

Freddie Mac

Multifamily ML Certificates



The Certificates

Freddie Mac issues Multifamily ML Certificates (“**Certificates**”). The Certificates are securities that represent undivided beneficial ownership interests with specified rights in pools of tax-exempt multifamily notes, issued by a state or local government entity to finance multifamily affordable housing projects, that are held in trust for investors.

Freddie Mac’s Guarantee

We guarantee the payment of interest and principal on the senior Certificates (“**Guaranteed Certificates**”) as described in this Offering Circular. **Principal and interest payments on the Guaranteed Certificates are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac.** We alone are responsible for making payments on our guarantee.

Freddie Mac Will Provide More Information for Each Offering

This Offering Circular describes the general characteristics of the Guaranteed Certificates. For each offering, we prepare an offering circular supplement (“**Supplement**”). The Supplement will describe more specifically the particular Guaranteed Certificates included in that offering.

Tax Status and Securities Law Exemptions

We expect interest on the Guaranteed Certificates to be excludable from gross income for federal income tax purposes for most holders to the extent of interest on the underlying tax-exempt multifamily notes. The Supplement will more specifically describe the tax status of the Guaranteed Certificates included in that offering. Because of applicable securities law exemptions, we have not registered the Guaranteed Certificates with any federal or state securities commission. No securities commission has reviewed this Offering Circular.

The Guaranteed Certificates may not be suitable investments for you. You should not purchase the Guaranteed Certificates unless you have carefully considered the risks of investing in them. The *Risk Factors* section beginning on page 10 highlights some of these risks.

Offering Circular dated June 2, 2017

If you intend to purchase Guaranteed Certificates, you should rely on the information in this Offering Circular, in the disclosure documents that we incorporate by reference in this Offering Circular as stated under *Additional Information* and in the related Supplement. We have not authorized anyone to provide you with different information.

This Offering Circular, the related Supplement and any incorporated documents may not be correct after their dates.

We are not offering the Guaranteed Certificates in any jurisdiction that prohibits their offer. Notwithstanding anything to the contrary herein or in the applicable Supplement, each prospective investor (and its representatives, agents and employees) may disclose to any person, without limitation of any kind, the federal income tax treatment and federal income tax structure of the transactions contemplated hereby, and all materials (including opinions and other tax analyses) that are provided relating to such treatment or structure, except to the extent that nondisclosure is reasonably necessary in order to comply with applicable securities laws.

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FREDDIE MAC

General

Freddie Mac was chartered by Congress in 1970 under the Federal Home Loan Mortgage Corporation Act (the “**Freddie Mac Act**”). Our statutory mission is to provide liquidity, stability and affordability to the U.S. housing market. We do this primarily by purchasing residential mortgages originated by lenders. In most instances, we package these mortgages into mortgage-related securities, which are guaranteed by us and sold in the global capital markets. We also invest in mortgage and mortgage-related securities. We do not originate mortgage loans or lend money directly to borrowers.

Although we are chartered by Congress, we alone are responsible for making payments on our securities. Payments on our Guaranteed Certificates are not guaranteed by, and are not debts or obligations of the United States or any federal agency or instrumentality other than Freddie Mac.

Our statutory mission, as defined in our charter, is to:

- Provide stability in the secondary market for residential mortgages;
- Respond appropriately to the private capital market;
- Provide ongoing assistance to the secondary market for residential mortgages (including activities related to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return received on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and
- Promote access to mortgage credit throughout the U.S. (including central cities, rural areas and other underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.

Conservatorship

We continue to operate under the conservatorship that commenced on September 6, 2008, conducting our business under the direction of the Federal Housing Finance Agency (“**FHFA**”) as our conservator (the “**Conservator**”). Upon its appointment, FHFA, as Conservator, immediately succeeded to all rights, titles, powers and privileges of Freddie Mac and of any stockholder, officer or director of Freddie Mac with respect to us and our assets. The Conservator has delegated certain authority to our Board of Directors to oversee, and to management to conduct, day-to-day operations. The directors serve on behalf of, and exercise authority as directed by, the Conservator. The Conservator retains the authority to withdraw or revise its delegations of authority at any time. The Conservator also retains certain significant authorities for itself, and has not delegated them to the Board. The Conservator continues to provide strategic direction for Freddie Mac and directs the efforts of the Board and management to implement its strategy. Despite the delegations of authority to management, many management decisions are subject to review and/or approval by FHFA and management frequently receives direction from FHFA on various matters involving day-to-day operations.

It is possible and perhaps likely that future legislative or regulatory action will materially affect our role, business model, structure, and results of operations. Some or all of our functions could be transferred to other institutions, and we could cease to exist as a stockholder-owned company, or at all. Several bills were introduced in Congress in the last several years concerning the future status of Freddie Mac, the Federal National Mortgage Association (“**Fannie Mae**,” together with Freddie Mac, the “**Enterprises**”), and the mortgage finance system, including bills which provided for the wind down of the Enterprises or modification of the terms of the Purchase Agreement. None of these bills were enacted.

The conservatorship is indefinite in duration. The timing, likelihood, and circumstances under which we might emerge from conservatorship are uncertain. Under the Purchase Agreement, Treasury would be required to consent to the termination of the conservatorship, other than in connection with receivership, and there can be no assurance it would do so. Even if the conservatorship is terminated, we would remain subject to the Purchase Agreement and the terms of the senior preferred stock. It is possible that the conservatorship could end with our being placed into receivership. Because Treasury holds a warrant to acquire nearly 80% of our common stock for nominal consideration, we could effectively remain under the control of the U.S. government even if the conservatorship is ended and the voting rights of common stockholders are restored.

FHFA’s Strategic Plan for Freddie Mac and Fannie Mae Conservatorships. In May 2014, FHFA issued its 2014 Strategic Plan. FHFA issued the 2016 and 2017 Conservatorship Scorecards in December 2015 and December 2016, respectively. The 2014 Strategic Plan updated FHFA’s vision for implementing its obligations as Conservator of the Enterprises. The Conservatorship Scorecards established annual objectives and performance targets and measures for the Enterprises related to the strategic goals set forth in the 2014 Strategic Plan.

The 2014 Strategic Plan established three reformulated strategic goals for the conservatorships of Freddie Mac and Fannie Mae:

- *Maintain*, in a safe and sound manner, foreclosure prevention activities and credit availability for new and refinanced mortgages to foster liquid, efficient, competitive and resilient national housing finance markets.
- *Reduce* taxpayer risk through increasing the role of private capital in the mortgage market.
- *Build* a new single-family securitization infrastructure for use by the Enterprises and adaptable for use by other participants in the secondary market in the future.

As part of the first goal, the 2014 Strategic Plan describes various steps related to increasing access to mortgage credit for credit-worthy borrowers.

The second goal focuses on ways to transfer risk to private market participants and away from the Enterprises in a responsible way that does not reduce liquidity or adversely impact the availability of mortgage credit. The second goal provides for us to increase the use of single-family credit risk transfer transactions, continue using credit risk transfer transactions in the multifamily business and continue shrinking our mortgage-related investments portfolio consistent with the requirements in the Purchase Agreement, with a focus on selling less liquid assets.

The third goal includes the continued development of the Common Securitization Platform (“**CSP**”). FHFA refined the scope of this project to focus on making the new shared system operational for Freddie Mac’s and Fannie Mae’s existing single-family securitization activities. The

third goal also provides for the Enterprises to work towards the development of a single (common) security.

We continue to align our resources and internal business plans to meet the goals and objectives provided to us by FHFA.

See the Incorporated Documents (as defined under *Additional Information*) for additional information concerning FHFA's strategic plan, Conservatorship Scorecards and legislative developments.

Purchase Agreement

On September 7, 2008, the U.S. Department of the Treasury (“**Treasury**”) entered into a senior preferred stock purchase agreement (as amended, the “**Purchase Agreement**”) with our Conservator, acting on our behalf. The amount of available funding remaining under the Purchase Agreement was \$140.5 billion as of December 31, 2016. This amount will be reduced by any future draws.

The Purchase Agreement requires Treasury, upon request of the Conservator, to provide funds to us after any quarter in which we have a negative net worth (that is, our total liabilities exceed our total assets, as reflected on our consolidated balance sheets prepared in accordance with generally accepted accounting principles). The Purchase Agreement also provides for Treasury, upon the request of the Conservator, to provide funds to us if the Conservator determines, at any time, that it will be mandated by law to appoint a receiver for us unless we receive these funds from Treasury. Holders of Certificates have certain limited rights to bring proceedings against Treasury if we fail to pay under our guarantee and if Treasury fails to perform its obligations under its funding commitment. For a description of Holders' rights to proceed against Freddie Mac and Treasury, see *The Agreement — Rights Upon Event of Default*. The Purchase Agreement contains covenants that significantly restrict our operations.

