for certain financial instruments with characteristics of liabilities and equity, primarily by eliminating many of the current separation models used to account for convertible debt and convertible preferred stock.	January 1, 2021	The adoption of the amendments did not have a material effect on our condensed consolidated financial statements or on our disclosures.
ASU 2020-08, Codification Improvements to Subtopic 310-20, Receivables - Nonrefundable Fees and Other Costs	The amendments in this Update clarify the guidance for the reevaluation of whether a callable debt security's amortized cost basis exceeds the amount repayable by the issuer at the next call date.	January 1, 2021	The adoption of the amendments did not have a material effect on our condensed consolidated financial statements or on our disclosures.

NOTE 2

Conservatorship and Related Matters

Business Objectives

We operate under the conservatorship that commenced on September 6, 2008, conducting our business under the direction of FHFA, as our Conservator. The conservatorship and related matters significantly affect our management, business activities, financial condition, and results of operations. Upon its appointment, FHFA, as Conservator, immediately succeeded to all rights, titles, powers, and privileges of Freddie Mac, and of any stockholder, officer, or director thereof, with respect to the company and its assets. The Conservator also succeeded to the title to all books, records, and assets of Freddie Mac held by any other legal custodian or third party. The Conservator provided for the Board of Directors to perform certain functions and to oversee management, and the Board of Directors delegated to management authority to conduct business operations so that the company can continue to operate in the ordinary course. The directors serve on behalf of, and perform such functions as provided by, the Conservator.

We are subject to certain constraints on our business activities under the Purchase Agreement. However, the support provided by Treasury pursuant to the Purchase Agreement currently enables us to maintain our access to the debt markets and to have adequate liquidity to conduct our normal business activities, although the costs of our debt funding could vary. Our ability to access funds from Treasury under the Purchase Agreement is critical to keeping us solvent.

Purchase Agreement

Treasury, as the holder of the senior preferred stock, is entitled to receive quarterly cash dividends, when, as, and if declared by our Board of Directors. The dividends we have paid to Treasury on the senior preferred stock have been declared by, and paid at the direction of, the Conservator, acting as successor to the rights, titles, powers, and privileges of the Board of Directors.

Under the August 2012 amendment to the Purchase Agreement, for each quarter from January 1, 2013 and thereafter, the dividend payment will be the amount, if any, by which our Net Worth Amount at the end of the immediately preceding fiscal quarter, less the applicable Capital Reserve Amount, exceeds zero. Pursuant to the January 2021 Letter Agreement, the applicable Capital Reserve Amount from October 1, 2020 is the amount of adjusted total capital necessary to meet capital requirements and buffers set forth in the ERCF. This increased Capital Reserve Amount will remain in effect until the last day of the second fiscal quarter during which we have reached and maintained such level of capital (the Capital Reserve End Date). As a result, the company was not required to pay a dividend to Treasury on the senior preferred stock in March 2021, and we will not be required to pay a dividend on the senior preferred stock to Treasury until we have built sufficient capital to meet the capital requirements and buffers set forth in the ERCF. If for any reason we were not to pay our dividend requirements on the senior preferred stock in full in any future period until the Capital Reserve End Date, the unpaid amount would be added to the liquidation preference and the applicable Capital Reserve Amount would thereafter be zero.

As the company builds capital during this period, the quarterly increases in our Net Worth Amount have been, and will continue to be, added to the liquidation preference of the senior preferred stock. As a result, the liquidation preference of the senior preferred stock increased from $86.5 billion as of December 31, 2020 to $89.1 billion on March 31, 2021 based on the $2.5 billion increase in our Net Worth Amount during 4Q 2020, and will increase to $91.4 billion on June 30, 2021 based on the $2.4 billion increase in our Net Worth Amount during 1Q 2021.

The Purchase Agreement, as amended by the January 2021 Letter Agreement, includes significant restrictions on our ability to manage our business, including limits on our secondary market activities; the amount and type of single-family and multifamily loans we can acquire; the amount of indebtedness we can incur; the size of our mortgage-related investments portfolio; and our ability to pay dividends, transfer certain assets, raise capital, pay down the liquidation preference of the senior preferred stock, and exit conservatorship. We have accounted for the January 2021 Letter Agreement as a modification of the senior preferred stock recognized on our condensed consolidated balance sheet.

The Purchase Agreement has an indefinite term and can terminate only in limited circumstances, which do not include the end of the conservatorship. The Purchase Agreement therefore could continue after the conservatorship ends. However, Treasury's consent is required for a termination of conservatorship other than in connection with receivership or under the limited circumstances specified in the Purchase Agreement as amended by the January 2021 Letter Agreement involving maintenance of certain capital and resolution of currently pending material litigation related to our conservatorship and the Purchase Agreement. Treasury has the right to exercise the warrant, in whole or in part, at any time on or before September 7, 2028.

Impact of Conservatorship and Related Developments on the Mortgage-Related Investments Portfolio

In February 2019, FHFA directed us to maintain our mortgage-related investments portfolio at or below $225 billion at all times. The amount of mortgage assets that we may own in this portfolio is also currently capped under the Purchase Agreement at $250 billion. The Purchase Agreement cap will be lowered from $250 billion to $225 billion at the end of 2022. In addition to UPB, the calculation of mortgage assets subject to the FHFA and Purchase Agreement caps includes 10% of the notional value of interest-only securities. The balance of the mortgage-related investments portfolio for the purposes of the FHFA and Purchase Agreement limits was $181.5 billion at March 31, 2021, including $7.0 billion representing 10% of the notional amount of the interest-only securities we held as of March 31, 2021. Our ability to acquire and sell mortgage assets continues to be significantly constrained by limitations imposed by the Purchase Agreement and FHFA.

With respect to the composition of our mortgage-related investments portfolio, in August 2020, FHFA instructed us to: (1) reduce the amount of agency MBS to no more than $50 billion by June 30, 2021 and no more than $20 billion by June 30, 2022, with all dollar caps to be based on UPB; and (2) reduce the UPB of our existing portfolio of CMOs, which are also sometimes referred to as REMICs, to zero by June 30, 2021. We will have a holding period limit to sell any new CMO tranches created but not sold at issuance. CMOs do not include tranches initially retained from reperforming loans senior subordinate securitization structures.

Government Support for Our Business

We receive substantial support from Treasury and are dependent upon its continued support to continue operating our business. Our ability to access funds from Treasury under the Purchase Agreement is critical to:

- Keeping us solvent;
- Allowing us to focus on our primary business objectives under conservatorship; and
- Avoiding the appointment of a receiver by FHFA under statutory mandatory receivership provisions.

At December 31, 2020, our assets exceeded our liabilities under GAAP; therefore, FHFA did not request a draw on our behalf and, as a result, we did not receive any funding from Treasury under the Purchase Agreement during 1Q 2021. The amount of available funding remaining under the Purchase Agreement is $140.2 billion and will be reduced by any future draws.

See **Note 9** and **Note 12** for more information on the conservatorship and the Purchase Agreement.

Related Parties As a Result of Conservatorship

We are deemed related parties with Fannie Mae as both we and Fannie Mae have the same relationships with FHFA and Treasury. CSS was formed in 2013 as a limited liability company equally owned by Freddie Mac and Fannie Mae and is also deemed a related party. In connection with the formation of CSS, we entered into a limited liability company agreement with Fannie Mae. We and Fannie Mae have each appointed two executives to the CSS Board of Managers and signed governance and operating agreements for CSS, including an updated customer services agreement with Fannie Mae and CSS in May 2019. In June 2019, we entered into an agreement with Fannie Mae regarding the commingling of certain of our mortgage securities under the Single Security Initiative and related indemnification obligations.

In January 2020, FHFA directed Freddie Mac and Fannie Mae to amend the LLC agreement for CSS to change the structure of the Board of Managers (CSS Board). The revised LLC agreement also removed the requirement that any CSS Board decision must be approved by at least one of the CSS Board members appointed by Freddie Mac and one appointed by Fannie Mae. These amendments reduce Freddie Mac's and Fannie Mae's ability to control CSS Board decisions, even after conservatorship, including decisions about strategy, business operations, and funding.

Under the revised CSS LLC agreement, the CSS Board will continue to include two Freddie Mac and two Fannie Mae representatives, and it will also include two additional members: the Chief Executive Officer of CSS and an independent, non-Executive Chair. During conservatorship, the CSS Board Chair shall be designated by FHFA, and all CSS Board decisions will require the affirmative vote of the Board Chair. During conservatorship, FHFA also may appoint up to three additional independent members to the CSS Board, who along with the Board Chair and the Chief Executive Officer of CSS may continue to serve on the CSS Board after conservatorship. FHFA appointed a CSS Board member to serve as Chair in January 2020, and FHFA subsequently appointed three additional CSS Board members, one in June 2020 and two in January 2021. As a result, the CSS Board members we and Fannie Mae appoint could be outvoted by non-GSE designated Board members on any matter during conservatorship and on a number of significant matters, including approval of the annual budget and strategic plan for CSS, if either we or Fannie Mae exits from conservatorship. Certain material post-conservatorship decisions, however, would require approval of at least one Board member designated by us and one designated by Fannie Mae, including those decisions involving a material change in CSS's functionality, such as the addition of a new business line or reduction in CSS's support of the UMBS, capital contributions beyond those necessary to support CSS's ordinary business operations, appointment or removal of the Chief Executive Officer of CSS, and admission of new members.

We account for our investment in CSS using the equity method. We increase the carrying value of our investment in CSS when we contribute capital to CSS. We recognize our equity in the net earnings of CSS each period as a component of investment gains (losses), net on our condensed consolidated statements of comprehensive income (loss). During 1Q 2021, we contributed $27 million of capital to CSS, and we have contributed $685 million since we began making contributions in the fourth quarter of 2014. The carrying value of our investment in CSS was $20 million and $16 million as of March 31, 2021 and December 31, 2020, respectively, and was included in other assets on our condensed consolidated balance sheets.

NOTE 3

Securitization Activities and Consolidation

Our primary business activities in our Single-family and Multifamily segments involve the securitization of loans or other mortgage-related assets using trusts that are VIEs. These trusts issue beneficial interests in the loans or other mortgage-related assets that they own. We guarantee the principal and interest payments on some or all of the issued beneficial interests in substantially all of our securitization transactions. We consolidate VIEs when we have a controlling financial interest in the VIE and are therefore considered the primary beneficiary of the VIE. See **Note 5** for additional information on our guarantee activities.

We do not believe the maximum exposure to loss from our involvement with VIEs for which we are not the primary beneficiary discussed below is representative of the actual loss we are likely to incur, based on our historical loss experience and after consideration of proceeds from related collateral liquidation, including possible recoveries under credit enhancements. See **Note 8** for additional information on credit enhancements. Certain of our interest-rate risk-related guarantees to VIEs for which we are not the primary beneficiary may create exposure to loss that is unlimited. We account for these interest-rate risk-related guarantees at fair value as discussed further in **Note 5** and generally reduce our exposure to these guarantees with unlimited interest rate exposure through separate derivative contracts with third parties. See **Note 10** for additional information on derivatives.

Securitization Activities

Single-family

Resecuritization Products

With the exception of commingled securities, our investments in and guarantees of securities issued by resecuritization trusts for which we are not the primary beneficiary typically do not create any incremental exposure to loss because we already guarantee and consolidate the underlying collateral. The fair value of these investments in our resecuritization trusts for which we are not the primary beneficiary was $24.9 billion and $28.5 billion as of March 31, 2021 and December 31, 2020, respectively. While our guarantee of Fannie Mae securities underlying commingled resecuritization products creates incremental exposure to loss, we view the likelihood of being required to perform on our guarantee as remote due to Fannie Mae's status as a GSE and the funding commitment available to it through its senior preferred stock purchase agreement with Treasury. The UPB of Fannie Mae securities underlying commingled Freddie Mac resecuritization trusts for which we are not the primary beneficiary totaled $92.3 billion and $85.3 billion as of March 31, 2021 and December 31, 2020, respectively. See **Note 5** for additional information on our guarantee of Fannie Mae securities.

Senior Subordinate Securitization Structures

We do not consolidate our single-family senior subordinate securitization structures backed by seasoned loans because we do not have the ability to direct the loss mitigation activities of the underlying loans, which is the most significant activity affecting the economic performance of the VIE. The maximum exposure to loss for our single-family senior subordinate securitization structures for which we are not the primary beneficiary totaled $26.9 billion and $28.1 billion at March 31, 2021 and December 31, 2020, respectively, and represents the guaranteed UPB of the assets held by these unconsolidated VIEs. The total assets of these unconsolidated VIEs totaled $32.5 billion and $33.7 billion at March 31, 2021 and December 31, 2020, respectively.

Other Securitization Products

We do not consolidate the trusts used to issue our single-family other securitization products when we are not the primary beneficiary. The maximum exposure to loss for these single-family securitizations for which we are not the primary beneficiary totaled $1.6 billion and $1.7 billion at March 31, 2021 and December 31, 2020, respectively. The total assets of these unconsolidated VIEs totaled $1.6 billion and $1.8 billion at March 31, 2021 and December 31, 2020, respectively.

Multifamily

K Certificates

We do not consolidate our K Certificate securitization trusts that have subordination because we do not have the ability to direct the loss mitigation activities of the underlying loans, which is the most significant activity affecting the economic performance of the VIE. The maximum exposure to loss for our K Certificate securitizations for which we are not the primary beneficiary totaled $265.2 billion and $253.0 billion at March 31, 2021 and December 31, 2020, respectively, and primarily represents the UPB of the beneficial interests that we have guaranteed. The total assets of these nonconsolidated VIEs totaled $304.3 billion and $291.3 billion at March 31, 2021 and December 31, 2020, respectively.

SB Certificates

Similar to K Certificate transactions, we are not the primary beneficiary of and, therefore, do not consolidate SB Certificate trusts, as we do not have the ability to direct loss mitigation activities of the underlying loans, which is the most significant activity affecting the economic performance of the VIE. The maximum exposure to loss for our SB Certificate securitizations for which we are not the primary beneficiary totaled $21.8 billion and $21.5 billion at March 31, 2021 and December 31, 2020, respectively, and primarily represents the UPB of the beneficial interests that we have guaranteed. The total assets of these nonconsolidated VIEs totaled $24.2 billion and $23.9 billion at March 31, 2021 and December 31, 2020, respectively.

Other Securitization Products

We do not consolidate the trusts used to issue our other securitization products when we are not the primary beneficiary. The maximum exposure to loss for our other securitization products for which we are not the primary beneficiary totaled $15.0 billion and $14.9 billion at March 31, 2021 and December 31, 2020, respectively, and primarily represents the UPB of the beneficial interests that we have guaranteed. The total assets of these nonconsolidated VIEs totaled $17.0 billion and $16.9 billion at March 31, 2021 and December 31, 2020, respectively.

CRT Activities

STACR Trust Notes

We are not the primary beneficiary of and, therefore, do not consolidate the STACR Trusts used in the STACR Trust Note transactions. The maximum exposure to loss for our STACR Trust Notes for which we are not the primary beneficiary represents our recorded expected recovery receivable and totaled $350 million and $420 million at March 31, 2021 and December 31, 2020, respectively. The total assets of these nonconsolidated VIEs totaled $19.7 billion and $17.3 billion at March 31, 2021 and December 31, 2020, respectively. See **Note 8** for additional information on the amount of available coverage.

Consolidated VIEs

The table below presents the carrying value and classification of the assets and liabilities of consolidated VIEs on our condensed consolidated balance sheets.

Table 3.1 - Consolidated VIEs

(In millions)	March 31, 2021	December 31, 2020
Condensed Consolidated Balance Sheet Line Item		
Assets:		
Cash and cash equivalents (includes $61,856 and $17,289 of restricted cash and cash equivalents)	$61,857	$17,290
Securities purchased under agreements to resell	—	38,487
Investment securities, at fair value	1,383	591
Mortgage loans held-for-investment, net	2,395,707	2,273,347
Accrued interest receivable, net	7,056	7,134
Other assets	19,832	20,480
Total assets of consolidated VIEs	**$2,485,835**	**$2,357,329**
Liabilities:		
Accrued interest payable	$5,591	$5,610
Debt	2,445,829	2,308,176
Other liabilities	1	—
Total liabilities of consolidated VIEs	**$2,451,421**	**$2,313,786**

Non-Consolidated VIEs

The following table presents the carrying amounts and classification of the assets and liabilities recorded on our condensed consolidated balance sheets related to VIEs for which we are not the primary beneficiary and with which we were involved in the design and creation and have a significant continuing involvement. Our involvement with such VIEs primarily consists of investments in debt securities issued by resecuritization trusts and guarantees of senior securities issued by certain Multifamily securitization trusts.

Table 3.2 - Non-Consolidated VIEs

(In millions)	March 31, 2021	December 31, 2020
Assets and Liabilities Recorded on our Condensed Consolidated Balance Sheets(1)		
Assets:		
Investment securities, at fair value	$24,898	$28,459
Accrued interest receivable, net	232	239
Derivative assets, net	29	61
Other assets	5,651	5,553
Liabilities:		
Debt	89	—
Derivative liabilities, net	72	47
Other liabilities	4,739	4,515

(1) Includes our variable interests in REMICs and Strips, commingled Supers, K Certificates, SB Certificates, certain senior subordinate securitization structures, and other securitization products that we do not consolidate.

We also obtain interests in various other entities created by third parties through the normal course of business that may be VIEs, such as through our investments in certain non-Freddie Mac mortgage-related securities, purchases of multifamily loans, guarantees of multifamily housing revenue bonds, as a derivative counterparty or through other activities. To the extent that we were not involved in the design or creation of these VIEs, they are excluded from the table above. Our interests in these VIEs are generally passive in nature and are not expected to result in us obtaining a controlling financial interest in these VIEs in the future. As a result, we do not consolidate these VIEs and we account for our interests in these VIEs in the same manner that we account for our interests in other third-party transactions. See **Note 6** for additional information regarding our investments in non-Freddie Mac mortgage-related securities. See **Note 4** for more information regarding multifamily loans.

NOTE 4

Mortgage Loans

The table below provides details of the loans on our condensed consolidated balance sheets.

Table 4.1 - Mortgage Loans

	March 31, 2021			December 31, 2020		
(In millions)	Single-family	Multifamily	Total	Single-family	Multifamily	Total
Held-for-sale UPB	$10,850	$15,450	$26,300	$10,702	$23,789	$34,491
Cost basis and fair value adjustments, net	(1,592)	207	(1,385)	(1,637)	798	(839)
Total held-for-sale loans, net	**9,258**	**15,657**	**24,915**	**9,065**	**24,587**	**33,652**
Held-for-investment UPB	2,403,981	22,738	2,426,719	2,271,576	21,923	2,293,499
Cost basis adjustments	61,527	56	61,583	62,415	54	62,469
Allowance for credit losses	(5,253)	(77)	(5,330)	(5,628)	(104)	(5,732)
Total held-for-investment loans, net	**2,460,255**	**22,717**	**2,482,972**	**2,328,363**	**21,873**	**2,350,236**
Total mortgage loans, net	**$2,469,513**	**$38,374**	**$2,507,887**	**$2,337,428**	**$46,460**	**$2,383,888**

The table below provides details of the UPB of loans we purchased and sold during the periods presented.

Table 4.2 - Loans Purchased and Sold

(In billions)	1Q 2021	1Q 2020
Single-family:		
Purchases		
Held-for-investment loans	$360.6	$137.7
Sale of held-for-sale loans[1]	—	2.2
Multifamily:		
Purchases		
Held-for-investment loans	1.6	1.2
Held-for-sale loans	12.3	8.2
Sale of held-for-sale loans[2]	21.1	10.7

(1) Our sales of single-family loans reflect the sale of seasoned single-family mortgage loans.

(2) Our sales of multifamily loans occur primarily through the issuance of multifamily K Certificates and SB Certificates. See **Note 3** for more information on our K Certificates and SB Certificates.

Reclassifications

We reclassify loans between held-for-investment and held-for-sale depending on our intent and ability to hold the loan for the foreseeable future. The table below presents the allowance for credit losses or valuation allowance that was reversed or established due to loan reclassifications between held-for-investment and held-for-sale during the period presented.

Table 4.3 - Loan Reclassifications

	1Q 2021			1Q 2020		
(In millions)	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed
Single-family reclassifications from:						
Held-for-investment to held-for-sale[1]	$501	$7	$—	$2,637	$214	$—
Held-for-sale to held-for-investment[2]	35	3	—	1	—	—
Multifamily reclassifications from:						
Held-for-investment to held-for-sale	528	1	—	32	—	—
Held-for-sale to held-for-investment	9	—	—	482	(1)	—

Referenced footnotes are on the next page.

(1) Prior to reclassification from held-for-investment to held-for-sale, we charged-off $27 million and $79 million against the allowance for credit losses during 1Q 2021 and 1Q 2020, respectively.

(2) Allowance for credit losses reversed upon reclassifications from held-for-sale to held-for-investment for loans that were previously charged off and the present values of expected future cash flows were in excess of the amortized cost basis upon reclassification.

Interest Income

The table below provides the amortized cost basis of non-accrual loans as of the beginning and the end of the periods presented, including the interest income recognized for the period that is related to the loans on non-accrual status as of the period end.

Table 4.4 - Amortized Cost Basis of Held-for-Investment Loans on Non-accrual

	Non-accrual Amortized Cost Basis		Interest Income Recognized(1)
(In millions)	January 1, 2021	March 31, 2021	1Q 2021
Single-family:			
20- and 30-year or more, amortizing fixed-rate	$12,151	$21,137	$36
15-year amortizing fixed-rate	696	1,031	1
Adjustable-rate	193	296	—
Alt-A, interest-only, and option ARM	637	700	1
Total single-family	**13,677**	**23,164**	**38**
Total multifamily	**—**	**—**	**—**
Total single-family and multifamily	**$13,677**	**$23,164**	**$38**

	Non-accrual Amortized Cost Basis		Interest Income Recognized(1)
(In millions)	January 1, 2020	March 31, 2020	1Q 2020
Single-family:			
20- and 30-year or more, amortizing fixed-rate	$5,598	$5,494	$4
15-year amortizing fixed-rate	242	241	—
Adjustable-rate	91	83	—
Alt-A, interest-only, and option ARM	439	389	2
Total single-family	**6,370**	**6,207**	**6**
Total multifamily	**13**	**13**	**—**
Total single-family and multifamily	**$6,383**	**$6,220**	**$6**

(1) Represents the amount of payments received during the period, including those received while the loans were on accrual status, for the held-for-investment loans on non-accrual status as of the period end.

The table below provides the amount of accrued interest receivable, net presented on our condensed consolidated balance sheets and the amount of accrued interest receivable related to loans on non-accrual status at the end of the periods that is charged off.

Table 4.5 - Accrued Interest Receivable, Net and Related Charge-offs

	Accrued Interest Receivable, Net		Accrued Interest Receivable Related Charge-offs	
(In millions)	March 31, 2021	December 31, 2020	1Q 2021	1Q 2020
Single-family loans	$7,229	$7,292	($166)	($29)
Multifamily loans	120	139	—	—

Credit Quality

Single-Family

The current LTV ratio is one key factor we consider when estimating our allowance for credit losses for single-family loans. As current LTV ratios increase, the borrower's equity in the home decreases, which may negatively affect the borrower's ability to refinance (outside of the Enhanced Relief Refinance program) or to sell the property for an amount at or above the balance of the outstanding loan.

A second-lien loan also reduces the borrower's equity in the home and has a similar negative effect on the borrower's ability to refinance or sell the property for an amount at or above the combined balances of the first and second loans. However, borrowers are free to obtain second-lien financing after origination, and we are not entitled to receive notification when a borrower does so. For further information about concentrations of risk associated with our single-family and multifamily loans, see **Note 16**.

The table below presents the amortized cost basis of single-family held-for-investment loans by current LTV ratio. Our current LTV ratios are estimates based on available data through the end of each period presented. For reporting purposes:

- Loans within the Alt-A category continue to be presented in that category following modification, even though the borrower may have provided full documentation of assets and income to complete the modification and
- Loans within the option ARM category continue to be presented in that category following modification, even though the modified loan no longer provides for optional payment provisions.

Table 4.6 - Amortized Cost Basis of Single-Family Held-for-Investment Loans by Current LTV Ratio and Vintage

	March 31, 2021						
	Year of Origination						Total
(In millions)	2021	2020	2019	2018	2017	Prior	
Current LTV Ratio:							
20- and 30-year or more, amortizing fixed-rate							
≤ 60	$51,100	$243,582	$53,075	$33,730	$63,245	$498,835	$943,567
> 60 to 80	112,096	466,621	125,253	51,535	43,041	61,433	859,979
> 80 to 100	52,066	182,963	28,503	4,226	1,292	3,529	272,579
> 100(1)	92	93	5	20	49	812	1,071
Total 20- and 30-year or more, amortizing fixed-rate	**215,354**	**893,259**	**206,836**	**89,511**	**107,627**	**564,609**	**2,077,196**
15-year amortizing fixed-rate							
≤ 60	18,098	90,471	17,571	9,263	17,916	103,499	256,818
> 60 to 80	16,388	64,103	8,417	1,237	506	211	90,862
> 80 to 100	2,650	5,156	135	10	9	20	7,980
> 100(1)	9	7	—	2	3	8	29
Total 15-year amortizing fixed-rate	**37,145**	**159,737**	**26,123**	**10,512**	**18,434**	**103,738**	**355,689**
Adjustable-rate							
≤ 60	29	1,422	772	655	2,205	13,493	18,576
> 60 to 80	34	1,221	692	382	715	597	3,641
> 80 to 100	7	146	56	14	17	7	247
> 100(1)	—	—	—	—	—	1	1
Total adjustable-rate	**70**	**2,789**	**1,520**	**1,051**	**2,937**	**14,098**	**22,465**
Alt-A, Interest-only, and option ARM							
≤ 60	—	—	—	—	—	8,361	8,361
> 60 to 80	—	—	—	—	—	1,497	1,497
> 80 to 100	—	—	—	—	—	252	252
> 100(1)	—	—	—	—	—	48	48
Total Alt-A, interest-only, and option ARM	**—**	**—**	**—**	**—**	**—**	**10,158**	**10,158**
Total single-family loans	**$252,569**	**$1,055,785**	**$234,479**	**$101,074**	**$128,998**	**$692,603**	**$2,465,508**
Total for all loan product types by current LTV ratio:							
≤ 60	$69,227	$335,475	$71,418	$43,648	$83,366	$624,188	$1,227,322
> 60 to 80	128,518	531,945	134,362	53,154	44,262	63,738	955,979
> 80 to 100	54,723	188,265	28,694	4,250	1,318	3,808	281,058
> 100(1)	101	100	5	22	52	869	1,149
Total single-family loans	**$252,569**	**$1,055,785**	**$234,479**	**$101,074**	**$128,998**	**$692,603**	**$2,465,508**

Referenced footnotes are included after the prior period table.

	December 31, 2020						
	Year of Origination						Total
(In millions)	2020	2019	2018	2017	2016	Prior	
Current LTV Ratio:							
20- and 30-year or more, amortizing fixed-rate							
≤ 60	$203,333	$52,820	$33,139	$64,834	$115,978	$431,406	$901,510
> 60 to 80	437,107	141,094	64,236	59,110	40,614	44,636	786,797
> 80 to 100	206,457	53,926	8,822	2,117	654	3,983	275,959
> 100(1)	202	7	25	64	61	948	1,307
Total 20- and 30-year or more, amortizing fixed-rate	**847,099**	**247,847**	**106,222**	**126,125**	**157,307**	**480,973**	**1,965,573**
15-year amortizing fixed-rate							
≤ 60	78,269	17,753	9,914	19,650	29,916	83,842	239,344
> 60 to 80	67,904	12,169	2,195	961	215	135	83,579
> 80 to 100	8,553	400	17	12	9	17	9,008
> 100(1)	21	—	3	5	3	7	39
Total 15-year amortizing fixed-rate	**154,747**	**30,322**	**12,129**	**20,628**	**30,143**	**84,001**	**331,970**
Adjustable-rate							
≤ 60	1,427	850	731	2,429	2,042	12,993	20,472
> 60 to 80	1,403	877	537	1,061	329	528	4,735
> 80 to 100	232	125	34	29	2	8	430
> 100(1)	—	—	—	—	—	1	1
Total adjustable-rate	**3,062**	**1,852**	**1,302**	**3,519**	**2,373**	**13,530**	**25,638**
Alt-A, Interest-only, and option ARM							
≤ 60	—	—	—	—	—	8,620	8,620
> 60 to 80	—	—	—	—	—	1,818	1,818
> 80 to 100	—	—	—	—	—	314	314
> 100(1)	—	—	—	—	—	58	58
Total Alt-A, interest-only, and option ARM	**—**	**—**	**—**	**—**	**—**	**10,810**	**10,810**
Total single-family loans	**$1,004,908**	**$280,021**	**$119,653**	**$150,272**	**$189,823**	**$589,314**	**$2,333,991**
Total for all loan product types by Current LTV ratio:							
≤ 60	$283,029	$71,423	$43,784	$86,913	$147,936	$536,861	$1,169,946
> 60 to 80	506,414	154,140	66,968	61,132	41,158	47,117	876,929
> 80 to 100	215,242	54,451	8,873	2,158	665	4,322	285,711
> 100(1)	223	7	28	69	64	1,014	1,405
Total single-family loans	**$1,004,908**	**$280,021**	**$119,653**	**$150,272**	**$189,823**	**$589,314**	**$2,333,991**

(1) The serious delinquency rate for the single-family held-for-investment mortgage loans with current LTV ratios in excess of 100% was 10.75% and 11.17% as of March 31, 2021 and December 31, 2020, respectively.

Multifamily

The table below presents the amortized cost basis of our multifamily held-for-investment loans, by credit quality indicator, based on available data through the end of each period presented. These indicators involve significant management judgment and are defined as follows:

- "Pass" is current and adequately protected by the current financial strength and debt service capacity of the borrower;
- "Special mention" has administrative issues that may affect future repayment prospects but does not have current credit weaknesses. In addition, this category generally includes loans in forbearance;
- "Substandard" has a weakness that jeopardizes the timely full repayment; and
- "Doubtful" has a weakness that makes collection or liquidation in full highly questionable and improbable based on existing conditions.

Table 4.7 - Amortized Cost Basis of Multifamily Held-for-Investment Loans by Credit Quality Indicator by Vintage

	March 31, 2021							
	Year of Origination							
(In millions)	2021	2020	2019	2018	2017	Prior	Revolving Loans	Total
Category:								
Pass	$438	$8,169	$6,258	$1,160	$656	$3,191	$2,215	$22,087
Special mention	—	—	500	—	—	107	—	607
Substandard	—	—	23	—	13	64	—	100
Doubtful	—	—	—	—	—	—	—	—
Total	**$438**	**$8,169**	**$6,781**	**$1,160**	**$669**	**$3,362**	**$2,215**	**$22,794**

	December 31, 2020							
	Year of Origination							
(In millions)	2020	2019	2018	2017	2016	Prior	Revolving Loans	Total
Category:								
Pass	$7,486	$6,491	$1,075	$722	$590	$2,715	$2,024	$21,103
Special mention	—	524	115	—	8	108	—	755
Substandard	—	—	6	41	—	72	—	119
Doubtful	—	—	—	—	—	—	—	—
Total	**$7,486**	**$7,015**	**$1,196**	**$763**	**$598**	**$2,895**	**$2,024**	**$21,977**

Past Due Status

The table below presents the amortized cost basis of our single-family and multifamily loans, held-for-investment, by payment status.

Table 4.8 - Amortized Cost Basis of Held-for-Investment Loans by Payment Status

	March 31, 2021						
(In millions)	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure[1]	Total	Three Months or More Past Due, and Accruing	Non-accrual With No Allowance[2]
Single-family:							
20- and 30-year or more, amortizing fixed-rate	$2,015,453	$11,184	$4,152	$46,407	$2,077,196	$25,654	$791
15-year amortizing fixed-rate	351,388	1,024	309	2,968	355,689	1,907	11
Adjustable-rate	21,474	151	80	760	22,465	464	10
Alt-A, interest-only, and option ARM	8,725	243	129	1,061	10,158	376	139
Total single-family	**2,397,040**	**12,602**	**4,670**	**51,196**	**2,465,508**	**28,401**	**951**
Total multifamily[3]	**22,788**	**6**	**—**	**—**	**22,794**	**—**	**—**
Total single-family and multifamily	**$2,419,828**	**$12,608**	**$4,670**	**$51,196**	**$2,488,302**	**$28,401**	**$951**

	December 31, 2020						
(In millions)	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure[1]	Total	Three Months or More Past Due, and Accruing	Non-accrual with No Allowance[2]
Single-family:							
20- and 30-year or more, amortizing fixed-rate	$1,891,981	$15,798	$5,941	$51,853	$1,965,573	$40,162	$648
15-year amortizing fixed-rate	326,651	1,439	429	3,451	331,970	2,723	11
Adjustable-rate	24,483	192	79	884	25,638	690	5
Alt-A, interest-only, and option ARM	9,227	292	130	1,161	10,810	538	115
Total single-family	**2,252,342**	**17,721**	**6,579**	**57,349**	**2,333,991**	**44,113**	**779**
Total multifamily[3]	**21,977**	**—**	**—**	**—**	**21,977**	**—**	**—**
Total single-family and multifamily	**$2,274,319**	**$17,721**	**$6,579**	**$57,349**	**$2,355,968**	**$44,113**	**$779**

(1) Includes $0.9 billion and $1.0 billion of single-family loans that were in the process of foreclosure as of March 31, 2021 and December 31, 2020, respectively.

