Offering Circular

Freddie Mac

Federal Home Loan Mortgage Corporation

Multifamily Mortgage Participation Certificates (Guaranteed)

A Multifamily PC is a mortgage pass-through security issued and guaranteed by Freddie Mac. Each Multifamily PC represents an undivided interest in a PC Pool consisting of Mortgages secured by residential properties containing five or more dwelling units. Payments by borrowers on the Mortgages in a PC Pool are passed through by Freddie Mac to Holders of the Multifamily PCs representing interests in that PC Pool. The Glossary of Terms attached as Exhibit A defines capitalized terms used in this Offering Circular and provides additional information concerning certain types of Multifamily PCs and Mortgages.

The Mortgages in each PC Pool will be fixed-rate, first lien, whole loans and may be Fully Amortizing Mortgages, Amortizing Balloon Mortgages or Interest Only Balloon Mortgages. If so described in the applicable Pool Supplement, each Mortgage may provide for the payment of a Mortgage Prepayment Premium in connection with, or may contain a lockout provision prohibiting for a specified period, Prepayments by the borrower. See "The Mortgages — General Characteristics." Additional information relating to the Mortgages in a PC Pool will be set forth in the applicable Pool Supplement.

Freddie Mac offers Multifamily PCs for sale continuously pursuant to this Offering Circular and applicable Supplements. Each Multifamily Gold PC has a Payment Delay of 45 days and each Multifamily Original PC has a Payment Delay of 75 days.

Freddie Mac guarantees to each Holder of a Multifamily Gold PC (i) the timely payment of interest at the applicable PC Coupon, (ii) in the case of Multifamily Gold PCs backed by Fully Amortizing Mortgages or Amortizing Balloon Mortgages, the timely payment of Monthly Principal Reduction and (iii) the ultimate collection of all principal, without offset or deduction, no later than the Payment Date that occurs in the same month as the Multifamily Gold PC's Final Payment Date.

Freddie Mac guarantees to each Holder of a Multifamily Original PC (i) the timely payment of interest at the applicable PC Coupon and (ii) the ultimate collection of all principal, without offset or deduction, no later than the Payment Date that occurs in the twelfth month after the Multifamily Original PC's Final Payment Date.

Freddie Mac makes payments on Multifamily PCs monthly on each Payment Date. On each monthly Payment Date, a Holder receives (i) interest at the applicable PC Coupon on the principal balance of the Holder's Multifamily PC and (ii) the Holder's proportionate share of principal payments, if any, on the underlying Mortgages, as calculated by Freddie Mac using the Pool Factor Method.

Freddie Mac issues and administers Multifamily PCs pursuant to the terms of the PC Agreement, which contains a complete description of the rights and obligations of each Holder and of Freddie Mac. **The sale of a Multifamily PC by Freddie Mac and the receipt and acceptance of a Multifamily PC by or on behalf of a Holder, without any signature or further manifestation of assent, constitutes the unconditional acceptance by the Holder and all others having a beneficial interest in such Multifamily PC of all the terms and provisions of the PC Agreement.**

MULTIFAMILY PCs ARE NOT SUITABLE INVESTMENTS FOR ALL INVESTORS. IN PARTICULAR, NO INVESTOR SHOULD PURCHASE MULTIFAMILY PCs UNLESS THE INVESTOR UNDERSTANDS AND IS ABLE TO BEAR THE ASSOCIATED PREPAYMENT, YIELD, LIQUIDITY AND MARKET RISKS. Investors should purchase Multifamily PCs only if they have read this Offering Circular, any applicable Supplements, Freddie Mac's current Information Statement and any subsequent Information Statement Supplements. This Offering Circular incorporates by reference the PC Agreement, the Information Statement and such Information Statement Supplements. Prospective investors can obtain these documents and any Supplements (including Pool Supplements) from securities dealers that deal in Multifamily PCs or directly from Freddie Mac, by writing or calling its Investor Inquiry Department at 8200 Jones Branch Drive, McLean, Virginia 22102 (phone: 800/336-FMPC). Freddie Mac publishes and regularly updates information regarding PC Pools and the related Mortgages.

The obligations of Freddie Mac under its guarantees of the Multifamily PCs are obligations of Freddie Mac only. The Multifamily PCs, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. Income on the Multifamily PCs has no exemption under federal law from federal, state or local taxation. The Multifamily PCs are exempt from the registration requirements of the Securities Act of 1933 and are "exempted securities" within the meaning of the Securities Exchange Act of 1934.

Offering Circular dated December 2, 1994

AVAILABILITY OF INFORMATION

Freddie Mac regularly makes available to investors information regarding Multifamily PCs and the Mortgages in the related PC Pools. Information generally is provided as of PC Pool formation and as of subsequent scheduled information release dates. This information is available from various sources, including several information vendors that provide both original and updated securities information. Investors can obtain the names of these vendors, access to Freddie Answers℠ and a copy of the Pool Supplement for each PC Pool by writing or calling Freddie Mac's Investor Inquiry Department.

MULTIFAMILY PC SECURITY STRUCTURE

GUARANTEES

Freddie Mac guarantees to each Holder of a Multifamily Gold PC (i) the timely payment of interest at the applicable PC Coupon on the principal balance of the Holder's Multifamily Gold PC, as calculated by Freddie Mac under the Pool Factor Method, (ii) in the case of Multifamily Gold PCs backed by Fully Amortizing Mortgages or Amortizing Balloon Mortgages, the timely payment of the Holder's proportionate share of Monthly Principal Reduction and (iii) the ultimate collection of the Holder's proportionate share of all principal of the related Mortgages, without offset or deduction, no later than the Payment Date that occurs in the same month as the Multifamily Gold PC's Final Payment Date.

Freddie Mac guarantees to each Holder of a Multifamily Original PC (i) the timely payment of interest at the applicable PC Coupon on the principal balance of the Holder's Multifamily Original PC, as calculated by Freddie Mac under the Pool Factor Method and (ii) the ultimate collection of the Holder's proportionate share of all principal of the related Mortgages, without offset or deduction, no later than the Payment Date that occurs in the twelfth month after the Multifamily Original PC's Final Payment Date.

Freddie Mac may pay the amount due on account of its guarantee of ultimate collection of principal of a Mortgage at any time after default on that Mortgage, but not later than 30 days following (i) Freddie Mac's receipt of the proceeds from the foreclosure sale of the mortgaged property, (ii) if applicable, Freddie Mac's receipt of payment of an insurance or guaranty claim by the Mortgage insurer or guarantor or (iii) the expiration of any right of redemption that the borrower may have, whichever is the last to occur. In no event, however, will Freddie Mac make payment on account of this guarantee later than one year after an outstanding demand has been made upon the borrower for accelerated payment of principal or for payment of the principal due at maturity. Until Freddie Mac makes payment with respect to a Mortgage on account of its guarantee of ultimate collection of principal, Freddie Mac will continue to make payments with respect to that Mortgage under its guarantee of Monthly Principal Reduction, in the case of Multifamily Gold PCs, and on account of its guarantee of timely payment of interest, in the case of all Multifamily PCs.

PAYMENTS ON MULTIFAMILY PCs

Pool Factors

Freddie Mac makes principal and interest payments on Multifamily PCs using the Pool Factor Method. Freddie Mac currently publishes Pool Factors for each month after formation of a PC Pool on or about the first Business Day of the month for Multifamily Gold PCs and on or about the seventh Business Day of the month for Multifamily Original PCs. The Pool Factor for the month of PC Pool formation, which is not published, is always 1.0000000. The Pool Factor Method works as follows:

- Each month Freddie Mac determines the aggregate principal payment to be made on the Multifamily PCs representing interests in each PC Pool. In general, the principal payment on a Multifamily PC represents the pass-through of principal payments on the Mortgages in the related PC Pool. The principal balance of a PC Pool may not reflect exactly the aggregate principal balance of the underlying Mortgages, however, due to delays inherent in processing mortgage information.

• After determining the aggregate principal payment for each PC Pool, Freddie Mac calculates the remaining principal balance of the PC Pool, which it converts into the Pool Factor. The reduction in the Pool Factor in a given month measures the amount of principal to be paid to Holders on the Payment Date (i) in the same month for Multifamily Gold PCs or (ii) in the following month for Multifamily Original PCs.

On each monthly Payment Date, Freddie Mac passes through to the Holder of a Multifamily PC:

• its proportionate share of principal reflecting the reduction in the related Pool Factor (*i.e.*, the principal payment in any month on a Multifamily PC equals its original principal balance multiplied by the difference between the Pool Factors published in (i) the same month and the preceding month in the case of a Multifamily Gold PC or (ii) the two preceding months in the case of a Multifamily Original PC); and

• interest reflecting one month's interest at the applicable PC Coupon on the principal balance of the Multifamily PC before giving effect to the principal payment made on the same Payment Date (*i.e.*, the interest payment in any month on a PC equals 1/12th of the applicable PC Coupon multiplied by the principal balance of the Multifamily PC as reflected by the Pool Factor published in (i) the preceding month in the case of a Multifamily Gold PC or (ii) the second preceding month in the case of a Multifamily Original PC). Interest is computed on the basis of a 360-day year of twelve 30-day months.

Freddie Mac makes payments on a Multifamily PC on each Payment Date beginning in (i) the month after issuance for a Multifamily Gold PC or (ii) the second month after issuance for a Multifamily Original PC.

Calculation of Payments for Multifamily Gold PCs. The aggregate principal payment in any month on the Multifamily Gold PCs representing interests in a Multifamily Gold PC Pool equals the sum of:

• In the case of Multifamily Gold PCs backed by Fully Amortizing Mortgages or Amortizing Balloon Mortgages, Monthly Principal Reduction for the Multifamily Gold PC Pool for the Monthly Reporting Period ending in the month of payment; and

• In the case of all Multifamily Gold PCs, full + partial Prepayments on the related Mortgages for the Monthly Reporting Period that ended in the prior month.

Freddie Mac also may, in its discretion, include as part of the aggregate principal payment in any month on Multifamily Gold PCs any Prepayments received after the Monthly Reporting Period that ended in the prior month and before calculation of the aggregate principal payment, but is under no obligation to do so.