We pay dividends on the senior preferred stock. For each quarter from January 1, 2013 through and including December 31, 2017, the dividend payment on the senior preferred stock was or will be the amount, if any, by which our Net Worth Amount (as defined below) at the end of the immediately preceding fiscal quarter, less the applicable capital reserve amount, exceeds zero. The applicable capital reserve amount was \$1.2 billion for 2016, is \$600 million for 2017 and will decline to zero on January 1, 2018. For each quarter beginning January 1, 2018, the dividend payment will be the amount, if any, by which our Net Worth Amount at the end of the immediately preceding fiscal quarter exceeds zero. If the calculation of the dividend payment for a quarter does not exceed zero, then no dividend will accrue or be payable for that quarter. The term “**Net Worth Amount**” is defined as: (a) our total assets (excluding Treasury's commitment and any unfunded amounts thereof), less (b) our total liabilities (excluding any obligation in respect of capital stock), in each case as reflected on our consolidated balance sheets prepared in accordance with generally accepted accounting principles.

Under the Purchase Agreement, the unpaid principal balance of our mortgage-related investments portfolio is subject to a cap that decreases by 15% each year until the cap reaches \$250 billion. As a result, the unpaid principal balance of our mortgage-related investments portfolio could not exceed \$339.3 billion as of December 31, 2016 (and was \$298.4 billion on that date) and may not exceed approximately \$288 billion as of December 31, 2017. In addition, in 2014 we adopted a plan under which we will manage the unpaid principal balance of the mortgage-related investments portfolio so that it does not exceed 90% of the annual cap established by the Purchase Agreement, subject to certain exceptions.

We receive substantial support from Treasury and are dependent upon its continued support in order to continue operating our business. Our ability to access funds from Treasury under the Purchase Agreement is critical to keeping us solvent and avoiding appointment of a receiver by FHFA under statutory mandatory receivership provisions. See the Incorporated Documents for additional information concerning the Purchase Agreement.

ADDITIONAL INFORMATION

Our common stock is registered with the U.S. Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934 (“Exchange Act”). We file reports and other information with the SEC.

As described below, we incorporate certain documents by reference in this Offering Circular, which means that we are disclosing information to you by referring you to those documents rather than by providing you with separate copies. We incorporate by reference in this Offering Circular (1) our most recent Annual Report on Form 10-K, filed with the SEC; (2) all other reports we have filed with the SEC pursuant to Section 13(a) of the Exchange Act since the end of the year covered by that Form 10-K report, excluding any information we “furnish” to the SEC on Form 8-K; and (3) all documents that we file with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act after the date of this Offering Circular and prior to the termination of the offering of the related Certificates, excluding any information we “furnish” to the SEC on Form 8-K.

These documents are collectively referred to as the “**Incorporated Documents**” and are considered part of this Offering Circular. You should read this Offering Circular and the related Supplement in conjunction with the Incorporated Documents. Information that we incorporate by reference will automatically update information in this Offering Circular. Therefore, you should rely only on the most current information provided or incorporated by reference in this Offering Circular and any applicable Supplement.

You may read and copy any document we file with the SEC at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding companies that file electronically with the SEC.

You can obtain, without charge, copies of this Offering Circular, the Incorporated Documents and the related Supplement under which Certificates are issued from:

Freddie Mac — Investor Inquiry
1551 Park Run Drive, Mailstop D50
McLean, Virginia 22102-3110
Telephone: 1-800-336-3672
(571-382-4000 within the Washington, D.C. area)
E-mail: Investor_Inquiry@freddiemac.com

We also make these documents available on our internet website at this address:

<http://www.freddiemac.com>*

This Offering Circular relates to Certificates issued on and after June 2, 2017.

* We are providing this internet address solely for the information of investors. We do not intend this internet address to be an active link and we are not using reference to this address to incorporate additional information into this Offering Circular or any Supplement, except as specifically stated in this Offering Circular.

SUMMARY

This summary highlights selected information about the Guaranteed Certificates. Before buying Guaranteed Certificates, you should read this Offering Circular and the other disclosure documents referred to in *Additional Information*. You should rely on the information in the Supplement if it is different from the information in this Offering Circular.

Capitalized Terms that are not in **bold type** and defined on their first use are defined in the Supplement.

Depositor and Guarantor Federal Home Loan Mortgage Corporation, or “**Freddie Mac**,” a shareholder-owned government-sponsored enterprise.

On September 6, 2008, the Director of FHFA placed Freddie Mac into conservatorship pursuant to authority granted by the Federal Housing Finance Regulatory Reform Act of 2008 (the “**Reform Act**”). As the Conservator, FHFA succeeded to all rights, titles, powers and privileges of Freddie Mac, and of any stockholder, officer or director of Freddie Mac, with respect to Freddie Mac and the assets of Freddie Mac. For additional information regarding the conservatorship, see *Freddie Mac — Conservatorship and Risk Factors — Governance Factors*.

As Depositor, we transfer and deposit TELs that we have acquired into various trusts as described in the applicable Supplements. As Guarantor, we guarantee the timely payment of interest and the payment of principal on the Guaranteed Certificates as described in the applicable Supplement. **Principal and interest payments on the Guaranteed Certificates are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac.**

Certificates The Certificates represent undivided beneficial ownership interests with specified rights in specific pools of assets that we form (each, a “**Certificate Pool**”). Certificates are issued in series (“**Series**”), each consisting of one or more classes of Guaranteed Certificates and one or more classes of non-guaranteed Certificates (“**Non-Guaranteed Certificates**”). Only Guaranteed Certificates will be offered pursuant to this Offering Circular and the related Supplement.

Non-Guaranteed Certificates will be issued simultaneously with Guaranteed Certificates of the same Series, but will not be offered pursuant to this Offering Circular or the related Supplement.

Assets and Mortgages As specified in the related Supplement, the assets of each Series will include tax-exempt multifamily notes or interests

therein (which may be evidenced by custodial receipts, trust receipts or any similar instrument representing beneficial ownership interests in such notes) issued to finance affordable housing projects (together, “**TELS**”) that we have acquired. The TELS are issued by state and local government entities and are secured by first lien mortgage loans (“**Mortgages**”) made by the governmental entities using TEL proceeds to owners of multifamily affordable housing projects.

Trustee The Trustee for each Series of Guaranteed Certificates will administer such Series pursuant to the terms of the Agreement for that Series.

Payments The Trustee makes payments on the Guaranteed Certificates on each Payment Date. A “**Payment Date**” is the 25th of each month, or if the 25th is not a Business Day, the next Business Day, beginning the month after issuance.

- **Interest** The Trustee pays interest on each class of Guaranteed Certificates at its class coupon. Interest payable on a Payment Date accrues during the accrual period specified in the applicable Supplement.

- **Principal** On each Payment Date, the Trustee pays principal on the Guaranteed Certificates entitled to principal, if any.

Holders As an investor in Guaranteed Certificates, you are not necessarily the Holder of those Certificates. You ordinarily must hold your Guaranteed Certificates through one or more financial intermediaries. You may exercise your rights as an investor only through the Holder of your Guaranteed Certificates, and we may treat the Holder as the absolute owner of your certificates. For Guaranteed Certificates, the term “**Holder**” usually means the Depository Trust Company (“**DTC**”) or its nominee.

Tax Status If you own Guaranteed Certificates, you will be treated for federal income tax purposes as a partner in a partnership that owns the related TELS. For most investors, we expect interest income on the Guaranteed Certificates to be excludable from gross income for federal income tax purposes to the extent of interest on the underlying TELS.

A portion of the interest payments on Guaranteed Certificates may represent a payment pursuant to the Guarantee in the event interest payments based on the level of an applicable interest rate index are in excess of interest available on the TELS (“**Additional Amounts**”). Such amount will be treated as

received in respect of a notional principal contract for federal income tax purposes and will not be treated as tax exempt interest.

Guaranteed Certificates may be entitled to receive a portion of Static Prepayment Premium collected in respect of underlying mortgage loans. Such amounts will be treated as taxable gain and will not be treated as tax exempt interest. See *Certain Federal Income Tax Consequences*.

RISK FACTORS

Although we guarantee certain payments on the Guaranteed Certificates and so bear the associated credit risk, as an investor you will bear the other risks of owning mortgage securities. This section highlights some of these risks. Investors should carefully consider the risks described below and elsewhere in this Offering Circular, the related Supplement and the Incorporated Documents before deciding to purchase Guaranteed Certificates. However, neither this Offering Circular nor those other documents describe all the possible risks of an investment in the Guaranteed Certificates that may result from your particular circumstances, nor do they project how the Guaranteed Certificates will perform under all possible interest rate and economic scenarios.

PREPAYMENT AND YIELD FACTORS:

Principal payment rates are uncertain. Principal payment rates on Guaranteed Certificates entitled to principal will depend on the rates of principal payments on the underlying TELs. Principal payment rates on the underlying TELs will depend upon principal payments from the related multifamily affordable housing properties. TEL principal payments include scheduled payments and prepayments. Prepayment rates fluctuate continuously and in some market conditions, substantially. We cannot predict the rate of prepayments on the Mortgages securing the related TELs, which is influenced by a variety of economic, social and other factors, including local and regional economic conditions, the existence and enforceability of lockout periods and prepayment premiums and the availability of alternative financing. Prepayments are also affected by servicing decisions and policies, such as decisions to pursue alternatives to foreclosure.

Prepayments can reduce your yield if you purchase your Guaranteed Certificates at a premium. Your yield on a Guaranteed Certificate will depend on the price you pay for your Guaranteed Certificate, the rate of prepayments on the Mortgages securing the related TELs and the other characteristics of those TELs and Mortgages.