(2) Loans with no allowance for loan losses primarily represent those loans that were previously charged-off and therefore the collateral value is sufficiently in excess of the amortized cost to result in recovery of the entire amortized cost basis if the property were foreclosed upon or otherwise subject to disposition. The amounts of allowance for credit losses on accrued interest receivable and advances of pre-foreclosure costs related to these loans are excluded.

(3) As of March 31, 2021 and December 31, 2020, includes $0.6 billion and $0.7 billion of multifamily loans in forbearance that are reported as current.

Troubled Debt Restructurings

The table below provides details of our single-family loan modifications that were classified as TDRs during the periods presented.

Table 4.9 - Single-Family TDR Modification Metrics

	1Q 2021	1Q 2020
Percentage of single-family loan modifications that were classified as TDRs with:		
Interest rate reductions and related term extensions	15%	14%
Principal forbearance and related interest rate reductions and term extensions	34	19
Average coupon interest rate reduction	0.4 %	0.3 %
Average months of term extension	153	187

Substantially all of our completed single-family loan modifications classified as a TDR during 1Q 2021 and 1Q 2020 resulted in a modified loan with a fixed interest rate.

The table below presents the volume of single-family and multifamily loans that were newly classified as TDRs. Loans classified as a TDR in one period may be subject to further action (such as a modification or remodification) in a subsequent period. In such cases, the subsequent action would not be reflected in the table below since the loan would already have been classified as a TDR.

Table 4.10 - TDR Activity

	1Q 2021		1Q 2020	
(Dollars in millions)	Number of Loans	Post-TDR Amortized Cost Basis	Number of Loans	Post-TDR Amortized Cost Basis
Single-family:(1)(2)				
20- and 30-year or more, amortizing fixed-rate	3,782	$671	6,432	$1,127
15-year amortizing fixed-rate	472	47	729	72
Adjustable-rate	48	9	97	17
Alt-A, interest-only, and option ARM	151	19	166	24
Total single-family	**4,453**	**746**	**7,424**	**1,240**
Multifamily	**—**	**—**	**—**	**—**

(1) The pre-TDR amortized cost basis for single-family loans initially classified as TDR during 1Q 2021 and 1Q 2020 was $0.7 billion and $1.2 billion, respectively.

(2) Includes certain bankruptcy events and forbearance plans, repayment plans, payment deferrals, and modification activities that do not qualify for the temporary relief related to TDR provided by the CARES Act based on servicer reporting at the time of the TDR event.

The table below presents the volume of our TDR modifications that experienced payment defaults (i.e., loans that became two months delinquent or completed a loss event) during the applicable periods and had completed a modification during the year preceding the payment default.

Table 4.11 - Payment Defaults of Completed TDR Modifications

	1Q 2021		1Q 2020	
(Dollars in millions)	Number of Loans	Post-TDR Amortized Cost Basis	Number of Loans	Post-TDR Amortized Cost Basis
Single-family:				
20- and 30-year or more, amortizing fixed-rate	1,131	$198	2,504	$427
15-year amortizing fixed-rate	62	7	119	14
Adjustable-rate	15	3	29	4
Alt-A, interest-only, and option ARM	127	21	164	32
Total single-family	**1,335**	**229**	**2,816**	**477**
Multifamily	**—**	**—**	**—**	**—**

In addition to modifications, loans may be classified as TDRs as a result of other loss mitigation activities (i.e., repayment plans, forbearance plans, or loans in modification trial periods). During 1Q 2021 and 1Q 2020, 831 and 1,026, respectively, of such loans (with a post-TDR amortized cost basis of $0.1 billion during both periods) experienced a payment default within a year after the loss mitigation activity occurred.

Non-Cash Investing and Financing Activities

During 1Q 2021 and 1Q 2020, we acquired $139.5 billion and $73.2 billion, respectively, of loans held-for-investment in exchange for the issuance of debt securities of consolidated trusts in guarantor swap transactions. We received approximately $52.5 billion and $15.6 billion of loans held-for-investment from sellers during 1Q 2021 and 1Q 2020, respectively, to satisfy advances to lenders that were recorded in other assets on our condensed consolidated balance sheets.

NOTE 5

Guarantees and Other Off-Balance Sheet Credit Exposures

We generate revenue through our guarantee activities by agreeing to absorb the credit risk associated with certain financial instruments that are owned or held by third parties. In exchange for providing this guarantee, we generally receive an ongoing guarantee fee that is commensurate with the risks assumed and that will, over the long-term, provide us with cash flows that are expected to exceed the credit-related and administrative expenses of the underlying financial instruments. The profitability of our guarantee activities may vary and will be dependent on our guarantee fee and the actual credit performance of the underlying financial instruments that we have guaranteed.

The table below shows our maximum exposure, recognized liability, and maximum remaining term of our guarantees to non-consolidated VIEs and other third parties. This table does not include certain of our unrecognized guarantees, such as guarantees to consolidated VIEs or to resecuritization trusts that do not expose us to incremental credit risk. The maximum exposure disclosed in the table is not representative of the actual loss we are likely to incur, based on our historical loss experience and after consideration of proceeds from related collateral liquidation, including possible recoveries under credit enhancements. See **Note 8** for additional information on our credit enhancements.

Table 5.1 - Financial Guarantees

	March 31, 2021			December 31, 2020		
(**Dollars in millions**, terms in years)	Maximum Exposure[1]	Recognized Liability[2]	Maximum Remaining Term	Maximum Exposure[1]	Recognized Liability[2]	Maximum Remaining Term
Single-family:						
Securitization activity guarantees	$28,466	$387	39	$29,739	$401	39
Other mortgage-related guarantees	9,584	214	30	9,215	193	30
Total single-family	**$38,050**	**$601**		**$38,954**	**$594**	
Multifamily:						
Securitization activity guarantees	$299,878	$4,267	39	$287,334	$4,031	39
Other mortgage-related guarantees	10,243	407	33	10,721	425	33
Total multifamily	**$310,121**	**$4,674**		**$298,055**	**$4,456**	
Other guarantees	$62,729	$1,796	30	$47,703	$794	30
Fannie Mae securities backing Freddie Mac resecuritization products	93,726	—	40	85,841	—	41

(1) The maximum exposure represents the contractual amounts that could be lost if counterparties or borrowers defaulted, without consideration of proceeds from related collateral liquidation and possible recoveries under credit enhancements. For other guarantees, this amount primarily represents the notional amount or UPB of our interest-rate and market value guarantees and guarantees of third-party derivatives. For certain of our other guarantees, our exposure may be unlimited; however, we generally reduce our exposure through separate contracts with third parties.

(2) For securitization activity guarantees and other mortgage-related guarantees, this amount represents the guarantee obligation on our condensed consolidated balance sheets and excludes our allowance for credit losses on off-balance sheet credit exposures. For other guarantees, this amount represents the fair value of the contract.

The table below shows the payment status of the mortgage loans underlying our guarantees that are not measured at fair value.

Table 5.2 – UPB of Loans Underlying Our Guarantees by Payment Status

	March 31, 2021				
(In millions)	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure	Total(1)
Single-family	$36,577	$2,123	$811	$3,878	$43,389
Multifamily(2)	352,559	55	63	592	353,269
Total	**$389,136**	**$2,178**	**$874**	**$4,470**	**$396,658**

	December 31, 2020				
(In millions)	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure	Total(1)
Single-family	$37,187	$2,204	$945	$3,922	$44,258
Multifamily	339,614	87	62	557	340,320
Total	**$376,801**	**$2,291**	**$1,007**	**$4,479**	**$384,578**

(1) Loan-level payment status is not available for certain guarantees totaling $0.6 billion and $0.7 billion as of March 31, 2021 and December 31, 2020, respectively, and therefore is not included in the table above.

(2) As of March 31, 2021, includes $6.6 billion of multifamily loans in forbearance that are reported as current.

Other Off-Balance Sheet Credit Exposures

In addition to our guarantees, we enter into other agreements that expose us to off-balance sheet credit risk, primarily related to our multifamily business, including certain purchase commitments that are not accounted for as derivative instruments, liquidity guarantees, unfunded lending arrangements and other similar commitments. These agreements may require us to transfer cash before or upon settlement of our contractual obligation. We recognize an allowance for credit losses for those agreements not measured at fair value or otherwise recognized in the financial statements. The total notional value of off-balance sheet credit exposures was $14.8 billion and $15.4 billion at March 31, 2021 and December 31, 2020, respectively. See **Note 7** for additional discussion of our allowance for credit losses on our off-balance sheet credit exposures.

We also have certain multifamily purchase commitments totaling $5.2 billion and $5.5 billion at March 31, 2021 and December 31, 2020, respectively, that are excluded from the amounts above as they are not included in our allowance for credit losses. We have elected the fair value option for certain of these commitments.

NOTE 6

Investment Securities

The table below summarizes the fair values of our investments in debt securities by classification.

Table 6.1 - Investment Securities

(In millions)	March 31, 2021	December 31, 2020
Trading securities	$54,289	$44,458
Available-for-sale securities	7,591	15,367
Total fair value of investment securities	**$61,880**	**$59,825**

As of March 31, 2021 and December 31, 2020, we did not classify any securities as held-to-maturity, although we may elect to do so in the future.

Trading Securities

The table below presents the estimated fair values of our trading securities by major security type. Our non-mortgage-related securities primarily consist of investments in U.S. Treasury securities.

Table 6.2 - Trading Securities

(In millions)	March 31, 2021	December 31, 2020
Mortgage-related securities:		
Agency	$23,015	$17,504
Non-agency	1	1
Total mortgage-related securities	**23,016**	**17,505**
Non-mortgage-related securities	31,273	26,953
Total fair value of trading securities	**$54,289**	**$44,458**

For trading securities held at March 31, 2021 and 2020, we recorded net unrealized gains (losses) of ($506) million and $723 million during 1Q 2021 and 1Q 2020, respectively.

Available-for-Sale Securities

At March 31, 2021 and December 31, 2020, all available-for-sale securities were mortgage-related securities. We had no allowance for credit losses on our available-for-sale securities as of March 31, 2021 and December 31, 2020.

The table below provides details of the securities classified as available-for-sale on our condensed consolidated balance sheets.

Table 6.3 - Available-for-Sale Securities

	March 31, 2021				
(In millions)	Amortized Cost Basis	Gross Unrealized Gains in Other Comprehensive Income	Gross Unrealized Losses in Other Comprehensive Income	Fair Value	Accrued Interest Receivable
Available-for-sale securities:					
Agency	$6,267	$294	($6)	$6,555	$16
Non-agency and other	802	234	—	1,036	4
Total available-for-sale securities	**$7,069**	**$528**	**($6)**	**$7,591**	**$20**

(In millions)	December 31, 2020 Amortized Cost Basis	Gross Unrealized Gains in Other Comprehensive Income	Gross Unrealized Losses in Other Comprehensive Income	Fair Value	Accrued Interest Receivable
Available-for-sale securities:					
Agency	$13,514	$794	($4)	$14,304	$36
Non-agency and other	830	233	—	1,063	4
Total available-for-sale securities	**$14,344**	**$1,027**	**($4)**	**$15,367**	**$40**

The fair value of our available-for-sale securities held at March 31, 2021 scheduled to contractually mature after ten years was $4.8 billion, with an additional $1.7 billion scheduled to contractually mature after five years through ten years.

Available-for-Sale Securities in a Gross Unrealized Loss Position

The table below presents available-for-sale securities in a gross unrealized loss position and whether such securities have been in an unrealized loss position for less than 12 months, or 12 months or greater.

Table 6.4 - Available-for-Sale Securities in a Gross Unrealized Loss Position

	March 31, 2021			
	Less than 12 Months		12 Months or Greater	
(In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale securities:				
Agency	$617	($3)	$117	($3)
Non-agency and other	1	—	16	—
Total available-for-sale securities in a gross unrealized loss position	**$618**	**($3)**	**$133**	**($3)**

	December 31, 2020			
	Less than 12 Months		12 Months or Greater	
(In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale securities:				
Agency	$223	($2)	$144	($2)
Non-agency and other	17	—	—	—
Total available-for-sale securities in a gross unrealized loss position	**$240**	**($2)**	**$144**	**($2)**

At March 31, 2021, the gross unrealized losses relate to 43 securities.

Realized Gains and Losses on Sales of Available-for-Sale Securities

The table below summarizes the gross realized gains and gross realized losses from the sale of available-for-sale securities.

Table 6.5 - Gross Realized Gains and Gross Realized Losses from Sales of Available-for-Sale Securities

(In millions)	1Q 2021	1Q 2020
Gross realized gains	$399	$33
Gross realized losses	(31)	(23)
Net realized gains (losses)	**$368**	**$10**

Non-Cash Investing and Financing Activities

During 1Q 2021 and 1Q 2020, we recognized $13.3 billion and $3.5 billion, respectively, of investment securities in exchange for the issuance of debt securities of consolidated trusts through partial sales of commingled single-class securities that were previously consolidated.

NOTE 7

Allowance for Credit Losses

The table below summarizes changes in our allowance for credit losses.

Table 7.1 - Details of the Allowance for Credit Losses

	1Q 2021			1Q 2020		
(In millions)	**Single-family**	**Multifamily**	**Total**	**Single-family**	**Multifamily**	**Total**
Beginning balance	$6,353	$200	$6,553	$5,233	$69	$5,302
Provision (benefit) for credit losses	(146)	(50)	(196)	1,166	67	1,233
Charge-offs	(238)	—	(238)	(164)	—	(164)
Recoveries collected	46	—	46	88	—	88
Other	115	—	115	24	—	24
Ending balance	**$6,130**	**$150**	**$6,280**	**$6,347**	**$136**	**$6,483**
Components of ending balance of allowance for credit losses:						
Mortgage loans held-for-investment	$5,253	$77	$5,330	$6,044	$77	$6,121
Advances of pre-foreclosure costs	615	—	615	254	—	254
Accrued interest receivable on mortgage loans	213	—	213	—	—	—
Off-balance sheet credit exposures	49	73	122	49	59	108
Total	**$6,130**	**$150**	**$6,280**	**$6,347**	**$136**	**$6,483**

Current Period Changes

The change to a benefit for credit losses in 1Q 2021 from a provision for credit losses in 1Q 2020 was primarily driven by the following factors:

- **Expected credit losses related to COVID-19** - Our provision for credit losses increased significantly in 1Q 2020 due to the increase in expected credit losses related to the economic effects of the COVID-19 pandemic. Our estimate of expected credit losses related to the pandemic decreased in 1Q 2021 as economic conditions improved.
- **Portfolio growth** - We recognize expected credit losses over the entire contractual term of the loan at the time of loan acquisition. Our single-family mortgage portfolio grew by $438 billion, or 22%, year-over-year, which partially offset the benefit for credit losses.
- **Changes in house prices and interest rates** - The effect of changes in forecasted interest rates and changes related to house price growth rates had largely offsetting impacts in both periods.

In addition, charge-offs increased year-over-year due to an increase in the number of loans we placed on non-accrual status and the related accrued interest receivable that was charged off. The decline in economic activity caused by the COVID-19 pandemic, and the corresponding government response, is unprecedented, and as a result, our estimate of expected credit losses is subject to significant uncertainty.

NOTE 8

Credit Enhancements

We obtain various forms of credit enhancements that reduce our exposure to credit losses. These credit enhancements may be associated with mortgage loans or guarantees recognized on our condensed consolidated balance sheets or embedded in debt recognized on our condensed consolidated balance sheets.

The table below presents details of our credit enhancement receivables. These amounts are recognized in other assets on our condensed consolidated balance sheets.

Table 8.1 - Credit Enhancement Receivables

(In millions)	March 31, 2021	December 31, 2020
Freestanding credit enhancement expected recovery receivables, net of allowance	$406	$677
Primary mortgage insurance receivables[1], net of allowance	82	74
Total credit enhancement receivables	**$488**	**$751**

(1) Excludes $433 million and $444 million of deferred payment obligations associated with unpaid claim amounts as of March 31, 2021 and December 31, 2020, respectively. We have reserved for substantially all these unpaid amounts as collectability is uncertain.

For information about counterparty credit risk associated with mortgage insurers and other credit enhancement providers, see **Note 16**.

Single-Family Credit Enhancements

The table below presents the total current and protected UPB and maximum amounts of potential loss recovery related to our single-family credit enhancements.

Table 8.2 - Single-Family Credit Enhancements

		March 31, 2021		December 31, 2020	
(In millions)	Credit Enhancement Accounting Treatment	Total Current and Protected UPB[1]	Maximum Coverage	Total Current and Protected UPB[1]	Maximum Coverage
Primary mortgage insurance	Attached	$485,593	$119,111	$472,881	$116,973
STACR:[2]					
Trust notes	Freestanding	589,150	19,728	488,251	17,288
Debt notes	Debt	316,378	11,954	365,482	12,377
Insurance/reinsurance[3]	Freestanding	975,289	13,645	876,815	11,586
Subordination:[4]					
Non-consolidated VIEs	Guarantee	27,774	5,686	29,039	5,718
Consolidated VIEs	Debt	7,203	404	9,035	464
Lender risk-sharing	Freestanding	5,177	4,587	5,731	4,831
Other	Primarily attached	314	311	374	371
Total single-family credit enhancements			**$175,426**		**$169,608**

(1) Underlying loans may be covered by more than one form of credit enhancement. For certain transactions, protected UPB may be different from the UPB of the underlying loans due to timing differences in reporting cycles between the transactions and the loans.

(2) Total current and protected UPB represents the UPB of the assets included in the reference pool. Maximum coverage amount represents the outstanding balance held by third parties.

(3) As of March 31, 2021 and December 31, 2020, substantially all of our counterparties posted sufficient collateral on our ACIS transactions to meet the minimum collateral requirements of the ACIS program. Minimum collateral requirements are assessed on each deal based on a combination of factors, including counterparty credit risk of the reinsurer, as well as the structure and risk profile of the transaction. Other insurance/reinsurance transactions have similar collateral requirements.

(4) Total current and protected UPB includes the UPB of the guaranteed securities, which represents the UPB of the assets included in the trust net of the protection provided by the subordinated securities. For non-consolidated VIEs, the total current and protected UPB also includes the UPB of guarantor advances made to the holders of the guaranteed securities. Maximum coverage represents the outstanding UPB of the securities that are subordinate to Freddie Mac guaranteed securities and held by third parties.

Multifamily Credit Enhancements

The table below presents the total current and protected UPB and maximum amounts of potential loss recovery related to our multifamily credit enhancements.

Table 8.3 - Multifamily Credit Enhancements

		March 31, 2021		December 31, 2020	
(In millions)	Credit Enhancement Accounting Treatment	Total Current and Protected UPB(1)	Maximum Coverage	Total Current and Protected UPB(1)	Maximum Coverage
Subordination:(2)					
Non-consolidated VIEs	Guarantee	$298,965	$43,450	$286,199	$42,712
Consolidated VIEs	Debt	1,800	200	1,800	200
Lender risk-sharing(3)	Freestanding	3,127	597	3,321	598
Insurance/reinsurance(4)	Freestanding	5,366	190	5,383	190
SCR:(5)					
Trust notes	Freestanding	4,801	273	—	—
Debt notes	Debt	2,149	107	2,217	111
Other(3)	Attached	251	251	253	253
Total multifamily credit enhancements			**$45,068**		**$44,064**

(1) Underlying loans may be covered by more than one form of credit enhancement.

(2) Total current and protected UPB includes the UPB of the guaranteed securities, which represents the UPB of the assets included in the trust net of the protection provided by the subordinated securities, and the UPB of master servicer advances made to the holders of the guaranteed and unguaranteed securities. For non-consolidated VIEs, the total current and protected UPB also includes the UPB of guarantor advances made to the holders of the guaranteed securities. Maximum coverage represents the outstanding UPB of the securities that are subordinate to Freddie Mac guaranteed securities and held by third parties.

(3) Maximum coverage represents the remaining amount of loss recovery that is available subject to the terms of counterparty agreements.

(4) As of March 31, 2021 and December 31, 2020, the counterparties to our insurance/reinsurance transactions have complied with the minimum collateral requirements. Minimum collateral requirements are assessed on each deal based on a combination of factors, including counterparty credit risk of the reinsurer, as well as the structure and risk profile of the transaction.

(5) Total current and protected UPB represents the UPB of the assets included in the reference pool. Maximum coverage amount represents the outstanding balance of the SCR notes held by third parties.

We have other multifamily credit enhancements in the form of collateral posting requirements, indemnification, pool insurance, bond insurance, recourse, and other similar arrangements. These credit enhancements, along with the proceeds received from the sale of the underlying mortgage collateral, are designed to recover all or a portion of our losses on our mortgage loans or the amounts paid under our financial guarantee contracts. Our historical losses and related recoveries pursuant to these agreements have not been significant and therefore these other types of multifamily credit enhancements are excluded from the table above.

NOTE 9

Debt

The table below summarizes the balances of total debt per our condensed consolidated balance sheets.

Table 9.1 - Total Debt

(In millions)	March 31, 2021	December 31, 2020
Debt securities of consolidated trusts held by third parties	$2,445,829	$2,308,176
Debt of Freddie Mac:		
Short-term debt	10,910	4,955
Long-term debt	247,531	279,415
Total Debt of Freddie Mac	**258,441**	**284,370**
Total debt	**$2,704,270**	**$2,592,546**

As of March 31, 2021, our aggregate indebtedness was $262.7 billion, which was below the current $300.0 billion debt cap limit imposed by the Purchase Agreement. Our aggregate indebtedness calculation primarily includes the par value of short- and long-term debt.

Debt Securities of Consolidated Trusts Held by Third Parties

The table below summarizes the debt securities of consolidated trusts held by third parties based on underlying loan product type.

Table 9.2 - Debt Securities of Consolidated Trusts Held by Third Parties

	March 31, 2021				December 31, 2020			
(Dollars in millions)	Contractual Maturity	UPB	Carrying Amount[1]	Weighted Average Coupon[2]	Contractual Maturity	UPB	Carrying Amount[1]	Weighted Average Coupon[2]
Single-family:								
30-year or more, fixed-rate	2021 - 2060	$1,896,894	$1,953,618	2.89 %	2021 - 2060	$1,799,065	$1,855,438	3.07 %
20-year fixed-rate	2021 - 2041	107,510	110,680	2.67	2021 - 2041	97,520	100,498	2.84
15-year fixed-rate	2021 - 2036	332,355	340,820	2.34	2021 - 2036	303,142	310,612	2.46
Adjustable-rate	2021 - 2051	21,801	22,280	2.64	2021 - 2051	23,964	24,484	2.76
Interest-only	2026 - 2048	3,404	3,520	2.85	2026 - 2041	3,671	3,736	3.15
FHA/VA	2021 - 2050	759	774	4.02	2021 - 2050	752	769	4.04
Total single-family		**2,362,723**	**2,431,692**			**2,228,114**	**2,295,537**	
Multifamily	2021-2050	13,968	14,137	2.34	2021-2050	12,488	12,639	2.43
Total debt of consolidated trusts held by third parties		**$2,376,691**	**$2,445,829**			**$2,240,602**	**$2,308,176**	

(1) Includes $262 million and $205 million at March 31, 2021 and December 31, 2020, respectively, of debt securities of consolidated trusts that represents the fair value of debt for which the fair value option was elected.

(2) The effective interest rate for debt securities of consolidated trusts held by third parties was 1.58% and 1.76% as of March 31, 2021 and December 31, 2020, respectively.

Debt of Freddie Mac

The table below summarizes the balances and effective interest rates for debt of Freddie Mac.

Table 9.3 - Total Debt of Freddie Mac

	March 31, 2021			December 31, 2020		
(Dollars in millions)	Par Value	Carrying Amount(1)	Weighted Average Effective Rate(2)	Par Value	Carrying Amount(1)	Weighted Average Effective Rate(2)
Short-term debt:						
Discount notes and Reference Bills	$—	$—	— %	$11	$11	0.69 %
Medium-term notes	10,910	10,910	0.03	4,944	4,944	1.31
Securities sold under agreements to repurchase (3)	7,930	7,930	(0.05)	—	—	—
Total short-term debt	**18,840**	**18,840**	**—**	**4,955**	**4,955**	**1.31**
Long-term debt:						
Original maturities on or before December 31,						
2021	35,488	35,484	0.71	43,422	43,417	0.95
2022	59,002	59,022	0.69	61,071	61,092	0.68
2023	54,049	53,980	0.45	61,998	61,920	0.45
2024	17,744	17,719	0.55	21,679	21,651	0.61
2025	36,587	36,207	0.83	44,342	43,944	0.84
Thereafter	36,617	34,881	2.62	36,386	34,583	2.64
STACR and SCR debt(4)	12,061	11,888	4.23	12,488	12,342	4.18
Hedging-related basis adjustments	N/A	(1,650)		N/A	466	
Total long-term debt	**251,548**	**247,531**	**1.09**	**281,386**	**279,415**	**1.09**
Total debt of Freddie Mac(5)	**$270,388**	**$266,371**		**$286,341**	**$284,370**	

(1) Represents par value, net of associated discounts or premiums and issuance cost. Includes $2.1 billion and $2.4 billion at March 31, 2021 and December 31, 2020, respectively, of long-term debt that represents the fair value of debt for which the fair value option was elected.

(2) Based on carrying amount.

(3) We offset payables related to securities sold under agreements to repurchase against receivables related to securities purchased under agreements to resell on our condensed consolidated balance sheets, when such amounts meet the conditions for offsetting in the accounting guidance.

(4) Contractual maturities of these debt securities are not presented because they are subject to prepayment risk, as their payments are based upon the performance of a pool of mortgage assets that may be prepaid by the related mortgage borrower at any time, generally without penalty.

(5) Carrying amount for debt of Freddie Mac includes callable debt of $112.4 billion and $124.0 billion at March 31, 2021 and December 31, 2020, respectively.

NOTE 10

Derivatives

Use of Derivatives

We use derivatives primarily to hedge interest-rate sensitivity mismatches between our financial assets and liabilities. We analyze the interest-rate sensitivity of financial assets and liabilities across a variety of interest-rate scenarios based on market prices, models, and economics. When we use derivatives to mitigate our exposures, we consider a number of factors, including cost, exposure to counterparty risk, and our overall risk management strategy.

We classify derivatives into three categories:

- Exchange-traded derivatives;
- Cleared derivatives; and
- OTC derivatives.

Exchange-traded derivatives include standardized interest-rate futures contracts and options on futures contracts. Cleared derivatives refer to those interest-rate swaps that the CFTC has determined are subject to the central clearing requirement of the Dodd-Frank Act. OTC derivatives refer to those derivatives that are neither exchange-traded derivatives nor cleared derivatives.

Types of Derivatives

We principally use the following types of derivatives:

- LIBOR- and SOFR-based interest-rate swaps;
- LIBOR-, Treasury-, and SOFR-based purchased options (including swaptions); and
- LIBOR-, Treasury-, and SOFR-based exchange-traded futures.

We also purchase swaptions on credit indices in order to obtain protection against adverse movements in multifamily spreads which may affect the profitability of our K Certificate or SB Certificate transactions.

In addition to swaps, futures, and purchased options, our derivative positions include written options and swaptions, and commitments.

Hedge Accounting

We apply fair value hedge accounting to certain single-family mortgage loans and certain issuances of debt where we hedge the changes in fair value of these items attributable to the designated benchmark interest rate (i.e., LIBOR), using LIBOR-based interest-rate swaps.

Derivative Assets and Liabilities at Fair Value

The table below presents the notional value and fair value of derivatives reported on our condensed consolidated balance sheets.

Table 10.1 - Derivative Assets and Liabilities at Fair Value

	March 31, 2021			December 31, 2020		
	Notional or Contractual Amount	Derivatives at Fair Value		Notional or Contractual Amount	Derivatives at Fair Value	
(In millions)		Assets	Liabilities		Assets	Liabilities
Not designated as hedges						
Interest-rate risk management derivatives:						
Swaps	$534,976	$1,947	($4,140)	$559,596	$2,639	($7,091)
Written options	30,830	—	(1,714)	18,259	—	(735)
Purchased options [(1)]	242,260	5,107	—	169,995	5,265	—
Futures	157,628	—	—	181,702	—	—
Total interest-rate management derivatives	**965,694**	**7,054**	**(5,854)**	**929,552**	**7,904**	**(7,826)**
Mortgage commitment derivatives:						
Forward contracts to purchase mortgage loans	38,152	5	(337)	37,122	183	—
Forward contracts to purchase mortgage-related securities	55,805	19	(316)	45,185	203	—
Forward contracts to sell mortgage-related securities	171,285	1,483	(34)	136,802	2	(759)
Total mortgage commitment derivatives	**265,242**	**1,507**	**(687)**	**219,109**	**388**	**(759)**
CRT-related derivatives	30,513	29	(57)	28,949	61	(47)
Other	9,190	1	(30)	4,029	2	(16)
Total derivatives not designated as hedges	**1,270,639**	**8,591**	**(6,628)**	**1,181,639**	**8,355**	**(8,648)**
Designated as fair value hedges						
Interest-rate risk management derivatives:						
Swaps	238,120	149	(2,521)	180,686	224	(500)
Total derivatives designated as fair value hedges	**238,120**	**149**	**(2,521)**	**180,686**	**224**	**(500)**
Derivative interest receivable (payable)[(2)]		480	(485)		455	(523)
Netting adjustments[(3)]		(7,135)	8,684		(7,829)	8,717
Total derivative portfolio, net	**$1,508,759**	**$2,085**	**($950)**	**$1,362,325**	**$1,205**	**($954)**

(1) Includes swaptions on credit indices with a notional or contractual amount of $14.3 billion and $16.8 billion at March 31, 2021 and December 31, 2020, respectively, and a fair value of $5.0 million and $9.0 million at March 31, 2021 and December 31, 2020, respectively.

(2) Includes other derivative receivables and payables.

(3) Represents counterparty netting and cash collateral netting.

See **Note 11** for information related to our derivative counterparties and collateral held and posted.

Gains and Losses on Derivatives

The table below presents the gains and losses on derivatives, including the accrual of periodic cash settlements, while not designated in qualifying hedge relationships and reported on our condensed consolidated statements of comprehensive income (loss) as investment gains (losses), net.

Table 10.2 - Gains and Losses on Derivatives

(In millions)	1Q 2021	1Q 2020
Not designated as hedges		
Interest-rate risk management derivatives:		
Swaps	$615	($4,863)
Written options	(461)	(320)
Purchased options	(48)	4,542
Futures	286	(2,328)
Total interest-rate risk management derivatives fair value gains (losses)	**392**	**(2,969)**
Mortgage commitment derivatives	1,476	(726)
CRT-related derivatives	(42)	78
Other	(3)	31
Total derivatives not designated as hedges fair value gains (losses)	**1,823**	**(3,586)**
Accrual of periodic cash settlements[1]	(452)	(176)
Total	**$1,371**	**($3,762)**

(1) Includes interest on variation margin on cleared interest-rate swaps.

Fair Value Hedges

The table below presents the effects of fair value hedge accounting by condensed consolidated statements of comprehensive income (loss) line item, including the gains and losses on derivatives and hedged items designated in qualifying hedge relationships and other components due to the application of hedge accounting.

Table 10.3 - Gains and Losses on Fair Value Hedges

	1Q 2021		1Q 2020	
(In millions)	Interest Income	Interest Expense	Interest Income	Interest Expense
Total amounts of income and expense line items presented in our condensed consolidated statements of comprehensive income in which the effects of fair value hedges are recorded:	$13,902	($10,263)	$17,592	($14,807)
Interest contracts on mortgage loans held-for-investment:				
Gain (loss) on fair value hedging relationships:				
Hedged items	(1,523)	—	4,893	—
Derivatives designated as hedging instruments	1,534	—	(5,080)	—
Interest accruals on hedging instruments	(114)	—	(63)	—
Discontinued hedge-related basis adjustments amortization	(781)	—	(253)	—
Interest contracts on debt:				
Gain (loss) on fair value hedging relationships:				
Hedged items	—	2,114	—	(505)
Derivatives designated as hedging instruments	—	(2,188)	—	554
Interest accruals on hedging instruments	—	255	—	100
Discontinued hedge-related basis adjustments amortization	—	5	—	20

Cumulative Basis Adjustments Due to Fair Value Hedging

The table below presents the cumulative basis adjustments and the carrying amounts of the hedged item by its respective balance sheet line item.