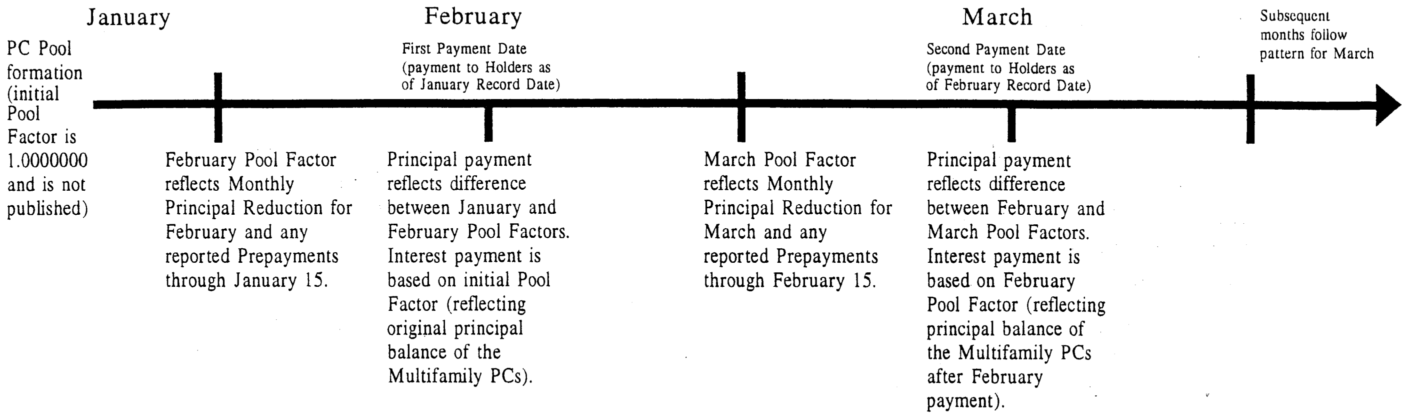
For a given month, Monthly Principal Reduction for a Multifamily Gold PC Pool backed by Fully Amortizing Mortgages or Amortizing Balloon Mortgages reflects Freddie Mac's calculation of the amount of scheduled amortization due on the related Mortgages in the Monthly Reporting Period ending in the same month. Freddie Mac calculates Monthly Principal Reduction each month based upon:

• the principal balance of each Mortgage in the Multifamily Gold PC Pool, adjusted for any Prepayments and any principal amounts previously passed through pursuant to Freddie Mac's guarantees; and

• the Mortgage Coupon of each Mortgage and the monthly principal and interest payment applicable to the Mortgage at the time of formation of the Multifamily Gold PC Pool (not including any balloon payment due on the Mortgage at maturity).

If a servicer fails to file an accurate or timely report of its collections of principal or the report cannot be processed, the principal payment on the Multifamily Gold PCs reflects Freddie Mac's usual calculation of Monthly Principal Reduction during the applicable Monthly Reporting Period, with any difference between actual payments on the Mortgages and the principal payments on the Multifamily Gold PCs being reconciled in subsequent periods.

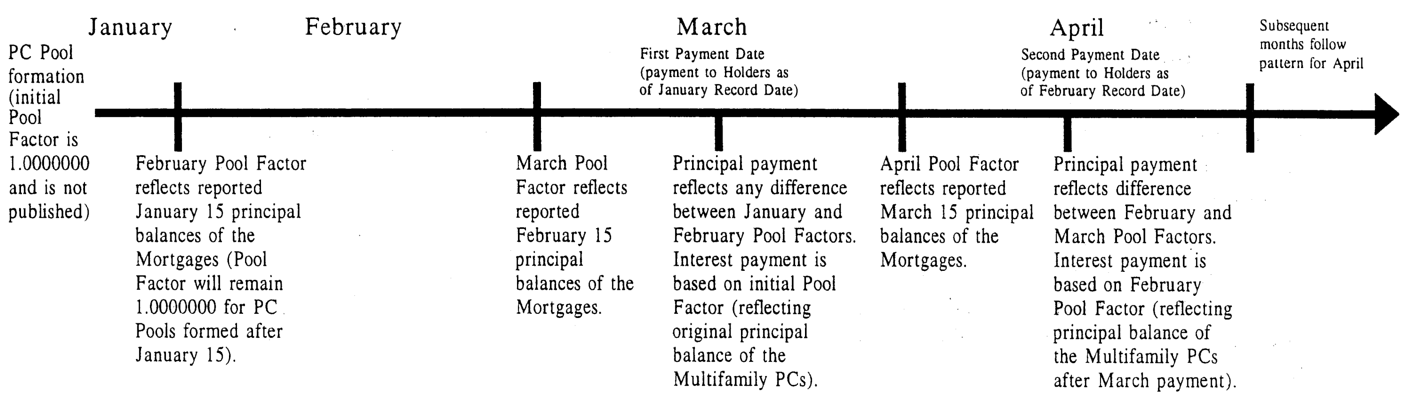
The following timeline illustrates the Pool Factor Method and the manner in which principal and interest payments are determined for Multifamily Gold PCs:



Calculation of Payments for Multifamily Original PCs. The aggregate principal payment in any month on the Multifamily Original PCs representing interests in a Multifamily Original PC Pool reflects any principal payments on the related Mortgages, including scheduled principal payments and Prepayments, reported by servicers for the Monthly Reporting Period that ended in the second preceding month. Freddie Mac does not calculate principal reduction for Multifamily Original PCs in the absence of reports from servicers; if a servicer fails to file a timely report of collections or the report cannot be processed, the Pool Factors for the affected PC Pools will not be reduced.

Freddie Mac also may, in its discretion, include as part of the aggregate principal payment in any month on Multifamily Original PCs any Prepayments received after the Monthly Reporting Period that ended in the second preceding month and before calculation of the aggregate principal payment, but is under no obligation to do so.

The following timeline illustrates the Pool Factor Method and the manner in which principal and interest payments are determined for Multifamily Original PCs.



PC POOL FORMATION

Freddie Mac forms PC Pools and creates and sells Multifamily PCs under the terms of the PC Agreement. Once Freddie Mac has identified a Mortgage to a PC Pool, the Mortgage remains in that PC Pool unless it is paid in full, foreclosed upon, repurchased or replaced by a substitute Mortgage. The repurchase of a Mortgage constitutes a Prepayment of that Mortgage; Freddie Mac passes through the proceeds of a repurchase as if the borrower had prepaid the Mortgage in full. The rate of interest payable to Freddie Mac on the Mortgages in a PC Pool will equal or exceed the PC Coupon of the related Multifamily PCs, with any difference retained by Freddie Mac as compensation for administering the PC Pool and guaranteeing payments on the related Multifamily PCs. The excess of the interest payable by the borrower on a Mortgage over the interest remitted to Freddie Mac by the servicer of the Mortgage is retained by the servicer as compensation for servicing the Mortgage.

Pooling Criteria

Freddie Mac may pool Multifamily Mortgages into either Multifamily Gold PC Pools or Multifamily Original PC Pools. The minimum original principal balance for a PC Pool is $5,000,000. Freddie Mac generally pools Mortgages according to the criteria summarized below. The characteristics of certain PC Pools and the related Multifamily PCs and Mortgages may differ from those described in this Offering Circular. Any such differences will be described in the applicable Pool Supplement.

Pooling by Mortgage Coupon. The Mortgage Coupon of each Mortgage in a PC Pool must fall within the range from the PC Coupon (plus the minimum required servicing fee) through 250 basis points above the PC Coupon.

Pooling by Mortgage Type

Mortgage Type		Maximum Original Term	Maximum Amortization Period	Multifamily Gold PC Prefix	Multifamily Original PC Prefix
Conventional	Fully Amortizing	30 years	30 years	W0	23
	Amortizing Balloon	15 years	30 years	W0	24
	Interest Only Balloon	10 years	Not Applicable	W0	24
FHA	Fully Amortizing	40 years	40 years	W0	23

- Freddie Mac pools Conventional Mortgages separately from FHA Mortgages.
- Freddie Mac pools Fully Amortizing Mortgages, Amortizing Balloon Mortgages and Interest Only Balloon Mortgages separately from each other.

FINAL PAYMENT DATE

By convention, the Final Payment Date of a Multifamily PC is always designated as the first day of a month, even though Payment Dates occur on the 15th day of each month. For a Multifamily Gold PC, the Final Payment Date is the first day of the month in which the last monthly payment on the Multifamily Gold PC is scheduled to be made, as determined at the time of PC Pool formation. For a Multifamily Original PC, the Final Payment Date is the first day of the month in which the last monthly payment on the latest maturing Mortgage in the related PC Pool is scheduled to be made.

A Holder may receive the final payment of interest and principal on a Multifamily PC before the month of its Final Payment Date because of Prepayments, including any repurchases of Mortgages that are in default or in danger of default. A Holder of a Multifamily Gold PC will receive the final payment of interest and principal on the Multifamily PC not later than the Payment Date in the month of the Final Payment Date. A Holder of a Multifamily Original PC may receive payments after the month of the Final Payment Date because of the up to 75 day delay in the pass-through of payments on the Mortgages. Payment plans, periods of forbearance, defaults or other actions that delay the receipt of Mortgage payments by Freddie Mac may also result in payments to Holders of Multifamily Original PCs after the month of the Final Payment Date.

OPTIONAL REDEMPTION

Unless otherwise provided in the applicable Pool Supplement, Freddie Mac may at its option redeem the Multifamily Gold PCs issued in respect of any Multifamily Gold PC Pool in whole, but not in part, on any Payment Date when, after giving effect to the principal payment to be made on such Payment Date, the aggregate outstanding principal balance of such Multifamily Gold PCs would be less than one percent of their original principal balance. Any optional redemption will be at a redemption price equal to 100% of the aggregate outstanding principal balance of the Multifamily Gold PCs redeemed, plus accrued and unpaid interest.

BOOK-ENTRY FORM, MINIMUM PRINCIPAL AMOUNTS AND TRANSFERS

Freddie Mac issues Multifamily PCs only in Book-Entry Form through the Federal Reserve Banks' book-entry system. Each Federal Reserve Bank acts as Freddie Mac's fiscal agent with regard to the registration, transfer and pledge of Multifamily PCs. The fiscal agency agreement between Freddie Mac and the Federal Reserve Bank of New York, acting on behalf of the Federal Reserve Banks as Freddie Mac's fiscal agent, makes generally applicable to the Multifamily PCs (i) the Freddie Mac Book-Entry Rules, (ii) the procedures, insofar as applicable, established from time to time by Treasury regulations governing obligations of the United States, as now contained in Treasury Circular No. 300, and (iii) such other procedures as may be agreed upon from time to time by Freddie Mac and the Federal Reserve Bank of New York. These rules and procedures relate primarily to the registration, transfer and pledge of Freddie Mac's book-entry securities. A copy of Circular No. 300 may be obtained upon request from any Federal Reserve Bank, the Treasury or Freddie Mac. Each PC Pool is assigned a CUSIP Number used, among other things, to identify the related Multifamily PCs.

