

Offering Circular Supplement  
(To Offering Circular  
Dated June 2, 2017)

\$18,512,000  
(Approximate)



# Freddie Mac

## Multifamily ML Certificates Series ML-02

**Offered Classes:** Classes of ML Certificates shown below  
**Trust:** FRETE 2017-ML02 Trust  
**Mortgages:** Fixed-rate, junior-lien, multifamily mortgages  
**Originators:** Citibank, N.A. and SunTrust Bank (as successor-in-interest to Pillar Multifamily, LLC)  
**Depositor:** Freddie Mac  
**Master Servicer:** Freddie Mac  
**Special Servicer:** Midland Loan Services, a Division of PNC Bank, National Association  
**Trustee, Certificate Administrator and Custodian:** U.S. Bank National Association  
**Payment Dates:** Monthly beginning in July 2017  
**Optional Termination:** The ML Certificates are subject to a 10% clean-up call right, as described in this offering circular supplement  
**Form of ML Certificates:** Book-entry on DTC System  
**Offering Terms:** The placement agents named below are offering the ML Certificates shown below in negotiated transactions at varying prices; it is expected that we will purchase all or a portion of the class X certificates  
**Tax Status:** Shearman & Sterling LLP will render an opinion that, for federal income tax purposes, the applicable portion of this Series will be treated as a real estate mortgage investment conduit (“REMIC”) in which the holders of the offered certificates are treated as holding a REMIC regular interest. Holders of class A certificates will also be treated as owning a right to receive certain additional amounts from Freddie Mac, as described in “Certain Federal Income Tax Consequences” in this offering circular supplement.  
**Closing Date:** On or about June 29, 2017

<u>Class</u>	<u>Original Principal Balance or Notional Amount(1)</u>	<u>Class Coupon</u>	<u>CUSIP Number</u>	<u>Expected Ratings Fitch/Moody’s (2)</u>	<u>Final Payment Date</u>
A	\$18,512,000	(3)	302618AA1	AAAsf/Aaa(sf)	April 25, 2030
X	\$20,569,851	(3)	302618AE3	N/A	July 25, 2031

- (1) Approximate. May vary by up to 5%.  
(2) See *Ratings*. The class X certificates are not rated.  
(3) See *Summary of Offering Circular Supplement—Transaction Overview and Description of the Certificates—Distributions—Calculation of Pass Through Rates* in this offering circular supplement.

The ML Certificates may not be suitable investments for you. You should consider carefully the risks of investing in them. See *Risk Factors and Prepayment, Yield and Suitability Considerations* in our Multifamily ML Certificates Offering Circular dated June 2, 2017 (the “Offering Circular”).

You should purchase ML Certificates only if you have read and understood this offering circular supplement, the attached Offering Circular and the documents listed under *Available Information*.

We guarantee certain payments of interest and principal on the ML Certificates shown above. These payments are not debts or obligations of the United States or any federal agency or instrumentality other than Freddie Mac. Because of applicable securities law exemptions, we have not registered the ML Certificates with any federal or state securities commission. No securities commission has reviewed this supplement.

Co-Lead Managers and Joint Bookrunners

**Citigroup**

**Barclays**

**Wells Fargo Securities**

Co-Managers

**Jefferies**

**Stern Brothers & Co.**

June 14, 2017

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**You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.**

### **IMPORTANT NOTICE REGARDING THE CERTIFICATES**

NONE OF FREDDIE MAC OR ANY OTHER PERSON INTENDS TO RETAIN A 5% NET ECONOMIC INTEREST WITH RESPECT TO THE CERTIFICATES IN ANY OF THE FORMS PRESCRIBED BY ARTICLE 405(1) OF EUROPEAN UNION REGULATION 575/2013 OR BY ANY OTHER EUROPEAN UNION LEGISLATION THAT REQUIRES THAT THERE BE SUCH A RETENTION AS A CONDITION TO AN INVESTMENT IN THE CERTIFICATES BY A EUROPEAN INVESTOR SUBJECT TO SUCH LEGISLATION. FOR ADDITIONAL INFORMATION IN THIS REGARD, SEE “RISK FACTORS—RISKS RELATED TO THE OFFERED CERTIFICATES—LEGAL AND REGULATORY PROVISIONS AFFECTING INVESTORS COULD ADVERSELY AFFECT THE LIQUIDITY OF YOUR INVESTMENT” IN THIS OFFERING CIRCULAR SUPPLEMENT.

### **IMPORTANT NOTICE ABOUT INFORMATION PRESENTED IN THIS OFFERING CIRCULAR SUPPLEMENT**

THE PLACEMENT AGENTS AND/OR THEIR RESPECTIVE EMPLOYEES MAY FROM TIME TO TIME HAVE A LONG OR SHORT POSITION IN ANY SECURITY OR CONTRACT DISCUSSED IN THIS OFFERING CIRCULAR SUPPLEMENT.

THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR SUPPLEMENT SUPERSEDES ANY PREVIOUS SUCH INFORMATION DELIVERED TO ANY INVESTOR.

We provide information to you about the offered certificates in this offering circular supplement, which describes the specific terms of the offered certificates.

You should read this offering circular supplement in full to obtain material information concerning the offered certificates.

This offering circular supplement includes cross-references to sections in this offering circular supplement where you can find further related discussions. The Table of Contents in this offering circular supplement identifies the pages where these sections are located.

When deciding whether to invest in any of the offered certificates, you should only rely on the information contained in this offering circular supplement and the accompanying offering circular. We have not authorized any dealer, salesman or other person to give any information or to make any representation that is different. In addition, information in this offering circular supplement is current only as of the date on its cover. By delivery of this offering circular supplement, we are not offering to sell any securities, and are not soliciting an offer to buy any securities, in any state or other jurisdiction where the offer and sale is not permitted.

## SUMMARY OF OFFERING CIRCULAR SUPPLEMENT

This summary highlights selected information from this offering circular supplement and does not contain all of the information that you need to consider in making your investment decision. To understand all of the terms of the offered certificates, carefully read this offering circular supplement and the accompanying Offering Circular. This summary provides an overview of certain information to aid your understanding and is qualified by the full description presented in this offering circular supplement.

### Transaction Overview

The offered certificates will be part of a series of multifamily mortgage pass-through certificates designated as the Multifamily ML Certificates, Series ML-02 (the “Series ML-02 Certificates”). The Series ML-02 Certificates will consist of three (3) classes. The table below identifies and specifies various characteristics for those classes other than the class R and RS certificates.

Class <sup>(1)</sup>	Total Initial Principal Balance or Notional Amount	Approximate % of Total Initial Principal Balance	Approximate Initial Credit Support	Pass-Through Rate Description	Assumed Weighted Average Life (Years) <sup>(2) (3)</sup>	Assumed Principal Window <sup>(2) (4)</sup>	Assumed Final Distribution Date <sup>(2) (5)</sup>
<u>Offered Certificates:</u>							
A	\$18,512,000	89.996%	10.004% <sup>(6)</sup>	LIBOR+0.45000% <sup>(7)</sup>	6.82	1-154	April 25, 2030
X	\$20,569,851	N/A	N/A	Variable IO	7.47	N/A	July 25, 2031
<u>Non-Offered Certificates:</u>							
B	\$2,057,851	10.004%	0.000%	N/A	13.30	154-169	July 25, 2031

- (1) The class R and RS certificates are not represented in this table and are not being offered by this offering circular supplement. The class R and RS certificates will not have principal balances, notional amounts or pass-through rates.
- (2) As to any given class of Series ML-02 Certificates shown in this table, the assumed weighted average life, the assumed principal window and the Assumed Final Distribution Date have been calculated based on the Modeling Assumptions, including, among other things, that—
  - (i) there are no voluntary or involuntary prepayments with respect to the underlying mortgage loans,
  - (ii) there are no delinquencies, modifications or losses with respect to the underlying mortgage loans,
  - (iii) there are no modifications, extensions, waivers or amendments affecting the monthly debt service or balloon payments by borrowers on the underlying mortgage loans, and
  - (iv) the certificates are not redeemed prior to their Assumed Final Distribution Date pursuant to the clean-up call described under the heading “—The Offered Certificates—Optional Termination” below.
- (3) As to each of the class A and class B certificates, the assumed weighted average life is the average amount of time in years between the assumed settlement date for the Series ML-02 Certificates and the date on which payment of each dollar of principal has been received on that class. As to the class X certificates, the assumed weighted average life is the average amount of time in years between the assumed settlement date for that class of certificates and the application of each dollar to be applied in reduction of the notional amount of that class.
- (4) As to each of the class A and class B certificates, the assumed principal window is the period during which holders of that class are expected to receive distributions of principal.
- (5) As to each of the class A and class B certificates, the Assumed Final Distribution Date is the distribution date on which the last distribution of principal and interest (if any) is assumed to be made on that class. As to the class X certificates, the Assumed Final Distribution Date is the distribution date on which the last reduction to the notional amount is expected to occur.
- (6) The approximate initial credit support is the approximate initial credit support for the aggregate initial principal balance of the class A certificates.
- (7) For each distribution date, LIBOR will be determined as described under “Description of the Certificates—Distributions—Calculation of Pass-Through Rates” in this offering circular supplement. LIBOR for the first Interest Accrual Period for the class A certificates is assumed to be 1.15889%. The class A certificates will bear interest at a floating rate and such interest will accrue on the basis of a 360-day year and the actual number of days elapsed in the applicable Interest Accrual Period. The timely payment of interest on and the ultimate payment of principal (if any) of the Offered Certificates and the reimbursement of Realized Losses allocated to the Offered Certificates will be guaranteed by Freddie Mac, as described in this offering circular supplement.

In reviewing the foregoing table, please note that:

- Only the class A and class X certificates are offered by this offering circular supplement.
- The class A and class B certificates will have principal balances (the “Principal Balance Certificates”). The class X certificates will have a notional amount. The class A and class X certificates will bear interest. The class X certificates constitute the “interest-only certificates.”
- The initial principal balance or notional amount of any class shown in the table may be larger or smaller depending on, among other things, the actual initial mortgage pool balance. The initial mortgage pool balance may be 5% more or less than the amount shown in the table on page 30. The initial mortgage pool balance refers to the aggregate outstanding principal balance of the underlying mortgage loans as of the Cut-off Date (as defined below), after application of all payments of principal due with respect to the underlying mortgage loans on or before the Cut-Off Date, whether or not received.
- The class A certificates will bear interest and such interest will accrue based on the assumption that each year is 360 days long and the actual number of days elapsed in the applicable Interest Accrual Period (an “Actual/360 Basis”). The class X certificates will bear interest and such interest will accrue based on the assumption that each year is 360 days long and consists of 12 months each consisting of 30 days (a “30/360 Basis”).
- The class A certificates have a pass-through rate of LIBOR plus the specified margin.
- The class X certificates have a “variable” pass-through rate.
- The class B certificates are principal-only certificates that will not accrue interest and will not have a pass-through rate.
- For purposes of calculating the accrual of interest as of any date of determination, the class X certificates will have a notional amount that is equal to the then total outstanding principal balance of the Principal Balance Certificates.
- The pass-through rate for the class X certificates for any Interest Accrual Period will equal the percentage equivalent of a fraction, the numerator of which is the dollar amount of net interest collections remaining after (i) the class A certificates have been allocated interest, (ii) the Guarantor has been allocated its Guarantee Fee and (iii) CREFC® has been allocated the CREFC® Intellectual Property Royalty License Fee, and the denominator of which is the outstanding notional amount of the class X certificates immediately prior to the related distribution date multiplied by a fraction the numerator of which is 360 and the denominator of which is the number of days in the related Interest Accrual Period. In no event may any class X pass-through rate be less than zero.
- The notional amount of the class X certificates is equal to the sum of the outstanding principal balance of the class A certificates and the outstanding principal balance of the class B certificates immediately prior to any date of determination.
- Subject to the discussion under “Ratings” in this offering circular supplement, the ratings on the rated certificates address the likelihood of the timely receipt by holders of all payments of interest to which they are entitled on each distribution date and the ultimate receipt by holders of all payments of principal to which they are entitled on or before the applicable rated final distribution date. The rated final distribution date for each class of rated certificates is the distribution date in February 2050 (the “Rated Final Payment date”).

See “Description of the Certificates—Distributions—Calculation of Pass-Through Rates” in this offering circular supplement.

The document that will govern the issuance of the Series ML-02 Certificates, the creation of the related issuing entity and the servicing and administration of the underlying mortgage loans will be a pooling and servicing agreement to be dated as of June 1, 2017 (the “Pooling Agreement”), among us, as depositor, master servicer and guarantor, Midland Loan Services, a Division of PNC Bank, National Association, as special servicer, and U.S. Bank National Association, as trustee, certificate administrator and custodian.

The Series ML-02 Certificates will evidence the entire beneficial ownership of the issuing entity which we intend to establish. The primary assets of the issuing entity will be a segregated pool of 3 multifamily second lien mortgage loans. The underlying mortgage loans will provide for monthly debt service payments. As of the applicable due dates for the underlying mortgage loans in June 2017 (which will be June 1, 2017, subject, in some cases, to a next succeeding business day convention), which we refer to in this offering circular supplement as the “Cut-off Date,” the underlying mortgage loans will have the general characteristics discussed under the heading “— The Underlying Mortgage Loans” below.