Table 10.4 - Cumulative Basis Adjustments Due to Fair Value Hedging

	March 31, 2021					
	Carrying Amount Assets / (Liabilities)	Cumulative Amount of Fair Value Hedging Basis Adjustments Included in the Carrying Amount			Closed Portfolio Under the Last-of-Layer Method	
(In millions)		Total	Under the Last-of-Layer Method	Discontinued - Hedge Related	Total Amount by Amortized Cost Basis	Designated Amount by UPB
Mortgage loans held-for-investment	$417,644	$2,813	($1,152)	$3,965	$192,912	$9,507
Debt	(158,646)	1,650	—	(33)	—	—

	December 31, 2020					
	Carrying Amount Assets / (Liabilities)	Cumulative Amount of Fair Value Hedging Basis Adjustments Included in the Carrying Amount			Closed Portfolio Under the Last-of-Layer Method	
(In millions)		Total	Under the Last-of-Layer Method	Discontinued - Hedge Related	Total Amount by Amortized Cost Basis	Designated Amount by UPB
Mortgage loans held-for-investment	$478,077	$5,117	($318)	$5,435	$220,301	$9,112
Debt	(176,512)	(466)	—	(38)	—	—

NOTE 11

Collateralized Agreements and Offsetting Arrangements

Offsetting of Financial Assets and Liabilities

We offset fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting and collateral agreement. We also offset payables related to securities sold under agreements to repurchase against receivables related to securities purchased under agreements to resell when such amounts meet the conditions for balance sheet offsetting.

The table below presents offsetting and collateral information related to derivatives, securities purchased under agreements to resell, and securities sold under agreements to repurchase which are subject to enforceable master netting agreements or similar arrangements.

Table 11.1 - Offsetting and Collateral Information of Financial Assets and Liabilities

	March 31, 2021					
		Amount Offset in the Consolidated Balance Sheets				
(In millions)	Gross Amount Recognized	Counterparty Netting	Cash Collateral Netting[1]	Net Amount Presented in the Consolidated Balance Sheets	Gross Amount Not Offset in the Consolidated Balance Sheets[2]	Net Amount
Assets:						
Derivatives:						
OTC derivatives	$7,614	($5,681)	($1,497)	$436	($392)	$44
Cleared and exchange-traded derivatives	69	—	43	112	—	112
Mortgage commitment derivatives	1,507	—	—	1,507	—	1,507
Other	30	—	—	30	—	30
Total derivatives	**9,220**	**(5,681)**	**(1,454)**	**2,085**	**(392)**	**1,693**
Securities purchased under agreements to resell	23,070	(7,930)	—	15,140	(15,140)	—
Total	**$32,290**	**($13,611)**	**($1,454)**	**$17,225**	**($15,532)**	**$1,693**
Liabilities:						
Derivatives:						
OTC derivatives	($8,828)	$5,681	$2,975	($172)	$—	($172)
Cleared and exchange-traded derivatives	(32)	—	28	(4)	4	—
Mortgage commitment derivatives	(687)	—	—	(687)	—	(687)
Other	(87)	—	—	(87)	—	(87)
Total derivatives	**(9,634)**	**5,681**	**3,003**	**(950)**	**4**	**(946)**
Securities sold under agreements to repurchase	(7,930)	7,930	—	—	—	—
Total	**($17,564)**	**$13,611**	**$3,003**	**($950)**	**$4**	**($946)**

Referenced footnotes are included after the next table.

	December 31, 2020					
		Amount Offset in the Consolidated Balance Sheets				
(In millions)	Gross Amount Recognized	Counterparty Netting	Cash Collateral Netting(1)	Net Amount Presented in the Consolidated Balance Sheets	Gross Amount Not Offset in the Consolidated Balance Sheets(2)	Net Amount
Assets:						
Derivatives:						
OTC derivatives	$8,566	($5,932)	($1,957)	$677	($648)	$29
Cleared and exchange-traded derivatives	17	—	60	77	—	77
Mortgage commitment derivatives	388	—	—	388	—	388
Other	63	—	—	63	—	63
Total derivatives	**9,034**	**(5,932)**	**(1,897)**	**1,205**	**(648)**	**557**
Securities purchased under agreements to resell	105,003	—	—	105,003	(105,003)	—
Total	**$114,037**	**($5,932)**	**($1,897)**	**$106,208**	**($105,651)**	**$557**
Liabilities:						
Derivatives:						
OTC derivatives	($8,812)	$5,932	$2,759	($121)	$—	($121)
Cleared and exchange-traded derivatives	(37)	—	26	(11)	—	(11)
Mortgage commitment derivatives	(759)	—	—	(759)	—	(759)
Other	(63)	—	—	(63)	—	(63)
Total derivatives	**(9,671)**	**5,932**	**2,785**	**(954)**	**—**	**(954)**
Securities sold under agreements to repurchase	—	—	—	—	—	—
Total	**($9,671)**	**$5,932**	**$2,785**	**($954)**	**$—**	**($954)**

(1) Excess cash collateral held is presented as a derivative liability, while excess cash collateral posted is presented as a derivative asset.

(2) Does not include the fair value amount of non-cash collateral posted or held that exceeds the associated net asset or liability, netted by counterparty, presented on the condensed consolidated balance sheets.

Collateral Pledged

Collateral Pledged to Freddie Mac

We have cash pledged to us as collateral primarily related to OTC derivative transactions. We had $1.9 billion and $2.8 billion pledged to us as collateral that was invested as part of our liquidity and contingency operating portfolio as of March 31, 2021 and December 31, 2020, respectively.

We primarily execute securities purchased under agreements to resell transactions with central clearing organizations where we have the right to repledge the collateral that has been pledged to us, either with the central clearing organization or with other counterparties. At March 31, 2021, and December 31, 2020, we had $22.3 billion and $85.8 billion, respectively, of securities pledged to us in these transactions. In addition, at March 31, 2021 and December 31, 2020, we had $0.7 billion and $0.8 billion, respectively, of securities pledged to us for transactions involving securities purchased under agreements to resell not executed with central clearing organizations that we had the right to repledge.

Collateral Pledged by Freddie Mac

We posted cash collateral totaling $0.2 billion and $1.3 billion as of March 31, 2021 and December 31, 2020, respectively, related to commitments and securities purchased under agreements to resell transactions primarily with central clearing organizations.

The table below summarizes the fair value of the securities pledged as collateral by us for derivatives and collateralized borrowing transactions, including securities that the secured party may repledge.

Table 11.2 - Collateral in the Form of Securities Pledged

	March 31, 2021			
(In millions)	Derivatives	Securities Sold Under Agreements to Repurchase	Other[3]	Total
Cash equivalents[1]	$—	$2,671	$—	$2,671
Debt securities of consolidated trusts[2]	—	—	348	348
Trading securities	1,555	5,230	1,442	8,227
Total securities pledged	**$1,555**	**$7,901**	**$1,790**	**$11,246**

	December 31, 2020			
(In millions)	Derivatives	Securities Sold Under Agreements to Repurchase	Other[3]	Total
Debt securities of consolidated trusts[2]	$121	$—	$345	$466
Trading securities	1,920	—	1,163	3,083
Total securities pledged	**$2,041**	**$—**	**$1,508**	**$3,549**

(1) Represents U.S. Treasury securities accounted for as cash equivalents.

(2) Represents debt securities of consolidated trusts held by us in our mortgage-related investments portfolio which are recorded as a reduction to debt securities of consolidated trusts held by third parties on our condensed consolidated balance sheets.

(3) Includes other collateralized borrowings and collateral related to transactions with certain clearinghouses.

The table below summarizes the underlying collateral pledged and the remaining contractual maturity of our gross obligations under securities sold under agreements to repurchase.

Table 11.3 - Underlying Collateral Pledged

	March 31, 2021				
(In millions)	Overnight and Continuous	30 Days or Less	After 30 Days Through 90 Days	Greater Than 90 Days	Total
U.S. Treasury securities and other	$2,453	$5,448	$—	$—	$7,901

NOTE 12

Stockholders' Equity and Earnings Per Share

Accumulated Other Comprehensive Income

The table below presents changes in AOCI after the effects of our federal statutory tax rate of 21% for the periods presented, related to available-for-sale securities, cash flow hedges, and our defined benefit plans.

Table 12.1 - Changes in AOCI by Component, Net of Taxes

	1Q 2021			
(In millions)	AOCI Related to Available-for-Sale Securities	AOCI Related to Cash Flow Hedge Relationships	AOCI Related to Defined Benefit Plans	Total
Beginning balance	$810	($206)	$39	$643
Other comprehensive income before reclassifications	(105)	—	(1)	(106)
Amounts reclassified from accumulated other comprehensive income	(290)	10	(3)	(283)
Changes in AOCI by component	**(395)**	**10**	**(4)**	**(389)**
Ending balance	**$415**	**($196)**	**$35**	**$254**

	1Q 2020			
(In millions)	AOCI Related to Available-for-Sale Securities	AOCI Related to Cash Flow Hedge Relationships	AOCI Related to Defined Benefit Plans	Total
Beginning balance	$618	($244)	$64	$438
Other comprehensive income before reclassifications	446	—	2	448
Amounts reclassified from accumulated other comprehensive income	(8)	13	(4)	1
Changes in AOCI by component	**438**	**13**	**(2)**	**449**
Ending balance	**$1,056**	**($231)**	**$62**	**$887**

Reclassifications from AOCI to Net Income

The table below presents reclassifications from AOCI to net income, including the affected line items in our condensed consolidated statements of comprehensive income (loss).

Table 12.2 - Reclassifications from AOCI to Net Income

(In millions)	1Q 2021	1Q 2020
AOCI related to available-for-sale securities		
Affected line items on the condensed consolidated statements of comprehensive income (loss):		
Investment gains (losses), net	$368	$10
Income tax (expense) benefit	(78)	(2)
Net of tax	**290**	**8**
AOCI related to cash flow hedge relationships		
Affected line items on the condensed consolidated statements of comprehensive income (loss):		
Interest expense	(11)	(16)
Income tax (expense) benefit	1	3
Net of tax	**(10)**	**(13)**
AOCI related to defined benefit plans		
Affected line items on the condensed consolidated statements of comprehensive income (loss):		
Salaries and employee benefits	4	5
Income tax (expense) benefit	(1)	(1)
Net of tax	**3**	**4**
Total reclassifications in the period net of tax	**$283**	**($1)**

Senior Preferred Stock

As a result of changes to the terms of the senior preferred stock pursuant to the January 2021 Letter Agreement, the company will not be required to pay a dividend to Treasury until we have built sufficient capital to meet the capital requirements and buffers set forth in the ERCF. Accordingly, the company was not required to pay a dividend to Treasury on the senior preferred stock in March 2021. As the company builds capital during this period, the quarterly increases in our Net Worth Amount have been, and will continue to be, added to the aggregate liquidation preference of the senior preferred stock. As a result, the liquidation preference of the senior preferred stock increased from $86.5 billion as of December 31, 2020 to $89.1 billion on March 31, 2021 based on the $2.5 billion increase in the Net Worth Amount during 4Q 2020. The liquidation preference will increase to $91.4 billion on June 30, 2021 based on the $2.4 billion increase in our Net Worth Amount during 1Q 2021. See **Note 2** for additional information.

As of March 31, 2021, our assets exceeded our liabilities under GAAP; therefore, no draw is being requested from Treasury under the Purchase Agreement.

The table below provides a summary of our senior preferred stock outstanding at March 31, 2021.

Table 12.3 - Senior Preferred Stock

(**In millions**, except initial liquidation preference price per share)	Shares Authorized	Shares Outstanding	Total Par Value	Initial Liquidation Preference Price per Share	Total Liquidation Preference
Non-draw Adjustment Dates:					
September 8, 2008	1.00	1.00	$1.00	$1,000	$1,000
December 31, 2017	—	—	—	N/A	3,000
September 30, 2019	—	—	—	N/A	1,826
December 31, 2019	—	—	—	N/A	1,848
March 31, 2020	—	—	—	N/A	2,448
June 30, 2020	—	—	—	N/A	382
September 30, 2020	—	—	—	N/A	1,938
December 31, 2020	—	—	—	N/A	2,449
March 31, 2021	—	—	—	N/A	2,522
Total non-draw adjustments	**1.00**	**1.00**	**1.00**		**17,413**
Draw Dates:					
November 24, 2008	—	—	—	N/A	13,800
March 31, 2009	—	—	—	N/A	30,800
June 30, 2009	—	—	—	N/A	6,100
June 30, 2010	—	—	—	N/A	10,600
September 30, 2010	—	—	—	N/A	1,800
December 30, 2010	—	—	—	N/A	100
March 31, 2011	—	—	—	N/A	500
September 30, 2011	—	—	—	N/A	1,479
December 30, 2011	—	—	—	N/A	5,992
March 30, 2012	—	—	—	N/A	146
June 29, 2012	—	—	—	N/A	19
March 30, 2018	—	—	—	N/A	312
Total draw adjustments	**—**	**—**	**—**		**71,648**
Total senior preferred stock	**1.00**	**1.00**	**$1.00**		**$89,061**

Stock Issuances and Repurchases

We did not repurchase or issue any of our common shares or non-cumulative preferred stock during 1Q 2021, except for issuances of treasury stock relating to stock-based compensation granted prior to conservatorship. During 1Q 2021, the deferral period lapsed on 351 RSUs. At March 31, 2021, there were no RSUs outstanding.

Dividends and Dividend Restrictions

No common dividends were declared during 1Q 2021. As a result of the increase in the applicable Capital Reserve Amount pursuant to the January 2021 Letter Agreement, we did not declare or pay a dividend on the senior preferred stock during 1Q 2021. We also did not declare or pay dividends on any other series of Freddie Mac preferred stock outstanding during 1Q 2021.

Our payment of dividends on Freddie Mac common stock or any series of Freddie Mac preferred stock (other than senior preferred stock) is subject to certain restrictions.

NOTE 13

Net Interest Income

The table below presents the components of net interest income per our condensed consolidated statements of comprehensive income (loss).

Table 13.1 - Components of Net Interest Income

(In millions)	March 31, 2021	March 31, 2020
Interest income		
Mortgage loans	$13,255	$16,632
Investment securities	610	652
Other	37	308
Total interest income	**13,902**	**17,592**
Interest expense		
Debt securities of consolidated trusts held by third parties	(9,756)	(13,447)
Debt of Freddie Mac:		
Short-term debt	(2)	(430)
Long-term debt	(505)	(930)
Total interest expense	**(10,263)**	**(14,807)**
Net interest income	**3,639**	**2,785**
Benefit (provision) for credit losses	196	(1,233)
Net interest income after benefit (provision) for credit losses	**$3,835**	**$1,552**

NOTE 14

Investment Gains (Losses), Net

The table below presents the components of investment gains (losses), net on our condensed consolidated statements of comprehensive income (loss).

Table 14.1 - Components of Investment Gains (Losses), Net

(In millions)	1Q 2021	1Q 2020
Investment gains (losses), net:		
Mortgage loans gains (losses)	$206	$1,172
Investment securities gains (losses)	(507)	1,055
Debt gains (losses)	138	700
Derivative gains (losses)	1,371	(3,762)
Investment gains (losses), net	**$1,208**	**($835)**

NOTE 15

Segment Reporting

During 1Q 2021, our chief operating decision maker began making decisions about allocating resources and assessing segment performance based on two reportable segments, Single-family and Multifamily. In prior periods, we managed our business based on three reportable segments, Single-family Guarantee, Multifamily, and Capital Markets. As our mortgage-related investments portfolio has declined over time, our capital markets activities have become increasingly focused on supporting our single-family and multifamily businesses. As a result, we have determined that, effective in 1Q 2021, our Capital Markets segment should no longer be considered a separate reportable segment, and our chief operating decision maker no longer reviews separate financial results or discrete financial information for our capital markets activities. Substantially all of the revenues and expenses that were previously directly attributable to our Capital Markets segment are now included in our Single-family segment, while certain administrative expenses and other centrally-incurred costs previously allocated to the Capital Markets segment are now allocated between the Single-family and Multifamily segments using various methodologies depending on the nature of the expense.

In connection with this change, we have also changed the measure of segment profit and loss for each segment to be based on net income and comprehensive income calculated using the same accounting policies we use to prepare our general purpose financial statements in conformity with generally accepted accounting principles. The financial results of each reportable segment include directly attributable revenue and expenses. We allocate interest expense and other debt funding and hedging-related costs to each reportable segment using a funds transfer pricing process. We fully allocate to each reportable segment the administrative expenses and other centrally-incurred costs that are not directly attributable to a particular segment using various methodologies depending on the nature of the expense. As a result, the sum of each income statement line item for the two reportable segments is equal to that same income statement line item for the consolidated entity. We have discontinued the reclassifications of certain activities between various line items that were included in our previous measure of segment profit and loss. Prior period information has been revised to conform to the current period presentation.

Segment	Description
Single-family	Reflects results from our purchase, sale, securitization, and guarantee of single-family loans and securities, our investments in those loans and securities, the management of single-family mortgage credit risk and market risk, and any results of our treasury function that are not allocated to each segment.
Multifamily	Reflects results from our purchase, sale, securitization, and guarantee of multifamily loans and securities, our investments in those loans and securities, and the management of multifamily mortgage credit risk and market risk.

Segment Allocations and Results

The results of each reportable segment include directly attributable revenues and expenses. We allocate interest expense and other debt funding and hedging-related costs to each reportable segment using a funds transfer pricing process. We fully allocate to each reportable segment administrative expenses and other centrally-incurred costs that are not directly attributable to a particular segment using various methodologies depending on the nature of the expense.

The table below presents the financial results for our Single-family and Multifamily segments.

Table 15.1 - Segment Financial Results

	1Q 2021		
(In millions)	Single-family	Multifamily	Total
Net interest income	**$3,308**	**$331**	**$3,639**
Non-interest income (loss)			
Guarantee fee income	89	159	248
Investment gains (losses), net	300	908	1,208
Other income (loss)	152	26	178
Non-interest income (loss)	**541**	**1,093**	**1,634**
Net revenues	**3,849**	**1,424**	**5,273**
Benefit (provision) for credit losses	**146**	**50**	**196**
Non-interest expense			
Administrative expense	(488)	(151)	(639)
Credit enhancement expense	(325)	(10)	(335)
Benefit for (decrease in) credit enhancement recoveries	(245)	(12)	(257)
REO operations expense	(8)	—	(8)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(534)	—	(534)
Other expense	(209)	(6)	(215)
Non-interest expense	**(1,809)**	**(179)**	**(1,988)**
Income (loss) before income tax (expense) benefit	**2,186**	**1,295**	**3,481**
Income tax (expense) benefit	(448)	(266)	(714)
Net income (loss)	**1,738**	**1,029**	**2,767**
Other comprehensive income (loss), net of taxes and reclassification adjustments			
Changes in unrealized gains (losses) related to available-for-sale securities	(335)	(60)	(395)
Changes in unrealized gains (losses) related to cash flow hedge relationships	10	—	10
Changes in defined benefit plans	(3)	(1)	(4)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	**(328)**	**(61)**	**(389)**
Comprehensive income (loss)	**$1,410**	**$968**	**$2,378**

	1Q 2020		
(In millions)	Single-family	Multifamily	Total
Net interest income	**$2,485**	**$300**	**$2,785**
Non-interest income (loss)			
Guarantee fee income	(13)	390	377
Investment gains (losses), net	24	(859)	(835)
Other income (loss)	58	37	95
Non-interest income (loss)	**69**	**(432)**	**(363)**
Net revenues	**2,554**	**(132)**	**2,422**
Benefit (provision) for credit losses	**(1,166)**	**(67)**	**(1,233)**
Non-interest expense			
Administrative expense	(467)	(120)	(587)
Credit enhancement expense	(227)	(4)	(231)
Benefit for (decrease in) credit enhancement recoveries	439	28	467
REO operations expense	(85)	—	(85)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(432)	—	(432)
Other expense	(98)	(5)	(103)
Non-interest expense	**(870)**	**(101)**	**(971)**
Income (loss) before income tax (expense) benefit	**518**	**(300)**	**218**
Income tax (expense) benefit	(107)	62	(45)
Net income (loss)	**411**	**(238)**	**173**
Other comprehensive income (loss), net of taxes and reclassification adjustments			
Changes in unrealized gains (losses) related to available-for-sale securities	374	64	438
Changes in unrealized gains (losses) related to cash flow hedge relationships	13	—	13
Changes in defined benefit plans	(2)	—	(2)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	**385**	**64**	**449**
Comprehensive income (loss)	**$796**	**($174)**	**$622**

We measure total assets for our reportable segments based on the mortgage portfolio for each segment. We operate our business in the U.S. and its territories, and accordingly, we generate no revenue from and have no long-lived assets, other than financial instruments, in geographic locations other than the U.S. and its territories.

The table below presents total assets for our Single-family and Multifamily segments.

Table 15.2 - Segment Assets

(In millions)	March 31, 2021	December 31, 2020
Single-family	$2,458,112	$2,326,426
Multifamily	393,677	388,347
Total segment assets	**2,851,789**	**2,714,773**
Reconciling items[1]	(109,915)	(87,358)
Total assets per condensed consolidated balance sheets	**$2,741,874**	**$2,627,415**

(1) Reconciling items include assets included in our mortgage portfolio that are not recognized on our condensed consolidated balance sheets and assets recognized on our condensed consolidated balance sheets that are not allocated to the reportable segments.

NOTE 16

Concentration of Credit and Other Risks

Single-Family Mortgage Portfolio

The table below summarizes the concentration by loan portfolio and geographic area of the approximately $2.5 trillion and $2.3 trillion UPB of our single-family mortgage portfolio as of March 31, 2021 and December 31, 2020, respectively. See **Note 4, Note 6,** and **Note 7** for more information about credit risk associated with loans and mortgage-related securities that we hold or guarantee.

Table 16.1 - Concentration of Credit Risk of Our Single-Family Mortgage Portfolio

	March 31, 2021			December 31, 2020			1Q 2021[1]		1Q 2020[1]	
(Dollars in billions)	Portfolio UPB	% of Portfolio	SDQ Rate	Portfolio UPB	% of Portfolio	SDQ Rate	Credit Losses Amount	% of Credit Losses[2]	Credit Losses Amount	% of Credit Losses
Region:[3]										
West	$770	31 %	2.11 %	$720	31 %	2.41 %	$—	NM	$—	8 %
Northeast	581	24	2.82	549	24	3.16	—	NM	0.1	36
North Central	371	15	1.88	357	15	2.06	—	NM	0.1	29
Southeast	393	16	2.58	375	16	2.95	—	NM	—	18
Southwest	343	14	2.33	325	14	2.59	—	NM	—	9
Total	**$2,458**	**100 %**	**2.34**	**$2,326**	**100 %**	**2.64**	**$—**	**NM**	**$0.2**	**100 %**
State:										
California	$455	19 %	2.29	$424	18 %	2.64	$—	NM	$—	5 %
Texas	152	6	2.75	145	6	3.11	—	NM	—	3
Florida	142	6	3.14	135	6	3.70	—	NM	—	9
New York	108	4	4.07	103	4	4.56	—	NM	—	9
Illinois	99	4	2.83	96	4	2.96	—	NM	0.1	16
All other	1,502	61	2.09	1,423	62	2.34	—	NM	0.1	58
Total	**$2,458**	**100 %**	**2.34**	**$2,326**	**100 %**	**2.64**	**$—**	**NM**	**$0.2**	**100 %**

(1) Excludes credit losses related to charge-offs of accrued interest receivables.

(2) NM - not meaningful due to the credit losses amount rounding to zero.

(3) Region designation: West (AK, AZ, CA, GU, HI, ID, MT, NV, OR, UT, WA); Northeast (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI, VT, VA, WV); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, VI); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY).

Credit Performance of Certain Higher Risk Single-Family Loan Categories

Participants in the mortgage market have characterized single-family loans based upon their overall credit quality at the time of origination, including as prime or subprime. Mortgage market participants have classified single-family loans as Alt-A if these loans have credit characteristics that range between their prime and subprime categories, if they are underwritten with lower or alternative income or asset documentation requirements compared to a full documentation loan, or both. Although we discontinued new purchases of loans with lower documentation standards beginning March 1, 2009, we continued to purchase certain amounts of these loans in cases where the loan was either:

- Purchased pursuant to a previously issued other mortgage-related guarantee;
- Part of our relief refinance initiative; or
- In another refinance loan initiative and the pre-existing loan (including Alt-A loans) was originated under less than full documentation standards.

In the event we purchase a refinance loan and the original loan had been previously identified as Alt-A, such refinance loan may no longer be categorized or reported as Alt-A in the table below because the new refinance loan replacing the original loan would not be identified by the seller/servicer as an Alt-A loan. As a result, our reported Alt-A balances may be lower than would otherwise be the case had such refinancing not occurred.

Although we do not categorize single-family loans we purchase or guarantee as prime or subprime, we recognize that there are a number of loan types with certain characteristics that indicate a higher degree of credit risk.

For example, a borrower's credit score is a useful measure for assessing the credit quality of the borrower. Statistically, borrowers with higher credit scores are more likely to repay or have the ability to refinance than those with lower scores.

Presented below is a summary of the serious delinquency rates of certain higher-risk categories (based on characteristics of the loan at origination) of loans in our single-family mortgage portfolio. The table presents each higher-risk category in isolation. A single loan may fall within more than one category (for example, an interest-only loan may also have an original LTV ratio greater than 90%). Loans with a combination of these attributes will have an even higher risk of delinquency than those with an individual attribute.

Table 16.2 - Certain Higher Risk Categories in Our Single-Family Mortgage Portfolio

	% of Portfolio(1)		SDQ Rate(1)	
(% of portfolio based on UPB)	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Interest-only	— %	— %	NM	NM
Alt-A	1	1	10.49 %	10.66 %
Original LTV ratio greater than 90%(2)	14	15	4.01	4.25
Lower credit scores at origination (less than 620)	1	1	10.93	11.00

(1) Excludes $493 million and $505 million UPB of loans underlying certain other securitization products for which data was not available as of March 31, 2021 and December 31, 2020, respectively.

(2) Includes HARP loans, which we purchased as part of our participation in the MHA Program.

(3) NM - not meaningful due to the percentage of the portfolio rounding to zero.

Sellers and Servicers

We acquire a significant portion of our single-family and multifamily loan purchase and guarantee volume from several large sellers. The table below summarizes the concentration of single-family and multifamily sellers who provided 10% or more of our purchase and guarantee volume.

Table 16.3 - Seller Concentration

Single-family Sellers	1Q 2021	1Q 2020
JPMorgan Chase Bank, N.A.	4 %	12 %
United Wholesale Mortgage, LLC(1)	5	10
Other top 10 sellers	39	33
Top 10 single-family sellers	**48 %**	**55 %**

Multifamily Sellers	1Q 2021	1Q 2020
Berkadia Commercial Mortgage LLC	14 %	14 %
CBRE Capital Markets, Inc.	14	17
JLL Real Estate Capital, LLC	10	4
Other top 10 sellers	43	43
Top 10 multifamily sellers	**81 %**	**78 %**

(1) United Wholesale Mortgage, LLC was previously known as United Shore Financial Services, LLC.

We purchase single-family loans from both depository and non-depository sellers. Non-depository institutions may not have the same financial strength or operational capacity, or be subject to the same level of regulatory oversight, as large depository institutions. Our top five non-depository sellers provided approximately 30% and 27% of our single-family purchase volume during 1Q 2021 and 1Q 2020, respectively.

Significant portions of our single-family and multifamily loans are serviced by several large servicers. The table below summarizes the concentration of single-family and multifamily servicers who serviced 10% or more of our single-family mortgage portfolio and multifamily mortgage portfolio as of March 31, 2021 or December 31, 2020.

Table 16.4 - Servicer Concentration

Single-family Servicers	March 31, 2021[1]	December 31, 2020[1]
Wells Fargo Bank, N.A.	10 %	11 %
Other top 10 servicers	37	38
Top 10 single-family servicers	**47 %**	**49 %**

Multifamily Servicers[2]	March 31, 2021	December 31, 2020
CBRE Capital Markets, Inc.	17 %	17 %
Berkadia Commercial Mortgage LLC	13	13
JLL Real Estate Capital LLC	11	11
Other top 10 servicers	40	39
Top 10 multifamily servicers	**81 %**	**80 %**

(1) Percentage of servicing volume is based on the total single-family mortgage portfolio, which includes loans where we do not exercise servicing control. However, loans where we do not exercise servicing control are not included for purposes of determining the concentration of servicers who serviced more than 10% of our single-family mortgage portfolio.

(2) Represents multifamily primary servicers.

Single-family loans utilize both depository and non-depository servicers. Some of these non-depository servicers have grown in recent years and now service a large share of our loans. As of both March 31, 2021 and December 31, 2020, approximately 18% of our single-family mortgage portfolio, excluding loans for which we do not exercise control over the associated servicing, was serviced by our five largest non-depository servicers, on a combined basis. We routinely monitor the performance of our largest non-depository servicers.

Multifamily loans utilize both primary and master servicers. Primary servicers service unsecuritized mortgage loans and are also typically engaged by master servicers to service on their behalf the mortgage loans underlying securitizations. For a majority of our K Certificate securitizations, we utilize one of three large financial depository institutions as master servicer. For SB Certificate securitizations and a smaller number of K Certificate securitizations, we serve as master servicer. Multifamily primary servicers included in the table above present potential operational risk and impact to the borrowers if the servicing needs to be transferred to another servicer. We also have exposure to the master servicers of our multifamily securitization transactions who bear responsibility to advance funds in the event of payment shortfalls, including principal and interest payments related to loans in forbearance. In instances where payment shortfalls occur, the master servicer is required to make advances as long as such advances have not been deemed unrecoverable. For multifamily loans purchased and held in our mortgage-related investments portfolio, the primary servicers are not required to advance funds in the event of payment shortfalls and therefore do not present significant counterparty credit risk.

Credit Enhancement Providers

We have counterparty credit risk relating to the potential insolvency of, or non-performance by, mortgage insurers that insure single-family loans we purchase or guarantee. We also have similar exposure to insurers and reinsurers through our ACIS and other insurance transactions where we purchase insurance policies as part of our CRT activities. See **Note 8** for additional information on our credit enhancements.

We evaluate the recovery and collectability from mortgage insurers as part of the estimate of our allowance for credit losses. See **Note 7** for additional information. As of March 31, 2021, mortgage insurers provided coverage with maximum loss limits of $119.1 billion, for $485.6 billion of UPB, in connection with our single-family mortgage portfolio. These amounts are based on gross coverage without regard to netting of coverage that may exist to the extent an affected loan is covered under other types of insurance. Changes in our expectations related to recovery and collectability from our credit enhancement providers may affect our estimates of expected credit losses, perhaps significantly.

The table below summarizes the concentration of mortgage insurer counterparties who provided 10% or more of our overall mortgage insurance coverage. On October 23, 2016, Genworth Financial, Inc. ("Genworth") announced that it had entered into an agreement to be acquired by China Oceanwide Holdings Group Co., Ltd. ("Oceanwide"). Because Genworth Mortgage Insurance Corporation, a subsidiary of Genworth, is an approved mortgage insurer, Freddie Mac evaluated the planned acquisition and approved Oceanwide's control of Genworth Mortgage Insurance Corporation. On April 6, 2021, Genworth announced that it had terminated its merger agreement with Oceanwide.

Table 16.5 - Mortgage Insurer Concentration

		Mortgage Insurance Coverage[2]	
Mortgage Insurer	**Credit Rating[1]**	**March 31, 2021**	**December 31, 2020**
Arch Mortgage Insurance Company	A-	20 %	20 %
Radian Guaranty Inc.	BBB+	19	19
Mortgage Guaranty Insurance Corporation	BBB+	18	18
Essent Guaranty, Inc.	BBB+	16	16
Genworth Mortgage Insurance Corporation	BB+	15	15
National Mortgage Insurance Corporation	BBB	11	10
Total		**99 %**	**98 %**

(1) Ratings are for the corporate entity to which we have the greatest exposure. Latest rating available as of March 31, 2021. Represents the lower of S&P and Moody's credit ratings stated in terms of the S&P equivalent.

(2) Coverage amounts exclude coverage related to IMAGIN and may include coverage provided by affiliates and subsidiaries of the counterparty.

PMI Mortgage Insurance Co. and Triad Guaranty Insurance Corp. are both under the control of their state regulators and are in run-off. A substantial portion of their claims is recorded by us as deferred payment obligations. As of both March 31, 2021 and December 31, 2020, we had cumulative unpaid deferred payment obligations of $0.4 billion from these insurers. We have reserved substantially all of these unpaid amounts as collectability is uncertain. It is not clear how the regulators of these companies will administer their respective deferred payment plans in the future, nor when or if those obligations will be paid.

As part of our insurance/reinsurance CRT transactions, we regularly obtain insurance coverage from insurers and reinsurers. These transactions incorporate several features designed to increase the likelihood that we will recover on the claims we file with the insurers and reinsurers, including the following:

- In each transaction, we require the individual insurers and reinsurers to post collateral to cover portions of their exposure, which helps to promote certainty and timeliness of claim payment and
- While private mortgage insurance companies are required to be monoline (i.e., to participate solely in the mortgage insurance business, although the holding company may be a diversified insurer), many of our insurers and reinsurers in these transactions participate in multiple types of insurance business, which helps diversify their risk exposure.

Other Investments Counterparties

We are exposed to the non-performance of counterparties relating to other investments (including non-mortgage-related securities and cash equivalents) transactions, including those entered into on behalf of our securitization trusts. Our policies require that the counterparty be evaluated using our internal counterparty rating model prior to our entering into such transactions. We monitor the financial strength of our counterparties to these transactions and may use collateral maintenance requirements to manage our exposure to individual counterparties. The permitted term and dollar limits for each of these transactions are also based on the counterparty's financial strength.