Multifamily PCs are issued and must be maintained in minimum original principal amounts, by PC Pool, of $1,000 and additional increments of $1. A Multifamily PC may not be transferred if, as a result of the transfer, the transferor or the transferee would have on deposit in its account Multifamily PCs having an original principal amount of less than $1,000 with respect to the related PC Pool. Transfers also are subject to other applicable Federal Reserve Bank wire transfer requirements.

HOLDERS AND RECORD DATES

Multifamily PCs may be held of record only by entities eligible to maintain book-entry accounts with a Federal Reserve Bank. The accounts of Holders on the Federal Reserve Banks' book-entry system are governed by applicable operating circulars and letters of the Federal Reserve Banks. A Federal Reserve Bank's book-entry records will reflect a Holder's aggregate holdings of Multifamily PCs by account.

A Holder of a Multifamily PC is not necessarily the Beneficial Owner of the Multifamily PC. Beneficial Owners ordinarily hold Multifamily PCs through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. For example, an investor may hold a Multifamily PC through a brokerage firm that, in turn, holds the Multifamily PC through an entity eligible to maintain book-entry accounts with a Federal Reserve Bank. In that case the investor would be the Beneficial Owner of the Multifamily PC and the entity that appears as the holder on the records of a Federal Reserve Bank would be the Holder. A Holder that is not also the Beneficial Owner of a Multifamily PC, and each other financial intermediary in the chain between the Holder and the

Beneficial Owner, will be responsible for establishing and maintaining accounts for their respective customers. The rights of the Beneficial Owner of a Multifamily PC with respect to Freddie Mac and a Federal Reserve Bank may be exercised only through the Holder of the Multifamily PC. Neither Freddie Mac nor any Federal Reserve Bank will have a direct obligation to a Beneficial Owner of a Multifamily PC that is not also the Holder of the Multifamily PC. A Federal Reserve Bank will act only upon the instructions of the Holder in recording transfers of a Multifamily PC.

A Federal Reserve Bank credits payments to Holders on each applicable Payment Date. The close of business on the last day of a month is the Record Date for that month. A Holder of a Multifamily PC on the books and records of a Federal Reserve Bank as of the Record Date for a month will receive the entire payment made on the Multifamily PC on the Payment Date (i) in the following month for Multifamily Gold PCs or (ii) in the second following month for Multifamily Original PCs.

THE MORTGAGES

GENERAL CHARACTERISTICS

The Mortgages are fixed-rate, first lien whole loans secured by properties containing five or more dwelling units and designed primarily for residential use. The Mortgages may be secured by any type of multifamily dwelling acceptable to Freddie Mac, including high-rise buildings, garden apartments and townhouse apartments. Under certain circumstances, the Mortgages may be secured by dwellings subject to ground or similar leases or to subordinate liens. Borrowers may be individuals, partnerships, limited liability companies, corporations, trusts or other entities, including cooperative corporations or associations.

The Mortgages may be Conventional Mortgages or FHA Mortgages, but will not include mortgages insured by the FHA under Sections 232 (nursing homes and intermediate care facilities) or 234 (condominiums) of the National Housing Act.

The Mortgages may be Fully Amortizing Mortgages, Amortizing Balloon Mortgages or Interest Only Balloon Mortgages. Fully Amortizing Mortgages have original terms of from 10 to 30 years (up to 40 years for FHA Mortgages) and provide for level monthly payments of principal and interest sufficient to amortize the Mortgages over their original terms. Amortizing Balloon Mortgages have original terms of from 5 to 15 years, provide for level monthly payments of principal and interest sufficient to amortize the Mortgages over a period of up to 30 years and therefore require a balloon payment at maturity. Interest Only Balloon Mortgages have original terms of from 3 to 10 years, provide for interest-only monthly payments during their terms and require a balloon payment at maturity.

Conventional Mortgages may or may not contain "due-on-transfer" clauses that give the lender the ability to accelerate the remaining principal balance upon transfer of the property, or an interest therein, or upon transfer of a significant interest in the borrower. Conventional Mortgages containing such clauses also allow the lender to approve assumptions if certain conditions are met. Freddie Mac may permit assumption of a Conventional Mortgage containing a "due-on-transfer" clause at the existing Mortgage Coupon for the remaining Mortgage term if it determines that the creditworthiness and management ability of the transferee and the physical and financial condition of the mortgaged property meet any standards set forth in the "due-on-transfer" clause or, in the absence of such standards, are otherwise reasonably satisfactory. Conventional Mortgages that do not contain "due-on-transfer" clauses are assumable without limitation.

FHA Mortgages contain "due-on-transfer" clauses that allow assumptions with the consent of the FHA. If a borrower requests approval for assumption of an FHA Mortgage, Freddie Mac will instruct the servicer to seek the FHA's consent and will allow the assumption if such consent is received.

For additional information concerning Freddie Mac's policies on assumptions, see " —Mortgage Purchase and Servicing Standards — Mortgage Servicing — Assumption and Due-on-Transfer Policies." Any fees collected in connection with assumptions will be shared by Freddie Mac and the servicer as compensation for services and will not be passed through to Holders. See " —Mortgage Purchase and Servicing Standards — Mortgage Servicing — Fees."

Unless otherwise provided in the applicable Pool Supplement, Conventional Mortgages purchased by Freddie Mac allow Prepayment at any time and may require the payment of a Mortgage Prepayment Premium in connection with such Prepayments. Mortgage Prepayment Premiums may vary significantly among the Mortgages in a PC Pool. Information regarding the Mortgage Prepayment Premiums, if any, on the Mortgages in a PC Pool will be provided in the applicable Pool Supplement. Unless otherwise provided in the applicable Pool Supplement, any Mortgage Prepayment Premiums collected from borrowers will be retained by Freddie Mac and/or the servicer as compensation for services and will not be passed through to Holders. See "— Mortgage Purchase and Servicing Standards — Mortgage Servicing — Fees." If so described in the applicable Pool Supplement, Conventional Mortgages purchased by Freddie Mac may contain lockout provisions prohibiting Prepayments by borrowers during a portion or all of the term of the Mortgages. There can be no assurance that either a Mortgage Prepayment Premium or a lockout provision contained in a Mortgage will have the effect of preventing the Prepayment of the Mortgage under circumstances in which the Mortgage Prepayment Premium or lockout provision was intended to be applicable. For information concerning the circumstances under which Freddie Mac will require servicers to enforce Mortgage Prepayment Premiums and lockout provisions, see "— Mortgage Purchase and Servicing Standards — Mortgage Servicing — Prepayments."

FHA Mortgages purchased by Freddie Mac are prepayable in accordance with applicable FHA regulations and the Mortgage documents. The pertinent terms of such regulations and documents will be described in the applicable Pool Supplement.

To the extent the Mortgages in a PC Pool differ materially from the description of the Mortgages contained in this Offering Circular, such differences will be set forth in the applicable Pool Supplement.

MORTGAGE PURCHASE AND SERVICING STANDARDS

All mortgages purchased by Freddie Mac must meet certain standards established by the Freddie Mac Act. The Freddie Mac Act establishes limits on the original principal amount of the mortgages Freddie Mac purchases. The Freddie Mac Act also confines Freddie Mac to purchasing mortgages of such quality, type and class as to meet generally the purchase standards imposed by private institutional investors; in effect, the mortgages purchased must be readily marketable to institutional mortgage investors.

In addition, Freddie Mac has established its own set of mortgage purchase standards, including credit, appraisal and underwriting guidelines, which are contained in the *Multifamily Seller/Servicer Guide* and other mortgage purchase documents. Copies of the *Multifamily Seller/Servicer Guide* and other materials may be purchased from Freddie Mac's Subscription Services Department.

From time to time, Freddie Mac modifies its non-statutory mortgage purchase standards. Accordingly, Freddie Mac's mortgage purchase standards in the future may not conform to those described below. Freddie Mac also frequently grants requests from mortgage sellers to waive or modify specific aspects of its mortgage purchase standards in connection with the purchase of specific mortgages. If Freddie Mac determines that a waiver or modification of its mortgage purchase standards is likely to alter materially the payment behavior of the Mortgages in a PC Pool, information concerning the waiver or modification will be provided in the related Pool Supplement. Freddie Mac makes no representation that all or any portion of the Mortgages in any particular PC Pool will conform to all of the purchase standards set forth in the *Multifamily Seller/Servicer Guide*, other mortgage purchase documents or this Offering Circular.

The following summary of Freddie Mac's mortgage purchase standards is not intended to be complete and is qualified in its entirety by the *Multifamily Seller/Servicer Guide* and any other applicable mortgage purchase documents.

Credit, Appraisal and Underwriting Guidelines

Freddie Mac's credit, appraisal and underwriting guidelines are designed to determine the value of the real property securing a Mortgage and the creditworthiness of the borrower. These guidelines focus on such factors as (i) the strength of the market in which the mortgaged property is located (including the economic base, employment diversification, the balance of housing supply and demand, vacancy rates and the extent of rental concessions); (ii) the strength of the mortgaged property's operations (including the vacancy rate, rent levels and operating and maintenance expenses); (iii) the physical condition of the mortgaged property; (iv) the financial strength of the borrower and its principals (including their net worth, liquidity and credit history); and (v) the management experience and ability of the borrower and its principals or the property manager, as applicable.

Freddie Mac's administration of its guidelines may vary based on Freddie Mac's evaluation of and experience with the seller of the Mortgages, the loan-to-value and debt coverage ratios and age of the Mortgages, and other factors. In applying these guidelines, Freddie Mac generally requires that the Mortgages it purchases (i) be secured by properties with occupancy rates of at least 90%; (ii) have current debt coverage ratios (as determined by Freddie Mac) of at least 1.25 for the first mortgage and 1.20 for the first mortgage and any subordinate mortgages; (iii) have loan-to-value ratios of not more than 75% for the first mortgage and 80% for the first mortgage and any subordinate mortgages; and (iv) provide for the maintenance of replacement reserve accounts to fund the replacement of capital items at the mortgaged property. For certain Mortgages, Freddie Mac may require the borrower to have owned the mortgaged property for, or the Mortgage to have been originated, a specified period of time prior to delivery of the Mortgage to Freddie Mac for purchase. Freddie Mac may also require the establishment, for a relatively short period after Freddie Mac's purchase of a Mortgage, of a repair escrow account to fund specified repairs to the mortgaged property and/or an operating deficit escrow account to fund any shortfalls in the cash flow needed to pay operating expenses.