Reinvestment of principal payments may produce lower returns. Additionally, multifamily mortgage loans tend to prepay fastest when current interest rates are low. When you receive principal payments in a low interest rate environment, you may not be able to reinvest them in comparable securities with as high a return as your Guaranteed Certificates.

INVESTMENT FACTORS:

The Guaranteed Certificates may not be suitable investments for you. The Guaranteed Certificates are complex securities. You, alone or together with your financial advisor, need to understand the risks of your investment. You need to be able to analyze the information in the related offering documents and the Incorporated Documents, as well as the economic, interest rate and other factors that may affect your investment. You also need to understand the terms of the Certificates and any investment restrictions that may apply to you. Because each investor has different investment needs and different risk tolerances, you should consult your own financial, legal, accounting and tax advisors to determine if the Certificates are suitable investments for you. If you require a definite payment stream, or a single payment on a specific date, the Guaranteed Certificates are not suitable investments for you. If you purchase Guaranteed Certificates, you need to have enough financial resources to bear all of the risks related to your Guaranteed Certificates.

You may not be allowed to buy Guaranteed Certificates. If you are subject to investment laws and regulations or to review by regulatory authorities, you may not be allowed to invest in Guaranteed Certificates. If you purchase Guaranteed Certificates in violation of such laws or regulations, you may be compelled to divest such Guaranteed Certificates. See *Legal Investment Considerations*.

Interest on the Guaranteed Certificates may be taxable if interest on the TELs is determined to be taxable (or the trust otherwise receives taxable income). All or a portion of the interest received on Guaranteed Certificates could be deemed to be taxable if interest on the TELs is determined to be taxable. A determination that interest on the TELs is taxable could occur after distributions are paid on the Guaranteed Certificates. For example, prior to liquidation, interest received on Guaranteed Certificates that is allocable to income with respect to an REO property would be taxable or in the event Additional Amounts, as described above, are received.

GOVERNANCE FACTORS:

The Conservator may repudiate our contracts, including our guarantee. As Conservator, FHFA may disaffirm or repudiate contracts (subject to certain limitations for qualified financial contracts) that we entered into prior to its appointment as Conservator if it determines, in its sole discretion, that performance of the contract is burdensome and that disaffirmation or repudiation of the contract promotes the orderly administration of our affairs. The Reform Act requires FHFA to exercise its right to disaffirm or repudiate most contracts within a reasonable period of time after its appointment as Conservator. In a final rule published in June 2011, FHFA defines a reasonable period of time following appointment of a conservator or receiver to be 18 months.

The Conservator has advised us that it has no intention of repudiating any guarantee obligation relating to Freddie Mac's mortgage-related securities, including the Guaranteed Certificates, because it views repudiation as incompatible with the goals of the conservatorship. In addition, the Reform Act provides that mortgage loans and mortgage-related assets that have been transferred to a Freddie Mac securitization trust must be held for the beneficial owners of the related Freddie Mac mortgage-related securities, including the Guaranteed Certificates, and cannot be used to satisfy our general creditors.

If our guarantee obligations were repudiated, payments of principal and/or interest to Holders would be paid solely from payments on the TELs and other assets. Any actual direct compensatory damages owed due to the repudiation of our guarantee obligations may not be sufficient to offset any shortfalls experienced by Holders.

The Conservator also has the right to transfer or sell any asset or liability of Freddie Mac, including our guarantee obligation, without any approval, assignment or consent. If the Conservator were to transfer our guarantee obligation to another party, Holders would have to rely on that party for satisfaction of the guarantee obligation and would be exposed to the credit risk of that party.

FHFA could terminate the conservatorship by placing us into receivership, which could adversely affect our guarantee, and restrict or eliminate certain rights of Holders. Under the Reform Act, FHFA must place us into receivership if the Director of FHFA makes a determination in writing that our assets are, and for a period of 60 days have been, less than our obligations. FHFA has notified us that the measurement period for any mandatory receivership determination with respect to our assets and obligations would commence no earlier than the SEC public filing deadline for our quarterly or annual financial statements and would continue for 60 calendar days after that date. FHFA has also advised us that, if, during that 60-day period, we receive funds from Treasury in an amount at

least equal to the deficiency amount under the Purchase Agreement, the Director of FHFA will not make a mandatory receivership determination.

In addition, we could be put into receivership at the discretion of the Director of FHFA at any time for a number of reasons as set forth under the Reform Act. Several bills considered by Congress in the past several years provided for Freddie Mac to be placed into receivership. In addition, FHFA could be required to place us into receivership if Treasury were unable to provide us with funding requested under the Purchase Agreement to address a deficit in our net worth. Treasury might not be able to provide the requested funding if, for example, the U.S. government were not fully operational because Congress had failed to approve funding or if the U.S. government reached its borrowing limit and, as a result, Treasury was unable to obtain funds sufficient to cover the request.

Being placed into a receivership would terminate the current conservatorship. The appointment of FHFA as our receiver would terminate all rights and claims that our stockholders and creditors may have against our assets or under our charter arising as a result of their status as stockholders or creditors, other than the potential ability to be paid upon our liquidation. Unlike conservatorship, the purpose of which is to conserve our assets and return us to a sound and solvent condition, the purpose of receivership is to liquidate our assets and resolve claims against us.

If FHFA were to become our receiver, it could exercise certain powers that could adversely affect Holders. As receiver, FHFA could repudiate any contract entered into by us prior to its appointment as receiver if FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of our affairs. The Reform Act requires that any exercise by FHFA of its right to repudiate any contract occur within a reasonable period following its appointment as receiver. FHFA has defined such a reasonable period to be 18 months.

If FHFA, as receiver, were to repudiate our guarantee obligations, the receivership estate would be liable for actual direct compensatory damages as of the date of receivership under the Reform Act. Any such liability could be satisfied only to the extent our assets were available for that purpose.

Moreover, if our guarantee obligations were repudiated, payments of principal and/or interest to Holders would be paid solely from payments on the TELs and other assets. Any actual direct compensatory damages owed due to the repudiation of our guarantee obligations may not be sufficient to offset any shortfalls experienced by Holders. Holders would experience delays in receiving payments on their Guaranteed Certificates because the relevant systems are not designed to make partial payments.

In its capacity as receiver, FHFA would have the right to transfer or sell any asset or liability of Freddie Mac, including our guarantee obligation, without any approval, assignment or consent of any party. If FHFA, as receiver, were to transfer our guarantee obligation to another party, Holders would have to rely on that party for satisfaction of the guarantee obligation and would be exposed to the credit risk of that party. During a receivership, certain rights of Holders of Guaranteed Certificates may not be enforceable against FHFA, or enforcement of such rights may be delayed.

The Reform Act also provides that no person may exercise any right or power to terminate, accelerate or declare an event of default under certain contracts to which Freddie Mac is a party, or obtain possession of or exercise control over any property of Freddie Mac, or affect any contractual rights of Freddie Mac, without the approval of FHFA as receiver, for a period of 90 days following the appointment of FHFA as receiver.

If we are placed into receivership and do not or cannot fulfill our guarantee obligation to Holders of Guaranteed Certificates, Holders could become unsecured creditors of Freddie Mac with respect to claims made under our guarantee.

See the Incorporated Documents for additional information regarding the possible implications of a receivership.

THE CERTIFICATES

As Depositor, we create each Series of Certificates. We sell and guarantee certain payments of principal and interest on the Guaranteed Certificates. One or more classes of Guaranteed Certificates are offered pursuant to this Offering Circular and the related Supplement. One or more classes of Non-Guaranteed Certificates are issued simultaneously with the Guaranteed Certificates of the same Series, but will not be offered pursuant to this Offering Circular or the related Supplement.

ASSETS

Each Certificate represents an undivided ownership interest with specified rights in the pool of TELs that back such Series.

The TELs are issued by conduit state and local government entities to provide funding for affordable multifamily housing mortgage loans. The TELs are secured by a pledge by the government issuer of those Mortgages, which are secured by first liens on the related multifamily residential properties.

The general terms of the specific TELs and the underlying Mortgages for each Series of Certificates will be described in the applicable Supplement.

Each underlying Mortgage is a fixed or floating rate, fully amortizing or balloon mortgage with an original term to maturity of 7 to 30 years. The Mortgages usually either prohibit voluntary prepayment or provide for voluntary prepayment at a premium for some period, after which the Mortgage may be prepaid at par.

Principal payments on the TELs are made monthly based on an amortization schedule that usually does not exceed 35 years, with a maturity from 7 to 30 years following the beginning of amortization. Principal and interest payments are typically made on the Mortgages by the related borrowers on a monthly basis.

The applicable servicer will transfer principal and interest on each TEL, and deduct and pay fees due with respect to that TEL. In some instances, a Fiscal Agent will transfer principal and interest on each TEL received from the applicable servicer. If the borrower fails to pay the Mortgage securing a TEL, the servicer will notify the Fiscal Agent, if applicable, and Master Servicer. The Special Servicer may pursue remedies, if any. Freddie Mac will be the Master Servicer for the TELs in each Series.

PAYMENTS

Class Factors

For each month, the Trustee calculates and makes available the Class Factor for Guaranteed Certificates of each Series.