An election will be made to treat the pool of underlying mortgage loans (the “Lower-Tier REMIC Pool”) as a REMIC for U.S. federal income tax purposes. An election will be made to treat the pool of “regular interests” in the Lower-Tier REMIC Pool as a REMIC for U.S. federal income tax purposes (the “Upper-Tier REMIC Pool” and, together with the Lower-Tier REMIC Pool, the “REMIC Pools”). As described more fully in this offering circular supplement, the class A, X and B certificates will represent ownership of the “regular interests” in the Upper-Tier REMIC Pool. Each of the class R and RS certificates will constitute the sole class of “residual interests” in the Upper-Tier REMIC Pool and Lower-Tier REMIC Pool, respectively. See “Certain Federal Income Tax Consequences” herein.

**Relevant Parties/Entities**

**Issuing Entity** ..... FRETE 2017-ML02 Trust, a New York common law trust, will be formed on the Closing Date pursuant to the Pooling Agreement. See “Description of the Issuing Entity” in this offering circular supplement.

**Depositor** ..... Freddie Mac, a corporate instrumentality of the United States of America (“United States”) created and existing under Title III of the Emergency Home Finance Act of 1970, as amended (the “Freddie Mac Act”), or any successor to it, will create the issuing entity and transfer the underlying mortgage loans to it. Freddie Mac will also act as the master servicer of the underlying mortgage loans and guarantor of the offered certificates. Freddie Mac maintains an office at 8200 Jones Branch Drive, McLean, Virginia 22102. See “Description of the Depositor and Guarantor” in this offering circular supplement.

**Originators** ..... Each underlying mortgage loan was originated by one of Citibank, N.A. and SunTrust Bank (as successor-in-interest to Pillar Multifamily, LLC) (collectively, the “Originators”), and was acquired by the depositor. See “Description of the Underlying Mortgage Loans—Significant Originator” in this offering circular supplement for information regarding any Originator that has originated a significant portion of the mortgage pool. As of the Closing Date, certain of the underlying mortgage loans will be sub-serviced by various sub-servicers pursuant to sub-servicing agreements between the master servicer and each of the sub-servicers (each, a “Sub-Servicing Agreement”). Subject to meeting certain requirements, each Originator has the right to, and may, appoint itself, its affiliate or an unaffiliated third party as the sub-servicer for any of the underlying mortgage loans it originated. See “The Pooling Agreement—Significant Sub-Servicer” and “—Summary of Significant Sub-Servicing Agreement” in this offering circular supplement for information regarding any sub-servicer that is sub-servicing a significant portion of the underlying mortgage loans and information regarding the terms of the related Sub-Servicing Agreement. See Exhibit A-1 for the identity of the applicable Originator for each underlying mortgage loan.

Citibank, N.A., an originator of 2 of the underlying mortgage loans, collectively representing 95.1% of the initial mortgage pool balance, is an affiliate of Citigroup Global Markets Inc., one of the placement agents for the certificates.

**Master Servicer** ..... Freddie Mac will act as the master servicer with respect to the underlying mortgage loans. Freddie Mac is also the depositor and the guarantor of the offered certificates. Freddie Mac maintains a servicing office at 8100 Jones Branch Drive, McLean, Virginia 22102.

As consideration for servicing the underlying mortgage loans, the master servicer will receive a master servicing fee.

In addition, the master servicer will receive a master servicer surveillance fee with respect to each Surveillance Fee Mortgage Loan, subject to the rights of the sub-servicers as described in “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses—The Servicing Fee” in this offering circular supplement. See “Description of the Certificates—Fees and Expenses” in this

offering circular supplement for the applicable rates at which such fees accrue and “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses—The Servicing Fee” in this offering circular supplement for further information regarding such fees.

The master servicing fee, the master servicer surveillance fee and the sub-servicing fees are components of the “Administration Fee Rate” set forth on Exhibit A-1. Such fees are calculated on the same basis as interest on each underlying mortgage loan and will be paid out of interest payments received from the related borrower and paid to the related Borrower prior to any distributions being made on the offered certificates. The master servicer will also be entitled to additional servicing compensation in the form of borrower-paid fees as more particularly described in this offering circular supplement. See “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses—Additional Servicing Compensation” and “—The Master Servicer” in this offering circular supplement.

**Special Servicer** .....

Midland Loan Services, a Division of PNC Bank, National Association, a national banking association (“Midland” or “PNC Bank”), is expected to act as the special servicer with respect to the underlying mortgage loans. Midland also may, in certain circumstances, act as the Affiliated Borrower Loan Directing Certificateholder with respect to underlying mortgage loans that are not Affiliated Borrower Special Servicer Loans and may, if requested, act as the Directing Certificateholder Servicing Consultant. PNC Bank is an originator of one tax exempt loan issued under the FRETTE 2017-ML01 Tax Exempt Loan Trust. The principal servicing offices of Midland are located at 10851 Mastin Street, Building 82, Suite 300, Overland Park, Kansas 66210. The special servicer will, in general, be responsible for servicing and administering:

- the underlying mortgage loans that, in general, are in default or as to which default is reasonably foreseeable; and
- any real estate acquired by the issuing entity upon foreclosure of a Defaulted Loan.

As consideration for servicing any underlying mortgage loan if it is being specially serviced and the related underlying mortgage loans if the related mortgaged real property or REO Property has become subject to a foreclosure proceeding, the special servicer will receive a special servicing fee that will accrue at a rate of 0.2500% *per annum* on the Stated Principal Balance of the underlying mortgage loans. In addition, the special servicer will receive a surveillance fee that will accrue at a rate of 0.01450% *per annum* on the Stated Principal Balance of the underlying mortgage loan and REO Property if it becomes a Surveillance Fee Mortgage Loan. The surveillance fee is a component of the “Administration Fee Rate” set forth on Exhibit A-1. Such fees will be calculated on the same basis as interest on the underlying mortgage loans and will generally be payable to the special servicer monthly from collections on the underlying mortgage loans. Additionally, the special servicer will, in general, be entitled to receive a workout fee with respect to the underlying mortgage loan if it becomes a Specially Serviced Mortgage Loan and has been returned to performing status. The workout fee will be payable out of, and will

generally be calculated by application of a workout fee rate of 1.0% to, each payment of interest (other than default interest) and principal received on an underlying mortgage loan for so long as it remains a worked-out mortgage loan. The special servicer will also be entitled to receive a liquidation fee with respect to REO Property and the underlying mortgage loans if it becomes a Specially Serviced Mortgage Loan and it obtains a full, partial or discounted payoff or otherwise recovers Liquidation Proceeds. As to an underlying mortgage loan if it becomes a Specially Serviced Mortgage Loan or REO Property, the liquidation fee will generally be payable from, and will be calculated by application of a liquidation fee rate of 1.0% to, the related payment or proceeds, net of liquidation expenses, *provided, however*, that no liquidation fee is payable in connection with certain purchases by the directing certificateholder, the depositor or the special servicer. The special servicer may be terminated by the directing certificateholder, which, subject to limitations set forth in the Pooling Agreement, may appoint a replacement special servicer.

The Pooling Agreement provides that in certain circumstances the Directing Certificateholder may, at its own expense, appoint an advisor (the “Directing Certificateholder Servicing Consultant”) to make recommendations, but will have no duty or liability as to any other certificateholder.

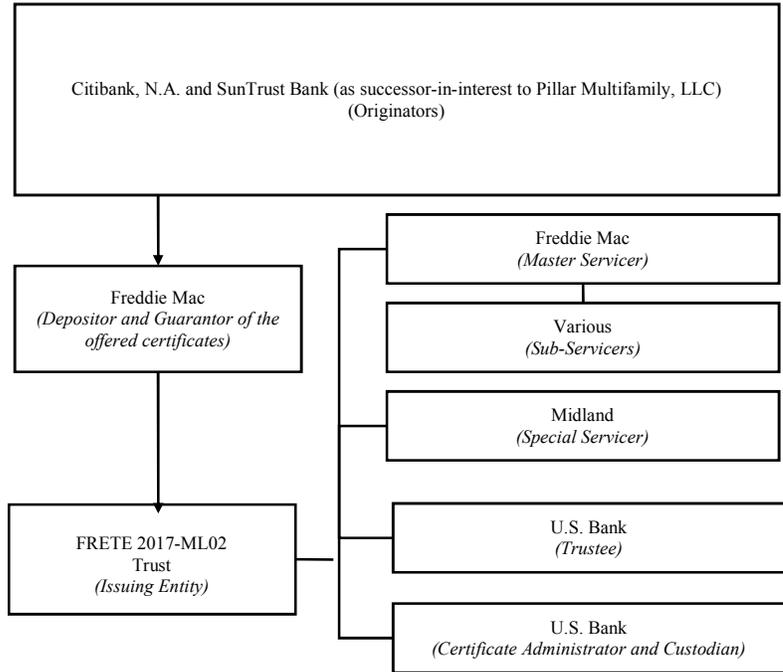
**Trustee, Certificate Administrator  
and Custodian.....**

U.S. Bank National Association, a national banking association (“U.S. Bank”), will act as the trustee on behalf of the series 2017-ML02 certificateholders. The trustee’s principal address is One Federal Street, 3rd Floor, Mail Code EX-MA-FED, Boston, Massachusetts 02110. As consideration for acting as trustee, U.S. Bank will receive a trustee fee of 0.0100% *per annum* on the Stated Principal Balance of the underlying mortgage loans. The trustee fee is a component of the “Administration Fee Rate” set forth on Exhibit A. Such fee will be calculated on the same basis as interest on the underlying mortgage loans. See “The Pooling Agreement—The Trustee, Certificate Administrator and Custodian” in this offering circular supplement.

U.S. Bank will also act as the certificate administrator, the custodian and the certificate registrar. The certificate administrator’s principal address is One Federal Street, 3rd Floor, Mail Code EX-MA-FED, Boston, Massachusetts 02110 (and for certificate transfer purposes, 111 Fillmore Avenue, St. Paul, Minnesota 55107, Attention: Bondholder Services – FRETE 2017-ML02), and it has a custodial office at 1113 Rankin Street, Suite 100, St. Paul, Minnesota 55116, Attention: Multifamily Mortgage Pass-Through Certificates, Series 2017-ML02, FRETE 2017-ML02 Trust. As consideration for acting as certificate administrator, custodian and certificate registrar, U.S. Bank will receive a certificate administrator fee of 0.0300% *per annum* on the Stated Principal Balance of the underlying mortgage loans. The certificate administrator fee is a component of the “Administration Fee Rate” set forth on Exhibit A. Such fee will be calculated on the same basis as interest on the underlying mortgage loans. See “The Pooling Agreement—The Trustee, Certificate Administrator and Custodian” in this offering circular supplement.

**Parties** .....

The following diagram illustrates the various parties involved in the transaction and their functions.



**Directing Certificateholder** .....

The “directing certificateholder” will be the Controlling Class Majority Holder (or its designee) as further discussed below; *provided*, that if the class A certificates are the Controlling Class, and Freddie Mac is the holder of the class A certificates, Freddie Mac or its designee will act as the directing certificateholder and be deemed the Approved Directing Certificateholder (as defined below). For the avoidance of doubt, all references to the “directing certificateholder” in this offering circular supplement will be deemed to include the Approved Directing Certificateholder (if any). The rights of the Approved Directing Certificateholder (other than the Controlling Class Majority Holder Rights) will not be exercisable by any directing certificateholder that is not an Approved Directing Certificateholder, and if there is no Approved Directing Certificateholder, any provision of the Pooling Agreement requiring the Approved Directing Certificateholder’s consent or approval will not require consent or approval by any directing certificateholder and the portion of any Transfer Fees or collateral substitution fees that would have been payable to the Approved Directing Certificateholder will instead be payable to the master servicer.

A directing certificateholder who is not an Approved Directing Certificateholder may exercise the Controlling Class Majority Holder Rights discussed below but will not have any other rights of an Approved Directing Certificateholder or be entitled to any fees otherwise payable to the Approved Directing Certificateholder under the Pooling Agreement.

The “Controlling Class Majority Holder” will be either (i) the holder (or a designee acting on its behalf) of the majority of the percentage

interests in the Controlling Class (as defined below) or (ii) if no single holder owns the majority of the percentage interests in the Controlling Class, the designee appointed by the holders of a majority of the percentage interests in the Controlling Class acting on behalf of such holders, in each case solely to the extent that such person is identified in writing to the trustee, the certificate administrator, the master servicer and the special servicer along with contact information.

“Controlling Class” means, as of the Closing Date, the class B certificates, until the outstanding principal balance of such class is less than 25% of the initial principal balance of such class; thereafter the class A certificates. However, if the class B certificates are the only class with an outstanding principal balance, the class B certificates will be the Controlling Class.