In addition to the guidelines established by Freddie Mac, any FHA Mortgages purchased by Freddie Mac must conform to the guidelines established by the FHA for the programs pursuant to which the Mortgages are insured.

Mortgage Amount

The Freddie Mac Act establishes limits on the maximum original per unit mortgage amount of any first lien Conventional Mortgage that Freddie Mac may purchase. These limits are equal to 125% of the limits set forth in Section 207(c)(3) of the National Housing Act for particular types of multifamily structures. Currently, the maximum original principal amount of a multifamily mortgage purchased by Freddie Mac is, for a non-elevator structure, $38,025 per unit without separate bedroom, $42,120 per 1-bedroom unit, $50,310 per 2-bedroom unit, $62,010 per 3-bedroom unit and $70,200 per 4-bedroom unit, and, for an elevator structure, $43,875 per unit without separate bedroom, $49,140 per 1-bedroom unit, $60,255 per 2-bedroom unit, $75,465 per 3-bedroom unit and $85,328 per 4-bedroom unit. The applicable limits are 50% higher for properties located in Alaska, Guam, Hawaii and the Virgin Islands. In any area that is determined to be a high cost area by the Secretary of the Department of Housing and Urban Development, the applicable limits are 240% of the limits set forth in Section 207(c)(3) of the National Housing Act. Currently, Freddie Mac does not purchase any multifamily mortgages having an original principal amount exceeding $50 million.

FHA Mortgages purchased by Freddie Mac have maximum original principal amounts as determined under the National Housing Act.

Eligible Sellers, Servicers and Warranties

Freddie Mac approves the institutions that may sell and service Mortgages on an individual basis after consideration of factors such as financial condition, operational capability and mortgage origination and/or servicing experience. Most sellers and servicers are HUD-approved mortgagees or FDIC-insured financial institutions. The seller of a Mortgage to Freddie Mac need not be the originator of that Mortgage. Any seller or servicer of an FHA Mortgage must also be approved by the FHA to originate and/or service such Mortgages.

Sellers are required to give warranties to Freddie Mac that are customary in secondary mortgage market purchases. These warranties cover such matters as proper execution of the Mortgage documents; the fact that payments on the Mortgage are current at the time of delivery to Freddie Mac; the physical condition of the mortgaged property; the existence of insurance coverage; and the accuracy of rent schedules. Sellers also warrant that they know of no inaccuracy in information provided by the borrower and of no impediment to enforceability of the Mortgage documents. If the seller has provided Freddie Mac with an environmental report on the mortgaged property prepared by a third party, the seller will warrant that the preparer has the qualifications required by Freddie Mac and that the seller knows of no departures from Freddie Mac's requirements in the preparation of the report and of no material inaccuracies in the report. If the seller has not provided such a report, the seller will warrant that it knows of no past or present storage, disposal or discharge of hazardous materials affecting the mortgaged property, no events or conditions that violate environmental or public health laws, and no pending or threatened environmental or public health proceedings with respect to the mortgaged property.

Mortgage Servicing

The *Multifamily Seller/Servicer Guide* contains Freddie Mac's servicing policies and procedures, which were developed to support the efficient and uniform servicing of Mortgages. From time to time, Freddie Mac modifies its mortgage servicing standards. Accordingly, Freddie Mac's mortgage servicing standards in the future may not conform to those described below. Freddie Mac also occasionally negotiates with mortgage sellers to modify specific aspects of its mortgage servicing standards in connection with the purchase and servicing of specific mortgages. If Freddie Mac determines that a modification of its mortgage servicing standards is likely to alter materially the payment behavior of the Mortgages in a PC Pool, information concerning the modification will be provided in the related Pool Supplement.

Each servicer must perform diligently all services and duties customary to the servicing of Mortgages or required by any applicable FHA or other federal regulations in a manner consistent with prudent servicing standards. The duties performed by a servicer include collection and remittance of principal and interest; administration of escrow accounts; collection of insurance or guaranty claims; and property inspections. A servicer retains a servicing fee in an amount that Freddie Mac believes sufficient to provide the servicer with an incentive to service the Mortgage properly. Subject to Freddie Mac's approval, servicers may transfer their servicing rights to other servicers acceptable to Freddie Mac. Freddie Mac receives remittances of Mortgage payments from servicers under various arrangements, which have no effect on the timing or the amount of monthly payments made to Holders. Pending payment to Holders, Freddie Mac may invest funds received from servicers at its own risk and for its own benefit. Freddie Mac monitors servicers' performance through periodic and special reports and inspections. A brief description of certain aspects of Freddie Mac's current servicing policies and procedures concerning prepayments, defaults, assumptions and fees follows.

Prepayments. A Prepayment may occur upon a sale of the real property securing a Mortgage, a refinancing of the Mortgage or a repurchase of the Mortgage from the PC Pool. Unless otherwise provided in the applicable Pool Supplement, Conventional Mortgages allow borrowers to make Prepayments at any time. The Mortgages in a PC Pool may require the payment of a Mortgage Prepayment Premium in connection with a Prepayment, if so described in the applicable Pool Supplement. In addition, the Mortgages in a PC Pool may contain lockout provisions prohibiting Prepayments by borrowers, if so described in the applicable Pool Supplement. Freddie Mac will require the servicer to enforce any Mortgage Prepayment Premiums and lockout provisions only to the extent that Freddie Mac would, at that time, seek to enforce similar Mortgage Prepayment Premiums and lockout provisions for comparable mortgages it has purchased but not resold. For example, Freddie Mac may waive Mortgage Prepayment Premiums and lockout provisions in connection with efforts to resolve existing or impending defaults or litigation, or when the benefits resulting from prepayment protection are likely to be substantially offset by the cost or result of enforcement. Unless otherwise provided in the applicable Pool Supplement, any Mortgage Prepayment Premiums collected from borrowers will be retained by Freddie Mac and/or the servicers and will not be passed through to Holders. FHA Mortgages purchased by Freddie Mac are prepayable in accordance with applicable FHA regulations and the Mortgage documents. The pertinent terms of such regulations and documents will be described in the applicable Pool Supplement.

A Mortgage repurchase can result from a material breach of a warranty, representation or agreement by the seller or servicer or from a defect in documentation; a right of recourse to the seller or servicer; certain measures to resolve an existing or impending delinquency or other default; by virtue of Freddie Mac's guarantee of the ultimate collection of principal; actions taken to maintain proper servicing of the Mortgage or to minimize loss; and certain other circumstances. In determining whether a Mortgage should be repurchased, Freddie Mac considers a variety of factors, including whether the repurchase will reduce Freddie Mac's administrative costs or Freddie Mac's possible exposure under its guarantees. Under certain circumstances, Freddie Mac may require a seller or servicer to repurchase all or substantially all of the Mortgages in a PC Pool. The proceeds of any Mortgage repurchase will be passed through to Holders as if the Mortgage had been prepaid. A Mortgage repurchase will not trigger payment by the borrower of any Mortgage Prepayment Premium nor will it be restricted by the existence of lockout provisions in the Mortgage.

Defaults, Delinquencies and Foreclosures. Freddie Mac may resolve an existing or impending delinquency or other default on a Mortgage through a variety of measures. In determining which measures to pursue with respect to a given Mortgage and when to initiate such measures, Freddie Mac seeks to minimize the costs that may be incurred in servicing the Mortgage, as well as Freddie Mac's possible exposure under its guarantees.

Among the measures that Freddie Mac may pursue, Freddie Mac may approve an assumption of the Mortgage by a new borrower, may allow a repayment plan or period of forbearance during which regular Mortgage payments may be reduced or suspended, may approve a modification of certain of the terms of the Mortgage if the circumstances indicate that the borrower would be able to make all payments under the modified Mortgage terms or may pursue a refinancing of the Mortgage, a preforeclosure sale of the mortgaged property, a deed in lieu of foreclosure or a charge off of the unpaid principal balance of the Mortgage.

In pursuing such measures, Freddie Mac will determine, in its sole discretion, whether or not to remove the Mortgage from the PC Pool. Removal of the Mortgage from the PC Pool will result in Prepayment of the Mortgage to Holders. If Freddie Mac determines not to remove the Mortgage from the PC Pool, the measures Freddie Mac has chosen to pursue to resolve the existing or impending delinquency or other default will not affect Freddie Mac's guarantees, but may have different effects on Multifamily Gold PCs and Multifamily Original PCs. In the case of Multifamily Gold PCs, Freddie Mac will continue to make payments in respect of the Mortgage as if such measures were not in effect. In the case of Multifamily Original PCs, such measures may affect the timing of the pass-through of principal to Holders.

Freddie Mac generally demands accelerated payment of principal and initiates foreclosure proceedings when a Mortgage has become 30 days' delinquent, but also continues to pursue alternative steps to resolve the delinquency before the foreclosure proceedings are concluded where such steps appear likely to mitigate Freddie Mac's potential losses.

If, after demand for accelerated payment of principal, a borrower pays all delinquent amounts or an acceptable arrangement for reinstatement of the Mortgage is agreed upon, foreclosure proceedings may be terminated and the demand may be withdrawn. If the borrower again becomes delinquent, a new demand for accelerated payment of principal generally must be made and new foreclosure proceedings commenced.

The length of the foreclosure process varies significantly from state to state. Some state laws provide borrowers with a right to redeem after foreclosure, and the foreclosure process typically is not final until the expiration of this right. If the Mortgage has not previously been removed from the PC Pool in connection with measures to resolve the delinquency or otherwise, payment is made pursuant to Freddie Mac's guarantee of ultimate collection of principal no later than one year following demand on the borrower for accelerated payment of principal (unless foreclosure proceedings are terminated prior to the expiration of the one-year period).

Applicable FHA regulations govern a servicer's actions to resolve a delinquency on an FHA Mortgage. Each servicer warrants that it will comply with these regulations and that it will take all necessary steps to ensure that Freddie Mac's rights under the insurance provisions are protected. FHA regulations and procedures encourage a servicer to enter into arrangements with delinquent borrowers to assist them in bringing defaulted mortgages current. Subject to FHA approval, such workout arrangements may include periods of forbearance or repayment plans. If such arrangements are not pursued or are unsuccessful in bringing the Mortgage current, the Mortgage is removed from the PC Pool and assigned to the FHA prior to commencement of foreclosure proceedings.