The “**Class Factor**” for any Guaranteed Certificates for any month is an exact decimal rounded to eight places, which, when multiplied by the original principal amount of the Guaranteed Certificates of

that Series, will equal its remaining principal amount. The Class Factor for any month reflects payments of principal to be made on the Payment Date in the same month.

Class Factors will be available not later than the second Business Day prior to the Payment Date for that month.

The Class Factor for each Guaranteed Certificate for the month of its issuance is 1.00000000.

Payment Dates

The Trustee makes payment to Holders of Guaranteed Certificates on each applicable Payment Date. A **“Payment Date”** is the 25th of each month or, if the 25th is not a Business Day, the next Business Day.

For this purpose, a **“Business Day”** means a day other than:

- A Saturday or a Sunday.
- A day when Freddie Mac is closed.
- A day when the Federal Reserve Bank of New York is closed.
- A day when DTC is closed.

Distribution Account

The Trustee establishes a Distribution Account for each Series. For each Payment Date, the Trustee deposits into the Distribution Account each of the following amounts related to that Payment Date:

- all TEL Payments received.
- all amounts Freddie Mac pays under its guarantee.

The Distribution Account will relate solely to the Certificates of the related Series, and funds in the Distribution Account will not be commingled with any other funds.

Interest Distributions

For each Payment Date other than the first Payment Date, holders of Guaranteed Certificates will be paid interest equal to the aggregate of the interest accrued each day in the calendar month preceding each Payment Date (the **“Accrual Period”**) or as specified in the Supplement. For the first Payment Date, the Accrual Period will run from the date specified in the Supplement to the last day of the month preceding the first Payment Date.

Principal Distributions

Principal will be paid on each Payment Date. For any Payment Date, the total amount of principal payments available for distribution to Holders of Guaranteed Certificates entitled to principal will equal the sum of the amount of principal payments scheduled and made on the underlying TELs and any unscheduled prepayments of principal received during the collection period for that Payment Date (**“Available Principal”**). The collection period for each Payment Date will be the period from the second Business Day of the prior calendar month through the first Business Day of the month of that Payment Date.

The Supplement for each Series will describe the specific allocation of principal payments for that Series.

Reports to Holders

Each month, not later than the second Business Day prior to the Payment Date for that month, the Trustee will make available on its internet website the related Payment Date and the Class Factor for that Payment Date.

Record Dates

The Trustee makes payments on each Payment Date to Holders of record as of the close of business on the last day of the preceding month (the **“Record Date”**).

Final Payment Dates

The **“Final Payment Date”** for each class of Certificates is the latest date by which it will be paid in full and will retire. We calculate Final Payment Dates using conservative assumptions. The actual retirement of the Guaranteed Certificates of any Series could occur significantly earlier than its Final Payment Date.

GUARANTEES

As Guarantor, we guarantee the timely payment of interest and the payment of principal in full by the applicable Final Payment Date, as described in the applicable Supplement.

Principal and interest payments on the Guaranteed Certificates are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac.

FORM, HOLDERS AND PAYMENT PROCEDURES

Form of Certificates

DTC is a New York-chartered limited purpose trust company that performs services for its participants (**“DTC Participants”**), mostly brokerage firms and other financial institutions. Guaranteed Certificates are registered in the name of DTC or its nominee. Therefore, DTC or its nominee is the holder of Guaranteed Certificates held on the DTC System.

CUSIP Number

Each class of Certificates for each Series will carry a unique nine-character designation (**“CUSIP Number”**) used to identify that class.

Denominations

Guaranteed Certificates are issued, held, transferred and tendered in minimum original principal balances of \$5,000 and additional increments of \$5,000.

Holders of Guaranteed Certificates

A Holder of a Guaranteed Certificate is not necessarily its beneficial owner. Beneficial owners ordinarily will hold Guaranteed Certificates through one or more financial intermediaries, such as

banks, brokerage firms and securities clearing organizations. Your ownership of Guaranteed Certificates will be recorded on the records of the brokerage firm, bank or other financial intermediary where you maintain an account for that purpose. In turn, the financial intermediary's interest in the Guaranteed Certificate will be recorded on the records of DTC (or of a DTC Participant that acts as agent for the financial intermediary, if the intermediary is not itself a DTC Participant).

A Holder that is not also the beneficial owner of a Guaranteed Certificate, 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 customers. Freddie Mac will not have a direct obligation to a beneficial owner of a Guaranteed Certificate that is not also the Holder. DTC will act only upon the instructions of the applicable DTC Participant in recording transfers of Guaranteed Certificates.

Freddie Mac, the Trustee and DTC may treat the Holder as the absolute owner of a Guaranteed Certificate for the purpose of receiving payments and for all other purposes, regardless of any notice to the contrary. Your rights as a beneficial owner of a Guaranteed Certificates may be exercised only through the Holder.

Payment Procedures

The Trustee makes payments on Guaranteed Certificates held on the DTC System in immediately available funds to DTC. DTC is responsible for crediting the payment to the accounts of the appropriate DTC Participants in accordance with its normal procedures. Each Holder and each other financial intermediary will be responsible for remitting payments to the beneficial owners of Guaranteed Certificates that it represents.

If a principal or interest payment error occurs, we may correct it by adjusting payments to be made on later Payment Dates or in any other manner we consider appropriate.

PREPAYMENT, YIELD AND SUITABILITY CONSIDERATIONS

PREPAYMENTS

The rates of principal payments on the Guaranteed Certificates, if any, will depend on the rates of principal payments on the TELs and underlying Mortgages. Principal payments may be in the form of scheduled amortization or partial or full prepayments.

Unless otherwise specified in the applicable Supplement, the Mortgages may be voluntarily prepaid in full or in part at any time, subject to any applicable prepayment premiums or lockout periods.

Mortgage prepayment rates may fluctuate significantly over time. Prepayment rates are influenced by a variety of economic, social and other factors, which may exist in multiple combinations, including:

- The age, principal amount, 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).
- Any applicable tax laws (including depreciation benefits) in effect from time to time.

- Characteristics of the borrowers (such as credit status and management ability) and their equity positions in the underlying properties.
- Changes in local industry and population migration and relocation as they affect the supply and demand for rental units and rent levels.
- Prevailing rent levels (as may be limited by TEL issuer regulatory restrictions, any applicable rent control or stabilization laws) affecting cash flows from the underlying properties.
- Levels of current mortgage interest rates and borrower refinancing activities.
- Activity of lenders in soliciting refinancing, including refinancing without significant transaction costs by the borrower.
- Attractiveness of other investment alternatives.
- The existence of prepayment premiums or lockout provisions.
- Certain state laws limiting the enforceability of lockout periods and the collection of prepayment premiums.

The characteristics of particular Mortgages may also influence their prepayment rates. Also, different types of Mortgages may be affected differently by the same factor, and some factors may affect prepayment behavior on only some types of Mortgages.

The rate of defaults of the Mortgages securing a TEL will also affect the prepayment behavior of the related Series. Defaults may increase during periods of declining property values or as a result of other factors that decrease borrowers' equity. In addition, mortgage servicing decisions, including seeking alternatives to foreclosure, may impact the prepayment behavior of particular TELs.

The factors affecting the prepayment behavior of the Mortgages differ in certain respects from those affecting the prepayment behavior of single family mortgages. A borrower typically views multifamily properties solely as an investment and, therefore, economic rather than personal considerations primarily will affect the prepayment behavior of the Mortgages. Also, individual Mortgage amounts often are large and one Mortgage is likely to comprise a larger portion of the assets of a Series than would be the case with a pool of single family mortgages. Therefore, principal prepayments may significantly affect the yield on the Guaranteed Certificates if you purchased your certificates at a premium or discount. Similarly, the prepayment behavior of a Series containing only one or a small number of Mortgages is likely to be more volatile than the prepayment behavior of a Series backed by a large number of Mortgages, because a prepayment on a single Mortgage may result in the payment to Holders of a substantial portion of the principal amount of a Series. We cannot make any representation regarding the likely prepayment experience of the TELs or underlying Mortgages or the particular effect that any factor may have on Mortgage prepayment behavior. For example, although we may expect Mortgages with higher prepayment premiums to prepay less frequently than Mortgages with lower or no prepayment premiums, prepayment premium provisions may or may not effectively deter prepayments. Similarly, lockout provisions may or may not prevent prepayments.

YIELDS

General

In general, your yield on any Guaranteed Certificates will depend on several variables, including:

- The price you paid for the Guaranteed Certificates.
- The interest rate on your Guaranteed Certificates.
- The rate of principal prepayments on the underlying Mortgages.
- The payment delay of your Guaranteed Certificates.

Payment Delay

The effective yield on any Guaranteed Certificates will be less than the yield that its interest rate and purchase price would otherwise produce, because the interest payable on the Guaranteed Certificates will accrue during its Accrual Period, which will end approximately 25 days before each Payment Date.

SUITABILITY

Guaranteed Certificates may not be suitable investments for you. You should consider the following before you invest in Guaranteed Certificates.