Our other investments (including non-mortgage-related securities and cash equivalents) counterparties are primarily major financial institutions, including other GSEs, Treasury, the Federal Reserve Bank of New York, GSD/FICC, highly-rated supranational institutions, depository and non-depository institutions, brokers and dealers, and government money market funds. As of March 31, 2021 and December 31, 2020, including amounts related to our consolidated VIEs, the balance in our other investments portfolio was $164.8 billion and $163.1 billion, respectively. The balances consist primarily of cash, securities purchased under agreements to resell invested with counterparties, U.S. Treasury securities, cash deposited with the Federal Reserve Bank of New York, and secured lending activities. As of March 31, 2021, all of our securities purchased under agreements to resell were fully collateralized. As of March 31, 2021 and December 31, 2020, $0.7 billion and $0.8 billion, respectively, of our securities purchased under agreements to resell were used to provide financing to investors in Freddie Mac securities to increase liquidity and expand the investor base for those securities. These transactions differ from the securities purchased under agreements to resell that we use for liquidity purposes as the counterparties we face may not be major financial institutions and we are exposed to the counterparty risk of these institutions.

NOTE 17

Fair Value Disclosures

The accounting guidance for fair value measurements and disclosures defines fair value, establishes a framework for measuring fair value, and sets forth disclosure requirements regarding fair value measurements. This guidance applies whenever other accounting guidance requires or permits assets or liabilities to be measured at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability.

We use fair value measurements for the initial recording of certain assets and liabilities and periodic remeasurement of certain assets and liabilities on a recurring or non-recurring basis.

Fair Value Measurements

The accounting guidance for fair value measurements and disclosures establishes a three-level fair value hierarchy that prioritizes the inputs into the valuation techniques used to measure fair value. The levels of the fair value hierarchy are defined as follows in priority order:

- Level 1 - inputs to the valuation techniques are based on quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs to the valuation techniques are based on observable inputs other than quoted prices in active markets for identical assets or liabilities.
- Level 3 - one or more inputs to the valuation technique are unobservable and significant to the fair value measurement.

We use quoted market prices and valuation techniques that seek to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs. Our inputs are based on the assumptions a market participant would use in valuing the asset or liability. Assets and liabilities are classified in their entirety within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The table below presents our assets and liabilities measured on our condensed consolidated balance sheets at fair value on a recurring basis subsequent to initial recognition, including instruments where we have elected the fair value option.

Table 17.1 - Assets and Liabilities Measured at Fair Value on a Recurring Basis

	March 31, 2021				
(In millions)	Level 1	Level 2	Level 3	Netting Adjustment[1]	Total
Assets:					
Investment securities:					
Available-for-sale, at fair value:					
Mortgage-related securities:					
Agency	$—	$5,754	$801	$—	$6,555
Non-agency and other	—	1	1,035	—	1,036
Total available-for-sale securities, at fair value	**—**	**5,755**	**1,836**	**—**	**7,591**
Trading, at fair value:					
Mortgage-related securities:					
Agency	—	19,954	3,061	—	23,015
Non-agency	—	—	1	—	1
Total mortgage-related securities	**—**	**19,954**	**3,062**	**—**	**23,016**
Non-mortgage-related securities	30,208	1,065	—	—	31,273
Total trading securities, at fair value	**30,208**	**21,019**	**3,062**	**—**	**54,289**
Total investments in securities	**30,208**	**26,774**	**4,898**	**—**	**61,880**
Mortgage loans:					
Held-for-sale, at fair value	—	8,093	—	—	8,093
Derivative assets, net	30	8,680	30	—	8,740
Netting adjustments[1]	—	—	—	(6,655)	(6,655)
Total derivative assets, net	**30**	**8,680**	**30**	**(6,655)**	**2,085**
Other assets:					
Guarantee assets, at fair value	—	—	5,688	—	5,688
Non-derivative held-for-sale purchase commitments, at fair value	—	91	—	—	91
All other, at fair value	—	—	115	—	115
Total other assets	**—**	**91**	**5,803**	**—**	**5,894**
Total assets carried at fair value on a recurring basis	**$30,238**	**$43,638**	**$10,731**	**($6,655)**	**$77,952**
Liabilities:					
Debt securities of consolidated trusts held by third parties, at fair value	$—	$2	$260	$—	$262
Debt of Freddie Mac, at fair value	—	1,982	120	—	2,102
Derivative liabilities, net	—	9,115	34	—	9,149
Netting adjustments[1]	—	—	—	(8,199)	(8,199)
Total derivative liabilities, net	**—**	**9,115**	**34**	**(8,199)**	**950**
Other liabilities:					
Non-derivative held-for-sale purchase commitments, at fair value	—	5	—	—	5
All other, at fair value	—	—	—	—	—
Total other liabilities	**—**	**5**	**—**	**—**	**5**
Total liabilities carried at fair value on a recurring basis	**$—**	**$11,104**	**$414**	**($8,199)**	**$3,319**

Referenced footnote is included after the next table.

	December 31, 2020				
(In millions)	Level 1	Level 2	Level 3	Netting Adjustment[1]	Total
Assets:					
Investment securities:					
Available-for-sale, at fair value:					
Mortgage-related securities:					
Agency	$—	$13,778	$526	$—	$14,304
Non-agency and other	—	1	1,062	—	1,063
Total available-for-sale securities, at fair value	**—**	**13,779**	**1,588**	**—**	**15,367**
Trading, at fair value:					
Mortgage-related securities:					
Agency	—	14,246	3,258	—	17,504
Non-agency	—	—	1	—	1
Total mortgage-related securities	**—**	**14,246**	**3,259**	**—**	**17,505**
Non-mortgage-related securities	26,255	698	—	—	26,953
Total trading securities, at fair value	**26,255**	**14,944**	**3,259**	**—**	**44,458**
Total investments in securities	**26,255**	**28,723**	**4,847**	**—**	**59,825**
Mortgage loans:					
Held-for-sale, at fair value	—	14,199	—	—	14,199
Derivative assets, net	—	8,516	63	—	8,579
Netting adjustments[1]	—	—	—	(7,374)	(7,374)
Total derivative assets, net	**—**	**8,516**	**63**	**(7,374)**	**1,205**
Other assets:					
Guarantee assets, at fair value	—	—	5,509	—	5,509
Non-derivative held-for-sale purchase commitments, at fair value	—	158	—	—	158
All other, at fair value	—	—	108	—	108
Total other assets	**—**	**158**	**5,617**	**—**	**5,775**
Total assets carried at fair value on a recurring basis	**$26,255**	**$51,596**	**$10,527**	**($7,374)**	**$81,004**
Liabilities:					
Debt securities of consolidated trusts held by third parties, at fair value	$—	$2	$203	$—	$205
Debt of Freddie Mac, at fair value	—	2,267	120	—	2,387
Derivative liabilities, net	—	9,132	16	—	9,148
Netting adjustments[1]	—	—	—	(8,194)	(8,194)
Total derivative liabilities, net	**—**	**9,132**	**16**	**(8,194)**	**954**
Other liabilities:					
Non-derivative held-for-sale purchase commitments, at fair value	—	1	—	—	1
All other, at fair value	—	—	3	—	3
Total other liabilities	**—**	**1**	**3**	**—**	**4**
Total liabilities carried at fair value on a recurring basis	**$—**	**$11,402**	**$342**	**($8,194)**	**$3,550**

(1) Represents counterparty netting, cash collateral netting, and net derivative interest receivable or payable.

Level 3 Fair Value Measurements

The table below presents a reconciliation of all assets and liabilities measured on our condensed consolidated balance sheets at fair value on a recurring basis using significant unobservable inputs (Level 3), including transfers into and out of Level 3. The table also presents gains and losses due to changes in fair value, including both realized and unrealized gains and losses, recognized on our condensed consolidated statements of comprehensive income (loss) for Level 3 assets and liabilities.

Table 17.2 - Fair Value Measurements of Assets and Liabilities Using Significant Unobservable Inputs

	1Q 2021											
		Total Realized/Unrealized Gains (Losses)										
(In millions)	Balance, January 1, 2021	Included in Earnings	Included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3[1]	Transfers out of Level 3[1]	Balance, March 31, 2021	Change in Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of March 31, 2021[2]	Change in Unrealized Gains (Losses), Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of March 31, 2021
Assets												
Investment securities:												
Available-for-sale, at fair value:												
Mortgage-related securities:												
Agency	$526	$—	($6)	$432	$—	($130)	($21)	$—	$—	$801	$—	($4)
Non-agency and other	1,062	6	—	—	—	—	(33)	—	—	1,035	6	—
Total available-for-sale mortgage-related securities	**1,588**	**6**	**(6)**	**432**	**—**	**(130)**	**(54)**	**—**	**—**	**1,836**	**6**	**(4)**
Trading, at fair value:												
Mortgage-related securities:												
Agency	3,258	(174)	—	445	—	(269)	(19)	—	(180)	3,061	(183)	—
Non-agency	1	—	—	—	—	—	—	—	—	1	—	—
Total trading mortgage-related securities	**3,259**	**(174)**	**—**	**445**	**—**	**(269)**	**(19)**	**—**	**(180)**	**3,062**	**(183)**	**—**
Derivative assets	63	(33)	—	—	—	—	—	—	—	30	(33)	—
Other assets:												
Guarantee assets	5,509	(86)	—	—	488	—	(223)	—	—	5,688	(86)	—
All other, at fair value	108	10	—	(4)	6	—	(5)	—	—	115	11	—
Total other assets	**5,617**	**(76)**	**—**	**(4)**	**494**	**—**	**(228)**	**—**	**—**	**5,803**	**(75)**	**—**

		Total Realized/Unrealized (Gains) Losses										
	Balance, January 1, 2021	Included in Earnings	Included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3[1]	Transfers out of Level 3[1]	Balance, March 31, 2021	Change in Unrealized (Gains) Losses Included in Net Income Related to Assets and Liabilities Still Held as of March 31, 2021[2]	Change in Unrealized (Gains) Losses, Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of March 31, 2021
Liabilities												
Debt securities of consolidated trusts held by third parties, at fair value	$203	$4	$—	$—	$53	$—	$—	$—	$—	$260	$4	$—
Debt of Freddie Mac, at fair value	120	2	—	—	1	—	(3)	—	—	120	2	—
Derivative liabilities	16	19	—	—	2	—	(3)	—	—	34	16	—
All other, at fair value	3	(5)	—	2	—	—	—	—	—	—	(4)	—

Referenced footnotes are included after the prior period table.

	1Q 2020											
		Total Realized/Unrealized Gains (Losses)										
(In millions)	Balance, January 1, 2020	Included in Earnings	Included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3[1]	Transfers out of Level 3[1]	Balance, March 31, 2020	Change in Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of March 31, 2020[2]	Change in Unrealized Gains (Losses), Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of March 31, 2020
Assets												
Investment securities:												
Available-for-sale, at fair value:												
Mortgage-related securities:												
Agency	$1,960	$12	$38	$—	$—	($208)	($57)	$—	($1,095)	$650	$—	($2)
Non-agency and other	1,267	3	(126)	—	—	—	(43)	—	—	1,101	3	(100)
Total available-for-sale mortgage-related securities	**3,227**	**15**	**(88)**	**—**	**—**	**(208)**	**(100)**	**—**	**(1,095)**	**1,751**	**3**	**(102)**
Trading, at fair value:												
Mortgage-related securities:												
Agency	2,709	15	—	352	—	(105)	(31)	—	(396)	2,544	1	—
Non-agency	1	—	—	—	—	—	—	—	—	1	—	—
Total trading mortgage-related securities	**2,710**	**15**	**—**	**352**	**—**	**(105)**	**(31)**	**—**	**(396)**	**2,545**	**1**	**—**
Derivative assets	16	47	—	—	—	—	—	—	—	63	47	—
Other assets:												
Guarantee assets	4,426	99	—	—	223	—	(183)	—	—	4,565	99	—
All other, at fair value	120	(7)	—	(1)	6	(8)	(4)	—	—	106	(8)	—
Total other assets	**4,546**	**92**	**—**	**(1)**	**229**	**(8)**	**(187)**	**—**	**—**	**4,671**	**91**	**—**

		Total Realized/Unrealized (Gains) Losses										
	Balance, January 1, 2020	Included in Earnings	Included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3[1]	Transfers out of Level 3[1]	Balance, March 31, 2020	Change in Unrealized (Gains) Losses Included in Net Income Related to Assets and Liabilities Still Held as of March 31, 2020[2]	Change in Unrealized (Gains) Losses, Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of March 31, 2020
Liabilities												
Debt securities of consolidated trusts held by third parties, at fair value	$203	($4)	$—	$—	$—	$—	$—	$—	$—	$199	($4)	$—
Debt of Freddie Mac, at fair value	129	(11)	—	—	1	—	(1)	33	—	151	(11)	—
Derivative liabilities	37	(10)	—	—	1	—	(4)	—	—	24	(14)	—
All other, at fair value	1	—	—	—	—	—	—	—	—	1	—	—

(1) Transfers out of Level 3 during 1Q 2021 and 1Q 2020 consisted primarily of certain mortgage-related securities due to an increased volume and level of activity in the market and availability of price quotes from dealers and third-party pricing services. Certain Freddie Mac securities are classified as Level 3 at issuance and generally are classified as Level 2 when they begin trading. Transfers into Level 3 during 1Q 2020 consisted primarily of certain mortgage-related securities due to a decrease in market activity and the availability of relevant price quotes from dealers and third-party pricing services.

(2) Represents the amount of total gains or losses for the period, included in earnings, attributable to the change in unrealized gains and losses related to assets and liabilities classified as Level 3 that were still held at March 31, 2021 and March 31, 2020, respectively. This amount includes any allowance for credit losses recorded on available-for-sale securities and amortization of basis adjustments.

The table below provides valuation techniques, the range, and the weighted average of significant unobservable inputs for Level 3 assets and liabilities measured on our condensed consolidated balance sheets at fair value on a recurring basis.

Table 17.3 - Quantitative Information about Recurring Level 3 Fair Value Measurements

	March 31, 2021				
			Unobservable Inputs		
(Dollars in millions, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Type	Range	Weighted Average[2]
Assets					
Available-for-sale, at fair value					
Mortgage-related securities					
Agency	$690	Discounted cash flows	OAS	36 - 89 bps	66 bps
	111	Other			
Non-agency and other	879	Median of external sources	External pricing sources	$66.2 - $79.3	$72.0
	156	Other			
Trading, at fair value					
Mortgage-related securities					
Agency	2,360	Single external source	External pricing sources	$0.0 - $8,257.7	$970.5
	364	Discounted cash flows	OAS	(811) - 56,028 bps	596 bps
	337	Other			
Guarantee assets, at fair value	5,300	Discounted cash flows	OAS	17 - 186 bps	45 bps
	388	Other			
Insignificant Level 3 assets[1]	146				
Total level 3 assets	**$10,731**				
Liabilities					
Debt securities of consolidated trusts held by third parties, at fair value	$204	Single external source	External pricing sources	$99.8 - $106.9	$102.2
	56	Other			
Insignificant Level 3 liabilities[1]	154				
Total level 3 liabilities	**$414**				

Referenced footnote is included after the next table.

			December 31, 2020		
			Unobservable Inputs		
(Dollars in millions, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Type	Range	Weighted Average[(2)]
Assets					
Available-for-sale, at fair value					
Mortgage-related securities					
Agency	$410	Discounted cash flows	OAS	90 - 90 bps	90 bps
	116	Other			
Non-agency and other	875	Median of external sources	External pricing sources	$67.1 - $79.1	$72.8
	187	Other			
Trading, at fair value					
Mortgage-related securities					
Agency	2,204	Single external source	External pricing sources	$0.0 - $8,894.6	$947.8
	472	Discounted cash flows	OAS	(951) - 2,910 bps	834 bps
	583	Other			
Guarantee assets, at fair value	5,195	Discounted cash flows	OAS	15 - 186 bps	38 bps
	314	Other			
Insignificant Level 3 assets[(1)]	171				
Total level 3 assets	**$10,527**				
Liabilities					
Debt securities of consolidated trusts held by third parties, at fair value	$203	Single external source	External pricing sources	$97.3 - $ 107.0	$101.7
Insignificant Level 3 liabilities[(1)]	139				
Total level 3 liabilities	**$342**				

(1) Represents the aggregate amount of Level 3 assets or liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant.

(2) Unobservable inputs were weighted primarily by the relative fair value of the financial instruments.

Assets Measured at Fair Value on a Non-Recurring Basis

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis. These adjustments usually result from the application of lower-of-cost-or-fair-value accounting or measurement of impairment based on the fair value of the underlying collateral. Certain of the fair values in the tables below were not obtained as of the period end, but were obtained during the period.

The table below presents assets measured on our condensed consolidated balance sheets at fair value on a non-recurring basis.

Table 17.4 - Assets Measured at Fair Value on a Non-Recurring Basis

	March 31, 2021				December 31, 2020			
(In millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a non-recurring basis:								
Mortgage loans[1]	$—	$11	$1,731	$1,742	$—	$6	$2,241	$2,247

(1) Includes loans that are classified as held-for-investment and have been measured for impairment based on the fair value of the underlying collateral and held-for-sale loans where the fair value is below cost.

The table below provides valuation techniques, the range, and the weighted average of significant unobservable inputs for Level 3 assets measured on our condensed consolidated balance sheets at fair value on a non-recurring basis.

Table 17.5 - Quantitative Information About Non-Recurring Level 3 Fair Value Measurements

	March 31, 2021				
			Unobservable Inputs		
(Dollars in millions, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Type	Range	Weighted Average[1]
Non-recurring fair value measurements					
Mortgage loans	$1,731				
		Internal model	Historical sales proceeds	$3,431 - $595,000	$209,549
		Internal model	Housing sales index	69 - 640 bps	122 bps
		Median of external sources	External pricing sources	$60.2 - $106.0	$94.5

	December 31, 2020				
			Unobservable Inputs		
(Dollars in millions, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Type	Range	Weighted Average[1]
Non-recurring fair value measurements					
Mortgage loans	$2,241				
		Internal model	Historical sales proceeds	$3,001 - $696,004	$202,539
		Internal model	Housing sales index	66 - 345 bps	119 bps
		Median of external sources	External pricing sources	$59.5 - $104.0	$92.1

(1) Unobservable inputs were weighted primarily by the relative fair value of the financial instruments.

Fair Value of Financial Instruments

The table below presents the carrying value and estimated fair value of our financial instruments. For certain types of financial instruments, such as cash and cash equivalents, securities purchased under agreements to resell, secured lending and other, and certain debt, the carrying value on our GAAP balance sheets approximates fair value, as these assets and liabilities are short-term in nature and have limited fair value volatility.

Table 17.6 - Fair Value of Financial Instruments

	March 31, 2021						
			Fair Value				
(In millions)	GAAP Measurement Category[1]	GAAP Carrying Amount	Level 1	Level 2	Level 3	Netting Adjustments[2]	Total
Financial Assets							
Cash and cash equivalents	Amortized cost	$100,979	$100,979	$—	$—	$—	$100,979
Securities purchased under agreements to resell	Amortized cost	15,140	—	23,070	—	(7,930)	15,140
Investment securities:							
Available-for-sale, at fair value	FV - OCI	7,591	—	5,755	1,836	—	7,591
Trading, at fair value	FV - NI	54,289	30,208	21,019	3,062	—	54,289
Total investment securities		**61,880**	**30,208**	**26,774**	**4,898**	**—**	**61,880**
Mortgage loans:							
Loans held by consolidated trusts		2,395,707	—	2,174,999	258,491	—	2,433,490
Loans held by Freddie Mac		112,180	—	77,983	37,537	—	115,520
Total mortgage loans	**Various[3]**	**2,507,887**	**—**	**2,252,982**	**296,028**	**—**	**2,549,010**
Derivative assets, net	FV - NI	2,085	30	8,680	30	(6,655)	2,085
Guarantee assets	FV - NI	5,688	—	—	5,694	—	5,694
Non-derivative purchase commitments, at fair value	FV - NI	91	—	192	—	—	192
Advances to lenders	Amortized cost	6,401	—	—	6,401	—	6,401
Secured lending	Amortized cost	1,632	—	1,430	49	—	1,479
Total financial assets		**$2,701,783**	**$131,217**	**$2,313,128**	**$313,100**	**($14,585)**	**$2,742,860**
Financial Liabilities							
Debt:							
Debt securities of consolidated trusts held by third parties		$2,445,829	$—	$2,472,078	$855	$—	$2,472,933
Debt of Freddie Mac		258,441	—	268,093	3,813	(7,930)	263,976
Total debt	**Various[4]**	**2,704,270**	**—**	**2,740,171**	**4,668**	**(7,930)**	**2,736,909**
Derivative liabilities, net	FV - NI	950	—	9,115	34	(8,199)	950
Guarantee obligations	Amortized cost	5,275	—	—	6,100	—	6,100
Non-derivative purchase commitments, at fair value	FV - NI	29	—	5	167	—	172
Total financial liabilities		**$2,710,524**	**$—**	**$2,749,291**	**$10,969**	**($16,129)**	**$2,744,131**

(1) FV - NI denotes fair value through net income. FV - OCI denotes fair value through other comprehensive income.

(2) Represents counterparty netting, cash collateral netting, and net derivative interest receivable or payable.

(3) As of March 31, 2021, the GAAP carrying amounts measured at amortized cost, lower-of-cost-or-fair-value, and FV - NI were $2.5 trillion, $16.8 billion, and $8.1 billion, respectively.

(4) As of March 31, 2021, the GAAP carrying amounts measured at amortized cost and FV - NI were $2.7 trillion and $2.4 billion, respectively.

			December 31, 2020					
			Fair Value					
(In millions)	GAAP Measurement Category[1]	GAAP Carrying Amount	Level 1	Level 2	Level 3	Netting Adjustments[2]	Total
Financial Assets							
Cash and cash equivalents	Amortized cost	$23,889	$23,889	$—	$—	$—	$23,889
Securities purchased under agreements to resell	Amortized cost	105,003	—	105,003	—	—	105,003
Investment securities:							
Available-for-sale, at fair value	FV - OCI	15,367	—	13,779	1,588	—	15,367
Trading, at fair value	FV - NI	44,458	26,255	14,944	3,259	—	44,458
Total investment securities		**59,825**	**26,255**	**28,723**	**4,847**	**—**	**59,825**
Mortgage loans:							
Loans held by consolidated trusts		2,273,347	—	2,080,687	262,309	—	2,342,996
Loans held by Freddie Mac		110,541	—	76,917	36,578	—	113,495
Total mortgage loans	**Various[3]**	**2,383,888**	**—**	**2,157,604**	**298,887**	**—**	**2,456,491**
Derivative assets, net	FV - NI	1,205	—	8,516	63	(7,374)	1,205
Guarantee assets	FV - NI	5,509	—	—	5,515	—	5,515
Non-derivative purchase commitments, at fair value	FV - NI	158	—	246	—	—	246
Advances to lenders	Amortized cost	4,162	—	—	4,162	—	4,162
Secured lending	Amortized cost	1,680	—	1,427	89	—	1,516
Total financial assets		**$2,585,319**	**$50,144**	**$2,301,519**	**$313,563**	**($7,374)**	**$2,657,852**
Financial Liabilities							
Debt:							
Debt securities of consolidated trusts held by third parties		$2,308,176	$—	$2,382,157	$852	$—	$2,383,009
Debt of Freddie Mac		284,370	—	286,634	4,088	—	290,722
Total debt	**Various[4]**	**2,592,546**	**—**	**2,668,791**	**4,940**	**—**	**2,673,731**
Derivative liabilities, net	FV - NI	954	—	9,132	16	(8,194)	954
Guarantee obligations	Amortized cost	5,050	—	—	5,378	—	5,378
Non-derivative purchase commitments, at fair value	FV - NI	20	—	1	143	—	144
Total financial liabilities		**$2,598,570**	**$—**	**$2,677,924**	**$10,477**	**($8,194)**	**$2,680,207**

(1) FV - NI denotes fair value through net income. FV - OCI denotes fair value through other comprehensive income.

(2) Represents counterparty netting, cash collateral netting, and net derivative interest receivable or payable.

(3) As of December 31, 2020, the GAAP carrying amounts measured at amortized cost, lower-of-cost-or-fair-value, and FV - NI were $2.4 trillion, $19.5 billion, and $14.2 billion, respectively.

(4) As of December 31, 2020, the GAAP carrying amounts measured at amortized cost and FV - NI were $2.6 trillion and $2.6 billion, respectively.

Fair Value Option

We elected the fair value option for certain multifamily held-for-sale loans, multifamily held-for-sale loan purchase commitments, and long-term debt.

The table below presents the fair value and UPB related to certain loans and long-term debt for which we have elected the fair value option. This table does not include interest-only securities related to debt securities of consolidated trusts and debt of Freddie Mac held by third parties with a fair value of $245 million and $173 million and multifamily held-for-sale loan purchase commitments with a net fair value of $86 million and $157 million, as of March 31, 2021 and December 31, 2020, respectively.

Table 17.7 - Difference between Fair Value and UPB for Certain Financial Instruments with Fair Value Option Elected

	March 31, 2021			December 31, 2020		
(In millions)	Multifamily Held-For-Sale Loans	Debt of Freddie Mac - Long Term	Debt Securities of Consolidated Trusts Held by Third Parties	Multifamily Held-For-Sale Loans	Debt of Freddie Mac - Long Term	Debt Securities of Consolidated Trusts Held by Third Parties
Fair value	$8,093	$1,915	$204	$14,199	$2,216	$203
UPB	7,884	1,896	200	13,400	2,189	200
Difference	**$209**	**$19**	**$4**	**$799**	**$27**	**$3**

Changes in Fair Value Under the Fair Value Option Election

The table below presents the changes in fair value included in non-interest income (loss) in our condensed consolidated statements of comprehensive income (loss), related to items for which we have elected the fair value option.

Table 17.8 - Changes in Fair Value Under the Fair Value Option Election

	1Q 2021	1Q 2020
(In millions)	Gains (Losses)	
Multifamily held-for-sale loans	($451)	$638
Multifamily held-for-sale loan purchase commitments	195	532
Debt of Freddie Mac - long term	8	548
Debt securities of consolidated trusts held by third parties	(4)	4

Changes in fair value attributable to instrument-specific credit risk were not material for 1Q 2021 and 1Q 2020 for any assets or liabilities for which we elected the fair value option.

NOTE 18

Legal Contingencies

We are involved as a party in a variety of legal and regulatory proceedings arising from time to time in the ordinary course of business including, among other things, contractual disputes, personal injury claims, employment-related litigation, and other legal proceedings incidental to our business. We are frequently involved, directly or indirectly, in litigation involving mortgage foreclosures. From time to time, we are also involved in proceedings arising from our termination of a seller's or servicer's eligibility to sell loans to, and/or service loans for, us. In these cases, the former seller or servicer sometimes seeks damages against us for wrongful termination under a variety of legal theories. In addition, we are sometimes sued in connection with the origination or servicing of loans. These suits typically involve claims alleging wrongful actions of sellers and servicers. Our contracts with our sellers and servicers generally provide for indemnification of Freddie Mac against liability arising from sellers' and servicers' wrongful actions with respect to loans sold to or serviced for Freddie Mac.

Litigation and claims resolution are subject to many uncertainties and are not susceptible to accurate prediction. In accordance with the accounting guidance for contingencies, we reserve for litigation claims and assessments asserted or threatened against us when a loss is probable (as defined in such guidance) and the amount of the loss can be reasonably estimated.

Putative Securities Class Action Lawsuit: Ohio Public Employees Retirement System vs. Freddie Mac, Syron, Et Al.

This putative securities class action lawsuit was filed against Freddie Mac and certain former officers on January 18, 2008 in the U.S. District Court for the Northern District of Ohio purportedly on behalf of a class of purchasers of Freddie Mac stock from August 1, 2006 through November 20, 2007. FHFA later intervened as Conservator, and the plaintiff amended its complaint on several occasions. The plaintiff alleged, among other things, that the defendants violated federal securities laws by making false and misleading statements concerning our business, risk management, and the procedures we put into place to protect the company from problems in the mortgage industry. The plaintiff seeks unspecified damages and interest, and reasonable costs and expenses, including attorney and expert fees.

In October 2013, defendants filed motions to dismiss the complaint. In October 2014, the District Court granted defendants' motions and dismissed the case in its entirety against all defendants, with prejudice. In November 2014, plaintiff filed a notice of appeal in the U.S. Court of Appeals for the Sixth Circuit. On July 20, 2016, the Sixth Circuit reversed the District Court's dismissal and remanded the case to the District Court for further proceedings. On August 14, 2018, the District Court denied the plaintiff's motion for class certification. On January 23, 2019, the Sixth Circuit denied plaintiff's petition for leave to appeal that decision. On September 17, 2020, the District Court granted a request from the plaintiff for summary judgment and entered final judgment in favor of Freddie Mac and the other defendants. On October 9, 2020, the plaintiff filed a notice of appeal with the Sixth Circuit. On January 27, 2021, Freddie Mac filed a motion to dismiss the appeal.

At present, it is not possible for us to predict the probable outcome of this lawsuit or any potential effect on our business, financial condition, liquidity, or results of operations. In addition, we are unable to reasonably estimate the possible loss or range of possible loss in the event of an adverse judgment in the foregoing matter due to the following factors, among others: the inherent uncertainty of the appellate process, and the inherent uncertainty of pre-trial litigation in the event the case is ultimately remanded to the District Court in whole or in part. In particular, while the District Court denied plaintiff's motion for class certification, this decision and the entry of final judgment in defendants' favor have been appealed. Absent a final resolution of whether a class will be certified, the identification of a class if one is certified, and the identification of the alleged statement or statements that survive dispositive motions, we cannot reasonably estimate any possible loss or range of possible loss.

LIBOR Lawsuit

On March 14, 2013, Freddie Mac filed a lawsuit in the U.S. District Court for the Eastern District of Virginia against the British Bankers Association and the 16 U.S. Dollar LIBOR panel banks and a number of their affiliates. The case was subsequently transferred to the U.S. District Court for the Southern District of New York. The complaint alleges, among other things, that the defendants fraudulently and collusively depressed LIBOR, a benchmark interest rate indexed to trillions of dollars of financial products, and asserts claims for antitrust violations, breach of contract, tortious interference with contract, and fraud. Freddie Mac filed an amended complaint in July 2013, and a second amended complaint in October 2014. In August 2015, the District Court dismissed the portion of our claim related to antitrust violations and fraud and we filed a motion for reconsideration. On March 31, 2016, the District Court granted a portion of our motion, finding personal jurisdiction over certain defendants, and denied the portion of our motion with respect to statutes of limitation for our fraud claims. Subsequently, in a related case, the U.S. Court of Appeals for the Second Circuit reversed the District Court's dismissal of certain plaintiffs' antitrust claims and remanded the case to the District Court for consideration of whether, among other things, the plaintiffs are "efficient enforcers" of the antitrust laws.

On December 20, 2016, after briefing and argument on the defendants' renewed motions to dismiss on personal jurisdiction and efficient enforcer grounds, the District Court denied defendants' motions in part and granted them in part. The District Court held that Freddie Mac is an efficient enforcer of the antitrust laws, but dismissed on personal jurisdiction grounds Freddie Mac's antitrust claims against all defendants except HSBC USA, N.A. Then, in an order issued February 2, 2017, the District Court effectively dismissed Freddie Mac's remaining antitrust claim against HSBC USA, N.A. At present, Freddie Mac's breach of contract actions against Bank of America, N.A., Barclays Bank, Citibank, N.A., Credit Suisse, Deutsche Bank, Royal Bank of Scotland, and UBS AG are its only claims remaining in the District Court.

On February 23, 2018, the Second Circuit reversed the District Court's dismissal of certain plaintiffs' state law fraud and unjust enrichment claims on statutes of limitations grounds. While Freddie Mac was not a party to the appeal, this decision could have the effect of reinstating Freddie Mac's fraud claims against the above-named defendants. The Second Circuit also reversed certain aspects of the District Court's personal jurisdiction rulings and remanded with instructions to allow the named appellant to amend its complaint. The District Court subsequently granted in part Freddie Mac's motion for leave to amend its complaint, and Freddie Mac amended its complaint on April 16, 2019.

Litigation Concerning the Purchase Agreement

Since July 2013, a number of lawsuits have been filed against us concerning the August 2012 amendment to the Purchase Agreement, which created the net worth sweep dividend provisions of the senior preferred stock. The plaintiffs in the lawsuits allege that they are holders of common stock and/or junior preferred stock issued by Freddie Mac and Fannie Mae. (For purposes of this discussion, junior preferred stock refers to the various series of preferred stock of Freddie Mac and Fannie Mae other than the senior preferred stock issued to Treasury.) It is possible that similar lawsuits will be filed in the future. The lawsuits against us are described below.