Any directing certificateholder that is not an Approved Directing Certificateholder will have only the following limited rights, in each case to the extent described in this offering circular supplement (the “Controlling Class Majority Holder Rights”):

- (a) to remove and replace the special servicer;
- (b) to exercise the directing certificateholder’s option to purchase any Defaulted Loans from the issuing entity; and
- (c) to access certain information and receive certain notices under the Pooling Agreement.

A directing certificateholder that is an Approved Directing Certificateholder may exercise all rights of a directing certificateholder, including the Controlling Class Majority Holder Rights, and will be entitled to receive fees payable to the Approved Directing Certificateholder under the Pooling Agreement.

The “Approved Directing Certificateholder” will be the Initial Directing Certificateholder (or any of its affiliates) for so long as either (i) the Initial Directing Certificateholder (or any of its affiliates) or (ii) the holder or holders that designated such Initial Directing Certificateholder as the directing certificateholder on the Closing Date is the holder or are the holders, as applicable, of the majority of the percentage interests in the Controlling Class, and thereafter, either (a) a directing certificateholder that either (1) has not been rejected by Freddie Mac as an Approved Directing Certificateholder during the Directing Certificateholder Approval Period as described under “The Pooling Agreement—Realization Upon Mortgage Loans—Directing Certificateholder” in this offering circular supplement or (2) satisfies the Approved Directing Certificateholder Criteria (as defined below) and, in each case, delivers evidence of such approval or pre-approval as described under “The Pooling Agreement—Realization Upon Mortgage Loans—Directing Certificateholder” in this offering circular supplement, or (b) if the class A certificates are the Controlling Class and are held by Freddie Mac, Freddie Mac or its designee.

“Approved Directing Certificateholder Criteria” means, with respect to any person or entity, the criteria used by Freddie Mac to determine (in Freddie Mac’s reasonable discretion) if such person or entity has

significant multifamily real estate experience, including, without limitation, whether such person or entity:

- (a) owns and/or has invested in at least \$250 million (in original principal amount) of multifamily real estate related mezzanine level or subordinate securities and/or multifamily real estate properties;
- (b) has significant multifamily management expertise and experience; and/or
- (c) has comparable multifamily real estate ownership, investment or management expertise and experience, each as determined in Freddie Mac's reasonable discretion.

A finding that such person or entity meets the dollar value requirements of clause (a) above does not in itself bind Freddie Mac to a determination that such person or entity has significant multifamily real estate experience.

The procedure for a Controlling Class Majority Holder becoming or designating an Approved Directing Certificateholder is described under "The Pooling Agreement—Realization Upon Mortgage Loans—Directing Certificateholder" in this offering circular supplement. If Freddie Mac determines that the directing certificateholder is not an Approved Directing Certificateholder, the Controlling Class Majority Holder will have the option to appoint a replacement directing certificateholder, subject to the same approval procedure. In addition, a Controlling Class Majority Holder may request pre-approval of a proposed directing certificateholder as an Approved Directing Certificateholder, as described under "The Pooling Agreement—Realization Upon Mortgage Loans—Directing Certificateholder" in this offering circular supplement.

As and to the extent described under "The Pooling Agreement—Realization Upon Mortgage Loans—Asset Status Report" in this offering circular supplement, the Approved Directing Certificateholder may direct the master servicer or the special servicer with respect to various servicing matters involving each of the underlying mortgage loans. A directing certificateholder who is not an Approved Directing Certificateholder will not have such rights with respect to such servicing matters, but will be entitled to exercise the Controlling Class Majority Holder Rights described in this offering circular supplement.

Upon the occurrence and during the continuance of any Affiliated Borrower Loan Event with respect to any underlying mortgage loan, any right of the directing certificateholder to (i) approve and consent to certain actions with respect to such underlying mortgage loan, (ii) purchase any such Defaulted Loan from the issuing entity and (iii) access certain information and reports regarding such underlying mortgage loan will be restricted as described in "The Pooling Agreement—Realization Upon Mortgage Loans—Asset Status Report" and "—Purchase Option," as applicable, in this offering circular supplement. Upon the occurrence and during the continuance of an Affiliated Borrower Loan Event, the special servicer, as the Affiliated Borrower Loan Directing Certificateholder, will be required to exercise any approval, consent, consultation or other rights with respect to any

matters related to an Affiliated Borrower Loan as described in “The Pooling Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this offering circular supplement.

For the purpose of determining whether the directing certificateholder is an affiliate of any borrower (or any proposed replacement borrower) with respect to any underlying mortgage loan, the term directing certificateholder will include the directing certificateholder (and any affiliate thereof), any of its managing members or general partners and any party directing or controlling the directing certificateholder (or any such affiliate thereof), including, for example, in connection with any re-securitization of the Controlling Class.

It is anticipated that Fundamental Partners III LP, or an affiliate thereof will be designated to serve as the initial directing certificateholder (the “Initial Directing Certificateholder”).

The Pooling Agreement provides that in certain circumstances the Approved Directing Certificateholder will be required to, at its own expense, request that the Directing Certificateholder Servicing Consultant prepare and deliver recommendations relating to certain requests for consent to assumptions, modifications, waivers or amendments. See “The Pooling Agreement—Enforcement of “Due-on-Sale” and “Due-on-Encumbrance” Clauses” and “—Modifications, Waivers, Amendments and Consents” in this offering circular supplement. The Approved Directing Certificateholder will be entitled to certain borrower-paid fees in connection with such assumptions, modifications, waivers, amendments or consents. If the directing certificateholder does not designate a Directing Certificateholder Servicing Consultant, the special servicer will be the Directing Certificateholder Servicing Consultant. See “Risk Factors—Risks Related to the Underlying Mortgage Loans—The Master Servicer, the Special Servicer and any Sub-Servicers May Experience Conflicts of Interest” and “Description of the Certificates—Fees and Expenses” in this offering circular supplement.

**Guarantor**.....

Freddie Mac will act as guarantor of the class A and class X certificates offered by this offering circular supplement. Freddie Mac is entitled to a Guarantee Fee as described under “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this offering circular supplement. For a discussion of the Freddie Mac Guarantee, see “—Description of the Certificates—Distributions--Freddie Mac Guarantee” and “Description of the Depositor and Guarantor—Proposed Operation of Multifamily Mortgage Business on a Stand-Alone Basis” in this offering circular supplement.

**Significant Dates and Periods**

**Cut-off Date**.....

The underlying mortgage loans will be considered assets of the issuing entity as of June 1, 2017. All payments and collections received on each of the underlying mortgage loans after their applicable due dates in June 2017 (which will be June 1, 2017, subject, in some cases, to a next succeeding business day convention, referred to in this offering circular supplement as the “Cut-off Date”), excluding any payments or collections that represent amounts due on or before such due dates, will belong to the issuing entity.

<b>Closing Date</b> .....	The date of initial issuance for the Series ML-02 Certificates will be on or about June 29, 2017.
<b>Due Dates</b> .....	Subject, in some cases, to a next succeeding business day convention, monthly installments of principal and/or interest will be due on the first day of the month with respect to each of the underlying mortgage loans.
<b>Determination Date</b> .....	The monthly cut-off for collections on the underlying mortgage loans that are to be distributed, and information regarding the underlying mortgage loans that is to be reported, to the holders of the Series ML-02 Certificates on any distribution date will be the close of business on the determination date in the same month as that distribution date. The determination date will be the 11th calendar day of each month, commencing in July 2017, or, if the 11th calendar day of any such month is not a business day, then the next succeeding business day.
<b>Distribution Date</b> .....	Distributions of principal and/or interest on the Series 2017-ML02 Certificates are scheduled to occur monthly, commencing in July 2017. The distribution date will be the 25th calendar day of each month, or, if the 25th calendar day of any such month is not a business day, then the next succeeding business day.
<b>Record Date</b> .....	The record date for each monthly distribution on a Series 2017-ML02 Certificate will be the last business day of the prior calendar month. The registered holders of the Series 2017-ML02 Certificates at the close of business on each record date will be entitled to receive any distribution on those certificates on the following distribution date, except that the final distribution of principal and/or interest on any offered certificate will be made only upon presentation and surrender of that certificate at a designated location.
<b>Collection Period</b> .....	Amounts available for distribution on the Series 2017-ML02 Certificates on any distribution date will depend on the payments and other collections received, and any advances of payments due, on or with respect to the underlying mortgage loans during the related Collection Period. Each Collection Period— <ul style="list-style-type: none"> <li>• will relate to a particular distribution date;</li> <li>• will begin when the prior Collection Period ends or, in the case of the first Collection Period, will begin on the Cut-off Date; and</li> <li>• will end at the close of business on the determination date that occurs in the same month as the related distribution date.</li> </ul>
<b>Interest Accrual Period</b> .....	The amount of interest payable with respect to the interest bearing classes of the Series ML-02 Certificates on any Distribution Date will be a function of the interest accrued during the related interest accrual period. The “Interest Accrual Period” for any Distribution Date will be (i) with respect to the first Distribution Date, the period commencing on the Closing Date and ending on July 24, 2017 and (ii) with respect to any Distribution Date thereafter, the period commencing on and including the 25th day of the month preceding the month in which such Distribution Date occurs and ending on and including the 24th day of the month in which such Distribution Date occurs.

**Assumed Final Distribution Date** ..... For each class of offered certificates, the applicable date set forth on the cover page.

**The Offered Certificates**

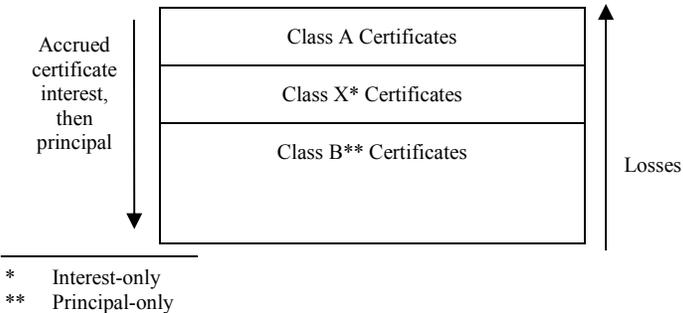
**General** ..... The certificates offered by this offering circular supplement are the class A and class X certificates. Each class of offered certificates will have the initial principal balance or notional amount and pass-through rate set forth or described in the table on page 5 or otherwise described above under “—Transaction Overview.” There are no other securities offered by this offering circular supplement.

**Collections** ..... The master servicer or the special servicer, as applicable, will be required to make reasonable efforts in accordance with the Servicing Standard to collect all payments due under the terms and provisions of the underlying mortgage loans. Borrowers on the underlying mortgage loans make debt service payments to the related fiscal agent, which, in turn, forwards such payments to the master servicer. Such payments will be deposited in the collection account on a daily basis.

**Distributions** ..... Funds collected or advanced on the underlying mortgage loans will be distributed on each corresponding distribution date, net of (i) specified issuing entity expenses, including master servicing fees, special servicing fees, sub-servicing fees, master servicer surveillance fees, special servicer surveillance fees, certificate administrator fees, trustee fees, Guarantee Fees, CREFC® Intellectual Property Royalty License Fees, certain expenses, related compensation and indemnities, (ii) amounts used to reimburse advances made by the master servicer or the trustee and (iii) amounts used to reimburse Balloon Guarantor Payments or interest on such amounts.

**Subordination** ..... The chart below under “—Priority of Distributions” describes the manner in which the rights of various classes will be senior to the rights of other classes. Entitlement to receive principal and interest on any distribution date is depicted in descending order. The manner in which mortgage loan losses are allocated is depicted in ascending order.

**Priority of Distributions** ..... The following chart illustrates generally the distribution priorities and the subordination features applicable to the certificates:



On each distribution date, the class X certificates will be allocated the excess of interest remaining after the class A certificates have been allocated interest distributions.

The allocation of principal distributions between the class A and class B certificates will be made sequentially to the class A certificates until paid in full and then to the class B certificates, in that order, unless the total outstanding principal balance of the class B certificates has been reduced to zero as a result of losses on the underlying mortgage loans and/or default-related or other unanticipated issuing entity expenses. The class X certificates do not have a principal balance and do not entitle holders to distributions of principal.

No form of credit enhancement will be available to you as a holder of offered certificates other than as described under “—Freddie Mac Guarantee” below and “Description of the Certificates—Distributions—Subordination” in this offering circular supplement.

**Freddie Mac Guarantee** .....

It is a condition to the issuance of the offered certificates that Freddie Mac guarantee certain payments on the class A and class X certificates, described in this offering circular supplement (the “Freddie Mac Guarantee”). Any Guarantor Payment made to the class A certificates in respect of principal will reduce the outstanding principal balance of such class by a corresponding amount and will also result in a corresponding reduction in the notional amount of the class X certificates. The Freddie Mac Guarantee will also cover any Guarantee Cap Payments (as defined herein). The Freddie Mac Guarantee does not cover Yield Maintenance Charges, Static Prepayment Premiums or any other prepayment premiums related to the underlying mortgage loans. See “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this offering circular supplement. Freddie Mac is entitled to a Guarantee Fee as described under “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this offering circular supplement.

