Potential Enhancement to STACR Program

August 2017

Enhancement Overview

Freddie Mac is contemplating making an enhancement to the structure of its Structured Agency Credit Risk (STACR®) program. The enhancement would enable the company to structure future STACR offerings as notes issued by a trust in an arrangement that qualifies as a Real Estate Mortgage Investment Conduit (REMIC). This enhancement is intended to help expand the potential investor base for STACR securities, in particular to make the program more attractive to Real Estate Investment Trust (REIT) investors and non-U.S. investors.

Freddie Mac would facilitate this change by making a REMIC tax election on a majority of single-family loans that it acquires. This election would apply to loans on a go forward basis after the change is implemented and would be noted in our corresponding Single-Family PC Offering Circular.

Our analysis of the enhancement concludes that the change is aligned with a key guiding principle of our STACR program, which is to ensure that we avoid any disruption of the To-Be-Announced (TBA) market. This fact sheet provides information about, and our analysis of, the potential enhancement.

PC Analysis

PCs would largely be unaffected by this potential enhancement

- We will continue to utilize a grantor trust to issue PCs that are backed by whole mortgage loans.
- PCs will continue to be single-class guaranteed mortgage pass-through certificates, and PC investors will receive the same cash flows as they do today.
- The PC trust will continue to hold an undivided interest in the mortgage loans and each PC certificate will continue to represent a pro rata undivided beneficial ownership interest in a pool of mortgage loans.
- PC investors will continue to receive all payments of principal and interest paid on the underlying mortgage loans, less servicing and guarantee fees.
- There is no change to the cash flow from servicers to Freddie Mac to PC investors.
- Servicer remittance and reporting are unchanged.
- We do not anticipate any impact to TBA-eligibility, investor policy guidelines, eligibility for securitization or re-securitization, or to the single security initiative.
- The legal structure of the PC is unchanged (see diagram on page 6).

STACR Analysis – Positive Impact

The proposed enhancement is expected to be a net positive for investors

- The enhancement would enable Freddie Mac to structure future STACR offerings as notes issued by a trust in an arrangement that qualifies as a REMIC. This enhancement is intended to help expand the potential investor base for STACR securities, in particular to make the program more attractive to REIT investors.
- The REMIC structure would allow for expanded participation from investors outside the United States for the B bond.
- Reduces investors' counterparty exposure to Freddie Mac.
- The structure of the STACR securities, including the capital structure, cash flows and loss calculations will remain largely unchanged.