The bankruptcy of a borrower on a multifamily mortgage may differ in significant respects from the bankruptcy of a borrower on a home mortgage because the mortgaged multifamily property is often the sole asset of a partnership or corporate borrower. A bankruptcy proceeding involving a multifamily property may occur, for example, when the property value decreases or when the revenues from the property become insufficient to pay debt service and operating expenses.

Freddie Mac's servicing discretion in connection with a borrower's bankruptcy may be limited by a court or by state legislation prohibiting or delaying acceleration. If Freddie Mac is precluded by bankruptcy proceedings from making demand for acceleration, for purposes of Freddie Mac's guarantee of ultimate collection of principal, demand for acceleration is deemed to have been made on the later of the date on which the borrower's bankruptcy petition was filed or the due date of the last payment made on the Mortgage.

In certain bankruptcy cases where the unpaid principal balance of a Mortgage exceeds the current value of the property securing the Mortgage, some bankruptcy courts have reduced the borrower's obligation under the Mortgage to the current value of the property and treated the remaining amount of the original Mortgage indebtedness as an unsecured obligation. In such cases, Freddie Mac may treat the unsecured portion of the Mortgage as a partial Prepayment and pass through such amount as early as the date of such court action.

Neither foreclosure on a Mortgage, receipt of proceeds from a condemnation or an insured casualty loss of a mortgaged property, Freddie Mac's decision to treat the unsecured portion of a Mortgage as a partial Prepayment, nor Freddie Mac's decision to remove a Mortgage from the PC Pool will trigger payment by the borrower of any Mortgage Prepayment Premium or be restricted by the existence of lockout provisions in the Mortgage.

Information regarding Freddie Mac's delinquency, default and foreclosure experience for multifamily mortgages purchased by Freddie Mac is included in the Information Statement and Information Statement Supplements.

Assumption and Due-on-Transfer Policies. A "due-on-transfer" clause is a provision in a security instrument that gives the lender the ability to accelerate the remaining principal balance of the Mortgage upon transfer of the property or an interest therein, or upon transfer of a significant interest in the borrower. Conventional Mortgages purchased by Freddie Mac may or may not contain such clauses. Conventional Mortgages containing such clauses also allow the lender to approve assumptions if certain conditions are met. Freddie Mac may permit assumption of a Conventional Mortgage containing a "due-on-transfer" clause if it determines that the creditworthiness and management ability of the transferee and the physical and financial condition of the mortgaged property meet any standards set forth in the "due-on-transfer" clause or, in the absence of such standards, are otherwise reasonably satisfactory. In certain cases, Freddie Mac may require that the transferee make repairs or improvements to the mortgaged property or accept personal liability for repayment of all or a percentage of the Mortgage.

Conventional Mortgages that do not contain "due-on-transfer" clauses are assumable whether or not the transferee or the condition of the mortgaged property is satisfactory to Freddie Mac, and without any other limitations or conditions on the assumption.

FHA Mortgages contain "due-on-transfer" clauses that allow assumptions with the consent of the FHA. If a borrower requests approval for an assumption, Freddie Mac will instruct the Mortgage servicer to seek the FHA's consent and will allow the assumption if such consent is received.

The result of allowing an assumption of a Mortgage is that the Mortgage remains in the PC Pool, while enforcing a "due-on-transfer" clause leads to removal of the Mortgage from the PC Pool and a Prepayment of the Mortgage to Holders.

Fees. Late payment fees, if any, are retained by the servicer and/or Freddie Mac and are not passed through to Holders. Unless otherwise provided in the applicable Pool Supplement, Mortgage Prepayment Premiums, if any, collected on the Mortgages are also retained by the servicer and/or Freddie Mac and are not passed through to Holders. Freddie Mac requires servicers to charge a review fee of $2,000 and a transfer fee of 1.0% of the unpaid principal balance of the Mortgage in connection with any assumption. Such review and transfer fees are shared by the servicer and Freddie Mac and are not passed through to Holders. All fees retained by the servicer and/or Freddie Mac and not passed through to Holders constitute additional compensation for services provided by the servicer and/or Freddie Mac.

PREPAYMENTS, YIELDS AND SUITABILITY

PREPAYMENTS

The rate of principal payments on Multifamily PCs depends primarily on the rate of principal payments on the underlying Mortgages. Unless otherwise provided in the applicable Pool Supplement, each borrower has the option, at any time during the term of a Mortgage, to pay principal in an amount greater than the scheduled payment or to prepay the entire principal balance of the Mortgage. Any given PC Pool may experience payment behavior that is similar to or different from that experienced by other PC Pools consisting of similar Mortgages.

The rate of payments on any given PC Pool may fluctuate significantly from month to month. Prepayments generally are affected by a variety of economic, tax, geographic, demographic, legal and other factors. The factors affecting the prepayment behavior of multifamily mortgages differ in certain respects from those affecting the prepayment behavior of home mortgages purchased by Freddie Mac. A multifamily property typically is viewed by the borrower solely as an investment, and the prepayment behavior of multifamily mortgages therefore is affected primarily by economic rather than personal considerations.

Among the factors that may affect the prepayment behavior of the Mortgages in a PC Pool are: the age, geographic distribution and payment terms of the Mortgages; the remaining depreciable lives of the underlying properties; the physical condition of the underlying properties, including the presence of any hazardous substances or other environmental problems; applicable tax laws (including depreciation benefits) as they may be changed from time to time; characteristics of the borrowers and their equity positions in the properties; the presence of borrower recourse, if any; changes in local industry and population migration as they affect vacancy rates; prevailing rent levels (as limited by any applicable rent control or stabilization laws) as they affect cash flows from the properties; levels of current mortgage interest rates and borrower refinancing activities; activity of lenders in soliciting refinancing; the attractiveness of other investment alternatives; and lockout provisions or Mortgage Prepayment Premiums, if any. Freddie Mac makes no representation concerning the particular effect that any of these factors may have on the prepayment behavior of the Mortgages in any particular PC Pool. In particular, although Mortgages with higher Mortgage Prepayment Premiums may be expected to prepay less frequently than Mortgages with lower or no Mortgage Prepayment Premiums, there is no assurance that any requirement for a borrower to pay such a Mortgage Prepayment Premium will effectively deter Prepayment. Similarly, there is no assurance that a lockout provision contained in a Mortgage will prevent Prepayment of such Mortgage.

The number of defaults on Mortgages in a PC Pool and the number of repurchases of Mortgages also may affect prepayment behavior. Declining property values or revenues from the mortgaged properties, as well as the extent of any borrower recourse, are likely to affect the frequency of defaults. In addition, servicing decisions regarding Mortgages that are in default or in danger of default, including determination of the measures to be pursued to reduce loss and when to initiate such measures, also may have an impact upon the prepayment behavior of the Mortgages in particular PC Pools. See "Mortgage Purchase and Servicing Standards — Mortgage Servicing — Prepayments" and "— Defaults, Delinquencies and Foreclosures."

The prepayment behavior of a PC Pool containing only one or a small number of Mortgages is likely to be more volatile than that of a PC Pool containing a larger number of Mortgages, because a Prepayment on a single Mortgage may result in the pass-through to Holders of all or a substantial portion of the principal amount of the PC Pool.

YIELDS

The yield of a Multifamily PC will depend upon its purchase price, its PC Coupon and the rate of principal payments on the Multifamily PC. Freddie Mac makes no representation regarding Mortgage Prepayment rates or the yield of any Multifamily PC.

Prepayments — Effect on Yields

The yields to investors will be sensitive to the rate of Mortgage principal payments. In the case of Multifamily PCs purchased at a discount, slower than anticipated rates of principal payments on the Mortgages are likely to result in actual yields to investors that are lower than the anticipated yields. In the case of Multifamily PCs purchased at a premium, faster than anticipated rates of principal payments are likely to result in actual yields to investors that are lower than the anticipated yields. Rapid rates of Prepayments on the Mortgages are likely to coincide with periods of low prevailing interest rates; during such periods, the yields at which an investor may be able to reinvest principal payments on the Multifamily PCs may be lower than the interest payable at the PC Coupon. Conversely, slow rates of Prepayments on the Mortgages are likely to coincide with periods of high prevailing interest rates; during such periods, the amount of principal payments on the Multifamily PCs available to an investor for reinvestment at such high rates may be relatively low.

The timing of Prepayments may also affect the actual yield to an investor, even if the average rate of Prepayments is consistent with the investor's expectation. In general, the earlier a Prepayment occurs, the greater the effect on an investor's yield. As a result, the effect on an investor's yield of Prepayment rates that are higher (or lower) than the rates anticipated by the investor during earlier periods is not likely to be offset by a later equivalent decrease (or increase) in such rates.

SUITABILITY

Multifamily PCs are not suitable investments for all investors. Multifamily PCs are not appropriate investments for any investor that requires a single lump sum payment on a predetermined date or an otherwise certain payment stream. In addition, although certain securities dealers may make a market for the purchase and sale of Multifamily PCs after their initial issuance, there is no assurance that such a secondary market will develop for all types of Multifamily PCs, that any secondary market will continue, or that the price at which an investor can sell an investment in Multifamily PCs will enable the investor to realize a desired yield on that investment. The market values of Multifamily PCs are likely to fluctuate; such fluctuations may be significant and could result in significant losses to investors. The secondary markets for mortgage-related securities have experienced periods of illiquidity and may do so in the future. Investors are encouraged to consult their own advisors regarding the financial, legal, tax and other aspects of an investment in Multifamily PCs. No investor should purchase Multifamily PCs unless the investor understands and is able to bear the associated prepayment, yield, liquidity and market risks.

PC AGREEMENT

The following summary describes certain provisions of the PC Agreement not otherwise summarized in this Offering Circular.

EVENTS OF DEFAULT AND RIGHTS UPON EVENT OF DEFAULT

Under the PC Agreement, an "Event of Default" with respect to a Multifamily PC will consist of (i) any failure by Freddie Mac to pay to the Holders required interest and principal which remains uncured for 30 days; (ii) any failure by Freddie Mac to observe or perform any other covenant contained in the PC Agreement which remains uncured for 60 days after written notice of such failure from Holders of at least 65% of the remaining principal balance of the affected PC Pool; and (iii) certain events of bankruptcy, insolvency or similar proceedings involving Freddie Mac. As long as an Event of Default remains unremedied, Holders of a majority of the remaining principal balance of the PC Pool may, under certain circumstances, appoint a successor to Freddie Mac with respect to the administration of such PC Pool. The PC Agreement contains limitations on suits by Holders.