- Guaranteed Certificates are not appropriate investments if you require a single lump sum payment on a specific date.
- Guaranteed Certificates are complex securities. Before investing in Guaranteed Certificates, you should be able, either alone or with a financial advisor, to evaluate the information contained and incorporated in this Offering Circular and in the related Supplement. You should evaluate the information in the context of your personal financial situation and your views on possible and likely interest rate and economic scenarios.

This Offering Circular does not describe all the possible risks of an investment in Guaranteed Certificates that may result from your particular circumstances, nor does it project how Guaranteed Certificates will perform under all possible interest rate and economic scenarios. You should purchase Guaranteed Certificates only if you understand and can bear the prepayment, yield, liquidity and market risks associated with your investment under a variety of interest rate and economic scenarios. If you purchase Guaranteed Certificates, you need to have enough financial resources to bear all the risks related to your Guaranteed Certificates.

THE AGREEMENT

GENERAL

We create each Series of Certificates under the Freddie Mac Multifamily ML Certificates Pooling and Servicing Agreement dated as of the closing date of such Series (the “**Agreement**”).

The Trustee will administer each Series in accordance with the terms of the Agreement.

TRANSFER OF ASSETS TO CERTIFICATE POOL

The assets deposited in each Certificate Pool will be identified as assets of that Certificate Pool in our corporate records. The Trustee will hold legal title to the assets for the benefit of each Certificate Pool and the Holders of related Certificates.

VARIOUS MATTERS REGARDING FREDDIE MAC

Freddie Mac in its Corporate Capacity

Freddie Mac, in its corporate capacity, and its directors, officers, employees and agents will not be liable to Holders for any action taken or omitted in good faith or for errors in judgment. However, they will not be protected against any liability that results from their willful misfeasance, bad faith, gross negligence or reckless disregard of their obligations.

Except with regard to its guarantee obligations or other payment obligations, Freddie Mac will not be liable for any Holder's direct damages unless Freddie Mac has failed to exercise the same degree of ordinary care that it exercises in the conduct of its own affairs. Freddie Mac will not be liable for any Holder's consequential damages.

In addition, Freddie Mac need not appear in any legal action that we believe may result in any expense or liability for which repayment of such expenses or indemnity for such liability is not adequately assured. However, Freddie Mac may undertake any legal action that we believe is necessary or desirable in the interests of the Holders.

Freddie Mac may acquire all or part of the Certificates of any Series of Guaranteed Certificates. The Certificates we hold will be treated the same as Certificates of the same Class held by other Holders.

The Agreement will be binding upon any successor to Freddie Mac.

EVENTS OF DEFAULT

“Events of Default” under the Agreement are:

- Any failure by the Trustee to pay principal or interest that lasts for 30 days.
- Any failure by Freddie Mac or the Trustee to perform any other obligation under the Agreement, if the failure lasts for 60 days after Freddie Mac receives notice from the Holders of at least 60% of the outstanding principal amount of affected Guaranteed Certificates or Non-Guaranteed Certificates, as applicable.
- Specified events of bankruptcy, insolvency or similar proceedings involving Freddie Mac, including the appointment of a receiver, liquidator, assignee, custodian or sequestrator or similar official for Freddie Mac (but not including the appointment of a conservator or similar official for Freddie Mac).

RIGHTS UPON EVENT OF DEFAULT

If an Event of Default under the Agreement is not remedied, the Holders of a majority of the outstanding balance of any affected class of Certificates may remove the Trustee and nominate a successor to the Trustee. That nominee will replace the Trustee unless the Trustee objects within ten days after the nomination. In that event, either the Trustee or anyone who has been a bona fide Holder

of an affected class for at least six months may ask a court to appoint a successor. The court may then appoint a successor to the Trustee.

Holders of a majority of the outstanding principal amount of any affected class of Certificates may waive any Event of Default under the Agreement. When any Event of Default under the Agreement is waived, the Event of Default will cease to exist and be deemed cured and not to have occurred for every purpose of the Agreement, but a waiver of an Event of Default will not extend to any subsequent or other Event of Default.

For these purposes any Certificates held by Freddie Mac will be disregarded.

The rights provided to Holders of any affected class of Certificates under the Agreement as described above may not be enforced against FHFA, or enforcement of such rights may be delayed, if we are placed into receivership. The Agreement provides that upon the occurrence of an Event of Default, which includes the appointment of a receiver, Holders have the right to replace the Trustee if the requisite percentage of Holders of an affected class of Certificates consent. The Reform Act provides that no person may exercise any right or power to terminate, accelerate or declare an event of default under certain contracts to which Freddie Mac is a party, or obtain possession of or exercise control over any property of Freddie Mac, or affect any contractual rights of Freddie Mac, without the approval of FHFA, as receiver, for a period of 90 days following the appointment of FHFA as receiver.

Under the Purchase Agreement between Treasury and us, Holders of Certificates are given certain limited rights against Treasury under the following circumstances: (i) we default on our guarantee payments, (ii) Treasury fails to perform its obligations under its funding commitment, and (iii) we and/or the Conservator are not diligently pursuing remedies in respect of that failure. In that case, the Holders of an affected class of Certificates may file a claim in the U.S. Court of Federal Claims for relief requiring Treasury to fund to us up to the lesser of (1) the amount necessary to cure the payment default and (2) the lesser of (a) the amount by which our total liabilities exceed our total assets, as reflected on our balance sheet prepared in accordance with generally accepted accounting principles, and (b) the maximum amount of Treasury's funding commitment under the Purchase Agreement less the aggregate amount of funding previously provided under this commitment. The enforceability of such rights has been confirmed by the Office of Legal Counsel of the U.S. Department of Justice in an opinion dated September 26, 2008.

AMENDMENT

Freddie Mac and the Trustee may amend the Agreement without the consent of any Holder or Holders to cure any ambiguity or to correct or add to any provision in the Agreement, if the amendment does not adversely affect Holders in any material way. Holders may have the right to consent to amendments to the Agreement. The Agreement provides that, as Guarantor, our consent to an amendment may also be required.

Other Amendments

Freddie Mac and the Trustee also may amend the Agreement in any other way upon receipt of the following:

- Consent of the Holders of 51% of the outstanding current certificate balance of any affected class of Certificates.

- An opinion of Tax Counsel satisfactory to Freddie Mac to the effect that the amendment does not adversely affect any of the prior opinions relating to federal income taxation pertaining to the Certificates.
- Each applicable Rating Agency confirms its rating on the Guaranteed Certificates.

Amendment Procedures

Freddie Mac will provide notice of any proposed amendment of the Agreement to Holders at least 20 days prior to the effective date of the amendment.

GOVERNING LAW

The Agreement is to be interpreted in accordance with federal law. If there is no applicable federal precedent and if the application of New York law would not frustrate the purposes of the Freddie Mac Act, the Agreement or any transaction under the Agreement, then New York law will be deemed to reflect federal law.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

GENERAL

Any discussion of the federal tax issues set forth in this Offering Circular and any Supplement was written to support the promotion and marketing of the transactions described herein. Such discussion was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

The following discussion is a general summary of certain federal income tax consequences of the purchase, ownership and disposition of Guaranteed Certificates issued as part of a Series. This summary is based on the Internal Revenue Code of 1986, as amended (the “**Code**”), as well as final, temporary and proposed Treasury regulations, administrative pronouncements of the Internal Revenue Service (the “**Service**”) and judicial decisions, all as in effect on the date hereof, and all of which are subject to change or possible differing interpretation. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, affecting the accuracy of the statements and conclusions set forth herein. No rulings will be sought or obtained from the Service regarding the classification of all or a portion any Certificate Pool as a partnership for federal income tax purposes (the “**Partnership**”) or any other federal income tax consequences described herein, and there can be no assurance that the Service will agree with the conclusions expressed herein. This summary is directed solely to Holders that are “U.S. persons,” within the meaning of the Code, that purchase Guaranteed Certificates at their initial issuance for cash and that will hold the Guaranteed Certificates as capital assets (generally, property held for investment). This summary does not purport to address all federal income tax matters that may be relevant to the particular circumstances of Holders, or to Holders that may be subject to special federal income tax rules (including financial institutions, regulated investment companies, broker/dealers and partnerships and other pass-through entities, persons holding Guaranteed Certificates as a hedge or as a position in a “straddle,” “constructive sale” or other integrated transaction for federal income tax purposes). For purposes of this summary, references to “**Holders**” are to the beneficial owners of the Guaranteed Certificates.

Prospective investors in Guaranteed Certificates should consult their own tax advisors concerning the tax consequences to them of the purchase, ownership and disposition of Guaranteed Certificates under federal tax law, as well as under the tax law of any relevant state, local or foreign jurisdiction.

TAX EXEMPTION OF THE UNDERLYING TELS

On the date of initial issuance and delivery of TELs, Bond Counsel for each issue of TELs rendered its opinion generally to the effect that, under existing laws, interest on the TELs is excludable from gross income for federal income tax purposes (and is exempt from specified state and local income taxes if provided in the Supplement). In order to maintain the tax-exempt status of the TELs, the issuer and certain other persons must comply with certain on-going requirements of federal income tax law, and the failure to satisfy any such requirements could cause interest on the TELs to become taxable retroactively to the date of issuance. Shearman & Sterling LLP, special tax counsel to each Series (“**Special Tax Counsel**”), has not independently verified, and will not independently verify, the federal income tax-exemption of interest on any issue of TELs, and has assumed, without any inquiry, (i) the continuing correctness of the related opinion of Bond Counsel and (ii) that no events or circumstances have occurred since the original issuance of the TELs that would adversely affect the exemption from federal income tax (and any applicable state and local income taxes) of interest on the TELs.