Litigation in the U.S. District Court for the District of Columbia

In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations. This case is the result of the consolidation of three putative class action lawsuits: *Cacciapelle and Bareiss vs. Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and FHFA*, filed on July 29, 2013; *American European Insurance Company vs. Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and FHFA*, filed on July 30, 2013; and *Marneu Holdings, Co. vs. FHFA, Treasury, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation*, filed on September 18, 2013. (The Marneu case was also filed as a shareholder derivative lawsuit.) A consolidated amended complaint was filed in December 2013. In the consolidated amended complaint, plaintiffs alleged, among other items, that the August 2012 amendment to the Purchase Agreement breached Freddie Mac's and Fannie Mae's respective contracts with the holders of junior preferred stock and common stock and the covenant of good faith and fair dealing inherent in such contracts. Plaintiffs sought unspecified damages, equitable and injunctive relief, and costs and expenses, including attorney and expert fees.

The Cacciapelle and American European Insurance Company lawsuits were filed purportedly on behalf of a class of purchasers of junior preferred stock issued by Freddie Mac or Fannie Mae who held stock prior to, and as of, August 17, 2012. The Marneu lawsuit was filed purportedly on behalf of a class of purchasers of junior preferred stock and purchasers of common stock issued by Freddie Mac or Fannie Mae over a not-yet-defined period of time.

Arrowood Indemnity Company vs. Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, FHFA, and Treasury. This case was filed on September 20, 2013. The allegations and demands made by plaintiffs in this case were generally similar to those made by the plaintiffs in the *In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations* case described above. Plaintiffs in the Arrowood lawsuit also requested that, if injunctive relief were not granted, the Arrowood plaintiffs be awarded damages against the defendants in an amount to be determined including, but not limited to, the aggregate par value of their junior preferred stock, the total of which they stated to be approximately $42 million.

American European Insurance Company, Cacciapelle, and Miller vs. Treasury and FHFA. This case was filed as a shareholder derivative lawsuit, purportedly on behalf of Freddie Mac as a nominal defendant, on July 30, 2014. The complaint alleged that, through the August 2012 amendment to the Purchase Agreement, Treasury and FHFA breached their respective fiduciary duties to Freddie Mac, causing Freddie Mac to suffer damages. The plaintiffs asked that Freddie Mac be awarded compensatory damages and disgorgement, as well as attorneys' fees, costs, and other expenses.

FHFA, joined by Freddie Mac and Fannie Mae, moved to dismiss the *In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations* case and the other related cases in January 2014. Treasury filed a motion to dismiss the same day. In September 2014, the District Court granted the motions and dismissed the plaintiffs' claims. All plaintiffs appealed that decision, and on February 21, 2017, the U.S. Court of Appeals for the District of Columbia Circuit affirmed in part and remanded in part the decision granting the motions to dismiss. The DC Circuit affirmed dismissal of all claims except certain claims seeking monetary damages for breach of contract and breach of implied duty of good faith and fair dealing. In March 2017, certain institutional and class plaintiffs filed petitions for panel rehearing with respect to certain claims. On July 17, 2017, the DC Circuit granted the petitions for rehearing and issued a modified decision, which permitted the institutional plaintiffs to pursue the breach of contract and breach of implied duty of good faith and fair dealing claims that had been remanded. The DC Circuit also removed language related to the standard to be applied to the implied duty claims, leaving that issue for the District Court to determine on remand. On October 16, 2017, certain institutional and class plaintiffs filed petitions for a writ of certiorari in the U.S. Supreme Court challenging whether HERA's prohibition on injunctive relief against FHFA bars judicial review of the net worth sweep dividend provisions of the August 2012 amendment to the Purchase Agreement, as well as whether HERA bars shareholders from pursuing derivative litigation where they allege the conservator faces a conflict of interest. The Supreme Court denied the petitions on February 20, 2018. On November 1, 2017, certain institutional and class plaintiffs and plaintiffs in another case in which Freddie Mac was not originally a defendant, *Fairholme Funds, Inc. v. FHFA, Treasury, and Federal National Mortgage Association*, filed proposed amended complaints in the District Court. Each of the proposed amended complaints names Freddie Mac as a defendant for breach of contract and breach of the covenant of good faith and fair dealing claims as well as for new claims alleging breach of fiduciary duty and breach of Virginia corporate law. On January 10, 2018, FHFA, Freddie Mac, and Fannie Mae moved to dismiss the amended complaints. On September 28, 2018, the District Court dismissed all of the claims except those alleging breach of the implied covenant of good faith and fair dealing. Discovery is ongoing.

Litigation in the U.S. Court of Federal Claims

Reid and Fisher vs. the United States of America and Federal Home Loan Mortgage Corporation. This case was filed as a derivative lawsuit, purportedly on behalf of Freddie Mac as a nominal defendant, on February 26, 2014. The complaint alleges, among other items, that the net worth sweep dividend provisions of the senior preferred stock constitute an unlawful taking of private property for public use without just compensation. The plaintiffs ask that Freddie Mac be awarded just compensation for the U.S. government's alleged taking of its property, attorneys' fees, costs, and other expenses. On March 8, 2018, the plaintiffs filed an amended complaint under seal, with a redacted copy filed on November 14, 2018. The United States filed a motion to dismiss on August 1, 2018 and an amended motion to dismiss on October 1, 2018. The Court denied the United States' motion to dismiss on May 8, 2020 and granted plaintiffs' motion to certify the decisions for interlocutory appeal on June 11, 2020. The Federal Circuit denied the petition for interlocutory appeal on August 21, 2020. These proceedings are stayed pending a ruling on the *Fairholme Funds* appeals.

Fairholme Funds, Inc., et al. vs. the United States of America, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation. This case was originally filed on July 9, 2013 against the United States of America. On March 8, 2018, plaintiffs filed an amended complaint under seal. A redacted public version was filed on May 11, 2018 and adds Freddie Mac and Fannie Mae as nominal defendants. The amended complaint alleges, among other items, that the net worth sweep dividend provisions of the senior preferred stock constitute an unlawful taking or exaction of private property for public use without just compensation, and that by enacting the net worth sweep, the government breached the fiduciary duty it owed to Freddie Mac and Fannie Mae, and implied-in-fact contracts between the United States on the one hand and Freddie Mac and Fannie Mae on the other. The plaintiffs ask that plaintiffs, Freddie Mac, and Fannie Mae be awarded (1) just compensation for the government's alleged taking or exaction of their property, (2) damages for the government's breach of fiduciary duties, and (3) damages for the government's breach of the alleged implied-in-fact contracts. In addition, plaintiffs seek pre- and post-judgment interest, attorneys' fees, costs, and other expenses. The United States filed a motion to dismiss on August 1, 2018 and an amended motion to dismiss on October 1, 2018. On December 6, 2019, the Court dismissed the claims plaintiffs labeled as direct claims and denied defendant's motion to dismiss with respect to the claims plaintiffs labeled as derivative. Accordingly, derivative takings, exaction, breach of fiduciary duty, and breach of implied-in-fact contract claims remain. By order dated March 9, 2020, the Court granted unopposed motions by plaintiffs and defendant to certify the December 6 opinion for interlocutory review, modified its December 6 opinion to include the language necessary for an interlocutory appeal to the U.S. Court of Appeals for the Federal Circuit, and stayed further proceedings in the case pending the completion of the interlocutory appeal process. The Federal Circuit granted the petition for interlocutory appeal on June 18, 2020.

Perry Capital LLC vs. the United States of America, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation. This case was filed as a derivative lawsuit, purportedly on behalf of Freddie Mac and Fannie Mae as nominal defendants, on August 15, 2018. The complaint alleges, among other items, that the net worth sweep dividend provisions of the senior preferred stock constitute an unlawful taking of private property for public use without just compensation or an illegal exaction in violation of the Fifth Amendment, and that by enacting the net worth sweep, the government breached the fiduciary duty it owed to Freddie Mac and Fannie Mae, and implied-in-fact contracts between the United States on the one hand and Freddie Mac and Fannie Mae on the other. The plaintiff asks that it, Freddie Mac, and Fannie Mae be awarded just compensation for the government's alleged taking of their property or damages for the illegal exaction; damages for the government's breach of fiduciary duties; and damages for the government's breach of the alleged implied-in-fact contracts. These proceedings are stayed pending a ruling on the *Fairholme Funds* appeals.

At present, it is not possible for us to predict the probable outcome of the lawsuits discussed above in the U.S. District Courts and the U.S. Court of Federal Claims (including the outcome of any appeal) or any potential effect on our business, financial condition, liquidity, or results of operations. In addition, we are unable to reasonably estimate the possible loss or range of possible loss in the event of an adverse judgment in the foregoing matters due to a number of factors, including the inherent uncertainty of pre-trial litigation. In addition, with respect to the *In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations* case, the plaintiffs have not demanded a stated amount of damages they believe are due, and the Court has not certified a class.

NOTE 19

Regulatory Capital

In October 2008, FHFA announced that it was suspending capital classification of us during conservatorship in light of the Purchase Agreement. FHFA continues to monitor our capital levels, but the existing statutory and FHFA regulatory capital requirements are not binding during conservatorship.

We continue to provide quarterly submissions to FHFA on minimum capital as required by FHFA. The table below summarizes our net worth and estimated core capital and minimum capital levels reported to FHFA.

Table 19.1 - Net Worth and Minimum Capital

(In millions)	March 31, 2021	December 31, 2020
GAAP net worth (deficit)	$18,791	$16,413
Core capital (deficit)(1)(2)	(54,111)	(56,878)
Less: Minimum capital(1)	23,068	22,694
Minimum capital surplus (deficit)(1)	**($77,179)**	**($79,572)**

(1) Core capital and minimum capital figures are estimates and represent amounts submitted to FHFA. FHFA is the authoritative source for our regulatory capital.

(2) Core capital excludes certain components of GAAP total equity (i.e., AOCI and senior preferred stock) as these items do not meet the statutory definition of core capital.

In May 2017, FHFA, as Conservator, issued guidance to us to evaluate and manage our financial risk and to make economic business decisions, while in conservatorship, utilizing a risk-based CCF, a capital system with detailed formulae provided by FHFA. In November 2020, FHFA released a final rule that establishes the ERCF as a new regulatory capital framework for Freddie Mac and Fannie Mae. The ERCF, which went into effect in February 2021, has a transition period for compliance. In general, the compliance date for the regulatory capital requirements will be the later of the date of termination of our conservatorship and any later compliance date provided in a consent order or other transition order; however, we may begin implementing the ERCF sooner, upon the direction of FHFA or otherwise. We will be required to report our regulatory capital under the ERCF beginning on January 1, 2022, and expect to continue capital reporting that is required by FHFA. The ERCF specifies substantial capital requirements and could affect our business strategies, perhaps significantly.

END OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

Other Information

LEGAL PROCEEDINGS

We are involved as a party to a variety of legal proceedings. For more information, see **Note 18** in this Form 10-Q and **Note 20** in our 2020 Annual Report.

In addition, a number of lawsuits have been filed against the U.S. government related to the conservatorship and the Purchase Agreement. Some of these cases also have challenged the constitutionality of the structure of FHFA. For information on these lawsuits, see the **Legal Proceedings** section in our 2020 Annual Report. Freddie Mac is not a party to any of these lawsuits.

RISK FACTORS

This Form 10-Q should be read together with the **Risk Factors** section in our 2020 Annual Report, which describe various risks and uncertainties to which we are or may become subject. These risks and uncertainties could, directly or indirectly, adversely affect our business, financial condition, results of operations, cash flows, strategies, and/or prospects.

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

The securities we issue are "exempted securities" under the Securities Act of 1933, as amended. As a result, we do not file registration statements with the SEC with respect to offerings of our securities.

Following our entry into conservatorship, we suspended the operation of, and ceased making grants under, equity compensation plans. Previously, we had provided equity compensation under those plans to employees and members of the Board of Directors. Under the Purchase Agreement, we cannot issue any new options, rights to purchase, participations, or other equity interests without Treasury's prior approval. However, grants outstanding as of the date of the Purchase Agreement remain in effect in accordance with their terms.

Information About Certain Securities Issuances by Freddie Mac

We make available, free of charge through our website at **www.freddiemac.com**, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all other SEC reports and amendments to those reports as soon as reasonably practicable after we electronically file the material with the SEC. The SEC also maintains an internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding companies that file electronically with the SEC.

We provide disclosure about our debt securities on our website at **www.freddiemac.com/debt**. From this address, investors can access the offering circular and related supplements for debt securities offerings under Freddie Mac's global debt facility, including pricing supplements for individual issuances of debt securities. Similar information about our STACR transactions and SCR debt notes is available at **crt.freddiemac.com** and **mf.freddiemac.com/investors**, respectively.

We provide disclosure about our mortgage-related securities, some of which are off-balance sheet obligations (e.g., K Certificates and SB Certificates), on our website at **www.freddiemac.com/mbs** and **mf.freddiemac.com/investors**. From these addresses, investors can access information and documents, including offering circulars and offering circular supplements, for mortgage-related securities offerings.

We provide additional information, including product descriptions, investor presentations, securities issuance calendars, transactions volumes and details, redemption notices, Freddie Mac research, and material developments or other events that may be important to investors, in each case as applicable, on the websites for our business activities, which can be found at **sf.freddiemac.com**, **mf.freddiemac.com**, and **www.freddiemac.com/capital-markets**.

EXHIBITS

The exhibits are listed in the **Exhibit Index** of this Form 10-Q.

Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms and that such information is accumulated and communicated to management of the company, including the company's Interim Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and we must apply judgment in implementing possible controls and procedures.

Management, including the company's Interim Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2021. As a result of management's evaluation, our Interim Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2021, at a reasonable level of assurance, because we have not been able to update our disclosure controls and procedures to provide reasonable assurance that information known by FHFA on an ongoing basis is communicated from FHFA to Freddie Mac's management in a manner that allows for timely decisions regarding our required disclosure under the federal securities laws. We consider this situation to be a material weakness in our internal control over financial reporting.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING DURING 1Q 2021

We evaluated the changes in our internal control over financial reporting that occurred during 1Q 2021 and concluded that there were no changes that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

MITIGATING ACTIONS RELATED TO THE MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As described above under **Evaluation of Disclosure Controls and Procedures**, we have one material weakness in internal control over financial reporting as of March 31, 2021 that we have not remediated.

Given the structural nature of this material weakness, we believe it is likely that we will not remediate it while we are under conservatorship. However, both we and FHFA have continued to engage in activities and employ procedures and practices intended to permit accumulation and communication to management of information needed to meet our disclosure obligations under the federal securities laws. These include the following:

- FHFA has established the Division of Resolutions, which is intended to facilitate operation of the company with the oversight of the Conservator.
- We provide drafts of our SEC filings to FHFA personnel for their review and comment prior to filing. We also provide drafts of certain external press releases and statements to FHFA personnel for their review and comment prior to release.
- FHFA personnel, including senior officials, review our SEC filings prior to filing, including this Form 10-Q, and engage in discussions with us regarding issues associated with the information contained in those filings. Prior to filing this Form 10-Q, FHFA provided us with a written acknowledgment that it had reviewed the Form 10-Q, was not aware of any material misstatements or omissions in the Form 10-Q, and had no objection to our filing the Form 10-Q.
- The Director of FHFA is in frequent communication with our Chief Executive Officer (or if that office is vacant, with our President), typically meeting (in person or by phone) on at least a bi-weekly basis.
- FHFA representatives attend meetings frequently with various groups within the company to enhance the flow of information and to provide oversight on a variety of matters, including accounting, credit and capital markets management, external communications, and legal matters.
- Senior officials within FHFA's accounting group meet frequently with our senior financial executives regarding our accounting policies, practices, and procedures.

In view of our mitigating actions related to this material weakness, we believe that our condensed consolidated financial statements for 1Q 2021 have been prepared in conformity with GAAP.

Exhibit Index

Exhibit	Description*
4.1	Fourth Amended and Restated Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Liquidation Preference Senior Preferred Stock (par value $1.00 per share), dated April 13, 2021
4.2	Federal Home Loan Mortgage Corporate Global Debt Facility Agreement, dated February 11, 2021
10.1	Agreement, dated February 9, 2021, between Freddie Mac and David M. Brickman†
10.2	Memorandum Agreement, dated February 9, 2021, between Freddie Mac and David M. Brickman†
31.1	Certification of Interim Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)
31.2	Certification of Executive Vice President and Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)
32.1	Certification of Interim Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema
101. CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Label
101. PRE	XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* The SEC file numbers for the Registrant's Registration Statement on Form 10, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K are 000-53330 and 001-34139.

† This exhibit is a management contract or compensatory plan, contract, or arrangement.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Federal Home Loan Mortgage Corporation

By: /s/ Mark B. Grier

Mark B. Grier
Interim Chief Executive Officer
(Principal Executive Officer)

Date: April 29, 2021

By: /s/ Christian M. Lown

Christian M. Lown
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: April 29, 2021

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Exhibit 4.1

EXECUTION VERSION

FREDDIE MAC

FOURTH AMENDED AND RESTATED CERTIFICATE OF CREATION, DESIGNATION, POWERS, PREFERENCES, RIGHTS, PRIVILEGES, QUALIFICATIONS, LIMITATIONS, RESTRICTIONS, TERMS AND CONDITIONS OF VARIABLE LIQUIDATION PREFERENCE SENIOR PREFERRED STOCK (PAR VALUE $1.00 PER SHARE)

The Federal Housing Finance Agency, as Conservator of the Federal Home Loan Mortgage Corporation, a government-sponsored enterprise of the United States of America (the "Company"), does hereby certify that, pursuant to authority vested in the Board of Directors of the Company by Section 306(f) of the Federal Home Loan Mortgage Corporation Act, and pursuant to the authority vested in the Conservator of the Company by Section 1367(b) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. §4617), as amended, the Conservator adopted Resolution FHLMC 2008-24 on September 7, 2008, which resolution is now, and at all times since such date has been, in full force and effect, and that the Conservator approved the final terms of the issuance and sale of the preferred stock of the Company designated above.

As amended and restated, effective December 31, 2020, in accordance with the Letter Agreement dated January 14, 2021, and the Third Amendment dated as of August 17, 2012, to the Amended and Restated Senior Preferred Stock Purchase Agreement dated as of September 26, 2008, as amended, the Senior Preferred Stock shall have the following designation, powers, preferences, rights, privileges, qualifications, limitations, restrictions, terms and conditions:

1. Designation, Par Value, Number of Shares and Seniority

The class of preferred stock of the Company created hereby (the "Senior Preferred Stock") shall be designated "Variable Liquidation Preference Senior Preferred Stock," shall have a par value of $1.00 per share and shall consist of 1,000,000 shares. The Senior Preferred Stock shall rank prior to the common stock of the Company as provided in this Certificate and shall rank, as to both dividends and distributions upon liquidation, prior to (a) the Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock issued on December 4, 2007, (b) the 6.55% Non-Cumulative Preferred Stock issued on September 28, 2007, (c) the 6.02% Non-Cumulative Preferred Stock issued on July 24, 2007, (d) the 5.66% Non-Cumulative Preferred Stock issued on April 16, 2007, (e) the 5.57% Non-Cumulative Preferred Stock issued on January 16, 2007, (f) the 5.9% Non-Cumulative Preferred Stock issued on October 16, 2006, (g) the 6.42% Non-Cumulative Preferred Stock issued on July 17, 2006, (h) the Variable Rate, Non-Cumulative Preferred Stock issued on July 17, 2006, (i) the 5.81% Non-Cumulative Preferred Stock issued on January 29, 2002, (j) the 5.7% Non-Cumulative Preferred Stock issued on October 30, 2001, (k) the 6% Non-Cumulative Preferred Stock issued on May 30, 2001, (l) the Variable Rate, Non-Cumulative Preferred Stock issued on May 30, 2001 and June 1, 2001, (m) the 5.81% Non-Cumulative Preferred Stock issued on March 23, 2001, (n) the Variable Rate, Non-Cumulative Preferred Stock issued on March 23, 2001, (o) the Variable Rate, Non-Cumulative Preferred Stock issued on January 26, 2001, (p) the Variable Rate, Non-Cumulative Preferred Stock issued on November 5, 1999, (q) the 5.79% Non-Cumulative Preferred Stock issued on July 21, 1999, (r) the 5.1% Non-Cumulative Preferred Stock issued on March 19, 1999, (s) the 5.3% Non-Cumulative Preferred Stock issued on October 28, 1998, (t) the 5.1% Non-Cumulative Preferred Stock issued on September 23, 1998, (u) the Variable Rate, Non-Cumulative Preferred Stock issued on September 23, 1998 and September 29, 1998,

(v) the 5% Non-Cumulative Preferred Stock issued on March 23, 1998, (w) the 5.81% Non-Cumulative Preferred Stock issued on October 27, 1997, (x) the Variable Rate, Non-Cumulative Preferred Stock issued on April 26, 1996, (y) any other capital stock of the Company outstanding on the date of the initial issuance of the Senior Preferred Stock, and (z) any capital stock of the Company that may be issued after the date of initial issuance of the Senior Preferred Stock.

2. Dividends

(a) For each Dividend Period from the date of the initial issuance of the Senior Preferred Stock through and including December 31, 2012, holders of outstanding shares of Senior Preferred Stock shall be entitled to receive, ratably, when, as and if declared by the Board of Directors, in its sole discretion, out of funds legally available therefor, cumulative cash dividends at the annual rate per share equal to the then-current Dividend Rate on the then-current Liquidation Preference. For each Dividend Period from January 1, 2013 through and including the Capital Reserve End Date, holders of outstanding shares of Senior Preferred Stock shall be entitled to receive, ratably, when, as and if declared by the Board of Directors, in its sole discretion, out of funds legally available therefor, cumulative cash dividends in an amount equal to the then-current Dividend Amount. For each Dividend Period after the Capital Reserve End Date, holders of outstanding shares of Senior Preferred Stock shall be entitled to receive, ratably, when, as and if declared by the Board of Directors, in its sole discretion, out of funds legally available therefor, cumulative cash dividends in an amount equal to the then-current Dividend Amount. Dividends on the Senior Preferred Stock shall accrue from but not including the date of the initial issuance of the Senior Preferred Stock and will be payable in arrears when, as and if declared by the Board of Directors quarterly on March 31, June 30, September 30 and December 31 of each year (each, a "Dividend Payment Date"), commencing on December 31, 2008. If a Dividend Payment Date is not a "Business Day," the related dividend will be paid not later than the next Business Day with the same force and effect as though paid on the Dividend Payment Date, without any increase to account for the period from such Dividend Payment Date through the date of actual payment. "Business Day" means a day other than (i) a Saturday or Sunday, (ii) a day on which New York City banks are closed, or (iii) a day on which the offices of the Company are closed.

If declared, the initial dividend will be for the period from but not including the date of the initial issuance of the Senior Preferred Stock through and including December 31, 2008. Except for the initial Dividend Payment Date, the "Dividend Period" relating to a Dividend Payment Date will be the period from but not including the preceding Dividend Payment Date through and including the related Dividend Payment Date. For each Dividend Period from the date of the initial issuance of the Senior Preferred Stock (other than a Dividend Period from January 1, 2013 through and including the Capital Reserve End Date), the amount of dividends payable on the initial Dividend Payment Date or for any Dividend Period (other than a Dividend Period from January 1, 2013 through and including the Capital Reserve End Date), that is not a full calendar quarter shall be computed on the basis of 30-day months, a 360-day year and the actual number of days elapsed in any period of less than one month. For the avoidance of doubt, for each Dividend Period from the date of the initial issuance of the Senior Preferred Stock (other than a Dividend Period from January 1, 2013 through and including the Capital Reserve End Date), in the event that the Liquidation Preference changes in the middle of a Dividend Period, the amount of dividends payable on the Dividend Payment Date at the end of such Dividend Period shall take into account such change in Liquidation Preference and shall be computed at the Dividend Rate on each Liquidation Preference based on the portion of the Dividend Period that each Liquidation Preference was in effect.

(b) To the extent not paid pursuant to Section 2(a) above, dividends on the Senior Preferred Stock shall accrue and shall be added to the Liquidation Preference pursuant to Section 8, whether or not there are funds legally available for the payment of such dividends and whether or not dividends are declared.

(c) For each Dividend Period from the date of the initial issuance of the Senior Preferred Stock through and including December 31, 2012, “Dividend Rate” means 10.0 percent; provided, however, that if at any time the Company shall have for any reason failed to pay dividends in cash in a timely manner as required by this Certificate, then immediately following such failure and for all Dividend Periods thereafter until the Dividend Period following the date on which the Company shall have paid in cash full cumulative dividends (including any unpaid dividends added to the Liquidation Preference pursuant to Section 8), the “Dividend Rate” shall mean 12.0 percent.

For each Dividend Period from January 1, 2013, through and including the Capital Reserve End Date, the “Dividend Amount” for a Dividend Period means the amount, if any, by which the Net Worth Amount at the end of the immediately preceding fiscal quarter, less the Applicable Capital Reserve Amount for such Dividend Period, exceeds zero. In each case, “Net Worth Amount” means (i) the total assets of the Company (such assets excluding the Commitment and any unfunded amounts thereof) as reflected on the balance sheet of the Company as of the applicable date set forth in this Certificate, prepared in accordance with GAAP, less (ii) the total liabilities of the Company (such liabilities excluding any obligation in respect of any capital stock of the Company, including this Certificate), as reflected on the balance sheet of the Company as of the applicable date set forth in this Certificate, prepared in accordance with GAAP. “Applicable Capital Reserve Amount” means, as of any date of determination, (A) for each Dividend Period from January 1, 2013, through and including December 31, 2013, $3,000,000,000; (B) for each Dividend Period occurring within each 12-month period thereafter, through and including December 31, 2017, $3,000,000,000 reduced by $600,000,000 for each such 12-month period, so that for each Dividend Period from January 1, 2017, through and including December 31, 2017, the Applicable Capital Reserve Amount shall be $600,000,000; (C) for each Dividend Period from January 1, 2018, through and including June 30, 2019, $3,000,000,000; (D) for each Dividend Period from July 1, 2019, through and including September 30, 2020, $20,000,000,000; and (E) for each Dividend Period from October 1, 2020, through and including the Capital Reserve End Date, the amount of adjusted total capital necessary to meet the capital requirements and buffers set forth in the Enterprise Regulatory Capital Framework (as defined in the Preferred Stock Purchase Agreement, as amended). Notwithstanding the foregoing, for each Dividend Period from January 1, 2018, and thereafter, following any Dividend Payment Date with respect to which the Board of Directors does not declare and pay a dividend or declares and pays a dividend in an amount less than the Dividend Amount, the Applicable Capital Reserve Amount shall thereafter be zero. For the avoidance of doubt, if the calculation of the Dividend Amount for a Dividend Period does not exceed zero, then no Dividend Amount shall accrue or be payable for such Dividend Period and no reduction in the Applicable Capital Reserve Amount shall be made.

For each Dividend Period after the Capital Reserve End Date (as defined in the Preferred Stock Purchase Agreement, as amended), “Dividend Amount” means an amount equal to the lesser of 10.0 percent per annum on the then-current Liquidation Preference and a quarterly amount equal to the increase in the Net Worth Amount, if any, during the immediately prior fiscal quarter; provided, however, that if at any time the Company shall have for any reason failed to pay dividends in cash in a timely manner as required by this Certificate, then immediately following such failure and for all Dividend Periods thereafter until the Dividend Period following the date on which the Company shall have paid in cash full cumulative dividends (including any unpaid dividends added to the Liquidation Preference pursuant to Section 8), the “Dividend Amount” shall mean an amount equal to 12.0 percent per annum on the then-current Liquidation Preference.

(d) Each such dividend shall be paid to the holders of record of outstanding shares of the Senior Preferred Stock as they appear in the books and records of the Company on such record date as shall be fixed in advance by the Board of Directors, not to be earlier than 45 days nor later than 10 days preceding the applicable Dividend Payment Date. The Company may not, at any time, declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any common stock or other securities ranking junior to the Senior Preferred Stock unless (i) full cumulative dividends on the outstanding Senior Preferred Stock in respect of the then-current Dividend Period and all past Dividend Periods (including any unpaid dividends added to the Liquidation Preference pursuant to Section 8) have been declared and paid in cash (including through any pay down of Liquidation Preference pursuant to Section 3) and (ii) all amounts required to be paid pursuant to Section 4 (without giving effect to any prohibition on such payment under any applicable law) have been paid in cash.

(e) Notwithstanding any other provision of this Certificate, the Board of Directors, in its discretion, may choose to pay dividends on the Senior Preferred Stock without the payment of any dividends on the common stock, preferred stock or any other class or series of stock from time to time outstanding ranking junior to the Senior Preferred Stock with respect to the payment of dividends.

(f) If and whenever dividends, having been declared, shall not have been paid in full, as aforesaid, on shares of the Senior Preferred Stock, all such dividends that have been declared on shares of the Senior Preferred Stock shall be paid to the holders pro rata based on the aggregate Liquidation Preference of the shares of Senior Preferred Stock held by each holder, and any amounts due but not paid in cash shall be added to the Liquidation Preference pursuant to Section 8.

3. Optional Pay Down of Liquidation Preference

(a) Following termination of the Commitment (as defined in the Preferred Stock Purchase Agreement referred to in Section 8 below), and subject to any limitations which may be imposed by law and the provisions below, the Company may pay down the Liquidation Preference of all outstanding shares of the Senior Preferred Stock pro rata, at any time, in whole or in part, out of funds legally available therefor, with such payment first being used to reduce any accrued and unpaid dividends previously added to the Liquidation Preference pursuant to Section 8 below and, to the extent all such accrued and unpaid dividends have been paid, next being used to reduce any Periodic Commitment Fees (as defined in the Preferred Stock Purchase Agreement referred to in Section 8 below) previously added to the Liquidation Preference pursuant to Section 8 below. Prior to termination of the Commitment, and subject to any limitations which may be imposed by law and the provisions below, the Company may pay down the Liquidation Preference of all outstanding shares of the Senior Preferred Stock pro rata, at any time, out of funds legally available therefor, but only to the extent of (i) accrued and unpaid dividends previously added to the Liquidation Preference pursuant to Section 8 below and not repaid by any prior pay down of Liquidation Preference and (ii) Periodic Commitment Fees previously added to the Liquidation Preference pursuant to Section 8 below and not repaid by any prior pay down of Liquidation Preference. Any pay down of Liquidation Preference permitted by this Section 3 shall be paid by making a payment in cash to the holders of record of outstanding shares of the Senior Preferred Stock as they appear in the books and records of the Company on such record date as shall be fixed in advance by the Board of Directors, not to be earlier than 45 days nor later than 10 days preceding the date fixed for the payment.

(b) In the event the Company shall pay down of the Liquidation Preference of the Senior Preferred Stock as aforesaid, notice of such pay down shall be given by the Company by first class mail, postage prepaid, mailed neither less than 10 nor more than 45 days preceding the date fixed for the payment, to each holder of record of the shares of the Senior Preferred Stock, at such holder's address as the same appears in the books and records of the Company. Each such notice shall state the amount by which the Liquidation Preference of each share shall be reduced and the pay down date.

(c) If after termination of the Commitment the Company pays down the Liquidation Preference of each outstanding share of Senior Preferred Stock in full, such shares shall be deemed to have been redeemed as of the date of such payment, and the dividend that would otherwise be payable for the Dividend Period ending on the pay down date will be paid on such date. Following such deemed redemption, the shares of the Senior Preferred Stock shall no longer be deemed to be outstanding, and all rights of the holders thereof as holders of the Senior Preferred Stock shall cease, with respect to shares so redeemed, other than the right to receive the pay down amount (which shall include the final dividend for such shares). Any shares of the Senior Preferred Stock which shall have been so redeemed, after such redemption, shall no longer have the status of authorized, issued or outstanding shares.

4. Mandatory Pay Down of Liquidation Preference Upon Issuance of Capital Stock

(a) If the Company shall issue any shares of capital stock (including without limitation common stock or any series of preferred stock) other than issuances of common stock with aggregate gross proceeds of up to $70 billion in exchange for cash at any time while the Senior Preferred Stock is outstanding, then the Company shall, within 10 Business Days, use the proceeds of such issuance net of the direct costs relating to the issuance of such securities (including, without limitation, legal, accounting and investment banking fees) to pay down the Liquidation Preference of all outstanding shares of Senior Preferred Stock pro rata, out of funds legally available therefor, by making a payment in cash to the holders of record of outstanding shares of the Senior Preferred Stock as they appear in the books and records of the Company on such record date as shall be fixed in advance by the Board of Directors, not to be earlier than 45 days nor later than 10 days preceding the date fixed for the payment, with such payment first being used to reduce any accrued and unpaid dividends previously added to the Liquidation Preference pursuant to Section 8 below and, to the extent all such accrued and unpaid dividends have been paid, next being used to reduce any Periodic Commitment Fees (as defined in the Preferred Stock Purchase Agreement referred to in Section 8 below) previously added to the Liquidation Preference pursuant to Section 8 below; provided that, prior to the termination of the Commitment (as defined in the Preferred Stock Purchase Agreement referred to in Section 8 below), the Liquidation Preference of each share of Senior Preferred Stock shall not be paid down below $1,000 per share.

(b) If the Company shall not have sufficient assets legally available for the pay down of the Liquidation Preference of the shares of Senior Preferred Stock required under Section 4(a), the Company shall pay down the Liquidation Preference per share to the extent permitted by law, and shall pay down any Liquidation Preference not so paid down because of the unavailability of legally available assets or other prohibition as soon as practicable to the extent it is thereafter able to make such pay down legally. The inability of the Company to make such payment for any reason shall not relieve the Company from its obligation to effect any required pay down of the Liquidation Preference when, as and if permitted by law.

