



# OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

1700 G STREET NW WASHINGTON DC 20552 (202) 414-3801

OFFICE OF THE DIRECTOR

RECEIVED

SEP 06 2005

September 1, 2005

Mr. Richard F. Syron  
Chairman and Chief Executive Officer  
Freddie Mac  
8200 Jones Branch Drive  
McLean, VA 22102-3110

Dear Mr. Syron:

I am in receipt of your letter of September 1, 2005 proposing an agreement under which Freddie Mac would issue subordinated debt pursuant to a bi-annual plan reviewed by OFHEO and subject to the continuing oversight of the agency. The agreement also encompasses Freddie Mac making public disclosures related to risk and represents the transformation of the "voluntary initiative" announced by your company on October 19, 2000, into an enforceable agreement with your federal regulator.

OFHEO agrees to your proposal. This exchange of letters constitutes a written agreement for the purposes of subtitle C of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.

The evolution of the voluntary nature of the initiatives into a formal regulatory process enhances the strength of the commitments of the enterprise to public disclosure and furthers the goal of ensuring the safe and sound operation of the company in an environment which includes discipline imposed by the financial markets. OFHEO will address any additional implementation matters that may be required as they arise.

We look forward to working with you on this matter.

Sincerely,

A handwritten signature in black ink that reads "Stephen A. Blumenthal". The signature is fluid and cursive, with a long horizontal stroke at the end.

Stephen A. Blumenthal  
Acting Director