The class A and class X certificates are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. If Freddie Mac were unable to pay under the Freddie Mac Guarantee, the offered certificates could be subject to losses.

See “Risk Factors—Risks Related to the Offered Certificates—Credit Support Is Limited and May Not Be Sufficient to Prevent Loss on the Offered Certificates” and “Risk Factors—Risks Relating to the Depositor and Guarantor” in this offering circular supplement. Freddie Mac will not guarantee any class of certificates other than the offered certificates.

**Interest Distributions** .....

During each Interest Accrual Period, the class A certificates will bear interest that will accrue on an Actual/360 Basis and the class X certificates will bear interest that will accrue on a 30/360 Basis based on:

- the pass-through rate with respect to that class for that Interest Accrual Period; and
- the outstanding principal balance or notional amount, as the case may be, of that class outstanding immediately prior to the related distribution date.

Although the loan documents require the payment of a full month’s interest on any voluntary prepayment not made on a due date, a whole

or partial prepayment on an underlying mortgage loan may not be accompanied by the amount of a full month's interest on the prepayment in some instances. To the extent those shortfalls are not covered by the master servicer as described under "The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses" in this offering circular supplement, they will be allocated, as described under "Description of the Certificates—Distributions—Interest Distributions" in this offering circular supplement, to reduce the amount of accrued interest otherwise payable to the holders of the class A and class X certificates. However, such shortfalls with respect to the offered certificates will be covered under the Freddie Mac Guarantee.

On each distribution date, subject to available funds and the distribution priorities described under "—Priority of Distributions" above, you will be entitled to receive your proportionate share of all unpaid distributable interest accrued with respect to your class of offered certificates for the related Interest Accrual Period if such amounts were not paid pursuant to the Freddie Mac Guarantee. See "Description of the Certificates—Distributions—Interest Distributions" and "Description of the Certificates—Distributions—Priority of Distributions" in this offering circular supplement.

**Principal Distributions** ..... Subject to—

- available funds,
- the distribution priorities described under "—Priority of Distributions" above,
- the reductions to the outstanding principal balances described under "—Reductions of Certificate Principal Balances in Connection with Losses and Expenses" below, and
- payments under the Guarantee,

the holders of each of the class A certificates (the "Offered Principal Balance Certificates") will be entitled to receive a total amount of principal distributions over time equal to the outstanding principal balance of such class.

The total distributions of principal to be made on the certificates on any distribution date will, in general, be a function of—

- the amount of scheduled payments of principal due or, in some cases, deemed due, on the underlying mortgage loans during the related Collection Period, which payments are either received as of the end of that Collection Period, advanced by the master servicer and/or the trustee, as applicable, or are the subject of a Balloon Guarantor Payment, and
- the amount of any prepayments and other unscheduled collections of previously unadvanced principal with respect to the underlying mortgage loans that are received during the related Collection Period.

However, if the master servicer or the trustee is reimbursed for any Nonrecoverable Advance or Workout-Delayed Reimbursement Amount (in each case, together with accrued interest on such amounts),

such amount will be deemed to be reimbursed first out of payments and other collections of principal on all the underlying mortgage loans (thereby reducing the amount of principal otherwise distributable on the certificates on the related distribution date), prior to being deemed reimbursed out of payments and other collections of interest on all the underlying mortgage loans. See “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments” and “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses—Servicing Advances” in this offering circular supplement.

If any borrower fails to pay the entire outstanding principal balance of an underlying Balloon Loan on its scheduled maturity date, the Guarantor will be required, pursuant to the Freddie Mac Guarantee, to make a Balloon Guarantor Payment in an amount equal to the amount of principal that otherwise would have been paid on the class A certificates if such underlying Balloon Loan had been paid in full on its scheduled maturity date; *provided* that such payment may not exceed the outstanding principal balance of the class A certificates less any principal scheduled to be distributed to the class A certificates on such distribution date. The amount of any such Balloon Guarantor Payment made to the class A certificates will reduce the outstanding principal balance of such class by the corresponding amount and will also result in a corresponding reduction in the notional amount of the class X certificates (in the case of a Balloon Guarantor Payment to the class A certificates). See “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this offering circular supplement. Each Balloon Guarantor Payment will be reimbursed to the Guarantor first from subsequent collections on the related underlying Balloon Loan, net of any such collections used to reimburse the master servicer or the trustee, as applicable, for advances made by them (including interest on those advances) on such underlying Balloon Loan or on other underlying mortgage loans if determined to be nonrecoverable (and therefore the principal portion of any such subsequent collections will not be included in the Principal Distribution Amount for future distribution dates) and second as described under “Description of the Certificates—Distributions—Priority of Distributions” in this offering circular supplement.

The certificate administrator must make principal distributions on the Principal Balance Certificates in the sequential order described below, taking account of whether the payments (or advances in lieu of the payments) and other collections of principal that are to be distributed were received and/or made with respect to the underlying mortgage loans, that generally equal:

- in the case of the class A certificates, an amount (not to exceed the principal balance of the class A certificates outstanding immediately prior to the subject distribution date) equal to the principal distribution amount for the subject distribution date, until the outstanding principal balance of such class of certificates is reduced to zero; and
- in the case of the class B certificates, an amount (not to exceed the principal balance of the class B certificates outstanding immediately prior to the subject distribution date) equal to the principal distribution amount for the subject distribution date

(exclusive of any distributions of principal to which the holders of the class A certificates are entitled on the subject distribution date as described in the immediately preceding bullet), until the outstanding principal balance of such class of certificates is reduced to zero.

Because of losses on the underlying mortgage loans and/or default-related or other unanticipated issuing entity expenses, the total outstanding principal balance of the class B certificates could be reduced to zero at a time when the class A certificates remain outstanding.

The class X certificates do not have a principal balance. They do not entitle holders to any distributions of principal. See “Description of the Certificates—Distributions—Principal Distributions” and “Priority of Distributions” in this offering circular supplement

**Distributions of Static Prepayment Premiums and Yield Maintenance Charges .....**

100% of any Static Prepayment Premium or Yield Maintenance Charges collected in respect of any of the underlying mortgage loans and, in turn, on the underlying mortgage loans will be distributed to the holders of the class X certificates. See “Description of the Certificates—Distributions—Distributions of Static Prepayment Premiums and Yield Maintenance Charges” in this offering circular supplement.

**Reductions of Certificate Principal Balances in Connection with Losses and Expenses .....**

As and to the extent described under “Description of the Certificates—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” in this offering circular supplement, losses on, and default-related or other unanticipated issuing entity expenses attributable to, the underlying mortgage loans will, in general, be allocated on each distribution date, after making distributions on such distribution date, to reduce the outstanding principal balances of the Principal Balance Certificates, sequentially, in the following order:

Reduction Order	Class
1 <sup>st</sup>	Class B certificates
2 <sup>nd</sup>	Class A certificates

Any reduction of the outstanding principal balances of the class A and class B certificates will result in a corresponding reduction in the notional amount of the class X certificates. However, Freddie Mac will be required under its guarantee to pay the holder of any class A certificate an amount equal to any such loss allocated to the class A certificates as set forth in “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this offering circular supplement.

**Advances of Delinquent Monthly Debt Service Payments .....**

Except as described below in this “—Advances of Delinquent Monthly Debt Service Payments” section, the master servicer will be required to make advances with respect to any delinquent scheduled monthly payments, other than certain payments (including balloon payments), of

principal and/or interest due on the underlying mortgage loans. The master servicer will be required to make advances of assumed monthly payments for those underlying mortgage loans that become defaulted upon their maturity dates on the same amortization schedule as if the maturity date had not occurred. In addition, the trustee must make any of those advances to the extent the master servicer fails to make, in each case subject to a nonrecoverability determination. As described under “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments” in this offering circular supplement, if the master servicer or the trustee, as applicable, makes an advance, it will be entitled to be reimbursed for the advance, together with interest at the Prime Rate.

However, neither the master servicer nor the trustee will advance master servicing fees, master servicer surveillance fees, special servicer surveillance fees or sub-servicing fees. Moreover, neither the master servicer nor the trustee will be required to make any advance that it or the special servicer determines will not be recoverable from proceeds of the related underlying mortgage loan. In making such determination, the master servicer, the trustee or the special servicer may take into account a range of relevant factors, including, among other things, (i) the existence of any outstanding Nonrecoverable Advance or Workout-Delayed Reimbursement Amount on any underlying mortgage loan or REO Loan, (ii) the obligations of the borrower under the related underlying mortgage loan, (iii) the related mortgaged real property in its “as is” condition, (iv) future expenses and (v) the timing of recoveries. In addition, the trustee may conclusively rely on any determination of nonrecoverability made by the master servicer, and the master servicer and the trustee will be required to conclusively rely on any determination of nonrecoverability made by the special servicer.

In addition, if any of the adverse events or circumstances that we refer to under “The Pooling Agreement—Required Appraisals” in this offering circular supplement occur or exist with respect to any underlying mortgage loan or any related mortgaged real property, the special servicer will generally be obligated to use reasonable efforts to obtain a new appraisal or, in some cases involving underlying mortgage loans with outstanding principal balances of less than \$2,000,000, conduct an internal valuation of that related mortgaged real property. If, based on that appraisal or internal valuation, it is determined that an Appraisal Reduction Amount exists with respect to the subject underlying mortgage loan, then the amount otherwise required to be advanced (subject to a nonrecoverability determination) with respect to interest on the subject underlying mortgage loan will be reduced. That reduction will generally be in the same proportion that the Appraisal Reduction Amount bears to the Stated Principal Balance of the subject underlying mortgage loan. Due to the distribution priorities, any such reduction in advances will first reduce the funds available to pay interest on the most subordinate interest-bearing class of certificates outstanding and then on the other certificates in reverse sequential order, as follows:

Reduction Order	Class
1 <sup>st</sup>	Class X certificates
2 <sup>nd</sup>	Class A certificates

There will be no such reduction in any advance for delinquent monthly debt service payments at any time after the outstanding principal balance of the class B certificates has been reduced to zero.

See “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments” and “The Pooling Agreement—Required Appraisals” in this offering circular supplement.

**Reports to Certificateholders.....**

On each distribution date, the certificate administrator will be required to provide or make available to any Privileged Person a monthly report substantially in the form of and containing the information substantially as required by Exhibit B. The certificate administrator’s report will be required to detail, among other things, the distributions made to the certificateholders on that distribution date and the performance of the underlying mortgage loans and the mortgaged real properties. The certificate administrator will also be required to make available to any Privileged Person via its website initially located at [www.usbank.com/abs](http://www.usbank.com/abs), certain underlying mortgage loan information as presented in the standard CREFC Investor Reporting Package<sup>®</sup> in accordance with the Pooling Agreement.

You may also review via the certificate administrator’s website or, upon reasonable prior notice, at the master servicer’s, the special servicer’s, the certificate administrator’s or the custodian’s offices during normal business hours, a variety of information and documents that pertain to the underlying mortgage loans and the mortgaged real properties. Borrower operating statements, rent rolls and property inspection reports will be available at the office of the master servicer or the special servicer, as applicable, and may be available on the master servicer’s website.

However, the trustee, the certificate administrator, the custodian, the master servicer, the special servicer and any sub-servicer may not provide to (i) any person that is a borrower under an underlying mortgage loan or an affiliate of a borrower under an underlying mortgage loan unless such person is the directing certificateholder, (a) any asset status report, inspection report, appraisal or internal valuation, (b) the CREFC<sup>®</sup> special servicer loan file or (c) certain supplemental reports in the CREFC Investor Reporting Package<sup>®</sup> or (ii) the directing certificateholder, any asset status report, inspection report, appraisal or internal valuation relating to any Affiliated Borrower Loan. However, such restrictions on providing information will not apply to the master servicer, the special servicer and any sub-servicer if the applicable loan documents expressly require such disclosure to such person as a borrower under an underlying mortgage loan.

See “Description of the Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this offering circular supplement.

**Deal Information/Analytics**..... Certain information concerning the underlying mortgage loans and the certificates may be available through the following services:

- BlackRock Financial Management, Inc., Bloomberg, L.P., Moody's Analytics, Trepp, LLC, Intex Solutions, Inc., CMBS.com and Thomson Reuters Corporation;
- the certificate administrator's website initially located at [www.usbank.com/abs](http://www.usbank.com/abs); and
- the master servicer's website initially located at [www.freddiemac.com](http://www.freddiemac.com).