LIMITATIONS ON LIABILITY OF FREDDIE MAC AND OTHERS

Neither Freddie Mac nor any of its directors, officers, employees or agents will be liable to Holders for any action taken by them or by a servicer or for their or any servicer's refraining from the taking of any action in good faith pursuant to the PC Agreement, or for errors in judgment. However, neither Freddie Mac nor any such person will be protected against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations under the PC Agreement. Holders jointly and severally indemnify and hold Freddie Mac and any director, officer, employee or agent of Freddie Mac harmless against any loss, liability or expense incurred in connection with any legal action brought by any person other than a Holder relating to the PC Agreement or the Multifamily PCs, other than any loss, liability or expense relating to any Mortgage (except as permitted in the PC Agreement) or incurred by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations under the PC Agreement. Freddie Mac is not under any obligation to appear in, prosecute or defend any legal action which is not incidental to its duties to service the Mortgages in accordance with the PC 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 that it may deem necessary or desirable in the interests of the Holders. In such event, the legal expenses and costs of such action will be expenses and costs of Freddie Mac.

CONTROL BY HOLDERS

Holders have no right to vote or otherwise control in any manner the operation and management of the Mortgages in any PC Pool. Holders are not partners or members of an association and have no liability to third persons for actions taken pursuant to the PC Agreement.

MULTIFAMILY PCs OWNED BY FREDDIE MAC

Freddie Mac may, from time to time, repurchase or otherwise acquire all or a portion of the Multifamily PCs representing interests in any PC Pool. Any Multifamily PCs owned by Freddie Mac will have an equal and proportionate benefit under the provisions of the PC Agreement, without preference, priority or distinction.

TERMINATION UPON FINAL PAYMENT

The obligations and responsibilities of Freddie Mac under the PC Agreement to a Holder in respect of any Multifamily PC will terminate upon: (i) the payment to the Holder of all principal and interest due the Holder in respect of such Multifamily PC pursuant to the Pool Factor Method or by reason of Freddie Mac's guarantees, or (ii) the payment to the Holder of all amounts held by Freddie Mac and required to be paid under the PC Agreement.

AMENDMENT

Freddie Mac may amend the PC Agreement without the consent of any Holder to cure any ambiguity, to correct or supplement any provision which may be inconsistent with any other provision, or to make provisions with respect to matters or questions arising under the PC Agreement that are not inconsistent with any other provision of the PC Agreement, provided that any such amendment does not adversely and materially affect the interest of any Holder. Freddie Mac may amend the PC Agreement with respect to a PC Pool with the consent of the Holders of at least a majority of the remaining unpaid principal balance of the PC Pool. However, Freddie Mac must obtain the consent of each Holder if the amendment may impair or affect the right of the Holder (i) to receive payment of principal and interest on or after the due date of such payment or (ii) to institute suit for the enforcement of any such payment on or after such date.

GOVERNING LAW

The PC Agreement and the rights and obligations of the Holders and Freddie Mac with respect to the Multifamily PCs will 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 provisions of the PC Agreement or the Multifamily PCs, the local laws of the State of New York will be deemed reflective of the laws of the United States.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following summary is intended to provide general tax information relating to Multifamily PCs. The summary is based upon laws, regulations and decisions now in effect, all of which are subject to change or different interpretations. Potential investors, Holders and Beneficial Owners should consult their own tax advisors regarding the federal tax treatment of the Multifamily PCs as well as the consequences of state, local and foreign tax laws and the applicability of the generalized summary that follows.

Neither the Multifamily PCs nor the income derived therefrom are exempt from federal income, estate or gift taxes under the Code by virtue of the status of Freddie Mac as a government-sponsored enterprise. Further, neither the Code nor the Freddie Mac Act contains an exemption from taxation of the Multifamily PCs or the income derived therefrom by any state, any possession of the United States or any local taxing authority.

Freddie Mac will furnish or make available, within a reasonable time after the end of each calendar year, to each Holder of a Multifamily PC, such information as Freddie Mac deems necessary or desirable to assist Holders in preparing their federal income tax returns, or to enable Holders to make such information available to Beneficial Owners or other financial intermediaries for which such Holders hold such Multifamily PCs as nominees.

GENERAL TAX CHARACTERISTICS

Multifamily PCs have the following characteristics for federal income tax purposes:

A PC Pool will be classified as a grantor trust and not as an association taxable as a corporation. Each Beneficial Owner will be treated as the owner of a pro rata undivided interest in the ordinary income and the corpus of the grantor trust for that particular PC Pool, and will be considered the owner of a pro rata undivided interest in each of the Mortgages included therein. Accordingly, subject to the application of the "stripped bond" rules (discussed below), each Beneficial Owner must report its pro rata share of the entire income from the Mortgages, including gross interest income and incidental fees, if any, in accordance with its method of accounting. Each Beneficial Owner will be entitled to deduct, under Section 162 or 212 of the Code, in accordance with its method of accounting, its pro rata share of servicers' fees and Freddie Mac's management and guarantee fees, including incidental fees paid by the borrowers and retained by the servicers or Freddie Mac. The Code limits the deductions for miscellaneous itemized deductions for certain Beneficial Owners.

Multifamily PCs constitute "loans . . . secured by an interest in real property" within the meaning of Section 7701(a)(19)(C)(v) of the Code for purposes of determining whether an institution qualifies as a "domestic building and loan association." Multifamily PCs also generally constitute "qualifying real property loans" within the meaning of Section 593(d) of the Code.

Interest income on Multifamily PCs is "interest on obligations secured by mortgages on real property" as that phrase is used in Section 856(c)(3)(B) of the Code; ownership of a Multifamily PC by a real estate investment trust is ownership of "real estate assets" as that phrase is used in Section 856(c)(5)(A) of the Code.

REPLACEMENT RESERVE AND ESCROW ACCOUNTS

Mortgages in a PC Pool generally provide for the maintenance of a replacement reserve account and may also provide for various escrow accounts, including a repair escrow account and/or an operating deficit escrow account. The replacement reserve account provides a source of funds for the replacement of capital items at the mortgaged property; a repair escrow account provides a source of funds for specified repairs to the mortgaged property that are required to be completed within a relatively short period after Freddie Mac's purchase of the Mortgage; and an operating deficit escrow account provides a source of funds to cover any shortfalls in the cash flow needed to pay operating expenses that may occur within a relatively short period after Freddie Mac's purchase of the Mortgage. All of these accounts serve as security for the repayment of the Mortgage in addition to the residential real property that secures the Mortgage. The Service may take the position that Multifamily PCs representing ownership of such Mortgages do not constitute "qualifying real property loans" within the meaning of Section 593(d) of the Code to the extent such accounts are maintained with a Beneficial Owner.

DISCOUNT AND PREMIUM

A Beneficial Owner purchases an interest in each of the Mortgages in the related PC Pool and must allocate the purchase price paid for the Multifamily PC among the Mortgages in proportion to their fair market values. To the extent that the portion of the purchase price allocated to a Mortgage is less than or greater than the portion of the principal balance of the Mortgage allocated to the Multifamily PC, the interest in the Mortgage will be deemed to have been acquired with discount or premium, respectively. The treatment of any discount will depend on whether the discount represents original issue discount or market discount.

If a Beneficial Owner has acquired an interest in a Mortgage at a discount and such discount is original issue discount, such Beneficial Owner will, except as described below, be required to report such discount as ordinary income accruing under a constant interest method pursuant to Sections 1271-1273 and 1275 of the Code. For example, original issue discount may arise as a result of points charged at origination. A Beneficial Owner will be required to accrue such original issue discount into income currently only if it exceeds a *de minimis* amount. The Mortgages would also be subject to the original issue discount rules if, as discussed below, the "stripped bond" provisions of the Code were determined to be applicable.

The market discount rules of Sections 1276-1278 of the Code will apply, upon disposition of a Multifamily PC, to treat market discount (in excess of a *de minimis* amount) as ordinary income to the extent of the portion of such discount that is considered to have accrued during the period a Beneficial Owner held the Multifamily PC. Market discount will be considered to accrue under a straight-line method unless a Beneficial Owner elects to calculate accrued market discount under a constant interest method. Principal payments will be included in income to the extent such payments do not exceed the accrued market discount. Interest paid or accrued by a Beneficial Owner on indebtedness incurred or continued to purchase or carry Mortgages acquired at a market discount will be allowed as a deduction only to the extent such interest (reduced by the interest on the Mortgages includable in income) exceeds the market discount that accrued during the taxable year such interest was paid or accrued. Any such deferred interest expense will, in general, be allowed as a deduction when the related market discount income is recognized. As an alternative, a Beneficial Owner may elect to include market discount in income currently, under either a straight-line method or a constant interest method, on all market discount obligations held by such Beneficial Owner (other than market discount obligations acquired in taxable years prior to the year of election), in which event the foregoing ordinary income on disposition and interest deferral rules will not apply. The precise application of the market discount rules of Sections 1276-1278 to the Mortgages is not clear.

In the event a Beneficial Owner is considered to have purchased its interest in any Mortgage at a premium, such premium may be amortizable under a constant interest method at the election of the taxpayer under Section 171 of the Code. Such premium is treated as an offset to income includable with respect to the Multifamily PC.

A Beneficial Owner may elect to include in gross income all interest that accrues on a debt instrument by using the constant yield method. For purposes of this election, interest would include stated interest, *de minimis* original issue discount, original issue discount, *de minimis* market discount and market discount, as adjusted by any premium.

A Beneficial Owner should consult its own tax advisor regarding the tax treatment of Mortgage Prepayment Premiums.

A Beneficial Owner who sells a Multifamily PC will recognize gain or loss equal to the difference between its adjusted tax basis and the amount realized on the sale (exclusive of amounts attributable to accrued and unpaid interest, which will be treated as ordinary interest income). In general, such adjusted tax basis will equal the Beneficial Owner's cost for the Multifamily PC, increased by the amount of any discount previously reported and decreased by the amount of any premium previously amortized and the amount of any distributions of principal. Subject to the market discount rules, any such gain or loss would be capital gain or loss if the Multifamily PC is held as a capital asset.

In the case of a Beneficial Owner other than the seller of a Mortgage under the Multifamily Guarantor Program, any difference between interest at the underlying interest rate on the Beneficial Owner's undivided interest in each Mortgage in the PC Pool (the Beneficial Owner's gross income) and the sum of the interest at the PC Coupon on the Multifamily PC, Freddie Mac's management and guarantee fees, and servicer's fees with respect to such undivided interest is, except as described below, to be accounted for as premium expense, as described in Revenue Ruling 71-399, 1971-2 C.B. 433. In Revenue Ruling 71-399, the Service ruled that any such premium expense may be deductible in accordance with applicable rules.