Other Analysis

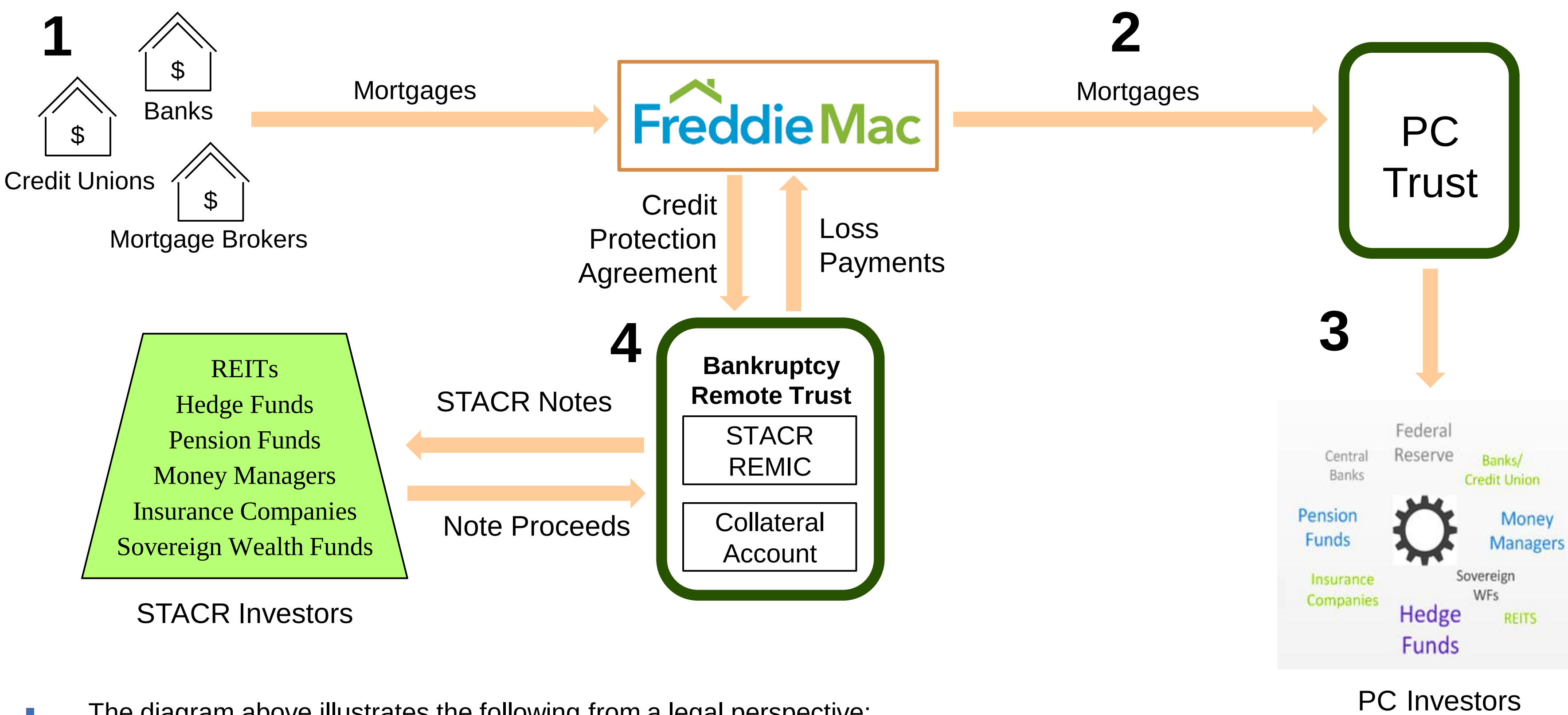
Seller/Servicers will be unaffected

- Reporting, servicing, pricing, etc. will be unaffected by the proposed enhancements and seller/servicers will be able to continue operations as they do today.