(c) If after the termination of the Commitment the Company pays down the Liquidation Preference of each outstanding share of Senior Preferred Stock in full, such shares shall be deemed to have been redeemed as of the date of such payment, and the dividend that would otherwise be payable for the Dividend Period ending on the pay down date will be paid on such date. Following such deemed redemption, the shares of the Senior Preferred Stock shall no longer be deemed to be outstanding, and all rights of the holders thereof as holders of the Senior Preferred Stock shall cease, with respect to shares so redeemed, other than the right to receive the pay down amount (which shall include the final dividend for such redeemed shares). Any shares of the Senior Preferred Stock which shall have been so redeemed, after such redemption, shall no longer have the status of authorized, issued or outstanding shares.

5. No Voting Rights

Except as set forth in this Certificate or otherwise required by law, the shares of the Senior Preferred Stock shall not have any voting powers, either general or special.

6. No Conversion or Exchange Rights

The holders of shares of the Senior Preferred Stock shall not have any right to convert such shares into or exchange such shares for any other class or series of stock or obligations of the Company.

7. No Preemptive Rights

No holder of the Senior Preferred Stock shall as such holder have any preemptive right to purchase or subscribe for any other shares, rights, options or other securities of any class of the Company which at any time may be sold or offered for sale by the Company.

8. Liquidation Rights and Preference

(a) Except as otherwise set forth herein, upon the voluntary or involuntary dissolution, liquidation or winding up of the Company, the holders of the outstanding shares of the Senior Preferred Stock shall be entitled to receive out of the assets of the Company available for distribution to stockholders, before any payment or distribution shall be made on the common stock or any other class or series of stock of the Company ranking junior to the Senior Preferred Stock upon liquidation, the amount per share equal to the Liquidation Preference plus an amount, determined in accordance with Section 2(a) above, equal to the dividend otherwise payable for the then-current Dividend Period accrued through and including the date of payment in respect of such dissolution, liquidation or winding up; provided, however, that if the assets of the Company available for distribution to stockholders shall be insufficient for the payment of the amount which the holders of the outstanding shares of the Senior Preferred Stock shall be entitled to receive upon such dissolution, liquidation or winding up of the Company as aforesaid, then, all of the assets of the Company available for distribution to stockholders shall be distributed to the holders of outstanding shares of the Senior Preferred Stock pro rata based on the aggregate Liquidation Preference of the shares of Senior Preferred Stock held by each holder.

(b) "Liquidation Preference" shall initially mean $1,000 per share and shall be:

(i) increased each time a Deficiency Amount (as defined in the Preferred Stock Purchase Agreement) is paid to the Company by an amount per share equal to the aggregate amount so paid to the Company divided by the number of shares of Senior Preferred Stock outstanding at the time of such payment;

(ii) increased each time the Company does not pay the full Periodic Commitment Fee (as defined in the Preferred Stock Purchase Agreement) in cash by an amount per share equal to the amount of the Periodic Commitment Fee that is not paid in cash divided by the number of shares of Senior Preferred Stock outstanding at the time such payment is due;

(iii) increased on the Dividend Payment Date if the Company fails to pay in full the dividend payable for the Dividend Period ending on such date by an amount per share equal to the aggregate amount of unpaid dividends divided by the number of shares of Senior Preferred Stock outstanding on such date; and

(iv) decreased each time the Company pays down the Liquidation Preference pursuant to Section 3 or Section 4 of this Certificate by an amount per share equal to the aggregate amount of the pay down divided by the number of shares of Senior Preferred Stock outstanding at the time of such pay down.

(c) "Preferred Stock Purchase Agreement" means the Preferred Stock Purchase Agreement, dated September 7, 2008, between the Company and the United States Department of the Treasury.

(d) Neither the sale of all or substantially all of the property or business of the Company, nor the merger, consolidation or combination of the Company into or with any other corporation or entity, shall be deemed to be a dissolution, liquidation or winding up for the purpose of this Section 8.

9. Additional Classes or Series of Stock

The Board of Directors shall have the right at any time in the future to authorize, create and issue, by resolution or resolutions, one or more additional classes or series of stock of the Company, and to determine and fix the distinguishing characteristics and the relative rights, preferences, privileges and other terms of the shares thereof; provided that, any such class or series of stock may not rank prior to or on parity with the Senior Preferred Stock without the prior written consent of the holders of at least two-thirds of all the shares of Senior Preferred Stock at the time outstanding.

10. Miscellaneous

(a) The Company and any agent of the Company may deem and treat the holder of a share or shares of Senior Preferred Stock, as shown in the Company's books and records, as the absolute owner of such share or shares of Senior Preferred Stock for the purpose of receiving payment of dividends in respect of such share or shares of Senior Preferred Stock and for all other purposes whatsoever, and neither the Company nor any agent of the Company shall be affected by any notice to the contrary. All payments made to or upon the order of any such person shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge liabilities for moneys payable by the Company on or with respect to any such share or shares of Senior Preferred Stock.

(b) The shares of the Senior Preferred Stock, when duly issued, shall be fully paid and non-assessable.

(c) The Senior Preferred Stock may be issued, and shall be transferable on the books of the Company, only in whole shares.

(d) For purposes of this Certificate, the term "the Company" means the Federal Home Loan Mortgage Corporation and any successor thereto by operation of law or by reason of a merger, consolidation, combination or similar transaction.

(e) This Certificate and the respective rights and obligations of the Company and the holders of the Senior Preferred Stock with respect to such Senior Preferred Stock shall be construed in accordance with and governed by the laws of the United States, provided that the law of the Commonwealth of Virginia shall serve as the federal rule of decision in all instances except where such law is inconsistent with the Company's enabling legislation, its public purposes or any provision of this Certificate.

(f) Any notice, demand or other communication which by any provision of this Certificate is required or permitted to be given or served to or upon the Company shall be given or served in writing addressed (unless and until another address shall be published by the Company) to Freddie Mac, 8200 Jones Branch Drive, McLean, Virginia 22102, Attn: Executive Vice President and General Counsel. Such notice, demand or other communication to or upon the Company shall be deemed to have been sufficiently given or made only upon actual receipt of a writing by the Company. Any notice, demand or other communication which by any provision of this Certificate is required or permitted to be given or served by the Company hereunder may be given or served by being deposited first class, postage prepaid, in the United States mail addressed (i) to the holder as such holder's name and address may appear at such time in the books and records of the Company or (ii) if to a person or entity other than a holder of record of the Senior Preferred Stock, to such person or entity at such address as reasonably appears to the Company to be appropriate at such time. Such notice, demand or other communication shall be deemed to have been sufficiently given or made, for all purposes, upon mailing.

(g) The Company, by or under the authority of the Board of Directors, may amend, alter, supplement or repeal any provision of this Certificate pursuant to the following terms and conditions:

(i) Without the consent of the holders of the Senior Preferred Stock, the Company may amend, alter, supplement or repeal any provision of this Certificate to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Certificate, provided that such action shall not adversely affect the interests of the holders of the Senior Preferred Stock.

(ii) The consent of the holders of at least two-thirds of all of the shares of the Senior Preferred Stock at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of shares of the Senior Preferred Stock shall vote together as a class, shall be necessary for authorizing, effecting or validating the amendment, alteration, supplementation or repeal (whether by merger, consolidation or otherwise) of the provisions of this Certificate other than as set forth in subparagraph (i) of this paragraph (g). The creation and issuance of any other class or series of stock, or the issuance of additional shares of any existing class or series of stock, of the Company ranking junior to the Senior Preferred Stock shall not be deemed to constitute such an amendment, alteration, supplementation or repeal.

(iii) Holders of the Senior Preferred Stock shall be entitled to one vote per share on matters on which their consent is required pursuant to subparagraph (ii) of this paragraph (g). In connection with any meeting of such holders, the Board of Directors shall fix a record date, neither earlier than 60 days nor later than 10 days prior to the date of such meeting, and holders of record of shares of the Senior Preferred Stock on such record date shall be entitled to notice of and to vote at any such meeting and any adjournment. The Board of Directors, or such person or persons as it may designate, may establish reasonable rules and procedures as to the solicitation of the consent of holders of the Senior Preferred Stock at any such meeting or otherwise, which rules and procedures shall conform to the requirements of any national securities exchange on which the Senior Preferred Stock may be listed at such time.

(h) RECEIPT AND ACCEPTANCE OF A SHARE OR SHARES OF THE SENIOR PREFERRED STOCK BY OR ON BEHALF OF A HOLDER SHALL CONSTITUTE THE UNCONDITIONAL ACCEPTANCE BY THE HOLDER (AND ALL OTHERS HAVING BENEFICIAL OWNERSHIP OF SUCH SHARE OR SHARES) OF ALL OF THE TERMS AND PROVISIONS OF THIS CERTIFICATE. NO SIGNATURE OR OTHER FURTHER MANIFESTATION OF ASSENT TO THE TERMS AND PROVISIONS OF THIS CERTIFICATE SHALL BE NECESSARY FOR ITS OPERATION OR EFFECT AS BETWEEN THE COMPANY AND THE HOLDER (AND ALL SUCH OTHERS).

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Company this 13 day of April, 2021.

FEDERAL HOME LOAN MORTGAGE CORPORATION,
by
The Federal Housing Finance Agency, its
Conservator

By: /s/ Mark A. Calabria
Mark A. Calabria
Director

Signature Page to April 2021 Fourth Amended and Restated Certificate

Exhibit 4.2

FEDERAL HOME LOAN MORTGAGE CORPORATION

GLOBAL DEBT FACILITY AGREEMENT

AGREEMENT, dated as of February 11, 2021, among the Federal Home Loan Mortgage Corporation **("Freddie Mac"**) and Holders of Debt Securities (each as hereinafter defined).

Whereas:

(a) Freddie Mac is a corporation duly organized and existing under and by virtue of the laws of the United States (Title III of the Emergency Home Finance Act of 1970, as amended (the **"Freddie Mac Act**")) and has full corporate power and authority to enter into this Agreement and to undertake the obligations undertaken by it herein;

(b) Pursuant to Section 306(a) of the Freddie Mac Act, Freddie Mac is authorized, upon such terms and conditions as it may prescribe, to borrow, to pay interest or other return, and to issue notes, bonds or other obligations or securities; and

(c) To provide funds to permit Freddie Mac to engage in activities consistent with its statutory purposes, Freddie Mac has established a Global Debt Facility (the **"Facility"**) and authorized the issuance, from time to time, pursuant to this Agreement, of unsecured general obligations of Freddie Mac or, if so provided in the applicable Supplemental Agreement (as hereinafter defined), secured obligations of Freddie Mac **("Debt Securities"**).

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, it is hereby agreed that the following terms and conditions of this Agreement (including, as to each issue of the Debt Securities, the applicable Supplemental Agreement) shall govern the Debt Securities and the rights and obligations of Freddie Mac and Holders with respect to the Debt Securities.

ARTICLE I

Definitions

Whenever used in this Agreement, the following words and phrases shall have the following meanings, unless the context otherwise requires.

Additional Debt Securities: Debt Securities issued by Freddie Mac with the same terms (other than Issue Date, interest commencement date and issue price) and conditions as Debt Securities for which settlement has previously occurred so as to form a single series of Debt Securities as specified in the applicable Supplemental Agreement.

Agreement: This Global Debt Facility Agreement dated as of February 11, 2021, as it may be amended or supplemented from time to time, and successors thereto pursuant to which Freddie Mac issues the Debt Securities.

Amortizing Debt Securities: Debt Securities on which Freddie Mac makes periodic payments of principal during the terms of such Debt Securities as described in the related Supplemental Agreement.

Beneficial Owner: The entity or individual that beneficially owns a Debt Security.

Bonds: Callable or non-callable, puttable or non-puttable Debt Securities with maturities of more than ten years.

Book-Entry Rules: FHFA regulations, 12 C.F.R. Part 1249, applicable to the Fed Book-Entry Debt Securities, and such procedures as to which Freddie Mac and the FRBNY may agree.

Business Day: (i) With respect to Fed Book-Entry Debt Securities, any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the FRBNY is closed, (d) as to any Holder of a Fed Book-Entry Debt Security, a day on which the Federal Reserve Bank that maintains the Holder's account is closed, or (e) a day on which Freddie Mac's offices are closed; and (ii) with respect to Registered Debt Securities, any day other than (a) a Saturday, (b) a Sunday, (c) a day on which banking institutions are closed in (i) the City of New York, if the Specified Payment Currency is U.S. dollars or (2) the Principal Financial Center of the country of such Specified Payment Currency, if the Specified Payment Currency is other than U.S. dollars or euro, (d) if the Specified Payment Currency is euro, a day on which the TARGET2 system is not open for settlements, or a day on which payments in euro cannot be settled in the international interbank market as determined by the Global Agent, (e) for any required payment, a day on which banking institutions are closed in the place of payment, or (f) a day on which Freddie Mac's offices are closed.

Calculation Agent: Freddie Mac or a bank or broker-dealer designated by Freddie Mac in the applicable Supplemental Agreement as the entity responsible for determining the interest rate on a Variable Rate Debt Security.

Calculation Date: In each year, each of those days in the calendar year that are specified in the applicable Supplemental Agreement as being the scheduled Interest Payment Dates regardless, for this purpose, of whether any such date is in fact an Interest Payment Date and, for the avoidance of doubt, a "Calculation Date" may occur prior to the Issue Date or after the last Principal Payment Date.

Cap: A maximum interest rate at which interest may accrue on a Variable Rate Debt Security during any Interest Reset Period.

Citibank — London: Citibank, N.A., London office, the Global Agent for Registered Debt Securities.

Citigroup — Frankfurt: Citigroup Global Markets Europe AG, the Registrar for Registered Debt Securities.

Clearstream, Luxembourg: Clearstream Banking, société anonyme, which holds securities for its participants and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants.

CMT Determination Date: The second New York Banking Day preceding the applicable Reset Date.

CMT Rate: The rate determined by the Calculation Agent in accordance with Section 2.07(i)(M).

Code: The Internal Revenue Code of 1986, as amended.

Common Depositary: The common depositary for Euroclear, Clearstream, Luxembourg and/or any other applicable clearing system, which will hold Other Registered Debt Securities on behalf of Euroclear, Clearstream, Luxembourg and/or any such other applicable clearing system.

Convertible Debt Securities: An issue of Debt Securities that may be convertible to a new security, which may or may not be a debt security of Freddie Mac, as described in the related Supplemental Agreement.

CUSIP Number: A unique nine-character designation assigned to each Debt Security by the CUSIP Service Bureau and used to identify each issuance of Debt Securities on the records of the Federal Reserve Banks or DTC, as applicable.

Dealers: Firms that engage in the business of dealing or trading in debt securities as agents, brokers or principals.

Debt Securities: Unsecured subordinated or unsubordinated notes, bonds and other debt securities issued from time to time by Freddie Mac under the Facility, or if so provided in the applicable Supplemental Agreement, secured obligation issued from time to time by Freddie Mac under the Facility.

Deleverage Factor: A Multiplier of less than one by which an applicable Index is multiplied.

Depository: DTC or any successor.

Deposits: Deposits commencing on the applicable Reset Date.

Determination Date: The date as of which the rate of interest applicable to an Interest Reset Period is determined.

Determination Period: The period from, and including, one Calculation Date to, but excluding, the next Calculation Date.

DTC: The Depository Trust Company, a limited-purpose trust company, which holds securities for DTC participants and facilitates the clearance and settlement of transactions between DTC participants through electronic book-entry changes in accounts of DTC participants.

DTC Registered Debt Securities: Registered Debt Securities registered in the name of a nominee of DTC, which will clear and settle through the system operated by DTC.

Euroclear: Euroclear System, a depositary that holds securities for its participants and clears and settles transactions between its participants through simultaneous electronic book-entry delivery against payment.

Event of Default: As defined in Section 7.01(a).

Extendible Variable Rate Securities: Variable Rate Debt Securities, the maturity of which may be extended at a Beneficial Owner's option effective as of certain specified dates, subject to a final maturity date, and that bear interest at variable rates subject to different Spreads for different specified periods.

Facility: The Global Debt Facility described in the Offering Circular dated February 11, 2021 under which Freddie Mac issues the Debt Securities.

Fed Book-Entry Debt Securities: U.S. dollar denominated Debt Securities issued and maintained in book-entry form on the Fed Book-Entry System.

Fed Book-Entry System: The book-entry system of the Federal Reserve Banks which provides book-entry holding and settlement for U.S. dollar denominated securities issued by the U.S. Government, certain of its agencies, instrumentalities, government-sponsored enterprises and international organizations of which the United States is a member.

Federal Funds Rate (Daily): The rate determined by the Calculation Agent in accordance with Section 2.07(i)(N).

Federal Funds Rate (Daily) Determination Date: The applicable Reset Date; provided, however, that if the Reset Date is not a Business Day, then the Federal Funds Rate (Daily) Determination Date means the Business Day immediately following the applicable Reset Date.

Federal Reserve: The Board of Governors of the Federal Reserve System.

Federal Reserve Bank: Each U.S. Federal Reserve Bank that maintains Debt Securities in book-entry form.

Federal Reserve Banks: Collectively, the Federal Reserve Banks.

Fiscal Agency Agreement: The Uniform Fiscal Agency Agreement between Freddie Mac and the FRBNY.

Fiscal Agent: The FRBNY is fiscal agent for Fed Book-Entry Debt Securities.

Fixed Principal Repayment Amount: An amount equal to 100% of the principal amount of a Debt Security, payable on the applicable Maturity Date or earlier date of redemption or repayment or a specified amount above or below such principal amount, as provided in the applicable Supplemental Agreement.

Fixed Rate Debt Securities: Debt Securities that bear interest at a single fixed rate.

Fixed/Variable Rate Debt Securities: Debt Securities that bear interest at a single fixed rate during one or more specified periods and at a variable rate determined by reference to one or more Indices, or otherwise, during one or more other periods. As to any such fixed rate period, the provisions of this Agreement relating to Fixed Rate Debt Securities shall apply, and, as to any such variable rate period, the provisions of this Agreement relating to Variable Rate Debt Securities shall apply.

Floor: A minimum interest rate at which interest may accrue on a Debt Security during any Interest Reset Period.

Freddie Mac: Federal Home Loan Mortgage Corporation, a government-sponsored enterprise chartered by Congress pursuant to the Freddie Mac Act.

Freddie Mac Act: Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. § 1451-1459.

FRB: The Board of Governors of the Federal Reserve System.

FRBNY: The Federal Reserve Bank of New York.

FRBNY's Website: The website of the FRBNY, currently at http://www.newyorkfed.org, or any successor source.

Global Agency Agreement: The agreement between Freddie Mac, the Global Agent and the Registrar.

Global Agent: The entity selected by Freddie Mac to act as its fiscal, transfer and paying agent for Registered Debt Securities.

H.15: The statistical release entitled "Statistical Release H.15, Selected Interest Rates" as published by the Federal Reserve, or any successor publication of the Federal Reserve available on its website at http:// www.federalreserve.gov/releases/h15/or any successor site.

Holder: In the case of Fed Book-Entry Debt Securities, the entity whose name appears on the book-entry records of a Federal Reserve Bank as Holder; in the case of Registered Debt Securities in global registered form, the depository, or its nominee, in whose name the Registered Debt Securities are registered on behalf of a related clearing system; and, in the case of Registered Debt Securities in definitive registered form, the person or entity in whose name such Debt Securities are registered in the Register.

Holding Institutions: Entities eligible to maintain book-entry accounts with a Federal Reserve Bank.

Index: SOFR, Prime Rate, Treasury Rate, CMT Rate, or Federal Funds Rate (Daily) or other specified interest rate, exchange rate or other index, as the case may be.

Index Currency: The currency or currency unit specified in the applicable Supplemental Agreement with respect to which an Index will be calculated for a Variable Rate Debt Security. If no such currency or currency unit is specified in the applicable Supplemental Agreement, the Index Currency will be U.S. dollars.

Index Maturity: The period with respect to which an Index will be calculated for a Variable Rate Debt Security that is specified in the applicable Supplemental Agreement.

Interest Component: Each future interest payment, or portion thereof, due on or prior to the Maturity Date, or if the Debt Security is subject to redemption or repayment prior to the Maturity Date, the first date on which such Debt Security is subject to redemption or repayment.

Interest Payment Date: The date or dates on which interest on Debt Securities will be payable in arrears.

Interest Payment Period: Unless otherwise provided in the applicable Supplemental Agreement, the period beginning on (and including) the Issue Date or the most recent Interest Payment Date, as the case may be, and ending on (but excluding) the earlier of the next Interest Payment Date or the Principal Payment Date.

Interest Reset Period: The period beginning on the applicable Reset Date and ending on the calendar day preceding the next Reset Date.

Issue Date: The date on which Freddie Mac wires an issue of Debt Securities to Holders or other date specified in the applicable Supplemental Agreement.

Leverage Factor: A Multiplier of greater than one by which an applicable Index is multiplied.

London Banking Day: Any day on which commercial banks are open for business (including dealings in foreign exchange and deposits in the Index Currency) in London.

Maturity Date: The date, one day or longer from the Issue Date, on which a Debt Security will mature unless extended, redeemed or repaid prior thereto.

Mortgage Linked Amortizing Debt Securities: Amortizing Debt Securities on which Freddie Mac makes periodic payments of principal based on the rate of payments on referenced mortgage or mortgage-related assets, as described in the related Supplemental Agreement.

Multiplier: A constant or variable number (which may be greater than or less than one) to be multiplied by the relevant Index for a Variable Rate Debt Security.

Notes: Callable or non-callable, puttable or non-puttable Debt Securities with maturities of more than one day.

New York Banking Day: Any day other than (a) a Saturday, (b) a Sunday, (c) a day on which banking institutions in the City of New York are required or permitted by law or executive order to close, or (d) a day on which the FRBNY is closed.

Offering Circular: The Freddie Mac Global Debt Facility Offering Circular dated February 11, 2021 (including any related Offering Circular Supplement) and successors thereto.

OID Determination Date: The last day of the last accrual period ending prior to the date of the meeting of Holders (or, for consents not at a meeting, prior to a date established by Freddie Mac). The accrual period will be the same as the accrual period used by Freddie Mac to determine its deduction for accrued original issue discount under section 163 (e) of the Code.

Other Registered Debt Securities: Registered Debt Securities that are not DTC Registered Debt Securities, that are deposited with a Common Depositary and that will clear and settle through the systems operated by Euroclear, Clearstream, Luxembourg and/or any such other applicable clearing system other than DTC.

Pricing Supplement: A supplement to the Offering Circular that describes the specific terms of, and provides pricing information and other information for, an issue of Debt Securities or which otherwise amends, modifies or supplements the terms of the Offering Circular.

Prime Rate: The rate determined by the Calculation Agent in accordance with Section 2.07(i)(K).

Prime Rate Determination Date: The New York Banking Day preceding the applicable Reset Date.

Principal Component: The principal payment plus any interest payments that are either due after the date specified in, or are specified as ineligible for stripping in, the applicable Supplemental Agreement.

Principal Financial Center: (1) with respect to U.S. dollars, Sterling, Yen and Swiss francs, the City of New York, London, Tokyo and Zurich, respectively; or (2) with respect to any other Index Currency, the city specified in the related Pricing Supplement.

Principal Payment Date: The Maturity Date, or the earlier date of redemption or repayment, if any (whether such redemption or repayment is in whole or in part).

Range Accrual Debt Securities: Variable Rate Debt Securities on which no interest may accrue during periods when the applicable Index is outside a specified range as described in the related Supplemental Agreement.

Record Date: As to Registered Debt Securities issued in global form, the close of business on the Business Day immediately preceding such Interest Payment Date. As to Registered Debt Securities issued in definitive form, the fifteenth calendar day preceding an Interest Payment Date. Interest on a Registered Debt Security will be paid to the Holder of such Registered Debt Security as of the close of business on the Record Date.

Reference Bonds: U.S. dollar denominated non-callable and non-puttable Reference Securities with maturities of more than ten years.

Reference Notes: U.S. dollar denominated non-callable and non-puttable Reference Securities with maturities of more than one year.

Reference Securities: Scheduled U.S. dollar denominated issues of Debt Securities in large principal amounts, which may be either Reference Bonds or Reference Notes.

Register: A register of the Holders of Registered Debt Securities maintained by the Registrar.

Registered Debt Securities: Debt Securities issued and maintained in global registered or definitive registered form on the books and records of the Registrar.

Registrar: The entity selected by Freddie Mac to maintain the Register.

Representative Amount: A principal amount of not less than U.S. $1,000,000 that, in the Calculation Agent's sole judgment, is representative for a single transaction in the relevant market at the relevant time.

Reset Date: The date on which a new rate of interest on a Debt Security becomes effective.

Reuters: Reuters Group PLC or any successor service.

Reuters USAUCTION10 Page: The display designated as "USAUCTION10" (or any successor page) provided by Reuters.

Reuters USAUCTION11 Page: The display designated as "USAUCTION11" (or any successor page) provided by Reuters.

Reuters US PRIME1 Page: The display designated as page "USPRIME1"' (or any successor page) provided by Reuters

Secured Overnight Financing Rate: The secured overnight financing rate published by the FRBNY on the FRBNY's Website.

SOFR: The rate determined by the Calculation Agent in accordance with Section 2.07(i)(H).

Specified Currency: The currency or currency unit in which a Debt Security may be denominated and in which payments of principal of and interest on a Debt Security may be made.

Specified Interest Currency: The Specified Currency provided for the payment of interest on Debt Securities.

Specified Payment Currency: The term to which the Specified Interest Currency and Specified Principal Currency are referred collectively.

Specified Principal Currency: The Specified Currency provided for the payment of principal on Debt Securities.

Spread: A constant or variable percentage or number to be added to or subtracted from the relevant Index for a Variable Rate Debt Security.

Step Debt Securities: Debt Securities that bear interest at different fixed rates during different specified periods.

Sterling: British pounds sterling.

Supplemental Agreement: An agreement which, as to the related issuance of Debt Securities, supplements the other provisions of this Agreement and identifies and establishes the particular offering of Debt Securities issued in respect thereof. A Supplemental Agreement may be documented by a supplement to this Agreement, a Pricing Supplement, a confirmation or a terms sheet. A Supplemental Agreement may, as to any particular issuance of Debt Securities, modify, amend or supplement the provisions of this Agreement in any respect whatsoever. A Supplemental Agreement shall be effective and binding as of its publication, whether or not executed by Freddie Mac.

TARGET2: The Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

Treasury Auction: The most recent auction of Treasury Bills prior to a given Reset Date.

Treasury Bills: Direct obligations of the United States.

Treasury Department: United States Department of the Treasury.

Treasury Rate: The rate determined by the Calculation Agent in accordance with Section 2.07(i)(L).

Treasury Rate Determination Date: The day of the week in which the Reset Date falls on which Treasury Bills would normally be auctioned or, if no auction is held for a particular week, the first Business Day of that week. Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that the auction may be held on the preceding Friday; provided, however, that if an auction is held on the Friday of the week preceding the Reset Date, the Treasury Rate Determination Date will be that preceding Friday; and provided, further, that if the Treasury Rate Determination Date would otherwise fall on the Reset Date, that Reset Date will be postponed to the next succeeding Business Day.

U.S. Government Securities Business Day: Any day except for (i) a Saturday, (ii) a Sunday, (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities, or (iv) a day on which the FRBNY is closed for business.

Variable Principal Repayment Amount: The principal amount determined by reference to one or more Indices or otherwise, payable on the applicable Maturity Date or date of redemption or repayment of a Debt Security, as specified in the applicable Supplemental Agreement.

Variable Rate Debt Securities: Debt Securities that bear interest at a variable rate, and reset periodically, determined by reference to one or more Indices or otherwise. The formula for a variable rate may include a Spread.

Yen: Japanese yen.

Zero Coupon Debt Securities: Debt Securities that do not bear interest and may be issued at a discount to their principal amount.

ARTICLE II

Authorization; Certain Terms

Section 2.01. Authorization.

Debt Securities shall be issued by Freddie Mac in accordance with the authority vested in Freddie Mac by Section 306(a) of the Freddie Mac Act. The indebtedness represented by the Debt Securities shall be unsecured general obligations of Freddie Mac, or, if so provided in the applicable Supplemental Agreement, secured obligations of Freddie Mac. Debt Securities shall be offered from time to time by Freddie Mac in an unlimited amount and shall be known by the designation given them, and have the Maturity Dates stated, in the applicable Supplemental Agreement. Freddie Mac, in its discretion and at any time, may offer Additional Debt Securities having the same terms and conditions as Debt Securities previously offered. The Debt Securities may be issued as Reference Securities, which includes Reference Notes and Reference Bonds, or may be issued as any other Debt Securities denominated in U.S. dollars or other currencies, with maturities of one day or longer and may be in the form of Notes or Bonds or otherwise. Issuances may consist of new issues of Debt Securities or reopenings of an existing issue of Debt Securities.

Section 2.02. Other Debt Securities Issued Hereunder.

Freddie Mac may from time to time create and issue Debt Securities including Convertible Debt Securities hereunder which contain terms and conditions not specified in this Agreement. Such Debt Securities shall be governed by the applicable Supplemental Agreement and, to the extent that the terms of this Agreement are not inconsistent with Freddie Mac’s intent in creating and issuing such Debt Securities, by the terms of this Agreement. Such Debt Securities shall be secured or unsecured obligations of Freddie Mac. If the Debt Securities are secured obligations of Freddie Mac, the provisions of Article V hereof shall apply to such Debt Securities.

Section 2.03. Specified Currencies and Specified Payment Currencies.

(a) Each Debt Security shall be denominated and payable in such Specified Currency as determined by Freddie Mac. Fed Book-Entry Debt Securities will be denominated and payable in U.S. dollars only.

(b) Except under the circumstances provided in Article VI hereof, Freddie Mac shall make payments of any interest on Debt Securities in the Specified Interest Currency and shall make payments of the principal of Debt Securities in the Specified Principal Currency. The Specified Currency for the payment of interest and principal with respect to any Debt Security shall be set forth in the applicable Supplemental Agreement.

Section 2.04. Minimum Denominations.

The Debt Securities shall be issued and maintained in the minimum denominations of U.S. $1,000 and additional increments of U.S. $1,000 for U.S. dollar denominated Debt Securities, unless otherwise provided in the applicable Supplemental Agreement and as may be allowed or required from time to time by the relevant regulatory authority or any laws or regulations applicable to the relevant Specified Currency. In the case of Zero Coupon Debt Securities, denominations will be expressed in terms of the principal amount payable on the Maturity Date.

Section 2.05. Maturity.

(a) Each Debt Security shall mature on its Maturity Date, as provided in the applicable Supplemental Agreement, unless redeemed at the option of Freddie Mac or repaid at the option of the Holder prior thereto in accordance with the provisions described under Section 2.06. Debt Securities may be issued with minimum or maximum maturities allowed or required from time to time by the relevant regulatory or stock exchange authority or clearing systems or any laws or regulations applicable to the Specified Currency.

(b) If so provided in the applicable Supplemental Agreement, certain Debt Securities may have provision permitting their Beneficial Owner to elect to extend the initial Maturity Date specified in such Supplemental Agreement, or any later date to which the maturity of such Debt Securities has been extended, on specified dates. However, the maturity of such Debt Securities may not be extended beyond the final Maturity Date specified in the Supplemental Agreement.

(c) The principal amount payable on the Maturity Date of a Debt Security shall be a Fixed Principal Repayment Amount or a Variable Principal Repayment Amount, in each case as provided in the applicable Supplemental Agreement.

Section 2.06. Optional Redemption and Optional Repayment.

(a) The Supplemental Agreement for any particular issue of Debt Securities shall provide whether such Debt Securities may be redeemed at Freddie Mac's option or repayable at the Holder's option, in whole or in part, prior to their Maturity Date. If so provided in the applicable Supplemental Agreement, an issue of Debt Securities shall be subject to redemption at the option of Freddie Mac, or repayable at the option of the Holders, in whole or in part, on one or more specified dates, at any time on or after a specified date, or during one or more specified periods of time. The redemption or repayment price for such Debt Securities (or such part of such Debt Securities as is redeemed or repaid) shall be an amount provided in, or determined in a manner provided in, the applicable Supplemental Agreement, together with accrued and unpaid interest to the date fixed for redemption or repayment.

(b) Unless otherwise provided in the applicable Supplemental Agreement, notice of optional redemption shall be given to Holders of the related Debt Securities not less than 5 Business Days prior to the date of redemption in the manner provided in Section 8.07. The date that we provide such notice constitutes the first Business Day for purposes of this minimum notice period. Freddie Mac also announces its intent to redeem certain Debt Securities on the Freddie Mac website at http://www.freddiemac.com/debt/html/redemption_release.html.

