

August 4, 2004

Non-Sticky Jump/Sticky Jump Issuance Changes

Effective Date: For all newly priced transactions as of this announcement date; however, we would encourage all Freddie Mac REMIC underwriters to follow these rules for existing deals.

NSJ/SJ Structure Rules

New Issue Securities:

1. Jump conditions for the Accrual Amount payment rules have to be identical to the corresponding Principal Amount payment rules.
2. The NSJ or SJ label will only be given to bonds subjected to a single trigger or other priority-changing condition. If the trigger is a prepayment schedule, it must be structured at a single PSA or CPR speed. No vectors or schedules without a structuring speed are permitted. Segments and Components also are not permitted for these bonds. The minimum denomination will remain at \$100,000.
3. Any bond that is subjected to more than one Jump trigger or priority-changing condition or does not conform to any of the other restrictions listed in #2 above will be given a new label of "JMP", defined as Jump. In addition, we will require each dealer to provide Freddie Mac a dealer representation letter, stating that the dealer represents that it has made a determination that Jump Class(es) are suitable investments for the purchaser(s) of such Classes. The minimum denomination on these bonds will increase to \$1,000,000.

Re-REMICs

1. NSJ, SJ or Jump structures (nested jumps) on top of NSJ, SJ or Jump REMIC collateral are still prohibited. Re-REMIC and MACR classes are also subject to the above rules.

If there are any questions related to this announcement, please call the Mortgage Funding desk at 866-903-2767.