Tax Disclosure Changes

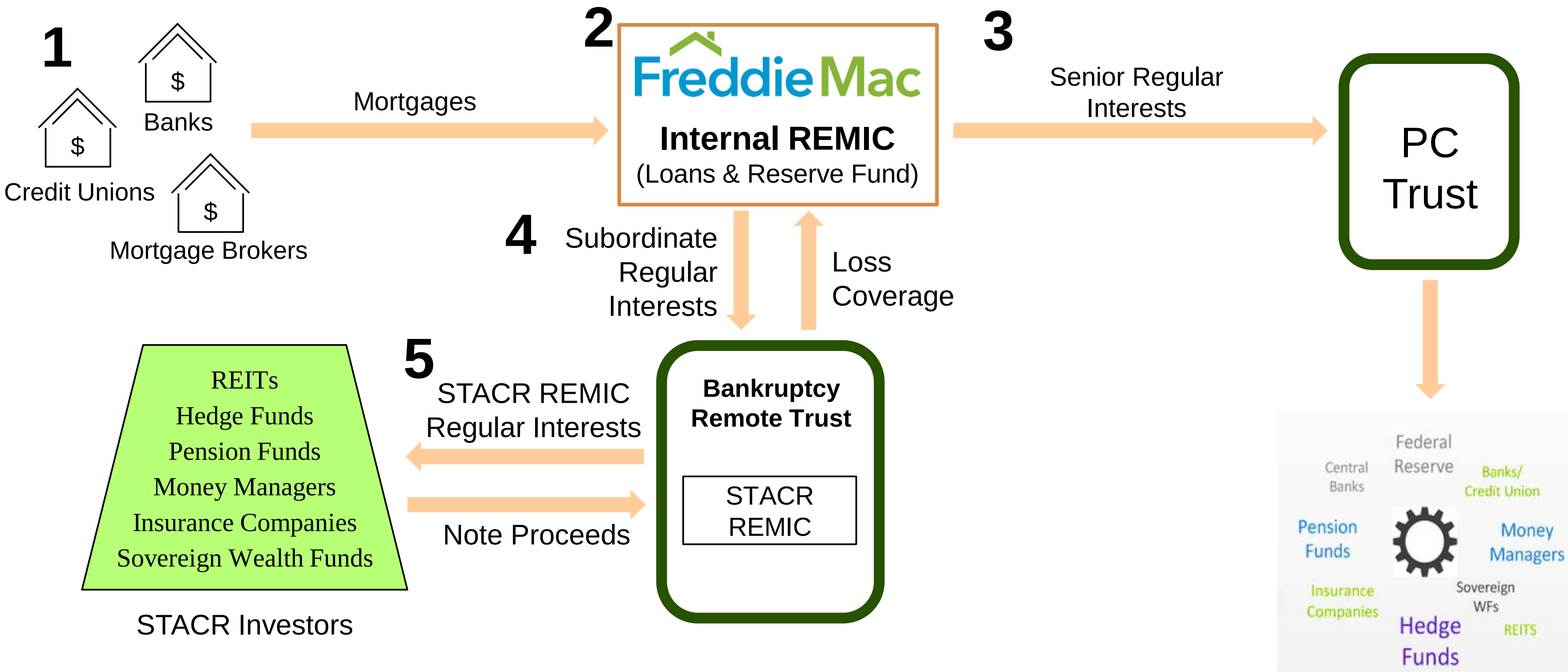
- Because Freddie Mac will elect REMIC tax treatment on the large majority of loans we purchase and guarantee, the PC offering circular will require some updates to the section on federal income tax consequences.
- PC investors will now be required to do accounting on an accrual basis. This shouldn't affect institutional investors, but will impact individual investors that invest directly in PCs.

Legal Diagram



- The diagram above illustrates the following from a legal perspective:
  1. Lenders deliver mortgage loans to Freddie Mac (process unchanged).
  2. Freddie Mac deposits whole loans into the PC Trust (process unchanged).
  3. The PC investors receive fully-guaranteed pass-through securities backed by whole mortgage loans (process unchanged).
  4. STACR notes will be issued to investors from a bankruptcy-remote trust with Freddie Mac providing a credit protection agreement in exchange for loss payments from the trust. Investors will receive STACR notes and the note proceeds will be deposited into the collateral account.