(c) In the case of a partial redemption of an issue of Fed Book-Entry Debt Securities by Freddie Mac, such Fed Book-Entry Debt Securities shall be redeemed pro rata. In the case of a partial redemption of an issue of Registered Debt Securities by Freddie Mac, one or more of such Registered Debt Securities shall be reduced by the Global Agent in the amount of such redemption, subject to the principal amount of such Registered Debt Securities after redemption remaining in an authorized denomination. The effect of any partial redemption of an issue of Registered Debt Securities on the Beneficial Owners of such Registered Debt Securities will depend on the procedures of the applicable clearing system and, if such Beneficial Owner is not a participant therein, on the procedures of the participant through which such Beneficial Owner owns its interest.

(d) If so provided in the applicable Supplemental Agreement, certain Debt Securities shall be repayable, in whole or in part, by Freddie Mac at the option of the relevant Holders thereof or otherwise, on one or more specified dates, at any time on or after a specified date, or during one or more specified periods of time, upon terms and procedures provided in the applicable Supplemental Agreement. Unless otherwise provided in the applicable Supplemental Agreement, in the case of a Registered Debt Security, to exercise such option, the Holder shall deposit with the Global Agent (i) such Registered Debt Security; and (ii) a duly completed notice of optional repayment in the form obtainable from the Global Agent, in each case not more than the number of days nor less than the number of days specified in the applicable Supplemental Agreement prior to the date fixed for repayment. Unless otherwise specified in the applicable Supplemental Agreement, no such Registered Debt Security (or notice of repayment) so deposited may be withdrawn without the prior consent of Freddie Mac or the Global Agent. Unless otherwise provided in the applicable Supplemental Agreement, in the case of a Fed Book-Entry Debt Security, if the Beneficial Owner wishes to exercise such option, then the Beneficial Owner shall give notice thereof to Freddie Mac through the relevant Holding Institution as provided in the applicable Supplemental Agreement.

(e) The principal amount payable upon redemption or repayment of a Debt Security shall be a Fixed Principal Repayment Amount or a Variable Principal Repayment Amount, in each case as provided in the applicable Supplemental Agreement.

Section 2.07. Payment Terms of the Debt Securities.

(a) Debt Securities shall bear interest at one or more fixed rates or variable rates or may not bear interest. If so provided in the applicable Supplemental Agreement, Debt Securities may be separated by a Holder into one or more Interest Components and Principal Components. The Offering Circular or the applicable Supplemental Agreement for such Debt Securities shall specify the procedure for stripping such Debt Securities into such Interest and Principal Components.

(b) The applicable Supplemental Agreement shall specify the frequency with which interest, if any, is payable on the related Debt Securities. Interest on Debt Securities shall be payable in arrears on the Interest Payment Dates specified in the applicable Supplemental Agreement and on each Principal Payment Date.

(c) Each issue of interest-bearing Debt Securities shall bear interest during each Interest Payment Period. No interest on the principal of any Debt Security will accrue on or after the Principal Payment Date on which such principal is repaid.

(d) The determination by the Calculation Agent of the interest rate on, or any Index in relation to, a Variable Rate Debt Security and the determination of any payment on any Debt Security (or any interim calculation in the determination of any such interest rate, index or payment) shall, absent manifest error, be final and binding on all parties. If a principal or interest payment error occurs, Freddie Mac may correct it by adjusting payments to be made on later Interest Payment Dates or Principal Payment Dates (as appropriate) or in any other manner Freddie Mac considers appropriate. If the source of an Index changes in format, but the Calculation Agent determines that the Index source continues to disclose the information necessary to determine the related interest rate substantially as required, the Calculation Agent will amend the procedure for obtaining information from that source to reflect the changed format. All Index values used to determine principal or interest payments are subject to correction within 30 days from the applicable payment. The source of a corrected value must be the same source from which the original value was obtained. A correction might result in an adjustment on a later date to the amount paid to the Holder.

(e) Payments on Debt Securities shall be rounded, in the case of U.S. dollars, to the nearest cent or, in the case of a Specified Payment Currency other than U.S. dollars, to the nearest smallest transferable unit (with one-half cent or unit being rounded upwards).

(f) In the event that any jurisdiction imposes any withholding or other tax on any payment made by Freddie Mac (or our agent or any other person potentially required to withhold) with respect to a Debt Security, Freddie Mac (or our agent or such other person) will deduct the amount required to be withheld from such payment, and Freddie Mac (or our agent or such other person) will not be required to pay additional interest or other amounts, or redeem or repay the Debt Securities prior to the applicable Maturity Date, as a result.

(g) *Fixed Rate Debt Securities*

Fixed Rate Debt Securities shall bear interest at a single fixed interest rate. The applicable Supplemental Agreement shall specify the fixed interest rate per annum on a Fixed Rate Debt Security. Unless otherwise specified in the applicable Supplemental Agreement, interest on a Fixed Rate Debt Security shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(h) *Step Debt Securities*

Step Debt Securities shall bear interest from their Issue Date to a specified date at their initial fixed interest rate and from that date to their Maturity Date at one or more different fixed interest rates that shall be prescribed as of the Issue Date. A Step Debt Security will have one or more step periods. The applicable Supplemental Agreement shall specify the fixed interest rate per annum payable on Step Debt Securities for each related period from issuance to maturity. Unless otherwise specified in the applicable Supplemental Agreement, interest on a Step Debt Security shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(i) *Variable Rate Debt Securities*

(A) Variable Rate Debt Securities shall bear interest at a variable rate determined on the basis of a direct or an inverse relationship to one or more specified Indices or otherwise, (x) plus or minus a Spread, if any, or (y) multiplied by one or more Leverage or Deleverage Factors, if any, as specified in the applicable Supplemental Agreement. Variable Rate Debt Securities also may bear interest in any other manner described in the applicable Supplemental Agreement.

(B) Variable Rate Debt Securities may have a Cap and/or a Floor.

(C) The applicable Supplemental Agreement shall specify the accrual method (i.e., the day count convention) for calculating interest or any relevant accrual factor on the related Variable Rate Debt Securities. The accrual method may incorporate one or more of the following defined terms:

"Actual/360" shall mean that interest or any other relevant accrual factor shall be calculated on the basis of the actual number of days elapsed in a year of 360 days.

"Actual/365 (fixed)" shall mean that interest or any other relevant accrual factor shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, regardless of whether accrual or payment occurs during a calendar leap year.

"Actual/Actual" shall mean, unless otherwise indicated in the applicable Supplemental Agreement, that interest or any other relevant accrual factor shall be calculated on the basis of (x) the actual number of days elapsed in the Interest Payment Period divided by 365, or (y) if any portion of the Interest Payment Period falls in a calendar leap year, (A) the actual number of days in that portion divided by 366 plus (B) the actual number of days in the remaining portion divided by 365. If so indicated in the applicable Supplemental Agreement, "Actual/Actual" shall mean interest or any other relevant accrual factor shall be calculated in accordance with the definition of "Actual/Actual" adopted by the International Securities Market Association (**"Actual/Actual (ISMA)"**), which means a calculation on the basis of the following:

(1) where the number of days in the relevant Interest Payment Period is equal to or shorter than the Determination Period during which such Interest Payment Period ends, the number of days in such Interest Payment Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Interest Payment Dates that would occur in one calendar year; or

(2) where the Interest Payment Period is longer than the Determination Period during which the Interest Payment Period ends, the sum of (A) the number of days in such Interest Payment Period falling in the Determination Period in which the Interest Payment Period begins divided by the product of (X) the number of days in such Determination Period and (Y) the number of Interest Payment Dates that would occur in one calendar year; and (B) the number of days in such Interest Payment Period falling in the next Determination Period divided by the product of (X) the number of days in such Determination Period and (Y) the number of Interest Payment Dates that would occur in one calendar year.

(D) The applicable Supplemental Agreement shall specify the frequency with which the rate of interest on the related Variable Rate Debt Securities shall reset. The applicable Supplemental Agreement also shall specify the Reset Date. If the interest rate will reset within an Interest Payment Period, then the interest rate in effect on the sixth Business Day preceding an Interest Payment Date will be the interest rate for the remainder of that Interest Payment Period and the first day of each Interest Payment Period also will be a Reset Date. Variable Rate Debt Securities may bear interest prior to the initial Reset Date at an initial interest rate, if any, specified in the applicable Supplemental Agreement. If so, then the first day of the first Interest Payment Period will not be a Reset Date. The rate of interest applicable to each Interest Reset Period shall be determined as provided below or in the applicable Supplemental Agreement.

Except for a Variable Rate Debt Security as to which the rate of interest thereon is determined by reference to SOFR, Prime Rate, Treasury Rate, CMT Rate, or Federal Funds Rate (Daily) or as otherwise set forth in the applicable Supplemental Agreement, the Determination Date for a Variable Rate Debt Security means the second Business Day preceding the Reset Date applicable to an Interest Reset Period.

(E) If the rate of interest on a Variable Rate Debt Security is subject to adjustment within an Interest Payment Period, accrued interest shall be calculated by multiplying the principal amount of such Variable Rate Debt Security by an accrued interest factor. Unless otherwise specified in the applicable Supplemental Agreement, this accrued interest factor shall be computed by adding the interest factor calculated for each Interest Reset Period in such Interest Payment Period and rounding the sum to nine decimal places. The interest factor for each such Interest Reset Period shall be computed by (1) multiplying the number of days in the Interest Reset Period by the interest rate (expressed as a decimal) applicable to such Interest Reset Period; and (2) dividing the product by the number of days in the year referred to in the accrual method specified in the applicable Supplemental Agreement.

(F) For each issue of Variable Rate Debt Securities, the Calculation Agent shall also cause the interest rate for the applicable Interest Reset Period and the amount of interest accrued on the minimum denomination specified for such issue to be made available to Holders as soon as practicable after its determination but in no event later than two Business Days thereafter. Such interest amounts so made available may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Reset Period.

(G) If the applicable Supplemental Agreement specifies SOFR as the applicable Index for determining the rate of interest for the related Variable Rate Debt Security, the following provisions shall apply (unless otherwise specified in the applicable Supplemental Agreement):

"SOFR" means the Secured Overnight Financing Rate published by the FRBNY on the FRBNY's Website. With respect to any U.S. Government Securities Business Day:

(1) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the FRBNY's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "SOFR Determination Time");

(2) if the rate specified in (1) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the FRBNY's Website;

"Compounded SOFR" means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right] \times \frac{360}{d}$$

where, for purposes of applying the above formula:

"d_0," for any Observation Period, is the number of U.S. Government Securities Business Days in the relevant Observation Period;

"i" is a series of whole numbers from one to d0, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Observation Period;

"$SOFR_i$," for any U.S. Government Securities Business Day "i" in the relevant Observation Period, is equal to SOFR in respect of that day "i";

“n_i,” for any U.S. Government Securities Business Day “i” in the relevant Observation Period, is the number of calendar days from, and including, such U.S. Government Securities Business Day “i” to, but excluding, the following U.S. Government Securities Business Day (“i+1”); and

“d” is the number of calendar days in the relevant Observation Period.

The following definitions solely apply to the preceding description of SOFR and Compounded SOFR:

“FRBNY’s Website” means the website of the FRBNY, currently at http://www.newyorkfed.org, or any successor source.

“Observation Period” means, in respect of each Interest Period, the period from, and including, the date two U.S. Government Securities Business Days preceding the first date in such Interest Period to, but excluding, the date two U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period.

“U.S. Government Securities Business Day” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Effect of Benchmark Transition Event — SOFR

Benchmark Replacement. Notwithstanding the foregoing, if Freddie Mac determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the notes in respect of all determinations on such date and for all determinations on all subsequent dates.

Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, Freddie Mac will have the right to make Benchmark Replacement Conforming Changes from time to time.

Decisions and Determinations. Any determination, decision or election that may be made by Freddie Mac pursuant to this Section titled “Effect of Benchmark Transition Event — SOFR,” including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in Freddie Mac’s sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Debt Securities, shall become effective without consent from any other party.

Certain Defined Terms. As used in this Section titled “Effect of Benchmark Transition Event — SOFR,” and solely for purposes of this section:

“Benchmark” means, initially, SOFR, as such term is defined in Section titled “SOFR”; provided that if Freddie Mac determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement.

"Benchmark Replacement" means the first alternative set forth in the order below that can be determined by Freddie Mac as of the Benchmark Replacement Date.

(1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;

(2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or

(3) the sum of: (a) the alternate rate of interest that has been selected by Freddie Mac as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by Freddie Mac as of the Benchmark Replacement Date:

(1) the spread adjustment (which may be a positive or negative value or zero), or method for calculating or determining such spread adjustment, that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by Freddie Mac giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar- denominated floating rate notes at such time.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that Freddie Mac decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if Freddie Mac decides that adoption of any portion of such market practice is not administratively feasible or if Freddie Mac determines that no market practice for use of the Benchmark Replacement exists, in such other manner as Freddie Mac determines is reasonably necessary).

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark.

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"Reference Time" with respect to any determination of the Benchmark means (1) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (2) if the Benchmark is not Compounded SOFR, the time determined by Freddie Mac after giving effect to the Benchmark Replacement Conforming Changes.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(H) If the applicable Supplemental Agreement specifies the Prime Rate as the applicable Index for determining the rate of interest for the related Variable Rate Debt Securities, the following provisions shall apply:

The **“Prime Rate”** means, with respect to any Reset Date (in the following order of priority):

(1) the rate for the Prime Rate Determination Date, as published in H.15 or other recognized electronic source used for the purpose of displaying that rate opposite the caption “Bank prime loan”;

(2) if the rate is not published in H.15 by 5:00 p.m., New York City time, on the Reset Date, then the Prime Rate will be the arithmetic mean, determined by the Calculation Agent, of the rates (after eliminating certain rates, as described below in this clause (2)) that appear, at 11:00 a.m., New York City time, on the Prime Rate Determination Date, on Reuters USPRIME1 Page as the U.S. dollar prime rate or base lending rate of each bank appearing on that page; provided, that at least three rates appear. In determining the arithmetic mean:

(i) if 20 or more rates appear, the highest five rates (or in the event of equality, five of the highest) and the lowest five rates (or in the event of equality, five of the lowest) will be eliminated,

(ii) if fewer than 20 but 10 or more rates appear, the highest two rates (or in the event of equality, two of the highest) and the lowest two rates (or in the event of equality, two of the lowest) will be eliminated, or

(iii) if fewer than 10 but five or more rates appear, the highest rate (or in the event of equality, one of the highest) and the lowest rate (or in the event of equality, one of the lowest) will be eliminated;

(3) if fewer than three rates so appear on Reuters USPRIME1 Page pursuant to clause (2) above, then the Calculation Agent will request five major banks in the City of New York selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent) to provide a quotation of such banks’ U.S. dollar prime rates or base lending rates on the basis of the actual number of days in the year divided by 360 as of the close of business on the Prime Rate Determination Date. If at least three quotations are provided, then the Prime Rate will be the arithmetic mean determined by the Calculation Agent of the quotations obtained (and, if five quotations are provided, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or in the event of equality, one of the lowest));

(4) if fewer than three quotations are so provided pursuant to clause (3) above, the Calculation Agent will request five banks or trust companies organized and doing business under the laws of the United States or any state, each having total equity capital of at least U.S. $500,000,000 and being subject to supervision or examination by federal or state authority, selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent), to provide a quotation of such banks’ or trust companies’ U.S. dollar prime rates or base lending rates on the basis of the actual number of days in the year divided by 360 as of the close of business on the Prime Rate Determination Date. In making such selection of

five banks or trust companies, the Calculation Agent will include each bank, if any, that provided a quotation as requested in clause (3) above and exclude each bank that failed to provide a quotation as requested in clause (3). If at least three quotations are provided, then the Prime Rate will be the arithmetic mean determined by the Calculation Agent of the quotations obtained; and

(5) if fewer than three quotations are so provided pursuant to clause (4) above, then the Prime Rate will be the Prime Rate determined for the immediately preceding Reset Date. If the applicable Reset Date is the first Reset Date, then the Prime Rate will be the rate calculated pursuant to clause (1) for the most recent New York Banking Day preceding the Reset Date for which such rate was published in H.15.

(I) If the applicable Supplemental Agreement specifies the Treasury Rate as the applicable Index for determining the rate of interest for the related Variable Rate, the following provisions shall apply:

The **"Treasury Rate"** means, with respect to any Reset Date (in the following order of priority):

(1) the rate for the Treasury Rate Determination Date of Treasury Bills having the Index Maturity, as published in H.15, or other recognized electronic source used for the purpose of displaying that rate under the caption "U.S. government securities/Treasury bills (secondary market)";

(2) if the rate described in clause (1) above is not so published by 3.00 p.m., New York City time, on the Reset Date, then the rate from Treasury Auction of Treasury Bills having the Index Maturity, as that rate appears under the caption "INVEST RATE" on the display on Reuters USAUCTION10 Page or Reuters USAUCTION11 Page;

(3) if the rate described in clause (2) above is not published by 5:00 p.m., New York City time, on the Reset Date, then the auction average rate for Treasury Bills having the Index Maturity obtained from the applicable Treasury Auction as announced by the Treasury Department in the form of a press release under the heading "Investment Rate" by 5:00 p.m. on such Reset Date;

(4) if the rate described in clause (3) above is not so announced by the Treasury Department by 5:00 p.m., New York City time, on the Reset Date, then auction average rate obtained from the Treasury Auction of the applicable Treasury Bills, as otherwise announced by the Treasury Department by 5:00 p.m., New York City time, on the Reset Date as determined by the Calculation Agent;

(5) if such rate described in clause (4) is not so announced by the Treasury Department by 5:00 p.m., New York City time, on the Reset Date, the Calculation Agent will request five leading primary United States government securities dealers in the City of New York selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent) to provide a quotation of such dealers' secondary market bid yields, as of 3:00 p.m. on the Reset Date, for Treasury Bills with a remaining maturity closest to the Index Maturity (or, in the event that the remaining maturities are equally close, the longer remaining maturity). If at least three quotations are provided, then the Treasury Rate will be the arithmetic mean determined by the Calculation Agent of the quotations obtained; and

(6) if fewer than three quotations are so provided pursuant to clause (5) above, then the Treasury Rate for the immediately preceding Reset Date. If the applicable Reset Date is the first Reset Date, then the Treasury Rate will be the auction average rate for Treasury Bills having the Index Maturity from the most recent auction of Treasury Bills prior to the Reset Date for which such rate was announced by the Treasury Department in the form of a press release under the heading "Investment Rate."

The rate (including the auction average rate) for Treasury Bills and the secondary market bid yield for Treasury Bills will be obtained and expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable (or, if not so expressed, will be converted by the Calculation Agent to such a bond equivalent yield).

(J) If the applicable Supplemental Agreement specifies the CMT Rate as the applicable Index for determining the rate of interest for the related Variable Rate, the following provisions shall apply:

The **"CMT Rate"** means, with respect to any Reset Date (in the following order of priority):

(1) for any CMT Determination Date, the daily rate for the Index Maturity that appears on page "FRBCMT" on Reuters (or any other page that replaces the FRBCMT page on that service or any successor service) under the heading "...Treasury Constant Maturities. Federal Reserve Board Release H.15...Mondays Approximately 3:45 p.m.";

(2) if the applicable rate described in clause (1) is not displayed on Reuters page FRBCMT at 3:45 p.m., New York City time, on the CMT Determination Date, then the CMT Rate will be the Treasury constant maturity rate for the Index Maturity applicable for the CMT Determination Date as published in H.15;

(3) if the CMT Rate is not determined pursuant to clause (1) and the applicable rate described in clause (2) does not appear in H.15 at 3:45 p.m., New York City time, on the CMT Determination Date, then the CMT Rate will be the Treasury constant maturity rate, or other U.S. Treasury rate, applicable to an Index Maturity with reference to the CMT Determination Date, that:

(i) is published by the Federal Reserve or the Treasury Department; and

(ii) Freddie Mac has determined to be comparable to the applicable rate formerly displayed on the FRBCMT page on Reuters and published in H.15;

(4) if the CMT Rate is not determined pursuant to clause (1) or (2) and the rate described in clause (3) above does not appear at 3:45 p.m., New York City time, on the CMT Determination Date, then the CMT Rate will be the yield to maturity of the arithmetic mean of the secondary market offered rates for U.S. Treasury securities with an original maturity of approximately the Index Maturity and a remaining term to maturity of no more than one year shorter than the Index Maturity, and in a Representative Amount, as of approximately 3:45 p.m., New York City time, on the CMT Determination Date, as quoted by three primary U.S. government securities dealers in New York City that Freddie Mac selects. In selecting these offered rates, Freddie Mac will request quotations from five primary dealers and will disregard the highest quotation or, if there is equality, one of the highest and the lowest quotation or, if there is equality, one of the lowest. If two U.S. Treasury securities with an original maturity longer than the Index Maturity have remaining terms to maturity that are equally close to the Index Maturity, Freddie Mac will obtain quotations for the U.S. Treasury security with the shorter remaining term to maturity;

(5) if the CMT Rate is not determined pursuant to clause (1), (2) or (3) and fewer than five but more than two primary dealers are quoting offered rates as described in clause (4), then the CMT Rate for the CMT Determination Date will be based on the arithmetic mean of the offered rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded;

(6) if the CMT Rate is not determined pursuant to clause (1), (2), (3) or (4) and two or fewer primary dealers are quoting offered rates as described in clause (5), then the CMT Rate will be the yield to maturity of the arithmetic mean of the secondary market offered rates for U.S. Treasury securities having an original maturity longer than the Index Maturity and a remaining term to maturity closest to the Index Maturity, and in a Representative Amount, as of approximately 3:45 p.m., New York City time, on the CMT Determination Date, as quoted by three primary U.S. government securities dealers in New York City that Freddie Mac selects. In selecting these offered rates, Freddie Mac will request quotations from five primary dealers and will disregard the highest quotation, or, if there is equality, one of the highest and the lowest quotation or, if there is equality, one of the lowest;

(7) if the CMT Rate is not determined pursuant to clauses (1) through (6) above and fewer than five but more than two primary dealers are quoting offered rates as described in clause (6), then the CMT Rate for the CMT Determination date will be based on the arithmetic mean of the offered rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded;

(8) if the Calculation Agent obtains fewer than three quotations of the kind described in clause (6), the CMT Rate in effect for the new Interest Reset Period will be the CMT Rate in effect for the prior Interest Reset Period, or if the applicable Reset Date is the first Reset Date, the rate of interest payable for the new Interest Reset Period will be the initial interest rate; and

(9) if the CMT Rate in its present form ceases to exist and the provisions described in this Agreement for determining a fallback rate are found to be unreliable or result in a fallback rate that is not comparable to the CMT Rate, Freddie Mac, as the Calculation Agent, is authorized to designate an alternative determination method or index to the CMT Rate. If, prior to the time the CMT Rate may cease to exist, a new industry standard index is adopted, the Calculation Agent may elect, in its sole discretion, to use such standard index in lieu of the CMT Rate. If the Calculation Agent has designated an alternative determination method or index to the CMT Rate in accordance with the foregoing, the Calculation Agent in its sole discretion may determine the business day convention, the definition of business day and the interest determination date to be used and any other relevant methodology, including any adjustment factor needed to make such alternative determination method or index comparable to the CMT Rate base rate, in a manner that is consistent with industry-accepted practices. The Calculation Agent's designation of an alternative determination method or index as described herein will be final and binding on all parties.

(K) If the applicable Supplemental Agreement specifies the Federal Funds Rate (Daily) as the applicable Index for determining the rate of interest for the related Variable Rate, the following provisions shall apply:

The **"Federal Funds Rate (Daily)"** means, with respect to any Reset Date:

(1) the rate for the Business Day preceding the Federal Funds Rate (Daily) Determination Date for U.S. dollar federal funds, as published in the latest H.15 or other recognized electronic source used for the purpose of displaying that rate opposite the caption "Federal funds (effective)";

(2) if the rate specified in clause (1) is not published by 5:00 p.m., New York City time, on the Federal Funds Rate Determination Date, then the Calculation Agent will request five leading brokers (which may include the related Dealers or their affiliates) of federal funds transactions in the City of New York selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent) each to provide a quotation of the broker's effective rate for transactions in overnight federal funds arranged by the broker settling on the Business Day preceding the Federal Funds Rate (Daily) Determination Date. If at least two quotations are provided, then the Federal Funds Rate (Daily) will be the arithmetic mean determined by the Calculation Agent of the quotations obtained (and, if five quotations are provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest));

(3) if fewer than two quotations are so provided pursuant to clause (2) above, then the Calculation Agent will request five leading brokers (which may include the related Dealers or their affiliates) of federal funds transactions in the City of New York selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent) each to provide a quotation of the broker's rates for the last transaction in overnight federal funds arranged by the broker as of 11:00 a.m., New York City time, on the Business Day preceding the Federal Funds Rate (Daily) Determination Date. If at least two quotations are provided, then the Federal Funds Rate (Daily) will be the arithmetic mean determined by the Calculation Agent of the quotations obtained (and, if five quotations are provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)); and

(4) if fewer than two quotations are so provided pursuant to clause (3) above, then the Federal Funds Rate (Daily) as of such Federal Funds Rate (Daily) Determination Date will be the Federal Funds Rate (Daily) determined for the immediately preceding Reset Date. If the applicable Reset Date is the first Reset Date, then the rate of interest payable for the new Interest Rate Period will be the initial interest rate.

(j) *Fixed/Variable Rate Debt Securities*

Fixed/Variable Rate Debt Securities shall bear interest at a single fixed rate for one or more specified periods and at a rate determined by reference to one or more Indices, or otherwise, for one or more other specified periods. Fixed/Variable Rate Debt Securities also may bear interest at a rate that Freddie Mac may elect to convert from a fixed rate to a variable rate or from a variable rate to a fixed rate, if so provided in the applicable Supplemental Agreement.

If Freddie Mac may convert the interest rate on a Fixed/Variable Rate Debt Security from a fixed rate to a variable rate, or from a variable rate to a fixed rate, accrued interest for each Interest Payment Period may be calculated using an accrued interest factor in the manner described in Section 2.07(i)(E).

(k) *Zero Coupon Debt Securities*

Zero Coupon Debt Securities shall not bear interest.

(l) *Amortizing Debt Securities*

Amortizing Debt Securities are those on which Freddie Mac makes periodic payments of principal during the terms of such Debt Securities as described in the related Supplemental Agreement. Amortizing Debt Securities may bear interest at fixed or variable rates.

(m) *Debt Securities with Variable Principal Repayment Amounts*

Variable Principal Repayment Amount Debt Securities are those on which the amount of principal payable is determined with reference to an Index specified in the related Supplemental Agreement.

(n) *Mortgage Linked Amortizing Debt Securities*

Mortgage Linked Amortizing Debt Securities are Amortizing Debt Securities on which Freddie Mac makes periodic payments of principal based on the rate of payments on referenced mortgage or mortgage-related assets, as described in the related Supplemental Agreement. Mortgage Linked Amortizing Debt Securities may bear interest at fixed or variable rates.

(o) *Range Accrual Debt Securities*

Range Accrual Debt Securities are Variable Rate Debt Securities on which no interest may accrue during periods when the applicable Index is outside a specified range as described in the related Supplemental Agreement.

(p) *Extendible Variable Rate Debt Securities*

Extendible Variable Rate Debt Securities' are Variable Rate Debt Securities, the maturity of which may be extended at a Beneficial Owner's option effective as of specified dates, subject to a final maturity date, and that bear interest at variable rates subject to different Spreads for different specified periods, as described in the related Supplemental Agreement.

Section 2.08. Business Day Convention.

Unless otherwise specified in the applicable Supplemental Agreement, in any case in which an Interest Payment Date or Principal Payment Date is not a Business Day, payment of any interest on or the principal of the Debt Securities shall not be made on such date but shall be made on the next Business Day with the same force and effect as if made on such Interest Payment Date or Principal Payment Date, as the case may be. Unless otherwise provided in the applicable Supplemental Agreement, no interest on such payment shall accrue for the period from and after such Interest Payment Date or Principal Payment Date, as the case may be, to the actual date of such payment.

Section 2.09. Reopened Issues and Repurchases.

Freddie Mac reserves the right, in its discretion and at any time, to offer additional Debt Securities which have the same terms (other than Issue Date, interest commencement date and issue price) and conditions as Debt Securities for which settlement has previously occurred or been scheduled so as to form a single series of Debt Securities as specified in the applicable Supplemental Agreement.

Freddie Mac reserves the right, in its discretion and at any time, to purchase Debt Securities or otherwise acquire (either for cash or in exchange for securities) some or all of an issue of Debt Securities at any price or prices in the open market or otherwise. Such Debt Securities may be held, resold or canceled by Freddie Mac.

ARTICLE III

Form; Clearance and Settlement Procedures

Section 3.01. Form of Fed Book-Entry Debt Securities.

(a) *General*

Fed Book-Entry Debt Securities shall be issued and maintained only on the Fed Book-Entry System. Fed Book-Entry Debt Securities shall not be exchangeable for definitive Debt Securities. The Book-Entry Rules are applicable to Fed Book-Entry Debt Securities.

(b) *Title*

Fed Book-Entry Debt Securities shall be held of record only by Holding Institutions. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities to whose accounts Fed Book-Entry Debt Securities have been deposited shall be the Holders of such Fed Book-Entry Debt Securities. The rights of the Beneficial Owner of a Fed Book-Entry Debt Security with respect to Freddie Mac and the Federal Reserve Banks may be exercised only through the Holder of the Fed Book-Entry Debt Security. Freddie Mac and the Federal Reserve Banks shall have no direct obligation to a Beneficial Owner of a Fed Book-Entry Debt Security that is not also the Holder of the Fed Book-Entry Debt Security. The Federal Reserve Banks shall act only upon the instructions of the Holder in recording transfers of a Debt Security maintained on the Fed Book-Entry System. Freddie Mac and the Federal Reserve Banks may treat the Holders as the absolute owners of Fed Book-Entry Debt Securities for the purpose of making payments in respect thereof and for all other purposes, whether or not such Fed Book-Entry Debt Securities shall be overdue and notwithstanding any notice to the contrary.

The Holders and each other financial intermediary holding such Fed Book-Entry Debt Securities directly or indirectly on behalf of the Beneficial Owners shall have the responsibility of remitting payments for the accounts of their customers. All payments on Fed Book-Entry Debt Securities shall be subject to any applicable law or regulation.

(c) *Fiscal Agent*

The FRBNY shall be the Fiscal Agent for Fed Book-Entry Debt Securities.

In acting under the Fiscal Agency Agreement, the FRBNY shall act solely as Fiscal Agent of Freddie Mac and does not assume any obligation or relationship of agency or trust for or with any Holder of a Fed Book-Entry Debt Security.

Section 3.02. Form of Registered Debt Securities.

(a) *General*

As specified in the applicable Supplemental Agreement, Registered Debt Securities shall be deposited with (i) a custodian for, and registered in the name of a nominee of, DTC, or (ii) a Common Depositary, and registered in the name of such Common Depositary or a nominee of such Common Depositary.

(b) *Title*

The person in whose name a Registered Debt Security is registered in the Register shall be the Holder of such Registered Debt Security. Beneficial interests in a Registered Debt Security shall be represented, and transfers thereof shall be effected, only through book-entry accounts of financial institutions acting on behalf of the Beneficial Owners of such Registered Debt Security, as a direct or indirect participant in the applicable clearing system for such Registered Debt Security.

Freddie Mac, the Global Agent and the Registrar may treat the Holders as the absolute owners of Registered Debt Securities for the purpose of making payments and for all other purposes, whether or not such Registered Debt Securities shall be overdue and notwithstanding any notice to the contrary. Owners of beneficial interests in a Registered Debt Security shall not be considered by Freddie Mac, the Global Agent or the Registrar as the owner or Holder of such Registered Debt Security and, except as provided in Section 4.02(a), shall not be entitled to have Debt Securities registered in their names and shall not receive or be entitled to receive definitive Debt Securities. Any Beneficial Owner shall rely on the procedures of the applicable clearing system and, if such Beneficial Owner is not a participant therein, on the procedures of the participant through which such Beneficial Owner holds its interest, to exercise any rights of a Holder of such Registered Debt Securities.

Payments by DTC participants to Beneficial Owners of DTC Registered Debt Securities held through DTC participants shall be the responsibility of such participants. Payments with respect to Other Registered Debt Securities held through Euroclear, Clearstream, Luxembourg or any other applicable clearing system shall be credited to Euroclear participants, Clearstream, Luxembourg participants or participants of any other applicable clearing system in accordance with the relevant system's rules and procedures.

(c) *Global Agent*

In acting under the Global Agency Agreement, the Global Agent acts solely as a fiscal agent of Freddie Mac and does not assume any obligation or relationship of agency or trust for or with any Holder of a Registered Debt Security, except that any moneys held by the Global Agent for payment on a Registered Debt Security shall be held in trust for the Holder as provided in the Global Agency Agreement.

(d) *Registrar*

In acting under the Global Agency Agreement, the Registrar does not assume any obligation or relationship of agency or trust for, or with, any Holder of a Registered Debt Security.

Section 3.03. Clearance and Settlement Procedures.

(a) *General*

Unless otherwise provided in the applicable Supplemental Agreement:

(i) Most Debt Securities denominated and payable in U.S. dollars and distributed within the United States shall clear and settle through the Fed Book-Entry System.