In connection with the initial issuance of Guaranteed Certificates of any Series, Special Tax Counsel will provide its opinion, to be delivered as a condition to such issuance, to the effect that, based upon certain assumptions and representations, including the assumption that interest derived from the direct ownership of the TELs is excludable from gross income for federal income tax purposes, and subject to customary limitations and conditions and the discussion below under — *Taxation of Holders*, interest on the TELs that is distributed to a Holder of the Guaranteed Certificates will be excludable from the gross income of the Holder for federal income tax purposes to the extent interest on the TELs is excludable from gross income.

TAX TREATMENT OF REO, CERTAIN GUARANTEE PAYMENTS AND PREPAYMENT PREMIUM

If a Certificate Pool acquires REO property, income, if any, that the Certificate Pool recognizes with respect to the REO property will not be excludable from gross income for federal income tax purposes. To the extent Holders of Guaranteed Certificates are allocated any income attributable to REO property such income will not be treated as interest income with respect to TELs and will be taxable to holders. Allocations of income, gains, losses, deductions and other items are described below under — *Tax Treatment of Holders*.

In addition, if any portion of the interest payment on Guaranteed Certificates represents a payment of Additional Amounts, such portion will be treated as received in respect of a notional principal contract for federal income tax purposes, will not be treated as tax exempt interest and all or a portion may be treated as taxable income. See *Taxation of Holders — Taxation of Certain Guarantee Payments* below.

Guaranteed Certificates may be entitled to receive all or a portion of prepayment premium collected in respect of underlying mortgage loans. Such amounts will be treated as taxable gain and will not be treated as tax exempt interest.

TAXATION OF HOLDERS

Classification as a Partnership

With respect to each issuance of Guaranteed Certificates of a Series, Special Tax Counsel will deliver its opinion, as of the applicable Date of Original Issue, to the effect that, for federal income tax purposes, (i) all or a portion of the Certificate Pool will be classified as a Partnership (rather than an association taxable as a corporation), (ii) such Partnership, even if publicly traded, will not be taxable as a corporation under section 7704 of the Code and (iii) each Holder of Guaranteed Certificates will be treated as a partner in such Partnership. Such opinion will be based on certain representations and assumptions, including the assumption that there will be full compliance with all terms of the related Agreement and other transaction documents, and that all representations or certifications set forth in such documents or provided to Special Tax Counsel are accurate and complete, and will be subject to customary limitations and conditions. In rendering its opinion, Special Tax Counsel will rely upon its conclusions that (i) applicable Treasury regulations do not require the classification of each Certificate Pool as an association (taxable as a corporation), (ii) the passive nature of the income from the TELs will qualify the Certificate Pool for an exemption from the Code section 7704 rule that publicly traded partnerships are taxable as corporations, and (iii) the Guaranteed Certificates will not be treated as indebtedness of the related Certificate Pool, Freddie Mac or the Holders of the Non-Guaranteed Certificates.

The Service has issued guidance, including Revenue Procedure 2003-84 and Notice 2008-80, identifying criteria common to certain structures designed to pass through the character of tax exempt interest to investors and intended to be treated as partnerships for federal income tax purposes. Guaranteed Certificates of each Series will differ from the interests described in such guidance and, thus, that guidance does not pertain to the treatment of Holders of Guaranteed Certificates. Instead, Special Tax Counsel will base its opinion that all or a portion of each Certificate Pool will be treated as a partnership for federal income tax purposes, in part, on Treas. Reg. § 301.7701-4(c) (commonly known as the “**Sears Regulations**”), taking into account the allocation of principal payments to classes of Certificates.

The opinion of Special Tax Counsel represents only its best legal judgment and, unlike a ruling obtained from the Service, has neither binding effect on the Service nor official status of any kind. No authority addresses facts that are substantially similar to those involved in the issuance of Guaranteed Certificates of a Series, so no assurance can be given that the Service or a court will agree with the opinion of Special Tax Counsel. If, contrary to the opinion of Special Tax Counsel, all or a portion of a Certificate Pool were classified as an association taxable as a corporation, rather than as a partnership, distributions to Holders generally would be treated as taxable dividends, and the amount of funds available for distribution in respect of the Guaranteed Certificates, and the after-tax yield to Holders of Guaranteed Certificates, would be substantially reduced. Moreover, if the Guaranteed Certificates were characterized as indebtedness (or, alternatively, if distributions thereon were classified as “guaranteed payments” by the Partnership), distributions on the Guaranteed Certificates would be fully includable in gross income for federal income tax purposes, resulting in a substantial reduction in after-tax yield to the Holders of Guaranteed Certificates.

Each Holder of Guaranteed Certificates will acknowledge and agree (by its purchase of Guaranteed Certificates) that the related Certificate Pool will be treated for federal income tax purposes as a Partnership in which such Holder is a partner. No Holder of Guaranteed Certificates or other person is authorized to elect under section 301.7701-3(c) of the Treasury regulations, or under any

applicable state or local tax law, to have the related Certificate Pool classified as an association (taxable as a corporation) for federal, state or local tax purposes. Furthermore, each Holder consents (by its purchase of Guaranteed Certificates) to an election under Revenue Procedure 2003-84 (or any successor Revenue Procedure or other guidance issued by the Service) to account for items of Partnership taxable income, tax-exempt income, gain, loss or deduction on the basis of a monthly closing of the books (the “**Monthly Closing Election**”), and if permitted by applicable law, an election under section 761 of the Code (the “**Section 761 Election**”) to exclude the related Certificate Pool from the application of the partnership provisions of subchapter K of the Code, in each case, which may be filed at the discretion of Freddie Mac.

The remainder of this summary assumes that each Certificate Pool will be treated as a Partnership that is not taxable as a corporation, and that all or a portion of the Guaranteed Certificates will constitute equity interests in such Partnership for federal income tax purposes.

Taxation of Certain Guarantee Payments

The Agreement will provide whether Holders of Guaranteed Certificates are to be treated for federal income tax purposes as having entered into a notional principal contract separate from the partnership by virtue of the potential to receive Additional Amounts. In such event, the Freddie Mac Guarantee will be treated as having two separate components for federal income tax purposes. Each holder of a Guaranteed Certificate will be deemed to have agreed to this characterization and to treat the right to receive Additional Amounts and any payments received pursuant to this aspect of the Guarantee as provided under Treasury regulations applicable generally to notional principal contracts.

Holders of Certificates must allocate the price they pay for their Certificates between their interest in the Partnership and, if applicable, the right to receive Additional Amounts based on their relative fair market values. The portion, if any, allocated to the right to receive Additional Amounts will be treated as cap premium paid by Holders to Freddie Mac. The initial amount of such cap premium will be furnished to the Trustee for federal income tax reporting purposes, but such amounts may differ for purchasers after the initial issuance of the Guaranteed Certificates. Holders will be required to amortize any cap premium under a level payment method as if the cap premium represented the present value of a series of equal payments made over the life of the Guaranteed Certificates (adjusted to take into account decreases in the notional principal amount), discounted at a rate equal to the rate used to determine the amount of cap premium (or some other reasonable rate).

Under current law, Treasury Regulations treat a non-periodic payment made under a notional principal contract as a loan for federal income tax purposes if the payment is “significant”. It is not anticipated that any cap premium would be treated in part as a loan under the currently applicable Treasury Regulations. However, under temporary Treasury Regulations and recent IRS guidance, any non-periodic payments under notional principal contracts entered into on or after the date that is six months after the publication of final Treasury Regulations (possibly including transfers of Guaranteed Certificates occurring on or after that date) will be treated as a loan for federal income tax purposes, but it is not clear whether this provision of the temporary Treasury Regulations will apply to the right to receive Additional Amounts.

Under applicable Treasury regulations, (i) all taxpayers must recognize income with respect to a notional principal contract under the accrual method of accounting, and (ii) any periodic payments received must be netted against any amortized portion of the cap premium. Net income or deduction

with respect to the notional principal contract, if any, should constitute ordinary income or deduction. Individuals, trusts and estates may be limited in their ability to deduct any such net deduction.

Under applicable Treasury Regulations, any amount of proceeds from the sale, redemption or retirement of Guaranteed Certificates that is attributable to the Holder's right to receive Additional Amounts would be treated as a payment in termination of such right. A Holder of Guaranteed Certificates will have gain or loss from such a termination equal to (i) the deemed termination payment it receives, if any, minus (ii) the unamortized portion of any cap premium deemed paid by the Holder of such Certificate.

The Guaranteed Certificates, if they represent the right to receive Additional Amounts as well a partnership interest, may constitute positions in a straddle, in which case the straddle rules of Code Section 1092 would apply. A selling Holder's capital gain or loss with respect to such partnership interest would be short term because the holding period would be tolled under the straddle rules. Similarly, capital gain or loss realized in connection with the termination of the right to receive Additional Amounts would be short term. If the Holder of a Guaranteed Certificate incurred or continued to incur indebtedness to acquire or hold such certificate, the Holder generally would be required to capitalize a portion of the interest paid on such indebtedness.