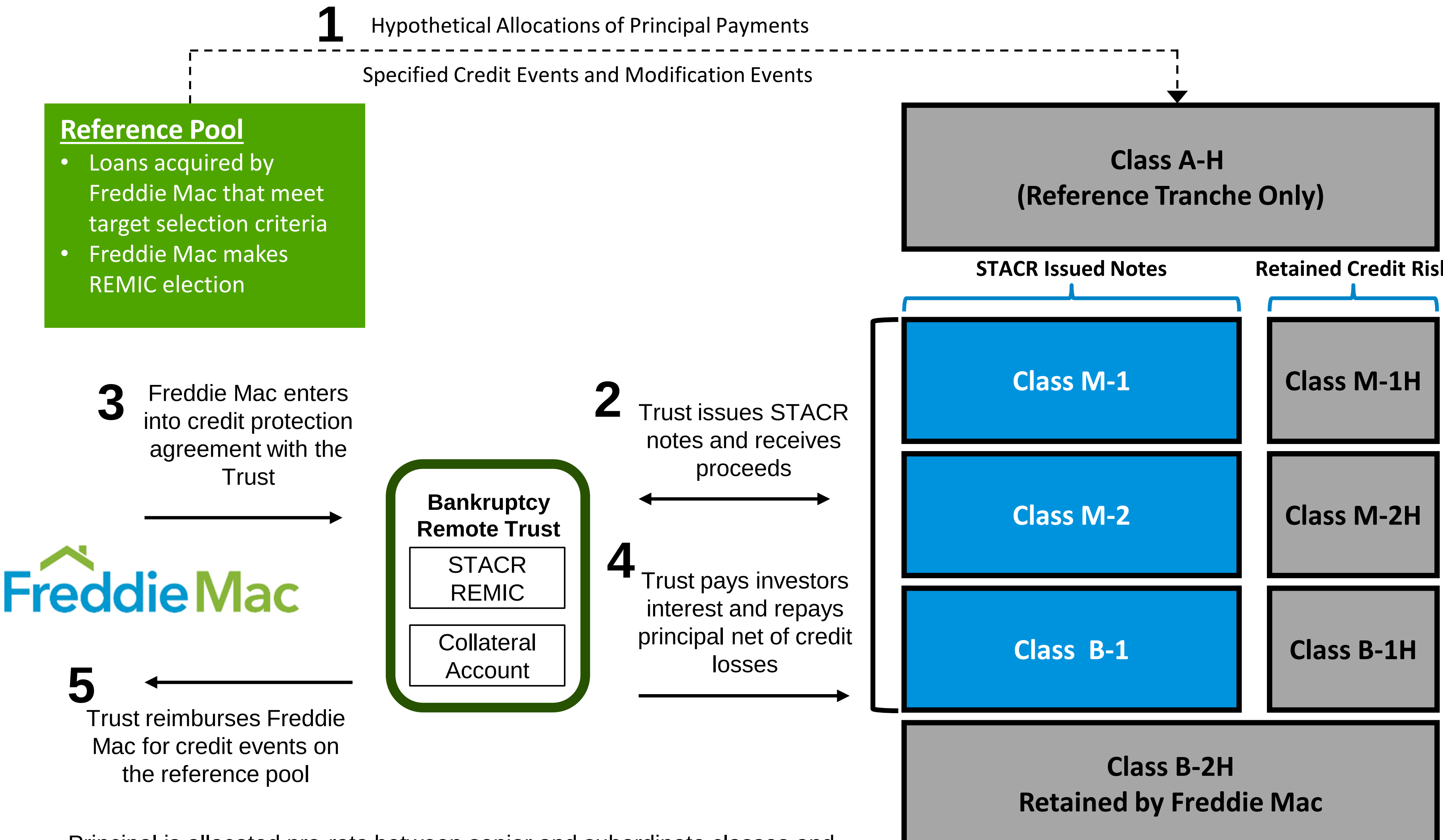
Tax Diagram



PC Investors

- The diagram above illustrates the following from a tax perspective:
  1. Lenders deliver mortgage loans to Freddie Mac (process unchanged).
  2. Freddie Mac makes the REMIC election on the majority of incoming loans and creates an internal REMIC (I-REMIC) comprised of these loans.
  3. The I-REMIC issues a Senior Regular interest for each loan in the I-REMIC to the PC trust. Mirror Senior Regular interests are combined to form PCs with the same terms as current PCs.
  4. Each I-REMIC will hold a reserve fund. Freddie Mac funds an inside reserve fund for the I-REMIC (up to 5% of the UPB of the mortgage loans) in return for the Subordinate Regular Interest. The Subordinate Regular Interest from the I-REMIC is contributed to the STACR REMIC Trust which allows the trust to qualify as a REMIC.
  5. Investors receive STACR REMIC Regular Interests tied to the performance of mortgage loans.

Proposed STACR REMIC Structure



Principal is allocated pro-rata between senior and subordinate classes and sequentially among subordinate classes, subject to triggers. Losses are allocated reverse sequentially from the bottom starting with the Class B-2H