**Sale of Defaulted Loans**..... If any underlying mortgage loan becomes a Defaulted Loan, then (subject to the rights of Freddie Mac, as described below) the directing certificateholder will have an assignable option to purchase that underlying mortgage loan from the issuing entity at the price and on the terms, including the restrictions applicable to Affiliated Borrower Loans and any applicable time limits, described in "The Pooling Agreement—Realization Upon Mortgage Loans—Purchase Option" in this offering circular supplement. If the fair value price to be paid by the directing certificateholder or any assignee for the underlying mortgage loan is less than 99% of the purchase price (generally the outstanding principal balance of the underlying mortgage loan, plus (i) accrued and unpaid interest on such underlying mortgage loan through and including the end of the related mortgage interest accrual period in which such purchase is made (which would include accrued and unpaid master servicer surveillance fees, special servicer surveillance fees, master servicing fees and sub-servicing fees), (ii) related special servicing fees and, if applicable, liquidation fees payable to the special servicer (to the extent accrued and unpaid or previously paid by the issuing entity), (iii) all related unreimbursed Servicing Advances or Additional Issuing Entity Expenses, (iv) all related Servicing Advances that were previously reimbursed from general collections on the mortgage pool, (v) all accrued and unpaid interest on related Servicing Advances and P&I Advances, (vi) all interest on related Servicing Advances and P&I Advances that was previously reimbursed from general collections on the mortgage pool and (vii) solely if such underlying mortgage loan is being purchased by the related borrower or an affiliate of such borrower, all Default Interest, late payment fees, extension fees and similar fees or charges incurred with respect to such underlying mortgage loan and all out-of-pocket expenses reasonably incurred (whether paid or then owing) by the master servicer, the special servicer, the depositor, the custodian, the certificate administrator and the trustee in respect of such purchase, including, without duplication of any amounts described above in this definition, any expenses incurred prior to such purchase date with respect to such underlying mortgage loan) for such underlying mortgage loan, then Freddie Mac will also have the right to purchase such underlying mortgage loan. The directing certificateholder and Freddie Mac may each assign their respective purchase options.

See "The Pooling Agreement—Realization Upon Mortgage Loans" in this offering circular supplement.

**Repurchase Obligation**..... If the depositor has been notified of, or itself has discovered, a defect in any mortgage file or a breach of any of its representations and warranties that materially and adversely affects the value of any underlying mortgage loan (including any foreclosure property acquired in respect of any foreclosed mortgage loan) or any interests of the holders of any class of certificates, then the depositor will be required to either cure such breach or defect, repurchase the affected underlying mortgage loan from the issuing entity or, within two years of the Closing Date, substitute the affected underlying mortgage loan with another mortgage loan. If the mortgage loan seller opts to repurchase any affected underlying mortgage loan, such repurchase would have the same effect on the certificates as a prepayment in full of such underlying mortgage loan (without payment of any Static Prepayment Premium or Yield Maintenance Charge). See “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this offering circular supplement.

**Optional Termination**..... The (1) Controlling Class Majority Holder, but excluding Freddie Mac, (2) special servicer, and (3) any successor master servicer that is not Freddie Mac (a “Third Party Master Servicer”), in that order, will each in turn have the option to purchase all of the underlying mortgage loans and all other property remaining in the issuing entity on any distribution date on which the total Stated Principal Balance of the underlying mortgage loans is less than 10% of the initial mortgage pool balance.

If any party so entitled exercises this option, the issuing entity will terminate and all outstanding certificates will be retired, as described in more detail under “The Pooling Agreement—Termination” in this offering circular supplement.

**Denominations** ..... The offered certificates are issued, held and transferable through the Depository Trust Company (“DTC”). DTC or its nominee will be the registered Holder of the offered certificates at initial issuance. The offered certificates will be issuable in the denominations set forth under “Description of the Certificates—Registration and Denominations” in this offering circular supplement.

**Ratings**..... It is a condition to the issuance of the certificates that the class A certificates (referred to in this offering circular supplement as the “rated certificates”) receive the following ratings from Fitch Ratings, Inc. (“Fitch”) and Moody’s Investors Service, Inc. (“Moody’s”) (the “Rating Agencies”):

Class of Certificates	Ratings
	Fitch* / Moody’s
Class A.....	AAAsf / Aaa(sf)

\* Fitch has informed us that the “sf” designation in the ratings represents an identifier of structured finance product ratings. For additional information about this identifier, prospective investors can go to [www.fitchratings.com](http://www.fitchratings.com). Freddie Mac has not verified and does not adopt or accept responsibility for any statements made by the Rating Agencies on their websites.

The assigned ratings will be subject to ongoing monitoring, upgrades, downgrades and withdrawals by the Rating Agencies after the date of issuance of such certificates.

The ratings address the likelihood of the timely receipt of distributions of interest to which the holders of the rated certificates are entitled and, with respect to the classes of rated certificates entitled to principal distributions, the ultimate distribution of principal by the Rated Final Distribution Date. The ratings of the rated certificates should be evaluated independently from similar ratings on other types of securities. The ratings are not a recommendation to buy, sell or hold securities, a measure of asset value or an indication of the suitability of an investment and may be subject to revision or withdrawal at any time by the related Rating Agency.

In addition, these ratings do not address: (i) the likelihood, timing, or frequency of prepayments (both voluntary and involuntary) and their impact on interest payments or the degree to which such prepayments might differ from those originally anticipated, (ii) the possibility that a certificateholder might suffer a lower than anticipated yield, (iii) the likelihood of receipt of prepayment charges, assumption fees, prepayment premiums, yield maintenance charges, prepayment fees or penalties, Default Interest or post-anticipated redistribution date additional interest, (iv) the likelihood of experiencing Prepayment Interest Shortfalls, an assessment of whether or to what extent the interest payable on any class of rated certificates may be reduced in connection with any Prepayment Interest Shortfalls, or of receiving compensating interest payments, (v) the tax treatment of the rated certificates or the effect of taxes on the payments received, (vi) the likelihood or willingness of the parties to the respective documents to meet their contractual obligations or the likelihood or willingness of any party or court to enforce, or hold enforceable, the documents in whole or in part, (vii) an assessment of the yield to maturity that investors may experience, (viii) the likelihood, timing or receipt of payments of interest to the holders of the rated certificates resulting from an increase in the interest rate on any underlying mortgage loan in connection with a mortgage loan modification, waiver or amendment or (ix) other non-credit risks, including, without limitation, market risks or liquidity.

The ratings do not take into consideration the credit quality of the underlying mortgage loans, the underlying mortgage loans and mortgaged real properties, structural and legal aspects associated with the rated certificates, certain credit risks and the extent to which payments on the underlying mortgage loans are adequate to make payments required with respect to the rated certificates. Furthermore, the ratings do not represent an assessment of the likelihood, timing or frequency of principal prepayments (both voluntary and involuntary) by borrowers, or the degree to which such prepayments might differ from those originally anticipated. In general, the ratings do not address credit risk nor prepayment risk. The ratings do not address nor are they an assessment of the yield to maturity that investors may experience

Freddie Mac neither has verified, adopts nor accepts responsibility for any statements made by the Rating Agency on its website.

Other nationally recognized statistical rating organizations (“NRSROs”), as defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that we have not engaged to rate the rated certificates may issue unsolicited credit ratings on one or more classes of certificates, relying on information

they receive pursuant to Rule 17g-5 under the Exchange Act (“Rule 17g-5”) or otherwise. If any such unsolicited ratings are issued, we cannot assure you that they will not be different from the ratings assigned by the Rating Agency, and if lower than the Rating Agency’s ratings, whether such unsolicited ratings will have an adverse impact on the liquidity, market value and regulatory characteristics of such certificates. In addition, a rating of any class of the rated certificates below an investment grade rating by either of the Rating Agency or another NRSRO, whether initially or as a result of a ratings downgrade, could affect the ability of a benefit plan or other investor to purchase or retain that class. Further, a determination by the U.S. Securities and Exchange Commission (the “SEC”) that either or both of the Rating Agency no longer qualifies as an NRSRO or is no longer qualified to rate the rated certificates, could adversely impact the liquidity, market value and regulatory characteristics of the rated certificates. See “Ratings,” “Risk Factors—Future Events Could Have an Adverse Impact on the Ratings Assigned to the Rated Certificates” and Risks Related to the Offered Certificates—Rating Agency Feedback” in this offering circular supplement.

### **Legal and Investment Considerations**

**Federal Income Tax Consequences** ..... The certificate administrator will cause elections to be made to treat designated portions of the assets of the issuing entity as two separate real estate mortgage investment conduits under Sections 860A through 860G of the Internal Revenue Code of 1986 (the “Code”). There will be the following REMICs:

- the Lower-Tier REMIC Pool, which will consist of the underlying mortgage loans; and
- the Upper-Tier REMIC Pool, which will hold the regular interests in the Lower-Tier REMIC Pool.

The offered certificates will represent ownership of the REMIC regular interests in the Upper-Tier REMIC Pool and a right to receive Additional Amounts from Freddie Mac. The REMIC regular interests will be treated as newly issued debt instruments for federal income tax purposes. You will have to report income on such REMIC regular interests in accordance with the accrual method of accounting even if you are otherwise a cash method taxpayer.

If any portion of the pass-through rate received with respect to a class A certificate consists of additional amounts, such portion will be treated as received from Freddie Mac in respect of a notional principal contract. Each holder of a Class A certificate that may be entitled to receive such Additional Amounts in respect of a notional principal contract must allocate basis between the Upper-Tier REMIC Pool regular interest corresponding to the certificate and the right to receive Additional Amounts based on relative fair market values.

For a description of the tax opinions that our counsel will be issuing on the Closing Date and a more detailed discussion of the federal income tax aspects of investing in the offered certificates, see “Certain Federal Income Tax Consequences” in this offering circular supplement.

**ERISA Considerations** ..... Employee benefit plans or other retirement arrangements or persons investing the assets of such plans or arrangements subject to ERISA or Sections 503 or 4975 of the Code, or other substantially similar federal, state, local or non-U.S. laws, may purchase the offered certificates only if such investors (i) acquire the offered certificates from a placement agent and the requirements of the Underwriter’s Exemption are satisfied; (ii) are invested in the offered certificates through an insurance company general account which meets certain requirements; or (iii) provide satisfactory evidence that the investment by the investor in the offered certificates will not result in a prohibited transaction under applicable law or otherwise expose the depositor, the trustee, or other parties to additional obligations or responsibilities under the Plan Assets Regulation.

See “ERISA Considerations” in this offering circular supplement.

**Investment Considerations** ..... The rate and timing of payments and other collections of principal on or with respect to the underlying mortgage loans will affect the yield to maturity on each offered certificate.

If you purchase Offered Principal Balance Certificates at a premium, then a faster than anticipated rate of payments and other collections of principal on the underlying mortgage loans could result in a lower than anticipated yield to maturity with respect to those certificates. Conversely, if you purchase Offered Principal Balance Certificates at a discount, a slower than anticipated rate of payments and other collections of principal on the underlying mortgage loans could result in a lower than anticipated yield to maturity with respect to those certificates.

If you are contemplating the purchase of any interest-only certificates, you should be aware that—

- the yield to maturity on those certificates will be highly sensitive to the rate and timing of principal prepayments and other liquidations on or with respect to the underlying mortgage loans,
- a faster than anticipated rate of payments and other collections of principal on the underlying mortgage loans could result in a lower than anticipated yield to maturity with respect to those certificates, and
- an extremely rapid rate of prepayments and/or other liquidations on or with respect to the underlying mortgage loans could result in a substantial loss of your initial investment with respect to those certificates.

When trying to determine the extent to which payments and other collections of principal on the underlying mortgage loans will adversely affect the respective yields to maturity of the interest-only certificates, you should consider what the notional amounts of those interest-only certificates are and how payments and other collections of principal on the underlying mortgage loans are to be applied to the total outstanding principal balance of the Principal Balance Certificates that make up those notional amounts.

If your investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities, then you may be subject to restrictions on investment in the certificates. You should consult your own legal advisors for assistance in determining the suitability of and consequences to you of the purchase, ownership, and sale of the certificates.

**Credit Risk Retention**..... For information as to the compliance of this transaction with the FHFA’s Credit Risk Retention Rule (12 C.F.R. Part 1234), see “Description of the Depositor and Guarantor—Credit Risk Retention” in this offering circular supplement.

### **The Underlying Mortgage Loans**

**General** ..... We intend to include in the issuing entity 3 mortgage loans, which we refer to in this offering circular supplement as the “underlying mortgage loans” and which are secured by the 3 mortgaged real properties identified on Exhibit A-1. Each underlying mortgage loan is secured by a mortgaged real property that consists of a single parcel or two or more contiguous or non-contiguous parcels, and we refer to such parcel or parcels collectively as a single “mortgaged real property” securing such underlying mortgage loan. In this section, “—The Underlying Mortgage Loans,” we provide summary information with respect to the underlying mortgage loans. For more detailed information regarding the underlying mortgage loans, you should review the following sections in this offering circular supplement:

- “Risk Factors—Risks Related to the Underlying Mortgage Loans”;
- “Description of the Underlying Mortgage Loans”;
- Exhibit A-1—Certain Characteristics of the Underlying Mortgage Loans and the Related Mortgaged Real Properties;
- Exhibit A-2—Description of the Underlying Mortgage Loans.