Prospective purchasers of Certificates should consult their own tax advisors regarding tax consequences of the right to receive Additional Amounts, including the appropriate method of amortizing any cap premium and the character of net income or loss, if applicable to a Series.

Tax Treatment of Holders

General. As a partner in a Partnership, each Holder of Guaranteed Certificates will be allocated a distributive share of the income, gains, losses, deductions and other items of all or a portion of the Certificate Pool. The amount of income, gains, losses, deductions and other items of the Series allocated to a Holder of Guaranteed Certificates generally will be based upon the terms of the Guaranteed Certificates and the Certificate Pool. In determining its income, gains, losses, deductions and other items, the Certificate Pool will report on the basis of the calendar year and will use the accrual method of accounting.

The Certificate Pool also will incur various expenses, which may be considered "miscellaneous itemized deductions" for a Holder of Guaranteed Certificates that is an individual, estate or trust. Expenses constituting miscellaneous itemized deductions are deductible only to the extent that such amounts exceed 2% of the "adjusted gross income" of the individual, estate or trust.

Holders of Guaranteed Certificates should consult their own tax advisors concerning the potential federal income tax consequences of the Certificate Pool's potential investments, income, gains, losses and expenses.

Distributions of Cash. Distributions of cash by a Partnership to a partner generally are not taxable to the partner to the extent that the amount of cash does not exceed the partner's tax basis in its Partnership interest. (See "Partnership Reporting," below.) Thus, a Holder of Guaranteed Certificates will not be separately taxable on the receipt of a cash distribution attributable to its partnership interest as long as the distribution does not exceed the Holder's tax basis attributable to its partnership interest (as adjusted to reflect allocations of income, gain, loss, deduction and other items of the Partnership). A Holder of Guaranteed Certificates generally will recognize capital gain in the amount of any distribution that exceeds the tax basis attributable to its partnership interest.

Partnership Reporting

Very generally, as a partner in a Partnership for federal income tax purposes, a Holder of Guaranteed Certificates will report on its own federal income tax return its allocable share of the taxable income, tax-exempt income, gain, loss and deduction of the Partnership and any amounts attributable to the right to receive Additional Amounts. Based on the opinion of Special Tax Counsel discussed above, such Holder's allocable share of tax-exempt interest on the TELs will be excludible from gross income for federal income tax purposes to the same extent as if the interest had been derived directly by the Holder. A Holder of Guaranteed Certificates nevertheless could recognize taxable income attributable to REO property if a Certificate Pool were to acquire such property, income in respect of the right to receive Additional Amounts, if any, taxable gain upon a sale, redemption or other disposition of the Guaranteed Certificates or the underlying TELs, or, as discussed below, the receipt of distributions in excess of its tax basis in its partnership interest.

A Holder's adjusted tax basis in its partnership interest generally will equal the purchase price for the Guaranteed Certificates allocable to its partnership interest, increased by the Holder's allocable share of items of Partnership income and gain (including tax-exempt income), and reduced, but not below zero, by the Holder's allocable share of items of Partnership loss and deduction, and by distributions received from the Partnership. Cash distributions to a Holder of Guaranteed Certificates normally will not be taxable to the Holder; however, to the extent that the amount of the distribution exceeds the Holder's adjusted tax basis attributable to its partnership interest, the Holder will recognize capital gain. Special rules will apply to distributions of TELs or other property (other than cash) by the Partnership.

Revenue Procedure 2003-84, which became effective on November 5, 2003, generally allows taxable income, tax-exempt income, gain, loss or deduction of certain partnerships to be determined on the basis of a closing of the books at the end of each month if the partnership meets certain requirements and files a Monthly Closing Election with the Service in the prescribed manner, and all partners in the partnership consent to the Monthly Closing Election. Assuming that a valid Monthly Closing Election is made, then the electing partnership will close its books on the last day of each month (as if all of the partners had sold their interests in the partnership on such day), and each partner in the partnership will determine and take into account for federal income tax purposes its allocable share of the partnership's items of taxable income, tax-exempt income, gain, loss or deduction for the month. Accordingly, a partner in such partnership will be able to match its allocable share of partnership taxable income, tax-exempt income, gain, loss and deduction for each month to the amounts actually distributed to the partner for such month.

In order to be eligible to make the Monthly Closing Election, a partnership must, among other things, derive at least 95% of its gross income from interest on tax-exempt obligations, exempt-interest dividends paid by "regulated investment companies" (as defined in section 851 of the Code) and gains from the sale, redemption or other disposition of tax-exempt obligations or shares in regulated investment companies that pay exempt-interest dividends. While the Partnerships are generally expected to meet the income requirements of Revenue Procedure 2003-84, the Partnerships will not meet certain other criteria set forth in Revenue Procedure 2003-84. Nonetheless, the Partnerships will adopt the reporting method set forth in Revenue Procedure. If the Service were to challenge the Partnerships' use of the reporting method in Revenue Procedure 2003-84 or, if the Partnerships acquire REO property and do not meet income requirements, a partner in the Partnership may not be able to achieve the matching of income and distributions described above, and other adverse consequences could result to the partner.

Freddie Mac will advise the Holders of Guaranteed Certificates (either in the applicable Supplement or by separate notice) as to whether it will report to Holders in the manner set forth in Revenue Procedure 2003-84 with respect to a particular Series and whether, as the result of a Partnership acquiring REO, it determines such reporting is no longer appropriate. If Freddie Mac so elects on behalf of a Certificate Pool, then all Holders of Certificates of the Series (by their purchase of Certificates) will be deemed to have consented to such reporting approach. There can be no assurance, however, that the Service will agree with the adoption of this reporting approach. Holders of Guaranteed Certificates should consult with their own tax advisors regarding the required tax accounting under a Monthly Closing Election, and the implications of failing to qualify for a Monthly Closing Election.

Partnership Information Returns

A partnership generally is required to file, on an annual basis, Form 1065 (U.S. Return of Partnership Income) with the Service, and to send information reports to each partner on Schedule K-1. However, Revenue Procedure 2003-84 states that these tax filing requirements can be eliminated for a partnership that has a valid Monthly Closing Election in effect for the relevant taxable year, provided that the partnership and its partners agree to comply, and in fact do comply, with the alternative reporting requirements set forth in Revenue Procedure 2003-84. If Freddie Mac chooses to report in a manner consistent with Revenue Procedure 2003-84, then such Certificate Pool and each Holder of Certificates (by their purchase of Certificates) will agree to comply with the alternative reporting requirements imposed by Revenue Procedure 2003-84.

Under Revenue Procedure 2003-84, the Partnership must make available, within 45 days of a request by the Service or a partner (or a beneficial owner or nominee of a beneficial owner), all information necessary to compute a partner's taxable income, tax-exempt income, gain, loss, deduction or credit (including the amount of interest that may be subject to the alternative minimum tax, as discussed below). Additionally, any person on whose behalf another person holds as a nominee an interest in the Partnership must notify the Partnership of its beneficial ownership status and provide the following information: (i) name, address and taxpayer identification number of both the beneficial owner and its nominee, and (ii) the name of the Partnership, its CUSIP number or other information sufficient to identify the partnership interest and the amount of the partnership interest. In the case of a group of regulated investment companies managed or advised by a common, or affiliated, manager or advisor (the "manager"), such beneficial ownership information may be collected, retained and provided to the Service upon demand by the manager, if the manager elects to do so and provides appropriate notice to the Partnership.

Holders of Guaranteed Certificates (and beneficial owners and nominees) should consult their own tax advisors regarding the reporting requirements under Revenue Procedure 2003-84.

Section 761 Elections

Freddie Mac may, in its discretion, file a Section 761 Election to exclude each Certificate Pool from the application of all of the partnership provisions of subchapter K of the Code. The validity of a Section 761 Election for a Certificate Pool is not clear under current federal income tax law, and in Revenue Procedure 2003-84, discussed above, the Service stated its position that a partnership investing primarily in tax-exempt obligations is not eligible for a Section 761 Election. Accordingly, no assurance can be made that a Section 761 Election would be respected.

If a valid Section 761 Election is made, then, among other things, the electing Certificate Pool would not be subject to the tax return filing requirements otherwise applicable to partnerships under the Code, and each Holder of Guaranteed Certificates generally would separately account for its allocable share of the profits and losses of the Certificate Pool as if the assets of the Certificate Pool were held directly by such Holder. Thus, there could be differences in the timing of income recognition by a Holder of Guaranteed Certificates, as well as in other federal income tax aspects of such Holder's investment in the Guaranteed Certificates, depending on whether or not a valid Section 761 Election is made. Prospective investors should consult their own tax advisers regarding the effect of a Section 761 Election on an investment in the Guaranteed Certificates, and the ability of the related Certificate Pool to make the Section 761 Election.

Freddie Mac currently does not intend to file a Section 761 Election for any Certificate Pool. In the event Freddie Mac decides at some future time to file a Section 761 Election for a Certificate Pool, Holders of Guaranteed Certificates will be informed either in the applicable Supplement or by a separate notice.