The Service may contend that, by reason of the enactment of the stripped bond rules of Section 1286 of the Code (or its predecessor, Section 1232B), Revenue Ruling 71-399 is no longer applicable in characterizing such excess. On August 8, 1991, the Service issued guidance taking the position that, when mortgages are sold and the contract entitles the seller to receive amounts that exceed reasonable compensation for the mortgage servicing to be performed, the mortgages are treated as stripped bonds within the meaning of Section 1286 of the Code. If this is the case, a Beneficial Owner of a Multifamily PC would not be treated as having a pro rata undivided interest in the interest payments on the related Mortgages, but rather an ownership interest in such payments to the extent of the PC Coupon plus reasonable servicing fees. Under the rules of Section 1286, the Beneficial Owner would be treated as if the payments to be received in respect of the ownership interest in the Mortgages were purchased at an original issue discount equal to the difference between the price at which such Beneficial Owner is considered to have purchased such payments and the aggregate amount of such payments. The Beneficial Owner would include in income such original issue discount in accordance with the normal Code provisions governing original issue discount. This would have the effect of requiring both interest and discount on the Mortgages to be reported as ordinary income as such income accrues under a constant interest method pursuant to Sections 1271-1273 and 1275 of the Code. It is unclear whether the position taken by the Service in the recent guidance would be upheld if challenged.

The Service also has issued regulations providing that a purchaser of a particular mortgage that is a stripped bond must treat such bond as a market discount bond if the amount of original issue discount with respect to such stripped bond is considered to be zero after application of the *de minimis* rule of Section 1273(a)(3) of the Code or if the annual stated rate of interest payable on the stripped bond is no more than 100 basis points lower than the annual stated rate of interest payable on the mortgage. These conditions are based on the premise that the interest payments which remain associated with the stripped bond are treated, for purposes of the original issue and market discount provisions of the Code, as stated interest payable with respect to the stripped bond. If such conditions are met, a Beneficial Owner would be required to account for any market discount in accordance with the rules for market discount described above.

BACKUP WITHHOLDING AND FOREIGN WITHHOLDING

A Beneficial Owner who is a U.S. Person may be subject to backup withholding tax under Section 3406 of the Code on payments made with respect to a Multifamily PC unless, in general, the Beneficial Owner complies with certain information reporting procedures or is an exempt recipient. Any such amounts withheld would be allowed as a credit against such Beneficial Owner's United States federal income tax. Under temporary Treasury regulations, payments made to a Beneficial Owner who is not a U.S. Person with respect to a Multifamily PC that represents an undivided interest in a pool of Mortgages all of which were originated after July 18, 1984 generally will not be subject to United States federal income tax, including withholding tax, if (i) such Multifamily PC is not held by such Beneficial Owner in connection with a trade or business in the United States, (ii) such Beneficial Owner is not with respect to the United States a personal holding company or corporation that accumulates earnings in order to avoid United States federal income tax and (iii) such Beneficial Owner provides a statement signed under penalties of perjury that includes its name and address and certifies that it is not a U.S. Person in accordance with applicable requirements. To the extent amounts paid with respect to a Multifamily PC to a Beneficial Owner who is not a U.S. Person represent interest on mortgages originated before July 19, 1984, such amounts will be subject to withholding of United States federal income tax at the rate of 30% or such lower rate as may be provided by applicable tax treaty.

LEGAL INVESTMENT CONSIDERATIONS

Investors should consult their own legal advisors in determining whether and to what extent Multifamily PCs constitute legal investments for such investors and whether and to what extent Multifamily PCs can be used as collateral for various types of borrowings. In addition, financial institutions should consult their legal advisors or regulators in determining the appropriate treatment of Multifamily PCs under any applicable risk-based capital or similar rules.

Institutions whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investments in certain types of Multifamily PCs or in Multifamily PCs generally. An institution under the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the FDIC, the OTS, the National Credit Union Administration, the Treasury or any other federal or state agency with similar authority should review any applicable regulations, policy statements and guidelines before purchasing or pledging Multifamily PCs.

APPLICATION OF PROCEEDS

The net proceeds received by Freddie Mac from the sale of Multifamily PCs will provide funds to Freddie Mac for general corporate purposes, including the purchase and financing of additional mortgages.

DISTRIBUTION ARRANGEMENTS

Under the Multifamily Guarantor Program, Freddie Mac purchases Mortgages from a seller and, in exchange, delivers to the seller Multifamily PCs representing interests in the same Mortgages. Freddie Mac accepts offers for delivery of Mortgages under this program for a variety of periods on a daily basis in accordance with terms contained in the *Multifamily Seller/Servicer Guide*. Freddie Mac's issuance of Multifamily PCs in exchange for Mortgages under this program is conditioned on the seller's full compliance with the applicable terms and conditions of the *Multifamily Seller/Servicer Guide* and other mortgage purchase documents, including the seller's timely delivery of acceptable Mortgages in an amount specified by Freddie Mac and delivery of any required offering documents to purchasers of the Multifamily PCs.

SECONDARY MARKETS AND MARKET SUPPORT ACTIVITIES

Certain securities dealers, as well as Freddie Mac through SS&TG, may buy, sell and make a market in Multifamily PCs. There is no assurance, however, that a secondary market will develop for all types of Multifamily PCs or, if it develops, that it will continue. Prospective purchasers, Holders and Beneficial Owners wishing to obtain prices for Multifamily PCs may contact the securities dealers selling and making any market in such Multifamily PCs or SS&TG (outside the Washington, D.C. metropolitan area, phone 800/424-5401; within the Washington, D.C. metropolitan area, phone 703/903-3300). A list of such dealers may be obtained by writing or calling Freddie Mac's Investor Inquiry Department.

In addition to its activities through SS&TG, Freddie Mac may, from time to time, purchase Multifamily PCs for market support reasons, for its portfolio and for various other corporate purposes. Freddie Mac's acquisitions of Multifamily PCs may, among other things, increase the market prices and reduce the yields of Multifamily PCs and, indirectly, reduce mortgage interest rates. Freddie Mac may increase, reduce or eliminate its purchases of Multifamily PCs at any time.

GLOSSARY OF TERMS

The following definitions apply to capitalized terms used in the Offering Circular, the PC Agreement and any Supplement prepared by Freddie Mac, unless otherwise provided in such Supplement.

Amortizing Balloon Mortgage: A Mortgage with an original term to maturity of 5 to 15 years, which provides for level payments of principal and interest based upon an amortization schedule calculated to pay the original balance of the Mortgage in full over a period of up to 30 years and a balloon payment at maturity.

AOLS: The average original loan size calculated by Freddie Mac, which is the simple average of the principal amounts at origination of the Mortgages in the PC Pool.

Beneficial Owner: The entity or individual that beneficially owns a Multifamily PC.

Book-Entry Form: The form of a security which (i) is issued by means of an entry on the books and records of a Federal Reserve Bank and (ii) is evidenced only by such entry and not by a certificated security.

Book-Entry Rules: The provisions from time to time in effect, currently contained in Title 1, Part 462, of the Code of Federal Regulations, setting forth the terms and conditions under which Freddie Mac may issue securities in Book-Entry Form and authorizing the Federal Reserve Banks to act as Freddie Mac's agent in connection with securities issued in Book-Entry Form.

Business Day: A day other than (i) a Saturday or Sunday, (ii) a day on which the Federal Reserve Bank of New York (or other agent acting as Freddie Mac's fiscal agent) is authorized or obligated by law or executive order to remain closed, (iii) as to any Holder, a day on which the Federal Reserve Bank at which such Holder's account is maintained is authorized or obligated by law or executive order to remain closed, (iv) a day on which the offices of the federal government located in the District of Columbia generally are closed for business or (v) a day on which the principal offices of Freddie Mac are closed.

Code: The Internal Revenue Code of 1986, as amended.

Conventional Mortgage: A Mortgage that is not guaranteed or insured by the United States or any agency or instrumentality of the United States.

CUSIP Number: A unique nine-character designation, created by the CUSIP Service Bureau and assigned by Freddie Mac to each PC Pool, that is used to identify the PC Pool and the related Multifamily PCs on the books and records of the Federal Reserve Banks.

Dealer Agreement: Freddie Mac's PC Dealer Group Agreement dated as of January 31, 1994, as such agreement may be supplemented, amended and in effect from time to time.

Fannie Mae: The Federal National Mortgage Association.

FDIC: The Federal Deposit Insurance Corporation.

Federal Reserve Bank: Each Federal Reserve Bank that maintains Multifamily PCs in Book-Entry Form.

FHA: The Federal Housing Administration.

FHA Mortgage: A Mortgage fully insured by the FHA.

Final Payment Date: For a Multifamily Gold PC, the first day of the month in which the last monthly payment on the Multifamily Gold PC is scheduled to be made. For a Multifamily Original PC, the first day of the month in which the last scheduled payment is due on the latest maturing Mortgage in the PC Pool.

Freddie Answers^{SM}: Freddie Mac's telephone-based automated information service that is available, free of charge, 24 hours each day (800/336-FMPC).

Freddie Mac: The Federal Home Loan Mortgage Corporation, a stockholder-owned government-sponsored enterprise created pursuant to the Freddie Mac Act for the purpose of establishing and supporting a secondary market in residential mortgages.

Freddie Mac Act: Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459.

Fully Amortizing Mortgage: A Mortgage with an original term to maturity of 10 to 30 years (up to 40 years for FHA Mortgages), which provides for level monthly payments of principal and interest based upon an amortization schedule calculated to pay the original balance of the Mortgage in full over the original term to maturity.

Holder: The entity whose name appears on the books and records of a Federal Reserve Bank as the entity for whose account a Multifamily PC has been deposited in accordance with the Book-Entry Rules.

HUD: United States Department of Housing and Urban Development.

Information Statement: An annual statement prepared by Freddie Mac that describes Freddie Mac and its business and operations, and contains Freddie Mac's audited financial statements.

Information Statement Supplement: A supplement, prepared by Freddie Mac, to the Information Statement that includes unaudited financial data and/or other information concerning the business and operations of Freddie Mac.

Interest Only Balloon Mortgage: A Mortgage with an original term to maturity of 3 to 10 years, which provides for payments of interest only during its term and a balloon payment at maturity.