When reviewing the information that we have included in this offering circular supplement with respect to the underlying mortgage loans, please note that—

- All numerical information provided with respect to the underlying mortgage loans is provided on an approximate basis.
- All weighted average information provided with respect to the underlying mortgage loans reflects a weighting based on their respective Cut-off Date Principal Balances. We will transfer the underlying mortgage loans with their respective Cut-off Date Principal Balances to the issuing entity. We show the principal balance as of the Cut-off Date for each of the underlying mortgage loans on Exhibit A-1.
- In calculating the respective Cut-off Date Principal Balances of the underlying mortgage loans, we have assumed that—
  1. all scheduled payments of principal and/or interest due on the underlying mortgage loans on or before the Cut-off Date are timely made; and

2. there are no prepayments or other unscheduled collections of principal with respect to any of the underlying mortgage loans during the period from its due date in May 2017 up to and including June 1, 2017.

- Whenever we refer to the initial mortgage pool balance in this offering circular supplement, we are referring to the total Cut-off Date Principal Balance of the entire mortgage pool.
- All Underwritten Debt Service Coverage Ratio, Underwritten Debt Service Coverage Ratio (IO), Cut-off Date Loan-to-Value Ratio, Maturity Loan-to-Value Ratio and Cut-off Date Balance/Unit calculations include the underlying mortgage loans and any related tax exempt mortgage loans that are not included in the issuing entity.
- When information with respect to mortgaged real properties is expressed as a percentage of the initial mortgage pool balance, the percentages are based on the Cut-off Date Principal Balances of the related underlying mortgage loans.
- If an underlying mortgage loan is secured by a mortgaged real property consisting of multiple parcels of real property, we treat those parcels as a single mortgaged real property.
- Whenever we refer to a particular mortgaged real property by name, we mean the property identified by that name on Exhibit A-1. Whenever we refer to a particular underlying mortgage loan by name, we mean the underlying mortgage loan secured by the mortgaged real property identified by that name on Exhibit A-1.
- Statistical information regarding the underlying mortgage loans may change prior to the Closing Date due to changes in the composition of the mortgage pool prior to that date.

**Source of the Underlying**

**Mortgage Loans** .....

We did not originate the underlying mortgage loans. We acquired the underlying mortgage loans from the Originators

For a description of the underwriting criteria utilized in connection with the origination or acquisition of each of the underlying mortgage loans, see “Description of the Underlying Mortgage Loans—Underwriting Matters” in this offering circular supplement.

**Payment and Other Terms** .....

Each of the underlying mortgage loans is the obligation of a borrower to repay a specified sum with interest. Repayment of each of the underlying mortgage loans is secured by a junior mortgage lien on the fee interest of the related borrower in each mortgaged real property. See “Description of the Underlying Mortgage Loans—General” and “—Certain Terms and Conditions of the Underlying Mortgage Loans—Permitted Additional Debt” in this offering circular supplement.

Except with respect to certain limited nonrecourse carveouts, each of the underlying mortgage loans is nonrecourse to the borrower. Although the offered certificates will be guaranteed by Freddie Mac pursuant to the Freddie Mac Guarantee, none of the underlying mortgage loans is insured or guaranteed by any governmental agency or instrumentality or by any private mortgage insurer.

Each of the underlying mortgage loans currently accrues interest at the annual rate specified with respect to that underlying mortgage loan on Exhibit A-1.

The underlying mortgage loans had initial terms to maturity ranging from 120 months to 180 months.

**Balloon Loans**..... All of the underlying mortgage loans are Balloon Loans. An underlying mortgage loan is considered to be a “Balloon Loan” if its principal balance is not scheduled to be fully amortized by the underlying mortgage loan’s scheduled maturity date and thus requires a substantial balloon payment of principal at such scheduled maturity date.

**Prepayment Characteristics of the Mortgage Loans**..... All of the underlying mortgage loans restrict voluntary prepayments by requiring that any voluntary principal prepayments not restricted by a specified period be accompanied by the greater of a Static Prepayment Premium and a Yield Maintenance Charge, followed by a prepayment consideration period during which voluntary principal prepayments are restricted by requiring that any voluntary principal prepayment made be accompanied by a Static Prepayment Premium, followed by an open prepayment period prior to maturity during which voluntary principal prepayments may be made without payment of any prepayment consideration.

The purchase of any underlying mortgage loan by any party that has an option or is otherwise entitled to purchase such underlying mortgage loan from the issuing entity following default (or, with respect to the mortgage loan seller, is required to purchase such underlying mortgage loan as a result of an uncured material breach of a representation and warranty or a material document defect) generally would have the same effect on the offered certificates as a prepayment (without payment of any Static Prepayment Premium or Yield Maintenance Charge).

In general, the underlying mortgage loans that provide for a Yield Maintenance Charge also provide that such Yield Maintenance Charge will not be less than a fixed percentage of the amount prepaid. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Release of Property Through Prepayment” in this offering circular supplement.

**Delinquency Status**..... None of the underlying mortgage loans was 30 days or more delinquent with respect to any monthly debt service payment as of June 1, 2017.

**Geographic Concentration**..... The mortgaged real properties are located in the following 3 states, which represent the following percentages of the initial mortgage pool balance:

State	Number of Mortgaged Real Properties	% of Initial Mortgage Pool Balance
New Jersey	1	80.5%
California	1	14.6%
Indiana	1	4.9%

See “Description of the Underlying Mortgage Loans—Certain Legal Aspects of the Underlying Mortgage Loans” in this offering circular supplement.

<b>Property Type</b> .....	All of the mortgaged real properties are multifamily properties. See “Risk Factors” in this offering circular supplement for a description of some of the risks relating to multifamily properties.
<b>Encumbered Interests</b> .....	All of the underlying mortgage loans solely encumber the fee interest of the borrower in the mortgaged real property and not any leasehold interest.
<b>Subordinate Debt</b> .....	Each of the underlying mortgage loans is subordinate to a more senior loan secured by the same related mortgage real property. With respect to one of the underlying mortgage loans secured by the mortgaged real property identified on Exhibit A-1 as “The Aspire (Taxable Tail),” representing 80.5% of the initial mortgage pool balance, such mortgaged real property also secures a third-lien junior loan not included in the issuing entity. A default under the junior loan documents generally constitutes a default under the senior underlying mortgage loan documents. The remaining underlying mortgage loans prohibit all other encumbrances except for limited permitted encumbrances (which limited permitted encumbrances do not secure subordinate mortgage loans).

See “Risk Factors—Risks Related to the Underlying Mortgage Loans” and “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Permitted Additional Debt—Existing Subordinate Debt” in this offering circular supplement.

**Additional Statistical Information**

**General Characteristics**..... The underlying mortgage loans that we intend to include in the issuing entity will have the following general characteristics as of June 1, 2017:

	<u>Mortgage Pool</u>
Initial mortgage pool balance .....	\$20,569,852
Number of underlying mortgage loans .....	3
Number of mortgaged real properties .....	3
Largest Cut-off Date Principal Balance .....	\$16,552,032
Smallest Cut-off Date Principal Balance .....	\$1,014,262
Average Cut-off Date Principal Balance .....	\$6,856,617
Highest annual mortgage interest rate .....	5.190%
Lowest annual mortgage interest rate .....	4.340%
Weighted average annual mortgage interest rate .....	4.470%
Longest original term to maturity .....	180
Shortest original term to maturity .....	120
Weighted average original term to maturity .....	131
Longest remaining term to maturity .....	169
Shortest remaining term to maturity .....	108
Weighted average remaining term to maturity .....	118
Highest Underwritten Debt Service Coverage Ratio .....	1.19x
Lowest Underwritten Debt Service Coverage Ratio .....	1.15x
Weighted average Underwritten Debt Service Coverage Ratio .....	1.15x
Highest Cut-off Date LTV .....	78.6%
Lowest Cut-off Date LTV .....	69.7%
Weighted average Cut-off Date LTV .....	70.1%

The Underwritten Debt Service Coverage Ratio, Cut-off Date Loan-to-Value Ratio, Maturity Loan-to-Value Ratio and Cut-off Date

Balance/Unit calculations include the underlying mortgage loans (which accrue interest on an Actual/360 basis), and any related senior tax exempt mortgage loans for the related mortgaged property (which accrue interest on a 30/360 basis) but which are not included in the issuing entity.

In reviewing the foregoing table, please note that the Underwritten Net Cash Flow for any mortgaged real property (which is the basis for the Underwritten Debt Service Coverage Ratio for the related underlying mortgage loan) is an estimated number based on numerous assumptions that may not necessarily reflect recent historical performance and may not ultimately prove to be an accurate prediction of future performance.

## RISK FACTORS

The risks and uncertainties described below summarize the material risks in connection with the purchase of the offered certificates. All numerical information concerning the underlying mortgage loans is provided on an approximate basis.

### **The Certificates May Not Be a Suitable Investment for You**

The certificates are not suitable investments for all investors. In particular, you should not purchase any class of certificates unless you understand and are able to bear the prepayment, credit, liquidity and market risks associated with that class of certificates. For those reasons and for the reasons set forth in these “Risk Factors,” the yield to maturity and the aggregate amount and timing of distributions on the certificates are subject to material variability from period to period and give rise to the potential for significant loss over the life of the certificates to the extent the Guarantor does not make Guarantor Payments on the offered certificates. The interaction of the foregoing factors and their effects are impossible to predict and are likely to change from time to time. As a result, an investment in the certificates involves substantial risks and uncertainties and should be considered only by sophisticated institutional investors with substantial investment experience with similar types of securities.

### **Combination or “Layering” of Multiple Risks May Significantly Increase Risk of Loss**

Although the various risks discussed in this offering circular supplement are generally described separately, you should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor in the certificates may be significantly increased.

### **Risks Related to the Underlying Mortgage Loans**

***All of the Underlying Mortgage Loans Are Subordinate to Senior Loans.*** Each of the underlying mortgage loans is secured by a mortgage, deed of trust or similar security instrument that is subordinate to a more senior mortgage, deed of trust or similar security instrument relating to a related tax exempt mortgage loan secured by the same related mortgaged real property, but which tax exempt mortgage loan is not included in the issuing entity. All of the underlying mortgage loans are second-lien loans. Greater credit risk is usually attached to subordinate mortgage loans than to a borrower’s more senior mortgage loans. Adverse changes in the financial condition of the related mortgaged real property or properties and/or in general economic conditions could impair the ability of the borrower to make payments on the subordinate mortgage loan and cause it to default more quickly than with respect to the borrower’s senior mortgage loans. In addition, all of the underlying mortgage loans are subject to one or more intercreditor agreements. Under the intercreditor agreements, the underlying mortgage loan and each related senior loan and junior loan are cross defaulted with one another. Each underlying mortgage loan is subordinated in right of payment to each related Senior Loan. As a result, following an event of default on a Senior Loan, the related underlying mortgage loan will not be entitled to any payments until the Senior Loan has been paid in full. In addition, the consent of the holder of the related Senior Loan is required to be obtained prior to the commencement by the issuing entity of any foreclosure proceeding against the related mortgaged real property. As a result of these factors, a complete loss is more likely to occur in the event of a default on subordinate mortgage loans. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—The Underlying Mortgage Loans are Subordinate Loans” in this offering circular supplement.

***The Underlying Mortgage Loans Are Nonrecourse.*** Except for certain limited nonrecourse carveouts, each of the underlying mortgage loans is a nonrecourse obligation of the related borrower. This means that, in the event of a default, recourse will generally be limited to the related mortgaged real property or properties securing the Defaulted Loan and other assets that have been pledged to secure that underlying mortgage loan. Consequently, full and timely payment on each underlying mortgage loan will depend on one or more of the following:

- the sufficiency of the net operating income of the applicable mortgaged real property to pay debt service;
- the market value of the applicable mortgaged real property at or prior to maturity; and
- the ability of the related borrower to refinance or sell the applicable mortgaged real property at maturity.

In general, the value of any multifamily property will depend on its ability to generate net operating income. The ability of an owner to finance a multifamily property will depend, in large part, on the property's value and ability to generate net operating income.

None of the underlying mortgage loans will be insured or guaranteed by any governmental entity or private mortgage insurer.

***Repayment of Each of the Underlying Mortgage Loans Will Be Dependent on the Cash Flow Produced by the Related Mortgaged Real Property, Which Can Be Volatile and Insufficient to Allow Timely Distributions on the Offered Certificates, and on the Value of the Related Mortgaged Real Property, Which May Fluctuate Over Time.*** Repayment of loans secured by multifamily rental properties typically depends on the cash flow produced by those properties. The ratio of net cash flow to debt service of an underlying mortgage loan secured by an income-producing property is an important measure of the risk of default on the loan.

Payment on each underlying mortgage loan may also depend on:

- the ability of the related borrower to sell the related mortgaged real property or refinance the underlying mortgage loan, at scheduled maturity, in an amount sufficient to repay the underlying mortgage loan; and/or
- in the event of a default under the underlying mortgage loan and a subsequent sale of the related mortgaged real property upon the acceleration of such underlying mortgage loan's maturity, the amount of the sale proceeds, taking into account any adverse effect of a foreclosure proceeding on those sale proceeds.

In general, if an underlying mortgage loan has a relatively high loan-to-value ratio or a relatively low debt service coverage ratio, a foreclosure sale is more likely to result in proceeds insufficient to satisfy the outstanding debt.

