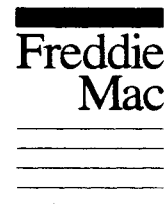


**Offering Circular Supplement  
 (To Offering Circular Dated October 31, 1988)  
 Federal Home Loan  
 Mortgage Corporation  
 Mortgage Participation Certificates  
 (Guaranteed)**



The Federal Home Loan Mortgage Corporation ("Freddie Mac") offers Mortgage Participation Certificates ("PCs") representing undivided interests in specified fixed-rate, first lien, residential mortgages or participations therein ("Mortgages") purchased by Freddie Mac. The PC Offering Circular dated October 31, 1988 (the "Offering Circular") and this Supplement apply to sales of PCs formed under the Cash Program (including PCs formed under the MultiLender Swap Program) and the Guarantor Program. This Supplement provides further information with respect to the method of calculating Pool Factors for PC Pools formed under the Cash Program, new limitations on the maximum original principal amount of Conventional Home Mortgages which Freddie Mac purchases and changes in Freddie Mac's policy regarding enforcement of due-on-transfer provisions contained in Conventional Home Mortgages Freddie Mac purchases. Capitalized terms used herein and not otherwise defined have the meanings given them in the Offering Circular.

**DESCRIPTION OF MORTGAGE PARTICIPATION CERTIFICATES**

**Pool Factors**

Effective for Cash PC Pools formed on or after October 1, 1989, the method of estimating the Pool Factor for the second and third months after the month of PC Pool formation will be changed to include an estimate of prepayments of Mortgages contained in the PC Pool (including seller repurchases of such Mortgages) expected to occur in such months. The current method does not include an estimate of prepayments until calculation of the Pool Factor for the fourth month after the month of PC Pool formation. In the case of the Pool Factor for the second month after the month of PC Pool formation, the estimate of prepayments will be based upon prepayment information relating to the month of PC Pool formation. In the case of the Pool Factor for the third month after the month of PC Pool formation, the estimate of prepayments will be based upon prepayment information relating to the month of PC Pool formation and the first month after the month of PC Pool formation. In each case, the estimate is adjusted for seasonal factors that are presumed to influence all PC Pools equally, and also for cyclical factors (*i.e.*, changes in economic conditions such as changing interest rates and refinance activity) that are presumed to influence all mortgages in a given mortgage coupon range equally. This change does not affect the method generally employed by Freddie Mac to estimate Cash PC Pool Factors which currently is applied beginning with the Pool Factor for the fourth month after the month of PC Pool formation and thereafter for the life of the PC Pool.

The following illustrates the application of the new method to estimate Pool Factors for a hypothetical Cash PC Pool formed in April:

- April 1 ..... The initial Pool Factor, which is not published, is equal to 1.0000000.
- On or about April 30 ..... The PC Pool is formed with an original unpaid principal balance based on the April 15 unpaid principal balance of the Mortgages as reported to Freddie Mac by servicers.
- On or about May 1 ..... The May Pool Factor is published, reflecting Freddie Mac's prediction of the May 15 unpaid principal balance of the Mortgages. Freddie Mac does not take into account prepayments expected to be made in May in estimating this Pool Factor.

- On or about June 1 . . . . .** The June Pool Factor is published, reflecting Freddie Mac's prediction of the June 15 unpaid principal balance of the Mortgages. In addition to other factors, Freddie Mac, under the new method, will estimate this Pool Factor taking into account prepayments expected to be made in June based upon prepayment information supplied by servicers for the month of April as discussed above.
- On or about July 1 . . . . .** The July Pool Factor is published, reflecting Freddie Mac's prediction of the July 15 unpaid principal balance of the Mortgages. In addition to other factors, Freddie Mac, under the new method, will estimate this Pool Factor taking into account prepayments expected to be made in July based upon prepayment information supplied by servicers for the months of April and May as discussed above.
- On or about August 1 . . . . .** The August Pool Factor is published, reflecting Freddie Mac's prediction of the August 15 unpaid principal balance of the Mortgages. In addition to other factors, Freddie Mac will continue to estimate this Pool Factor taking into account prepayments expected to be made in August based upon prepayment information supplied by servicers for the months of April, May and June as discussed more fully in the Offering Circular. (See "Description of Mortgage Participation Certificates--Pool Factors" in the Offering Circular.)
- On or about September 1 and  
monthly thereafter . . . . .** The September Pool Factor and each subsequent monthly Pool Factor is estimated following the method employed to calculate the August Pool Factor.

**MORTGAGE PURCHASE AND SERVICING STANDARDS**

**Mortgage Amount**

The Freddie Mac Act establishes limitations on the maximum original mortgage amount of any Conventional Home Mortgage which Freddie Mac may purchase. For Conventional Home Mortgages delivered to Freddie Mac after January 1, 1989, the original mortgage amount may not exceed \$187,600 for a one-family dwelling, \$239,950 for a two-family dwelling, \$290,000 for a three-family dwelling and \$360,450 for a four-family dwelling. The applicable limitation is increased by 50 percent for properties located in Alaska, Guam and Hawaii.

**Mortgage Servicing**

*Assumption and Due-on-Transfer Policies*

Under the Garn-St. Germain Depository Institutions Act of 1982 (the "DIA"), as implemented by regulations adopted by the Federal Home Loan Bank Board, Freddie Mac is permitted to require enforcement of due-on-transfer provisions contained in Mortgages it purchases, subject to the limitation that such enforcement is expressly prohibited by the DIA in the case of certain types of transfers of mortgaged properties. Transfers in which due-on-transfer provisions may not be enforced include transfers between spouses (including transfers incident to marriage dissolution), from a parent to a child and to relatives upon the death of the transferor. Effective March 10, 1989, in addition to those cases in which enforcement of due-on-transfer provisions is prohibited under the DIA, Freddie Mac will not require enforcement of due-on-transfer provisions in the case of transfers of mortgaged properties from a child to a parent, between siblings, between a grandparent and a grandchild, or between original co-borrowers under the note, provided that, in each case, at least 12 months have elapsed from the date of mortgage origination to the date of transfer and that the transferee occupies the property as the transferee's primary residence. Section 3.04 of Exhibit A to the Offering Circular is amended by inserting after the first sentence thereof the following: "Notwithstanding the preceding sentence, Freddie Mac does not require automatic acceleration upon the sale or transfer of property securing the Mortgage in the case of a sale or transfer from a child to a parent, between siblings, between a grandparent and a grandchild, or between original co-borrowers under the Mortgage note, provided that in each case, at least 12 months have elapsed from the date of mortgage origination to the date of transfer and that the transferee occupies the property as the transferee's primary residence."