Monthly Principal Reduction: For a Multifamily Gold PC Pool containing Fully Amortizing Mortgages or Amortizing Balloon Mortgages for a given month, Freddie Mac's calculation of the amount of scheduled amortization due on the related Mortgages in the Monthly Reporting Period ending in the same month. Freddie Mac calculates Monthly Principal Reduction based upon (i) the principal balance of each Mortgage in the Multifamily Gold PC Pool, adjusted for any Prepayments and any principal amounts previously passed through pursuant to Freddie Mac's guarantees and (ii) the Mortgage Coupon of each Mortgage and the monthly principal and interest payment applicable to the Mortgage at the time of formation of the Multifamily Gold PC Pool (not including any balloon payment due on the Mortgage at maturity). To the extent that Freddie Mac's calculation of Monthly Principal Reduction does not reflect actual payments on the Mortgages, any difference (other than any difference resulting from Mortgage defaults or measures taken to resolve such defaults) will be accounted for as soon as practicable by adjusting subsequent Pool Factors.

Monthly Reporting Period: The period from the 16th of a month through the 15th of the next month, for which period servicers report Mortgage payments to Freddie Mac.

Mortgage: A mortgage loan secured by a lien on a residential property containing five or more dwelling units, purchased by Freddie Mac and identified in the records maintained by Freddie Mac as included in a PC Pool.

Mortgage Coupon: The annual interest rate of a Mortgage.

Mortgage Prepayment Premium: An amount that may be required by the terms of a Mortgage to be paid by a borrower if the borrower prepays the Mortgage in whole or in part.

Multifamily Gold PC: A Multifamily PC with a Payment Delay of 45 days.

Multifamily Gold PC Pool: A Multifamily PC Pool in which the undivided interests are represented by Multifamily Gold PCs.

Multifamily Guarantor Program: A program pursuant to which Freddie Mac purchases all of the Mortgages in a given PC Pool from a single seller in exchange for Multifamily PCs representing undivided interests in the same Mortgages.

Multifamily Original PC: A Multifamily PC with a Payment Delay of 75 days.

Multifamily Original PC Pool: A PC Pool in which the undivided interests are represented by Multifamily Original PCs

Multifamily PC: A multifamily mortgage participation certificate issued pursuant to the PC Agreement, representing an undivided interest in a PC Pool. The term "Multifamily PC" includes Multifamily Gold PC and Multifamily Original PC unless the context requires otherwise.

Multifamily Seller/Servicer Guide: A Freddie Mac publication, as supplemented and amended from time to time, in which Freddie Mac sets forth its multifamily mortgage purchase standards, including its credit, appraisal and underwriting guidelines, and its servicing policies and procedures.

Offering Circular: Freddie Mac's current Multifamily Mortgage Participation Certificates (Guaranteed) Offering Circular to which this Glossary of Terms is attached.

OTS: The Office of Thrift Supervision.

Payment Date: The day of the month on which Freddie Mac passes through payments of principal and/or interest to Holders. The 15th of each month is a Payment Date unless the 15th is not a Business Day, in which case the next succeeding Business Day is the Payment Date.

Payment Delay: The number of days between the first day of the month in which a Multifamily PC is issued and the date a Holder receives the initial payment in respect of such Multifamily PC.

PC Agreement: Freddie Mac's Multifamily Mortgage Participation Certificate Agreement dated as of December 1, 1994, as such agreement may be supplemented, amended and in effect from time to time. A copy of the PC Agreement can be obtained through Freddie Answers.SM

PC Coupon: The rate at which interest is passed through to a Holder of a Multifamily PC. Interest at the PC Coupon is computed on the basis of a 360-day year, with each month being assumed to have 30 days.

PC Dealer Group: A selling group organized for the purpose of purchasing or selling Multifamily PCs and other Freddie Mac mortgage securities and comprising investment bankers, securities dealers, brokers, banks and/or others who are acknowledged as members of such group by Freddie Mac pursuant to the Dealer Agreement.

PC Pool: A discrete pool of Mortgages identified in the records maintained by Freddie Mac by a unique PC Pool Number and CUSIP Number. The term "PC Pool" includes Multifamily Gold PC Pool and Multifamily Original PC Pool unless the context requires otherwise.

PC Pool Number: A unique six-character numeric or alpha-numeric designation assigned to each PC Pool by Freddie Mac and used to identify the PC Pool and the related Multifamily PCs.

Pool Factor: A truncated seven-digit decimal calculated by Freddie Mac for each month for each PC Pool that, when multiplied by the original principal balance of the related Multifamily PCs, equals their remaining principal balance after giving effect to the principal payment to be made in the same month, for Multifamily Gold PCs, or in the following month, for Multifamily Original PCs.

Pool Factor Method: The method used by Freddie Mac to determine the monthly principal and interest payment to be made on a Multifamily PC on each Payment Date, which method involves the monthly calculation of a Pool Factor for, and application of such Pool Factor to, each PC Pool.

Pool Supplement: A document prepared for each Multifamily PC that contains information regarding such Multifamily PC and the underlying Mortgages and that may amend or supplement the Offering Circular, the PC Agreement and/or this Glossary of Terms with respect to such Multifamily PC.

Prefix: The first two characters of a PC Pool Number.

Prepayment: As to any Mortgage in a PC Pool, any event that causes an unscheduled principal payment to be passed through on the related Multifamily PCs, including a full or partial prepayment of principal on the Mortgage by the borrower; a liquidation resulting from default, casualty or condemnation; the payment of principal on an insurance claim by the FHA or other Mortgage insurer; the payment of principal on a guaranty claim by any Mortgage guarantor; and the repurchase of the Mortgage from the PC Pool by the seller, the servicer or Freddie Mac, including any repurchase pursuant to Freddie Mac's guarantee of ultimate collection of principal.

Record Date: As to each Payment Date, the close of business on the last day of the (i) preceding month in the case of Multifamily Gold PCs, or (ii) second preceding month in the case of Multifamily Original PCs.

Service: The Internal Revenue Service.

SS&TG: Freddie Mac's Securities Sales and Trading Group.

Supplement: A document that amends or supplements the Offering Circular, the PC Agreement and/or this Glossary of Terms. As to a given PC Pool, the term Supplement includes any applicable Pool Supplement.

Treasury: The Department of the Treasury.

ULMD: The updated longest maturity date calculated by Freddie Mac, which reflects the latest maturity date of the Mortgages that remain in the PC Pool at the time of the update.

Uniform Instruments: Loan documents developed by Freddie Mac and/or Fannie Mae for the origination of Conventional Mortgages.

Uniform Practices: The Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities as published from time to time by the Public Securities Association.

U.S. Person: For certain tax purposes, a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision of the United States, or an estate or trust that is subject to United States federal income taxation regardless of the source of its income.

WAC: The weighted average coupon calculated by Freddie Mac, which is the average of the Mortgage Coupons of the Mortgages in the PC Pool, weighted by the corresponding principal balances.

WALA: The weighted average loan age calculated by Freddie Mac, which is the average of the number of months since origination of the Mortgages in the PC Pool, weighted by the corresponding principal balances. Freddie Mac measures the loan age of a Mortgage by reference to the due dates of monthly payments. A Mortgage that has not reached its first due date has a loan age of zero months (even if a month or more has elapsed since its actual date of origination); a Mortgage that has reached its first due date but not its second has a loan age of one month; and so forth.

WAOLT: The weighted average original loan term calculated by Freddie Mac, which is the average of the original terms to maturity of the Mortgages in the PC Pool, weighted by the corresponding principal balances.

WARM: The weighted average remaining term to maturity calculated by Freddie Mac, which is the average of the remaining terms to maturity of the Mortgages in the PC Pool, weighted by the corresponding principal balances.

This Offering Circular, together with any applicable Supplements, constitutes an offer to sell only the Multifamily PCs described in these documents. Freddie Mac has not authorized any broker, dealer or salesperson, or anyone else, to make any statements, written or oral, in connection with any such offer, except for those contained in this Offering Circular, in any applicable Supplements and in the other documents and sources of information prepared by Freddie Mac that are described in this Offering Circular. Investors must not rely on any other statements as having been authorized by Freddie Mac. Neither this Offering Circular nor any Supplement constitutes an offer to sell or a solicitation of an offer to buy any Multifamily PCs by anyone in any jurisdiction where such an offer or solicitation would be unlawful, or where the person making such an offer or solicitation would not be qualified to do so, or to anyone to whom it would be unlawful to make such an offer or solicitation. Freddie Mac makes no representation that the statements in this Offering Circular, any Supplement or any other document will be correct at any time after the date of such document, even though delivery of the document and the sale of the Multifamily PCs take place on a later date.

TABLE OF CONTENTS

Description	Page
Availability of Information	2
Multifamily PC Security Structure	2
Guarantees	2
Payments on Multifamily PCs	2
Pool Factors	2
Calculation of Payments for Multifamily Gold PCs	3
Calculation of Payments for Multifamily Original PCs	4
PC Pool Formation	4
Pooling Criteria	5
Pooling by Mortgage Coupon	5
Pooling by Mortgage Type	5
Final Payment Date	5
Optional Redemption	6
Book-Entry Form, Minimum Principal Amounts and Transfers	6
Holders and Record Dates	6
The Mortgages	7
General Characteristics	7
Mortgage Purchase and Servicing Standards	8
Credit, Appraisal and Underwriting Guidelines	8
Mortgage Amount	9
Eligible Sellers, Servicers and Warranties	9
Mortgage Servicing	10
Prepayments	10
Defaults, Delinquencies and Foreclosures	11
Assumption and Due-on-Transfer Policies	12
Fees	13
Prepayments, Yields and Suitability	13
Prepayments	13
Yields	14
Prepayments — Effect on Yields	14
Suitability	14
PC Agreement	15
Events of Default and Rights Upon Event of Default	15
Limitations on Liability of Freddie Mac and Others	15
Control by Holders	15
Multifamily PCs Owned by Freddie Mac	15
Termination Upon Final Payment	15
Amendment	16
Governing Law	16
Certain Federal Income Tax Consequences	16
General Tax Characteristics	16
Replacement Reserve and Escrow Accounts	17
Discount and Premium	17
Backup Withholding and Foreign Withholding	19
Legal Investment Considerations	19
Application of Proceeds	19
Distribution Arrangements	20
Secondary Markets and Market Support Activities	20
Exhibit A — Glossary of Terms	A-1

Federal Home Loan Mortgage Corporation

Multifamily Mortgage Participation Certificates (Guaranteed)

Freddie Mac

December 2, 1994