The cash flows from the operation of multifamily real properties are volatile and may be insufficient to cover debt service on the related underlying mortgage loan and pay operating expenses at any given time. This may cause the value of a property to decline. Cash flows and property values generally affect:

- the ability to cover debt service;
- the ability to pay an underlying mortgage loan in full with sale or refinance proceeds; and
- the amount of proceeds recovered upon foreclosure.

Cash flows and property values depend on a number of factors, including:

- national, regional and local economic conditions, including plant closings, military base closings, economic and industry slowdowns and unemployment rates;
- local real estate conditions, such as an oversupply of units similar to the units at the related mortgaged real property;
- increases in vacancy rates;
- changes or continued weakness in a specific industry segment that is important to the success of the related mortgaged real property;
- increases in operating expenses at the mortgaged real property and in relation to competing properties;
- the nature of income from the related mortgaged real property, such as whether rents are subject to rent control or rent stabilization laws;
- a decline in rental rates as leases are renewed or entered into with new tenants;
- the level of required capital expenditures for proper maintenance, renovations and improvements demanded by tenants or required by law at the related mortgaged real property;
- creditworthiness of tenants, a decline in the financial condition of tenants or tenant defaults;

- the number of tenants at the related mortgaged real property and the duration of their respective leases;
- dependence upon a concentration of tenants working for a particular business or industry;
- demographic factors;
- retroactive changes in building or similar codes that require modifications to the related mortgaged real property;
- capable management and adequate maintenance for the related mortgaged real property;
- location of the related mortgaged real property;
- proximity and attractiveness of competing properties;
- whether the mortgaged real property has uses subject to significant regulation;
- the rate at which new rentals occur;
- perceptions by prospective tenants of the safety, convenience, services and attractiveness of the related mortgaged real property;
- the age, construction, quality and design of the related mortgaged real property; and
- whether the related mortgaged real property is readily convertible to alternative uses.

***Criminal Activity May Adversely Affect Property Performance.*** Certain of the underlying mortgage loans are secured by mortgaged real properties that may have been, or may be, the site of criminal activities. Perceptions by prospective tenants of the safety and reputation of such mortgaged real properties may influence the cash flow produced by such mortgaged real properties. In addition, in connection with any criminal activities that occur at a related mortgaged real property, litigation may be brought against a borrower or political or social conditions may result in civil disturbances.

***Forfeiture (Including for Drug, RICO and Money Laundering Violations) May Present Risks.*** Federal law provides that property purchased or improved with assets derived from criminal activity or otherwise tainted, or used in the commission of certain offenses, can be seized and ordered forfeited to the United States. A number of offenses can trigger such a seizure and forfeiture including, among others, violations of the Racketeer Influenced and Corrupt Organizations Act, the Bank Secrecy Act, the Money Laundering Control Act, the USA PATRIOT Act and the regulations issued pursuant to all of them, as well as the controlled substance laws. In many instances, the United States may seize the property civilly, without a criminal prosecution.

In the event of a forfeiture proceeding, a financial institution that is a lender of funds may be able to establish its interest in the property by proving that (i) its mortgage was executed and recorded before the commission of the illegal conduct from which the assets used to purchase or improve the property were derived or before the commission of any other crime upon which the forfeiture is based, or (ii) at the time of the execution of the mortgage, despite appropriate due diligence, it “did not know or was reasonably without cause to believe that the property was subject to forfeiture.” However, we cannot assure you that such a defense will be successful.

***Borrowers May Be Unable to Make Balloon Payments.*** All of the underlying mortgage loans are Balloon Loans. Balloon Loans have amortization schedules that are significantly longer than their respective terms, and many of the Balloon Loans require only payments of interest for part or all of their respective terms. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Additional Amortization Considerations” in this offering circular supplement. A longer amortization schedule or an interest-only provision in an underlying mortgage loan will result in a higher amount of principal outstanding on the underlying mortgage loan at any particular time, including at the maturity date of the underlying mortgage loan, than would have otherwise been the case had a shorter amortization schedule been used or had the underlying mortgage loan had a shorter interest-only period or not included an interest-only period at all. That higher principal amount outstanding could both (i) make it more difficult for the related borrower to make the required balloon payment at maturity and (ii) lead to increased losses for the issuing entity either during the loan term or at maturity if the underlying mortgage loan becomes a Defaulted Loan. The borrower under a mortgage loan of these types is required to make a substantial payment of principal and interest, which is commonly called a

balloon payment, on the maturity date of the loan. The ability of the borrower to make a balloon payment depends on the borrower's ability to refinance or sell the mortgaged real property securing the loan. The ability of the borrower to refinance or sell the mortgaged real property will be affected by a number of factors, including—

- the fair market value and condition of the mortgaged real property;
- the level of interest rates;
- the borrower's equity in the mortgaged real property;
- the borrower's financial condition;
- the operating history of the mortgaged real property;
- changes in zoning and tax laws;
- changes in competition in the relevant area;
- changes in rental rates in the relevant area;
- changes in governmental regulation and fiscal policy;
- prevailing general and regional economic conditions;
- the state of the fixed income and mortgage markets;
- the availability of credit for mortgage loans secured by multifamily rental properties; and
- the requirements (including loan-to-value ratios and debt service coverage ratios) of lenders for mortgage loans secured by multifamily rental properties.

Neither we nor any of our affiliates nor any of the Originators will be obligated to refinance any underlying mortgage loan.

In addition, compliance with legal requirements, such as the credit risk retention regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), could cause commercial real estate lenders to tighten their lending standards and reduce the availability debt financing for commercial real estate borrowers. This, in turn, may adversely affect the borrowers' ability to refinance the underlying mortgage loan or sell the mortgaged real property on the maturity date. We cannot assure you that each borrower under a Balloon Loan will have the ability to repay the outstanding principal balance of such underlying mortgage loan on the related maturity date.

The master servicer or the special servicer may, within prescribed limits, extend and modify underlying mortgage loans that are in default or as to which a payment default is reasonably foreseeable in order to maximize recoveries on such underlying mortgage loans. The master servicer or the special servicer is only required to determine that any extension or modification is reasonably likely to produce a greater recovery than a liquidation of the real property securing the Defaulted Loan. There is a risk that the decision of the master servicer or the special servicer to extend or modify an underlying mortgage loan may not in fact produce a greater recovery. See "— Modifications of the Underlying Mortgage Loans" below.

***Modifications of the Underlying Mortgage Loans.*** If any underlying mortgage loans become delinquent or are in default, the special servicer will be required to work with the related borrowers to maximize collections on such underlying mortgage loans. This may include modifying the terms of such underlying mortgage loans that are in default or whose default is reasonably foreseeable. At each step in the process of trying to bring a Defaulted Loan current or in maximizing proceeds to the issuing entity, the special servicer will be required to invest time and resources not otherwise required for the master servicer to collect payments on performing underlying mortgage loans. Modifications of underlying mortgage loans implemented by the special servicer in order to maximize the ultimate proceeds of such underlying mortgage loans may have the effect of, among other things, reducing or otherwise changing the mortgage rate, forgiving or forbearing on payments of principal, interest or other amounts owed under the underlying mortgage loan, extending the final maturity date of the underlying mortgage loan, capitalizing or deferring delinquent interest and other amounts owed under the underlying mortgage loan, forbearing payment of a portion of the principal balance of the underlying mortgage loan or any combination of these or other

modifications. Any modified underlying mortgage loan may remain in the issuing entity, and the modification may result in a reduction in the funds received with respect to such underlying mortgage loan.

***Multifamily Lending Subjects Your Investment to Special Risks that Are Not Associated with Single-Family Residential Lending.*** The underlying mortgage loans are secured by multifamily income-producing properties.

Multifamily lending is generally thought to be riskier than single-family residential lending because, among other things, larger loans are made to single borrowers or groups of related borrowers.

Furthermore, the risks associated with lending on multifamily properties are inherently different from those associated with lending on the security of single-family residential properties. For example, repayment of each of the underlying mortgage loans will be dependent on the performance and/or value of the related mortgaged real property.

There are additional factors in connection with multifamily lending, not present in connection with single-family residential lending, which could adversely affect the economic performance of the respective mortgaged real properties that secure the underlying mortgage loans. Any one of these additional factors, discussed in more detail in this offering circular supplement, could result in a reduction in the level of cash flow from those mortgaged real properties that is required to ensure timely distributions on the offered certificates.

***Certain Multifamily Properties May Contain Commercial Components.*** Certain of the mortgaged real properties may contain retail, office or other commercial units. The value of retail, office and other commercial units is significantly affected by the quality of the tenants and the success of the tenant business. The correlation between the success of tenant businesses and a retail unit's value may be more direct with respect to retail units than other types of commercial property because a component of the total rent paid by certain retail tenants may be tied to a percentage of gross sales. In addition, certain retail, office and commercial units may have tenants that are subject to risks unique to their business, such as medical offices, dental offices, theaters, educational facilities, fitness centers and restaurants. These types of leased spaces may not be readily convertible (or convertible at all) to alternative uses if the leased spaces were to become vacant. We cannot assure you that the existence of retail, office or other commercial units will not adversely impact operations at or the value of the mortgaged real properties.

***Condominium Ownership May Limit Use of the Mortgaged Real Properties and Decision Making Related to the Mortgaged Real Properties.*** In the case of condominiums, a board of managers generally has discretion to make decisions affecting the condominium and the borrower under an underlying mortgage loan secured in whole or in part by a condominium may not have any control over decisions made by the related board of managers. Decisions made by that board of managers, including decisions regarding assessments to be paid by the unit owners, insurance to be maintained on the condominium and many other decisions affecting the maintenance of the condominium, may have an adverse impact on any underlying mortgage loans that are secured by condominium interests. We cannot assure you that the related board of managers will always act in the best interests of the borrower under those underlying mortgage loans. Further, due to the nature of condominiums, a default on the part of the borrower will not allow the applicable special servicer the same flexibility in realizing on the collateral as is generally available with respect to properties that are not condominiums. The rights of other unit owners, the documents governing the management of the condominium units and the state and local laws applicable to condominium units must be considered. In addition, in the event of a casualty with respect to a mortgaged real property which consists of a condominium interest, due to the possible existence of multiple loss payees on any insurance policy covering the mortgaged real property, there could be a delay in the allocation of any related insurance proceeds. Consequently, servicing and realizing upon a condominium property could subject the issuing entity to a greater delay, expense and risk than with respect to a property that is not a condominium.

For example, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 as "Penn Street Tower (Taxable Tail)," representing 4.9% of the initial mortgage pool balance, such mortgaged real property constitutes, in whole or in part, a condominium. The related borrower owns 100% of the condominium units. In the related loan agreement, the borrower generally agreed, among other things, that (i) all condominium documents are subordinated or subject to the related loan documents, (ii) so long as the underlying mortgage loan is outstanding, the condominium documents will not be modified or amended without the prior written consent of the lender, (iii) no portion of the condominium units and no portion of the common elements have been sold or encumbered and/or that it will not sell or encumber any such portions without the express written

consent of the lender, (iv) it will operate the property solely as a rental apartment project, except with respect to two units and (v) it will indemnify the lender from and against any and all losses or damages arising out of the failure of the borrower to comply with any laws or regulations related to the condominium. We cannot assure you that such borrower will abide by this agreement or that these considerations will not adversely impact your investment.

***The Source of Repayment on the Offered Certificates Will Be Limited to Payments and Other Collections on the Underlying Mortgage Loans.*** The offered certificates will represent interests solely in the issuing entity. The primary assets of the issuing entity will be a segregated pool of multifamily mortgage loans. Accordingly, repayment of the offered certificates will be limited to payments and other collections on the underlying mortgage loans, subject to the Freddie Mac Guarantee.

However, the underlying mortgage loans will not be an obligation of, or be insured or guaranteed by:

- any governmental entity;
- any private mortgage insurer;
- the depositor;
- Freddie Mac;
- the master servicer;
- the special servicer;
- any sub-servicer of the master servicer or the special servicer;
- the trustee;
- the certificate administrator;
- the custodian; or
- any of their or our respective affiliates.

***All of the Underlying Mortgage Loans Are Secured by Multifamily Rental Properties, Thereby Materially Exposing Offered Certificateholders to Risks Associated with the Performance of Multifamily Rental Properties.***

All of the mortgaged real properties are primarily used for multifamily rental purposes. A number of factors may adversely affect the value and successful operation of a multifamily rental property. Some of these factors include:

- the number of competing residential developments in the local market, including apartment buildings and site-built single family homes;
- the physical condition and amenities, including access to transportation, of the subject property in relation to competing properties;
- the subject property's reputation;
- applicable state and local regulations designed to protect tenants in connection with evictions and rent increases, including rent control and rent stabilization regulations;
- the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or personnel from a local military base;
- restrictions on the age of tenants who may reside at the subject property;
- local factory or other large employer closings;
- the location of the property, for example, a change in the neighborhood over time;
- the level of mortgage interest rates to the extent it encourages tenants to purchase housing;
- the ability of the management team to effectively manage the subject property;
- the ability of the management team to provide adequate maintenance and insurance;

- compliance and continuance of any government housing rental subsidy programs from which the subject property receives benefits and whether such subsidies or vouchers may be used at other properties;
- distance from employment centers and shopping areas;
- adverse local or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payment or a reduction in occupancy level;
- the financial condition of the owner of the subject property; and
- government agency rights to approve the conveyance of such mortgaged real properties could potentially interfere with the foreclosure or execution of a deed-in-lieu of foreclosure of such properties.