(ii) Most Debt Securities denominated and payable in U.S. dollars and distributed simultaneously within and outside of the United States, including all Reference Securities, shall clear and settle, within the United States, through the Fed Book-Entry System and, outside of the United States, through the systems operated by Euroclear, Clearstream, Luxembourg and/or any other designated clearing system.

(iii) Debt Securities denominated or payable in a Specified Currency other than U.S. dollars (and Debt Securities denominated and payable in U.S. dollars that are not cleared and settled in accordance with clause (i) and (ii) above and distributed solely within the United States will clear and settle through the system operated by DTC.

(iv) Debt Securities denominated or payable in a Specified Currency other than U.S. dollars (and Debt Securities denominated and payable in U.S. dollars that are not cleared and settled in accordance with clauses (i) and (ii) above) and distributed simultaneously within and outside of the United States shall clear and settle through the systems operated by DTC, Euroclear, Clearstream, Luxembourg and/or any other designated clearing system.

(v) Debt Securities, irrespective of the Specified Currency in which such Debt Securities are denominated or payable, distributed solely outside of the United States shall clear and settle through the systems operated by Euroclear, Clearstream, Luxembourg and/or any other designated clearing system or, in certain cases, DTC.

(b) *Primary Distribution*

(i) *General.* On initial issue, Debt Securities shall be credited through one or more of the systems specified below or any other system specified in the applicable Supplemental Agreement.

(ii) *Federal Reserve Banks.* Fed Book-Entry Debt Securities shall be issued and settled through the Fed-Book-Entry System in same-day funds and shall be held by designated Holding Institutions. After initial issue, all Fed Book-Entry Debt Securities shall continue to be held by such Holding Institutions in the Fed Book-Entry System unless arrangements are made for the transfer thereof to another Holding Institution. Fed Book-Entry Debt Securities shall not be exchangeable for definitive Debt Securities.

(iii) *DTC.* DTC participants acting on behalf of investors holding DTC Registered Debt Securities through DTC shall follow the delivery practices applicable to securities eligible for DTC's Same-Day Funds Settlement System. DTC Registered Debt Securities shall be credited to DTC participants' securities accounts following confirmation of receipt of payment to Freddie Mac on the relevant Issue Date.

(iv) *Euroclear and Clearstream, Luxembourg.* Investors holding Other Registered Debt Securities through Euroclear, Clearstream, Luxembourg or such other clearing system shall follow the settlement procedures applicable to conventional Eurobonds in registered form. Such Other Registered Debt Securities shall be credited to Euroclear, Clearstream, Luxembourg or such other clearing system participants' securities accounts either on the relevant Issue Date or on the settlement day following the relevant Issue Date against payment in same-day funds (for value on the relevant Issue Date).

(c) *Secondary Market Transfers*

(i) *Fed Book-Entry Debt Securities.* Transfers of Fed Book-Entry Debt Securities shall take place only in book-entry form on the Fed Book-Entry System. Such transfers shall occur between Holding Institutions in accordance with the rules of the Fed Book-Entry System.

(ii) *Registered Debt Securities.* Transfers of beneficial interests in Registered Debt Securities within the various systems that may be clearing and settling interests therein shall be made in accordance with the usual rules and operating procedures of the relevant system applicable to the Registered Debt Securities and the nature of the transfer.

(iii) Freddie Mac shall not bear responsibility for the performance by any system or the performance of the system's respective direct or indirect participants or accountholders of the respective obligations of such participants or account holders under the rules and procedures governing such system's operations.

ARTICLE IV

Payments, Exchange for Definitive Debt Securities

Section 4.01. Payments.

(a) *Payments on Fed Book-Entry Debt Securities*

Payments of principal of and any interest on Fed Book-Entry Debt Securities shall be made in U.S. dollars (except as otherwise provided in the applicable Supplemental Agreement) on the applicable payment dates to Holders thereof as of the end of the Business Day preceding each such payment date. Payments on Fed Book-Entry Debt Securities shall be made by credit of the payment amount to the Holders' accounts at the relevant Federal Reserve Bank. All payments to or upon the order of a Holder shall be valid and effective to discharge the liability of Freddie Mac and the Fiscal Agent in respect of the related Fed Book-Entry Debt Securities.

(b) *Payments on Registered Debt Securities*

(i) Payments in respect of Registered Debt Securities shall be made in immediately available funds to DTC, Euroclear, Clearstream, Luxembourg or any other applicable clearing system, or their respective nominees, as the case may be, as the Holders thereof. Except as provided in Article VII hereof, such payments shall be made in the Specified Payment Currency. All payments to or upon the order of the Holder of a Registered Debt Security shall be valid and effective to discharge the liability of Freddie Mac in respect of such Registered Debt Security. Ownership positions within each system shall be determined in accordance with the normal conventions observed by such system. Freddie Mac, the Global Agent and the Registrar shall not have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Registered Debt Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(ii) Interest on a Registered Debt Security shall be paid on the applicable Interest Payment Date. Such interest payment shall be made to the Holder of such Registered Debt Security as of the close of business on the related Record Date. The first payment of interest on any Registered Debt Security originally issued between a Record Date and the related Interest Payment Date shall be made on the Interest Payment Date following the next Record Date to the Holder on such next Record Date. The principal of each Registered Debt Security, together with accrued and unpaid interest thereon, shall be paid to the Holder thereof against presentation and surrender of such Registered Debt Security.

(iii) All payments on Registered Debt Securities are subject to any applicable law or regulation. If a payment outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions, payments in respect of the related Registered Debt Securities shall be made at the office of any paying agent in the United States.

Section 4.02. Exchange for Definitive Debt Securities.

In the event that Freddie Mac issues definitive Debt Securities in exchange for Registered Debt Securities issued in global form, such definitive Debt Securities shall have terms identical to the Registered Debt Securities for which they were exchanged except as described below.

(a) *Issuance of Definitive Debt Securities*

Unless otherwise provided in the applicable Supplemental Agreement, beneficial interests in Registered Debt Securities issued in global form shall be subject to exchange for definitive Debt Securities only if such exchange is permitted by applicable law and (i) in the case of a DTC Registered Debt Security, DTC notifies Freddie Mac that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to such DTC Registered Debt Security, or ceases to be a "clearing agency" registered under the Securities Exchange Act of 1934 (if so required), or is at any time no longer eligible to act as such, and in each case Freddie Mac is unable to locate a successor within 90 calendar days of receiving notice of such ineligibility on the part of DTC; (ii) in the case of any Other Registered Debt Security, if all of the systems through which it is cleared or settled are closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or are permanently closed for business or have announced an intention permanently to cease business and in any such situations Freddie Mac is unable to locate a single successor within 90 calendar days of such closure; or (iii) an Event of Default has occurred and continues unremedied. In such circumstances, Freddie Mac shall cause sufficient definitive Debt Securities to be executed and delivered as soon as practicable (and in any event within 45 calendar days of Freddie Mac's receiving notice of the occurrence of such circumstances) to the Global Agent or its agent for completion, authentication and delivery to the relevant registered holders of such definitive Debt Securities. A person having an interest in a DTC Registered Debt Security or Other Registered Debt Security issued in global form shall provide Freddie Mac or the Global Agent with a written order containing instructions and such other information as Freddie Mac or the Global Agent may require to complete, execute and deliver such definitive Debt Securities in authorized denominations.

(b) *Title*

The person in whose name a definitive Debt Security is registered in the Register shall be the **"Holder"** of such definitive Debt Security. Freddie Mac, the Global Agent and the Registrar may treat the Holders as the absolute owners of definitive Debt Securities for the purpose of making payments and for all other purposes, whether or not such definitive Debt Securities shall be overdue and notwithstanding any notice to the contrary.

(c) *Payments*

Interest on a definitive Debt Security shall be paid on the applicable Interest Payment Date. Such interest payments shall be made by check mailed to the Holder thereof at the close of business on the Record Date preceding such Interest Payment Date at such Holder's address appearing in the Register. The principal of each definitive Debt Security, together with accrued and unpaid interest thereon, shall be due on the Principal Payment Date (subject to the right of the Holder thereof on the related Record Date to receive interest due on an Interest Payment Date that is on or prior to such Principal Payment Date) and shall be paid against presentation and surrender of such definitive Debt Security at the offices of the Global Agent or other paying agent. Payments on the Principal Payment Date shall be made by check provided at the appropriate office of the Global Agent or other paying agent or mailed by the Global Agent to the Holder of such definitive

Debt Security. U.S. dollar checks shall be drawn on a bank in the United States. Checks in a Specified Payment Currency other than U.S. dollars shall be drawn on a bank office located outside the United States.

Notwithstanding the provisions described in the preceding paragraph relating to payments by check, the Holder of an aggregate principal amount of at least $10,000,000 of an issue of Debt Securities of which definitive Debt Securities form a part (or, in the case of a definitive Debt Security denominated in a Specified Currency other than U.S. dollars, the Specified Currency equivalent of at least $10,000,000) may elect to receive payments thereon by wire transfer of immediately available funds in the Specified Payment Currency to an account in such Specified Payment Currency with a bank designated by such Holder that is acceptable to Freddie Mac; provided, that such bank has appropriate facilities therefor and accepts such transfer and such transfer is permitted by any applicable law or regulation and will not subject Freddie Mac to any liability, requirement or unacceptable charge. In order for such Holder to receive such payments, the relevant paying agent (including the Global Agent) must receive at its office from such Holder (i) in the case of payments on an Interest Payment Date, a written request therefor not later than the close of business (a) on the related Record Date in the case of a definitive Debt Security or (b) 15 days prior to such Interest Payment Date in the case of a Registered Debt Security issued in the global form; or (ii) in the case of payments on the Principal Payment Date, a written request therefor not later than the close of business on the date 15 days prior to such Principal Payment Date and the related definitive Debt Security not later than two Business Days prior to such Principal Payment Date. Such written request must be delivered to the relevant paying agent (including the Global Agent) by mail, by hand delivery or by tested or authenticated telex. Any such request shall remain in effect until the relevant paying agent receives written notice to the contrary.

All payments on definitive Debt Securities shall be subject to any applicable law or regulation. If a payment outside the United States is illegal or effectively precluded by exchange controls or similar restrictions, payments in respect of the related definitive Debt Securities may be made at the office of any paying agent in the United States.

(d) *Partial Redemption*

Definitive Debt Securities subject to redemption in part by Freddie Mac shall be selected by the Global Agent by lot or in such other manner as the Global Agent deems fair and appropriate, subject to the requirement that the principal amount of each outstanding definitive Debt Security after such redemption is in an authorized denomination.

(e) *Transfer and Exchange*

Definitive Debt Securities shall be presented for registration of transfer or exchange (with the form of transfer included thereon properly endorsed, or accompanied by a written instrument of transfer, with such evidence of due authorization and guaranty of signature as may be required by the Registrar, duly executed) at the office of the Registrar or any other transfer agent upon payment of any taxes and other governmental charges and other amounts, but without payment of any service charge to the Registrar or such transfer agent for such transfer or exchange. A transfer or exchange shall not be effective unless, and until, recorded in the Register.

A transfer or exchange of a definitive Debt Security shall be effected upon satisfying the Registrar with regard to the documents and identity of the person making the request and subject to such reasonable regulations as Freddie Mac may from time to time agree with the Registrar. Such documents may include forms prescribed by U.S. tax authorities to establish the applicability of, or the exemption from, withholding or other taxes regarding the transferee Holder. Definitive Debt Securities may be transferred or exchanged in whole or in part only in the authorized denominations of the DTC Registered Debt Securities or Other Registered Debt Securities issued in global form for which they were exchanged. In the case of a transfer of a definitive Debt Security in part, a new definitive Debt Security in respect of the balance not transferred shall be issued to the transferor. In addition, replacement of mutilated, destroyed, stolen or lost definitive Debt Securities also is subject to the conditions discussed above with respect to transfers and exchanges generally. Each new definitive Debt Security to be issued upon transfer of such a definitive Debt Security, as well as the definitive Debt Security issued in respect of the balance not transferred, shall be mailed to such address as may be specified in the form or instrument of transfer at the risk of the Holder entitled thereto in accordance with the customary procedures of the Registrar.

ARTICLE V

Secured Debt Securities

If so provided in the applicable Supplemental Agreement, the indebtedness represented by certain Debt Securities shall be secured obligations of Freddie Mac. In such event, the description of the security interest and the terms of the grant of the security interest shall be set forth in the applicable Supplemental Agreement.

ARTICLE VI

Currency Conversions

Section 6.01. Currency Conversions for DTC Registered Debt Securities.

(a) In the case of DTC Registered Debt Securities whose Specified Payment Currency is other than U.S. dollars, the Currency Exchange Bank specified in the applicable Supplemental Agreement, for Holders of such DTC Registered Debt Securities, shall convert any amounts paid by Freddie Mac in such Specified Payment Currency into U.S. dollars, unless such Holders elect to receive payments in such Specified Payment Currency as hereinafter described. Freddie Mac shall have no responsibility for the conversion of the Specified Payment Currency for such DTC Registered Debt Securities into U.S. dollars.

(b) The U.S. dollar amount to be received by a Holder of a DTC Registered Debt Security in respect of which payments are to be converted from the Specified Payment Currency into U.S. dollars shall be determined by the Currency Exchange Bank in the morning of the day that would be considered the date for “spot” settlement of the Specified Payment Currency on the applicable payment date in accordance with market convention (generally two New York business days prior to such payment date) at the market rate determined by the Currency Exchange Bank to accomplish the conversion on such payment date of the aggregate amount of the Specified Payment Currency payable in respect of DTC Registered Debt Securities scheduled to receive payments converted into U.S. dollars. All currency exchange costs shall be borne by the Holders of such DTC Registered Debt Securities (and, accordingly, by the related Beneficial Owners) by deductions from such payments. In the event all or any portion of a Specified Payment Currency is not convertible into U.S. dollars, Holders of such DTC Registered Debt Securities shall receive payment in the Specified Payment Currency.

(c) A Holder of a DTC Registered Debt Security to be paid in a Specified Payment Currency other than U.S. dollars shall have the option to receive payments of the principal of and any interest on such DTC Registered Debt Security in the Specified Payment Currency by notifying DTC no later than the date 12 days prior to such Principal Payment Date or Interest Payment date, as applicable.

ARTICLE VII

Events of Default and Remedies

Section 7.01. Events of Default.

(a) An "**Event of Default**" with respect to a specific issue of Debt Securities shall consist of (i) any failure by Freddie Mac to pay to Holders of such Debt Securities any required payment that continues unremedied for 30 days; (ii) any failure by Freddie Mac to perform in any material respect any other covenant or agreement in this Agreement, which failure continues unremedied for 60 days after the giving of notice of such failure to Freddie Mac by the Holders of not less than 25% of the outstanding principal amount (or notional principal amount) of such Debt Securities; (iii) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of Freddie Mac in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appoint a receiver, liquidator, assignee, custodian, or sequestrator (or other similar official) of Freddie Mac or for all or substantially all of its property, or order the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (iv) Freddie Mac shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, or sequestrator (or other similar official) of Freddie Mac or any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due.

The appointment of a conservator (or other similar official) by a regulator having jurisdiction over Freddie Mac, whether or not Freddie Mac consents to such appointment, will not constitute an Event of Default.

Section 7.02. Rights Upon Event of Default.

(a) As long as an Event of Default under this Agreement remains unremedied, Holders of not less than 50% of the outstanding principal amount (or notional principal amount) of an issue of Debt Securities to which such Event of Default relates may, by written notice to Freddie Mac, declare such Debt Securities due and payable and accelerate the maturity of such Debt Securities. Upon such acceleration, the principal amount of such Debt Securities and the interest accrued thereon shall be due and payable.

(b) No Holder has any right under this Agreement to institute any action or proceeding at law or in equity or in bankruptcy or otherwise, or for the appointment of a receiver or trustee, or for any other remedy, unless (i) such Holder previously has given to Freddie Mac written notice of an Event of Default and of the continuance thereof; (ii) the Holders of not less than 50% of the outstanding principal amount (or notional principal amount) of an issue of Debt Securities to which such Event of Default relates have given written notice to Freddie Mac of such Event of Default; and (iii) such Event of Default continues uncured for a period of 60 days following such notice. No Holder of an issue of Debt Securities has any right in any manner whatsoever by virtue of or by availing itself of any provision of this Agreement to affect, disturb or prejudice the rights of any other such Holder, or to obtain or seek to obtain preference or priority over any other such Holder or to enforce any right under this Agreement, except in the manner provided in this Agreement and for the ratable and common benefit of all such Holders.

(c) Prior to or after the institution of any action or proceeding relating to an issue of Debt Securities, the Holders of not less than 50% of the outstanding principal amount (or notional principal amount) of such Debt Securities may waive an Event of Default, whether or not it has resulted in a declaration of an acceleration of the maturity of such Debt Securities, and may rescind and annul any previously declared acceleration.

(d) Whenever in this Agreement it is provided that the Holders of a specified percentage in outstanding principal amount (or notional principal amount) of an issue of Debt Securities may take any action (including the making of any demand or request, or the giving of any authorization, notice, consent or waiver), the fact that at the time of taking any such action the Holders of such specified percentage have joined therein may be evidenced by a writing, or any number of writings of similar tenor, executed by Holders in person, or by an agent or proxy appointed in writing.

ARTICLE VIII

Miscellaneous Provisions

Section 8.01. Limitations on Liability of Freddie Mac and Others.

Neither Freddie Mac nor any of its directors, officers, employees or agents shall be under any liability to the Holders or Beneficial Owners for any action taken, or not taken, by them in good faith under this Agreement or for errors in judgment. This provision will not protect Freddie Mac or any other related person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence or by reason of reckless disregard of obligations and duties under this Agreement. Freddie Mac and such related persons shall have no liability of whatever nature for special, indirect or consequential damages, lost profits or business, or any other liability or claim (other than for direct damages), even if reasonably foreseeable or Freddie Mac has been advised of the possibility of such loss, damage, liability or claim.

In performing its responsibilities under this Agreement, Freddie Mac may employ agents or independent contractors. Except upon an Event of Default (as defined herein), Freddie Mac shall not be subject to the control of Holders in any manner in the discharge of its responsibilities pursuant to this Agreement.

Freddie Mac shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its responsibilities under this Agreement and which in its opinion may involve it in any expense or liability. However, Freddie Mac may in its discretion undertake any such legal action which it may deem necessary or desirable in the interests of the Holders. In such event, the legal expenses and costs of such action shall be expenses and costs of Freddie Mac.

Section 8.02. Binding Effect of this Agreement.

(a) By receiving and accepting a Debt Security, each Holder, financial intermediary and Beneficial Owner of such Debt Security unconditionally agrees, without any signature or further manifestation of assent, to be bound by the terms and conditions of this Agreement, as supplemented, modified or amended pursuant to its terms.

(b) This Agreement shall be binding upon and inure to the benefit of any successor to Freddie Mac.

Section 8.03. Replacement.

Any Registered Debt Security in definitive form that becomes mutilated, destroyed, stolen or lost shall be replaced by Freddie Mac at the expense of the Holder upon delivery to the Global Agent of evidence of the destruction, theft or loss thereof, and an indemnity satisfactory to Freddie Mac and the Global Agent. Upon the issuance of any substituted Registered Debt Security, Freddie Mac or the Global Agent may require the payment by the Holder of a sum sufficient to cover any taxes and expenses connected therewith.

Section 8.04. Conditions to Payment, Transfer or Exchange.

Freddie Mac, its agent or any other person potentially required to withhold with respect to payments on a Debt Security shall have the right to require a Holder of a Debt Security, as a condition to payment of principal of or interest on such Debt Security, or as a condition to transfer or exchange of such Debt Security, to present at such place as Freddie Mac, its agent or such other person shall designate a certificate in such form as Freddie Mac, its agent or such other person may from time to time prescribe, to enable Freddie Mac, its agent or such other person to determine its duties and liabilities with respect to (i) any taxes, assessments or governmental charges which Freddie Mac, any Federal Reserve Bank, the Global Agent or such other person, as the case may be, may be required to deduct or withhold from payments in respect of such Debt Security under any present or future law of the United States or jurisdiction therein or any regulation or interpretation of any taxing authority thereof; and (ii) any reporting or other requirements under such laws, regulations or interpretations. Freddie Mac, its agent or such other person shall be entitled to determine its duties and liabilities with respect to such deduction, withholding, reporting or other requirements on the basis of information contained in such certificate or, if no certificate shall be presented, on the basis of any presumption created by any such law, regulation or interpretation, and shall be entitled to act in accordance with such determination.

Section 8.05. Amendment.

(a) Freddie Mac may modify, amend or supplement this Agreement and the terms of an issue of Debt Securities, without the consent of the Holders or Beneficial Owners, (i) to cure any ambiguity, or to correct or supplement any defective provision or to make any other provision with respect to matters or questions arising under this Agreement or the terms of any Debt Security that are not inconsistent with any other provision of this Agreement or the Debt Security; (ii) to add to the covenants of Freddie Mac for the benefit of the Holders or surrender any right or power conferred upon Freddie Mac; (iii) to evidence the succession of another entity to Freddie Mac and its assumption of the covenants of Freddie Mac; (iv) to conform the terms of an issue of Debt Securities or cure any ambiguity or discrepancy resulting from any changes in the Book-Entry Rules or any regulation or document that are applicable to book-entry securities of Freddie Mac; (v) to increase the amount of an issue of Debt Securities as contemplated under Section 2.09; or (vi) in any other manner that Freddie Mac may determine and that will not adversely affect in any material respect the interests of Holders or Beneficial Owners at the time of such modification, amendment or supplement.

(b) In addition, either (i) with the written consent of the Holders of at least 50% of the aggregate then outstanding principal amount or notional principal amount of an issue of Debt Securities affected thereby, excluding any such Debt Securities owned by Freddie Mac; or (ii) by the adoption of a resolution at a meeting of Holders at which a quorum is present, by the Holders of at least 50% of the aggregate then outstanding principal amount or notional principal amount of an issue of Debt Securities represented at such meeting, excluding any such Debt Securities owned by Freddie Mac, Freddie Mac may from time to time and at any time modify, amend or supplement the terms of an issue of Debt Securities for the purpose of adding any provisions to or changing in any manner or eliminating any provisions of such Debt Securities or modifying in any manner the rights of the Holders; provided, however, that no such modification, amendment or supplement may, without the written consent or affirmative vote of each Holder of a Debt Security; (A) change the Maturity Date or any Interest Payment Date of such Debt Security; (B) materially modify the redemption or repayment provisions, if any, relating to the redemption or repayment price of, or any redemption or repayment date or period for, such Debt Security; (C) reduce the principal amount of, delay the principal payment of, or materially modify the rate of interest or the calculation of the rate of interest on, such Debt Security; (D) in the case of Registered Debt Securities only, change the Specified Payment Currency of such Registered Debt Security; or (E) reduce the percentage of Holders whose consent or affirmative vote is necessary to modify, amend or supplement the terms of the relevant issue of Debt Securities. A quorum at any meeting of Holders called to adopt a resolution shall be Holders entitled to vote a majority of the then aggregate outstanding principal amount or notional principal amount of an issue of such Debt Securities called to such meeting and, at any reconvened meeting adjourned for lack of a quorum, 25% of the then aggregate outstanding principal amount or notional principal amount of such issue of Debt Securities, in both cases excluding any such Debt Securities owned by Freddie Mac. It shall not be necessary for the Holders to approve the particular form of any proposed amendment, but it shall be sufficient if such consent or resolution approves the substance of such change. If any modification, amendment or supplement of the terms of an issue of Debt Securities that have been separated into Interest and Principal Components requires the consent of Holders, only the Holders of the Principal Components will be entitled to give or withhold that consent. Holders of Interest Components will have no right to give or withhold such consent.

(c) The “principal amount,” for purposes of the preceding paragraph, for a Debt Security that is a Zero Coupon Debt Security issued at a discount or for a Debt Security issued at an “issue price” of 80% or less of its principal amount will be equal to (i) the issue price of such Debt Security; plus (ii) the original issue discount that has accrued from the Issue Date of such Debt Security to the OID Determination Date; minus (iii) any amount considered as part of the “stated redemption price at maturity” of such Debt Security that has been paid from the Issue Date of such Debt Security to the OID Determination Date.

The “principal amount,” for purposes of the second preceding paragraph, of a Debt Security whose Specified Principal Currency is other than U.S. dollars will be the U.S. dollar equivalent, determined on the Issue Date, of the principal amount (or, in the case of the Debt Securities referred to in the preceding paragraph, the amount determined in accordance with the provisions described in such preceding paragraph) of such Debt Security. The “principal amount” of a Debt Security with principal determined by reference to an Index will be described in the applicable Supplemental Agreement. The “principal amount” of a Debt Security with principal determined by reference to an Index will be described in the applicable Supplemental Agreement.

(d) Freddie Mac may establish a record date for the determination of Holders entitled to vote at any meeting of Holders of Debt Securities, to grant any consent in respect of Debt Securities and to notice with respect to any such meeting or consent.

(e) Any instrument given by or on behalf of any Holder of a Debt Security in connection with any consent to any such modification, amendment or supplement shall be irrevocable once given and shall be conclusive and binding on all subsequent Holders of such Debt Security or any Debt Security issued, directly or indirectly, in exchange or substitution therefor, irrespective of whether or not notation in regard thereto is made thereon. Any modification, amendment or supplement of this Agreement or of the terms of Debt Securities shall be conclusive and binding on all Holders of Debt Securities affected thereby, whether or not they have given such consent or were present at any meeting (unless by the terms of this Agreement a written consent or an affirmative vote of such Holders is required), and whether or not notation of such modification, amendment or supplement is made upon the Debt Securities.

Section 8.06. Securities Acquired by Freddie Mac.

Freddie Mac may, from time to time, repurchase or otherwise acquire (either for cash or in exchange for newly-issued Debt Securities) all or a portion of any issue of Debt Securities. Any Debt Securities owned by Freddie Mac shall have an equal and proportionate benefit under the provisions of this Agreement, without preference, priority or distinction as among such Debt Securities, except that in determining whether the Holders of the required percentage of the outstanding principal amount (or notional principal amount) of an issue of Debt Securities have given any required demand, authorization, notice, consent or waiver under this Agreement, any Debt Securities owned by Freddie Mac or any person directly or indirectly controlling or controlled by or under direct or indirect common control with Freddie Mac shall be disregarded and deemed not to be outstanding for the purpose of such determination.

Section 8.07. Notice.

(a) Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given to or served upon any Holder may be given or served in writing by deposit thereof, postage prepaid, in the mail, addressed to such Holder as such Holder’s name and address may appear in the records of Freddie Mac, a Federal Reserve Bank or the Registrar, as the case may be, or, in the case of a Holder of a Fed Book-Entry Debt Security by transmission to such Holder through the communication system linking the Federal Reserve Banks, or, in the case of a Holder of a Debt Security maintained on DTC, by transmission to such Holder through the DTC communication system. In the event that the Federal Reserve Banks’ communication system and/or the DTC communication system is unavailable, Freddie Mac may give notice to a Holder by making use of an alternate comparable communication system, platform or service. Such notice, demand or other communication to or upon any Holder shall be deemed to have been sufficiently given or made, for all purposes, upon mailing or transmission.

(b) Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given to or served upon Freddie Mac shall be given in writing addressed (until another address is published by Freddie Mac) as follows: Federal Home Loan Mortgage Corporation, 8200 Jones Branch Drive, McLean, Virginia 22102 Attention: General Counsel and Secretary. Such notice, demand or other communication to or upon Freddie Mac shall be deemed to have been sufficiently given or made only upon actual receipt of the writing by Freddie Mac.

Section 8.08. Governing Law.

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE HOLDERS AND FREDDIE MAC WITH RESPECT TO THE DEBT SECURITIES SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE UNITED STATES. INSOFAR AS THERE MAY BE NO APPLICABLE PRECEDENT, AND INSOFAR AS TO DO SO WOULD NOT FRUSTRATE THE PURPOSES OF THE FREDDIE MAC ACT OR ANY PROVISION OF THIS AGREEMENT OR THE TRANSACTIONS GOVERNED THEREBY, THE LAWS OF THE STATE OF NEW YORK SHALL BE DEEMED REFLECTIVE OF THE LAWS OF THE UNITED STATES.

Section 8.09. Headings.

The Article, Section and Subsection headings are for convenience only and shall not affect the construction of this Agreement.

FEDERAL HOME LOAN MORTGAGE CORPORATION

Freddie Mac
We make home possible®

Tel: (703) 918-5000
www.FreddieMac.com

Corporate Headquarters
8250 Jones Branch Drive
McLean, VA 22102

AGREEMENT

This Agreement ("Agreement") is entered into by and between the Federal Home Loan Mortgage Corporation ("Freddie Mac" or "Company") and David M. Brickman ("you"), effective on the date you assign a personal signature at the conclusion of this Agreement.

I. Participation in Business Transactions Involving Freddie Mac

To help protect Freddie Mac's confidential and proprietary information (as required by the Freddie Mac Code of Conduct following a separation of employment), you agree not to participate directly (or indirectly, by explicitly directing others in their direct participation in transactional activities) in any Business Transaction involving Freddie Mac, on behalf of yourself or a third party, for a period of ninety (90) calendar days following your date of separation from employment. For purposes of this paragraph, "Business Transaction" shall mean business engagements between Freddie Mac and third parties involving the purchase or sale of securities, properties or mortgages. This agreement shall not be construed as restricting my ability to be employed by, advise, or interact in a manner consistent with normal business interactions with people or entities that do transact with Freddie Mac. Questions regarding the scope of this prohibition should be directed to the Freddie Mac Compliance Helpline.

/s/ Michael T. Hutchins	/s/ David M. Brickman
For Freddie Mac	David M. Brickman
Date: 2/10/2021	Date: 2/9/2021

Exhibit 10.2

Freddie Mac
We make home possible℠

|Memo

David M. Brickman
Address Redacted
Address Redacted

February 9, 2021

Dear David:

I am writing to bring a matter to your attention regarding your 2020 compensation from Freddie Mac.

As you know, the Equity in Government Compensation Act of 2015 (“Act”) limits the amount of compensation to the CEO of no more than $600,000 annually. As part of our year end process in producing the Executive Compensation disclosure for the 2020 Annual Report, we identified the fact that you have received base salary during the 2020 calendar year in excess of $600,000.

The total amount in excess of $600,000 is $23,076.93. The excess is directly attributable to an extra pay period in 2020. There were 27 pay periods in 2020 as opposed to the normal 26 pay periods that typically occur in a calendar year.

Due to this overpayment, Freddie Mac is hereby requesting that you repay the net (after federal and state tax withholding) amount of **$15,216.90**.

If you would like to reduce this repayment amount further, you may sign the attached FICA form regarding your Medicare taxes, which would authorize Freddie Mac to seek a refund of these taxes and consequently reduce the repayment amount to **$14,882.28**. (Otherwise, if you wish, you can pay the slightly larger amount, and seek the Medicare tax refund yourself.)

Please sign below to affirm your agreement to make this repayment, and return the signed copy back to me electronically at gregory_watchman@freddiemac.com at your earliest convenience. Then please send a check in the above amount made out to Freddie Mac to 131 S. Dearborn, 6th Floor, Chicago, Illinois 60603. Please add the following to the memo line on the check: *Account Number Redacted*.

Many thanks,

Greg

Greg Watchman
VP & Deputy General Counsel
Freddie Mac

/s/ David M. Brickman
David M. Brickman

Freddie Mac
We make home possible®

8200 Jones Branch Drive
MS – A73
McLean, VA 22102

Federal Home Loan Mortgage Corporation
CLAIM FOR FICA TAX REFUND

Federal law requires that we obtain your signature before a refund of prior year FICA tax can be processed. Please complete the information below and return this form to:

Freddie Mac
Attention Payroll
8200 Jones Branch Drive
McLean, VA 22102

The form may be faxed to 703-918-8255 or emailed to payroll@freddiemac.com

I certify I have not claimed and will not claim, from the Internal Revenue Service, a refund in the amount of FICA taxes withheld from my wages during the time period indicated below.
I request the FICA taxes withheld be refunded to me by Federal Home Loan Mortgage Corporation.

NAME (please print) __David M. Brickman_________________________

Employee ID_*Employee ID Redacted*_

Address__*Address Redacted*____

_________*Address Redacted*____

____

Period of Withholding **2020**
Reason for Refund **Repayment of wages due to exceeding the statutory limit of $600,000 in calendar year 2020.**

Signature__/s/ David M. Brickman_______________________________ Date__2/2/2021_______

Exhibit 31.1

CERTIFICATION

PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a)

I, Mark B. Grier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of the Federal Home Loan Mortgage Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 29, 2021

/s/ Mark B. Grier

Mark B. Grier

Interim Chief Executive Officer

Exhibit 31.2

CERTIFICATION

PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a)

I, Christian M. Lown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of the Federal Home Loan Mortgage Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2021

/s/ Christian M. Lown

Christian M. Lown

Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of the Federal Home Loan Mortgage Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark B. Grier, Interim Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2021

/s/ Mark B. Grier

Mark B. Grier
Interim Chief Executive Officer

Exhibit 32.2

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of the Federal Home Loan Mortgage Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christian M. Lown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2021

/s/ Christian M. Lown

Christian M. Lown

Executive Vice President and Chief Financial Officer