If a Section 761 Election is made for a Certificate Pool and subsequently invalidated, the Service could assess interest and penalties, which would be the responsibility of the Certificate Pool under the related Agreement.

Taxable Dispositions of Guaranteed Certificates

Upon a sale or other taxable disposition of Guaranteed Certificates, a Holder will recognize gain or loss equal to the difference between the amount realized on the disposition and the adjusted tax basis of the Guaranteed Certificates. Such gain or loss generally will be capital gain or loss (subject to the discussion below under — *Discount and Premium*), and may be long-term or short-term depending on the facts and circumstances. Prospective investors should consult their own tax advisers with respect to the recognition, character and amount of any gain or loss.

Discount and Premium with respect to TELs

The purchase price paid by each Certificate Pool for TELs may be greater or less than the TELs' stated redemption price at maturity (or, in the case of TELs issued with original issue discount, the "revised issue price" thereof), in which case the TELs will be considered to have amortizable bond premium or market discount, respectively. The market discount will be considered to be zero if it is less than a statutorily defined de minimis amount; the Supplement will identify any TELs acquired at a market discount in excess of the applicable de minimis amount. Generally, any gain on the sale, redemption or other disposition of TELs acquired at a market discount will be taxable as ordinary income, instead of capital gain, to the extent of the accrued market discount thereon. Amortizable bond premium on TELs will be amortized over the remaining term thereof (or to an earlier call date if it produces greater annual amortization) using a constant yield method; the amortization will reduce the Partnership's tax basis for the TEL.

Under the related Agreement, any amortizable bond premium and any market discount on TELs at the time of acquisition by the related Certificate Pool will be allocated to Holders of Certificates. If the portion of the purchase price of a Guaranteed Certificate attributable to the partnership interest is at least equal to the share of the Guaranteed Certificates of the total principal amount of the TELs, no market discount will be allocated to the portion of the purchase price of the Guaranteed Certificates. Amortizable bond premium, if any, with respect to the TELs will be allocated to Holders of

Guaranteed Certificates to the extent the portion of the purchase price of the Guaranteed Certificates attributable to the partnership interest is greater than the share of the Guaranteed Certificates of the total principal amount of the TELs and such allocations will reduce the Holder's basis in its partnership interest. Any amortizable bond premium or market discount not allocated to Holders of the Guaranteed Certificates will be allocated to Holders of the Non-Guaranteed Certificates. Special Tax Counsel will deliver its opinion, as of the applicable date of original issue, generally to the effect that such allocations will be respected for federal income tax purposes. If the portion of the purchase price of Guaranteed Certificates attributable to the partnership interest is less than the share of the Guaranteed Certificates of the principal balance of the TELs, a portion of the gain, if any, recognized would be characterized as ordinary income equal to the Holder's allocable share of market discount, if any, on the TELs that has economically accrued. Prospective investors should be aware, however, that there are no authorities addressing facts that are substantially similar to those involved in the issuance of Guaranteed Certificates of a Series, so there can be no absolute assurance that the Service or a court will agree with the opinion of Special Tax Counsel and the conclusions expressed herein. If the Service were to successfully challenge the allocation in the related Agreement of market discount entirely to the Non-Guaranteed Certificates, a Holder of Guaranteed Certificates might recognize ordinary income upon the sale, redemption or other disposition of TELs or, possibly, upon the sale, redemption or other disposition of Guaranteed Certificates.

Tax Elections

The Code provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a partner (section 734 of the Code) and transfers of partnership interests (section 743 of the Code), provided that a partnership election has been made pursuant to section 754 of the Code (the "section 754 election"). The Certificate Pool generally would be required to make adjustments to the tax basis of its assets in the case of (i) a distribution of an asset to a Holder where the tax basis of the asset would have been reduced by more than \$250,000 if the Certificate Pool had made a section 754 election and (ii) a transfer of a Holder's interest in the Certificate Pool where the adjusted tax basis of the Certificate Pool's assets exceeds their fair market value by more than \$250,000. Although the Certificate Pool would not be required to make adjustments to the tax basis of its assets in the case of transfer of a Holder's interest in the Certificate Pool if it qualifies as an "electing investment partnership," the Certificate Pool is not expected to so qualify.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Alternative Minimum Tax

A Holder of Guaranteed Certificates is required to include as an item of tax preference, for purposes of the federal individual and corporate alternative minimum taxes, all tax-exempt interest on "specified private activity TELs." Moreover, interest on TELs which are not specified private activity TELs will be included in the calculation of "adjusted current earnings," which is relevant to the federal corporate alternative minimum taxable income.

Disallowance of Interest and Other Expenses

The interest expense of Holders for indebtedness incurred or continued (or deemed incurred or continued) to purchase or carry the portion of the Guaranteed Certificates attributable to the partnership interest will not be deductible for federal income tax purposes. Other expenses allocable to tax-exempt interest are not deductible for such purposes by individuals and other non-corporate Holders.

Collateral Tax Consequences

Ownership of Guaranteed Certificates may result in collateral tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations engaged in business in the United States, certain subchapter S corporations with excess passive income, and individual recipients of Social Security or Railroad Retirement benefits. Prospective purchasers of Guaranteed Certificates should contact their tax advisors as to the applicability of collateral tax consequences.

Future Legislation

Various proposals have been, and in the future may be, introduced before Congress to restrict or eliminate the federal income tax exemption or to impose certain collateral tax consequences on the ownership of municipal obligations (such as the TELs). In addition, various proposals have been made and bills introduced that would substantially alter the federal income tax base or the rate structure or both, which could affect the value of the TELs. No prediction can be made regarding what additional legislation, if any, may be proposed and enacted with respect to the tax-exempt status of interest on municipal obligations, nor can any prediction be made whether any such proposed legislation, if enacted, would apply to the TELs or the Guaranteed Certificates.

Substantial Users

Section 147(a) of the Code generally provides that interest on tax-exempt private activity TELs will be subject to federal income tax during any period that the TELs are held by a “substantial user” of the facilities financed by the TELs or a related person. A Holder of Guaranteed Certificates will acknowledge (by its purchase of Guaranteed Certificates) that it is neither a substantial user nor a related person to a substantial user, within the meaning of section 147(a) of the Code.

STATE, LOCAL AND FOREIGN TAX CONSEQUENCES

In connection with the initial issuance of Guaranteed Certificates of each Series, counsel to the Trustee will provide its opinion, to be delivered as a condition to such issuance, to the effect that, based upon certain representations and assumptions, and subject to customary limitations and conditions, the Certificate Pool will be treated as a partnership for state tax purposes and therefore will be exempt from state income tax in the applicable state jurisdiction of the Trustee.

An investment in Guaranteed Certificates may be affected by tax consequences arising under relevant state, local or foreign tax laws. Except as may be provided in the related Supplement, Special Tax Counsel expresses no opinion regarding whether a Holder’s distributive share of the interest on the TELs will be exempt from any taxes (including income, franchise and intangibles taxes) imposed by any state or locality. Moreover, except as expressly set forth above and in the related Supplement, Special Tax Counsel expresses no opinion with respect to the applicability of foreign, state and local taxes to the TELs, the related Certificate Pool or the Guaranteed Certificates, or other foreign, state or local considerations.

In some circumstances, the Agreement may include provisions (known as “**Partnership Factors**”) that are intended to allow the related Certificate Pool to be classified as a partnership for relevant state income tax purposes. The Supplement relating to each Certificate Pool will specify whether or not the Partnership Factors will apply.

Prospective investors should consult their tax advisors regarding the state, local and foreign tax consequences of the acquisition, ownership and disposition of Guaranteed Certificates, including the potential implications of the federal income tax classification of each Certificate Pool as a Partnership and the Holders as partners.

LEGAL INVESTMENT CONSIDERATIONS

You should consult your own legal advisors to determine whether Guaranteed Certificates are legal investments for you and whether you can use Guaranteed Certificates as collateral for borrowings. In addition, financial institutions should consult their legal advisors or regulators to determine the appropriate treatment of Guaranteed Certificates under any applicable risk-based capital or similar rules.

If you are subject to legal investment laws and regulations or to review by regulatory authorities, you may be subject to restrictions on investing in some types of Guaranteed Certificates or in Guaranteed Certificates generally. Institutions regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, the Treasury Department or any other federal or state agency with similar authority should review applicable regulations, policy statements and guidelines before purchasing or pledging Guaranteed Certificates.

DISTRIBUTION ARRANGEMENTS

For each Series of Guaranteed Certificates, Freddie Mac will enter into a certificate purchase or placement agreement with one or more placement agents who will offer the Guaranteed Certificates of that Series as described in the related Supplement. Placement agents, remarketing agents, initial purchasers and their affiliates may engage in other transactions with, and perform services for, Freddie Mac in the ordinary course of business. Freddie Mac, the placement agents or other parties may receive compensation, trading gain or other benefits in connection with such transactions.

Freddie Mac may retain or repurchase Guaranteed Certificates for its own portfolio, and may offer or re-offer such Guaranteed Certificates from time to time. These transactions may affect the market prices of Guaranteed Certificates. The placement agents for a Series of Guaranteed Certificates may buy, sell and make a market in Guaranteed Certificates, but are not obligated to do so in all cases. The secondary market for Guaranteed Certificates may be limited.