Because units in a multifamily rental property are primarily leased to individuals, usually for no more than a year, the ability of the property to generate net operating income is likely to change relatively quickly where a downturn in the local economy or the closing of a major employer in the area occurs.

In addition, some units in a multifamily rental property may be leased to corporate entities. Expiration or non-renewals of corporate leases and vacancies related to corporate tenants may adversely affect the income stream at a mortgaged real property.

We cannot assure you that these circumstances will not adversely impact operations at or the value of the mortgaged real properties.

Particular factors that may adversely affect the ability of a multifamily property to generate net operating income include—

- an increase in interest rates, real estate taxes and other operating expenses;
- an increase in the capital expenditures needed to maintain the property or make renovations or improvements;
- an increase in vacancy rates;
- a decline in rental rates as leases are renewed or replaced; and
- natural disasters and civil disturbances such as earthquakes, hurricanes, floods, eruptions or riots.

The volatility of net operating income generated by a multifamily property over time will be influenced by many of these factors, as well as by—

- the length of tenant leases;
- the creditworthiness of tenants;
- the rental rates at which leases are renewed or replaced;
- the percentage of total property expenses in relation to revenue;
- the ratio of fixed operating expenses to those that vary with revenues; and
- the level of capital expenditures required to maintain the property and to maintain or replace tenants.

Therefore, multifamily properties with short-term or less creditworthy sources of revenue and/or relatively high operating costs can be expected to have more volatile cash flows than multifamily properties with medium- to long-term leases from creditworthy tenants and/or relatively low operating costs. A decline in the real estate market will tend to have a more immediate effect on the net operating income of multifamily properties with short-term revenue sources and may lead to higher rates of delinquency or defaults on the underlying mortgage loans secured by those properties.

In addition, some states regulate the relationship of an owner and its tenants at a multifamily rental property. Among other things, these states may—

- require written leases;
- require good cause for eviction;
- require disclosure of fees;
- prohibit unreasonable rules;
- prohibit retaliatory evictions;
- prohibit restrictions on a resident’s choice of unit vendors;
- limit the bases on which a landlord may increase rent; or
- prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner’s building.

Apartment building owners have been the subject of lawsuits under state “Unfair and Deceptive Practices Acts” and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices.

Some counties and municipalities also impose rent control regulations on apartment buildings. These regulations may limit rent increases to—

- fixed percentages;
- percentages of increases in the consumer price index;
- increases set or approved by a governmental agency; or
- increases determined through mediation or binding arbitration.

In many cases, the rent control laws do not provide for decontrol of rental rates upon vacancy of individual units. Any limitations on a landlord’s ability to raise rents at a multifamily rental property may impair the landlord’s ability to repay an underlying mortgage loan secured by the property or to meet operating costs.

In addition, multifamily rental properties are part of a market that, in general, is characterized by low barriers to entry. Thus, a particular multifamily rental property market with historically low vacancies could experience substantial new construction and a resultant oversupply of rental units within a relatively short period of time. Because units in a multifamily rental property are typically leased on a short-term basis, the tenants residing at a particular property may easily move to alternative multifamily rental properties with more desirable amenities or locations or to single family housing.

Certain of the multifamily rental properties that secure the underlying mortgage loans may be subject to certain restrictions imposed pursuant to restrictive covenants, reciprocal easement agreements and operating agreements or historical landmark designations.

Such use restrictions could include, for example, limitations on the use of the properties, the character of improvements on the properties, the borrowers’ right to operate certain types of facilities within a prescribed radius of the properties and limitations affecting noise and parking requirements, among other things. In addition, certain of the multifamily rental properties that secure the underlying mortgage loans may have access to certain amenities and facilities at other local properties pursuant to shared use agreements, and we cannot assure you that such use agreements will remain in place indefinitely, or that any amenities and facilities at other properties will remain available to the tenants of any multifamily rental property securing an underlying mortgage loan. These limitations could adversely affect the ability of the related borrower to lease the mortgaged real property on favorable terms, thus adversely affecting the borrower’s ability to fulfill its obligations under the related underlying mortgage loan.

Some of the multifamily rental properties that secure the underlying mortgage loans may be subject to land use restrictive covenants or contractual covenants in favor of federal or state housing agencies. The obligations of the related borrowers to comply with such restrictive covenants and contractual covenants, in most cases, constitute encumbrances on the related mortgaged real property that are superior to the lien of the related underlying mortgage

loan. In circumstances where the mortgaged real property is encumbered by a regulatory agreement in favor of a federal or state housing agency, the borrower is generally required by the loan documents to comply with any such regulatory agreement. The covenants in a regulatory agreement may require, among other things, that a minimum number or percentage of units be rented to tenants who have incomes that are substantially lower than median incomes in the applicable area or region or impose restrictions on the type of tenants who may rent units, such as imposing minimum age restrictions. These covenants may limit the potential rental rates that may govern rentals at any of those properties, the potential tenant base for any of those properties or both. An owner may subject a multifamily rental property to these covenants in exchange for tax credits or rent subsidies. When the credits or subsidies cease, net operating income will decline. We cannot assure you that these requirements will not cause a reduction in rental income. If rents are reduced, we cannot assure you that the related property will be able to generate sufficient cash flow to satisfy debt service payments and operating expenses.

In addition, restrictive covenants and contractual covenants contained in regulatory agreements may require a borrower, among other conditions, (i) to submit periodic compliance reports and/or permit regulatory authorities to conduct periodic inspections of the related mortgaged real property, (ii) to meet certain requirements as to the condition of affordable units or (iii) to seek the consent of a regulatory authority in connection with the transfer or sale of the mortgaged real property or in connection with a change in the property management. In some cases, regulatory agreements may provide for remedies other than specific performance of restrictive covenants. Such other remedies may include, but are not limited to, providing for the ability of a regulatory authority to replace the property manager. In addition, in some cases, regulatory agreements may impose restrictions on transfers of the mortgaged real property in connection with a foreclosure, including, but not limited to, requiring regulatory authority consent and limiting the type of entities that are permissible transferees of the mortgaged real property. We cannot assure you that these circumstances will not adversely impact operations at or the value of the mortgaged real property, that such consent will be obtained in the event a federal or state housing agency has the right to consent to any change in the property management or ownership of the mortgaged real property or that the failure to obtain such consent will not adversely impact the lender's ability to exercise its remedies upon default of an underlying mortgage loan.

Some of the mortgaged real properties have tenants that rely on rent subsidies under various government funded programs, including Section 8. In addition, with respect to certain of the underlying mortgage loans, the borrower may receive subsidies or other assistance from government programs. Generally, a mortgaged real property receiving such subsidy or assistance must satisfy certain requirements, the borrower must observe certain leasing practices and/or the tenant(s) must regularly meet certain income requirements. See "Description of the Underlying Mortgage Loans—Additional Loan and Property Information—Rental Subsidy Programs" in this offering circular supplement for a description of mortgaged real properties subject to rental subsidy programs, including Section 8.

We cannot assure you that such programs will continue in their present form or that the borrowers will continue to comply with the requirements of the programs to enable the borrowers to receive the subsidies in the future or that the level of assistance provided will be sufficient to generate enough revenues for the borrowers to meet their obligations under the underlying mortgage loans, nor can we assure you that any transferee of the mortgaged real property, whether through foreclosure or otherwise, will obtain the consent of HUD or any state or local housing agency.

Some of the mortgaged real properties that secure the underlying mortgage loans may entitle or may have entitled their owners to receive low income housing tax credits pursuant to Code Section 42. Code Section 42 provides a tax credit for owners of multifamily rental properties meeting the definition of low income housing who have received a tax credit allocation from a state or local allocating agency. The total amount of tax credits to which a property owner is entitled is based on the percentage of total units made available to qualified tenants.

The tax credit provisions limit the gross rent for each low-income unit. Under the tax credit provisions, a property owner must comply with the tenant income restrictions and rental restrictions over a minimum of a 15-year compliance period. In addition, agreements governing the multifamily rental property may require an "extended use period," which has the effect of extending the income and rental restrictions for an additional period.

In the event a multifamily rental property does not maintain compliance with the tax credit restrictions on tenant income or rental rates or otherwise satisfy the tax credit provisions of the Code, the property owner may suffer a reduction in the amount of available tax credits and/or face the recapture of all or part of the tax credits related to the

period of the noncompliance and face the partial recapture of previously taken tax credits. The loss of tax credits, and the possibility of recapture of tax credits already taken, may provide significant incentive for the property owner to keep the related multifamily rental property in compliance with such tax credit restrictions and limit the income derived from the related property.

Some of the mortgaged real properties that secure the underlying mortgage loans may entitle or may have entitled their owners to receive tax abatements or exemptions or may be subject to reduced taxes in connection with a “payment in lieu of taxes” (“PILOT”) agreement. See “Description of the Underlying Mortgage Loans—Additional Loan and Property Information—Tax Abatements and Exemptions” in this offering circular supplement for additional information relating to tax abatements and exemptions applicable to the mortgaged real properties.

With respect to such mortgaged real properties that entitle their owners to receive tax exemptions, the related Cut-off Date LTVs are often calculated using Appraised Values that assume that the owners of such mortgaged real properties receive such property tax exemptions. Such property tax exemptions often require the property owners to be formed and operated for qualifying charitable purposes and to use the property for those qualifying charitable purposes. Claims for such property tax exemptions must often be re-filed annually by the property owners. Although the loan documents generally require the borrower to submit an annual claim and to take actions necessary for the borrower and the mortgaged real property to continue to qualify for a property tax exemption, if the borrower fails to do so, property taxes payable by the borrower on the mortgaged real property could increase, which could adversely impact the cash flow at or the value of the mortgaged real property. In addition, if the issuing entity forecloses on any such mortgaged real property, the issuing entity may be unable to qualify for a property tax exemption. Finally, if the issuing entity sells any such mortgaged real property in connection with a default on the underlying mortgage loan, prospective purchasers may be unwilling to bid on the mortgaged real property if they are unable to satisfy the requirements of a property tax exemption. This could limit the pool of prospective purchasers for any such mortgaged real property.

We cannot assure you that any tax abatements and exemptions or PILOT agreements will continue to benefit the related mortgaged real properties or that the continuance or termination of any of the tax abatements or exemptions will not adversely impact the mortgaged real properties or the related borrowers’ ability to generate sufficient cash flow to satisfy debt service payments and operating expenses.

***The Successful Operation of a Multifamily Property Depends on Tenants.*** Generally, multifamily properties are subject to leases. The owner of a multifamily property typically uses lease or rental payments for the following purposes—

- to pay for maintenance and other operating expenses associated with the property;
- to fund repairs, replacements and capital improvements at the property; and
- to pay debt service on mortgage loans secured by, and any other debt obligations associated with operating, the property.

Factors that may adversely affect the ability of a multifamily property to generate net operating income from lease and rental payments include—

- an increase in vacancy rates, which may result from tenants deciding not to renew an existing lease;
- an increase in tenant payment defaults;
- a decline in rental rates as leases are entered into, renewed or extended at lower rates;
- an increase in the capital expenditures needed to maintain the property or to make improvements; and
- an increase in operating expenses.

***The Success of an Income-Producing Property Depends on Reletting Vacant Spaces.*** The operations at or the value of an income-producing property will be adversely affected if the owner or property manager is unable to renew leases or relet space on comparable terms when existing leases expire and/or become defaulted. Even if vacated space is successfully relet, the costs associated with reletting can be substantial and could reduce cash flow from the income-producing properties. Moreover, if a tenant at an income-producing property defaults in its lease

obligations, the landlord may incur substantial costs and experience significant delays associated with enforcing its rights and protecting its investment, including costs incurred in renovating and reletting the property. We cannot assure you that these circumstances will not adversely impact operations at or the value of the mortgaged real properties. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans” in this offering circular supplement.

If an income-producing property has multiple tenants, re-leasing expenditures may be more frequent than in the case of a property with fewer tenants, thereby reducing the cash flow generated by the multi-tenanted property. If a smaller income-producing property has fewer tenants, increased vacancy rates may have a greater possibility of adversely affecting operations at or the value of the related mortgaged real property, thereby reducing the cash flow generated by the property. For example, with respect to 1 of the underlying mortgage loans, representing 4.9% of the initial mortgage pool balance, the related mortgaged real property includes 100 or fewer units. Similarly, if an income producing property has a number of short-term leases, re-leasing expenditures may be more frequent, thereby reducing the cash flow generated by such property.

***Property Value May Be Adversely Affected Even When Current Operating Income Is Not.*** Various factors may affect the value of multifamily properties without affecting their current net operating income, including—

- changes in interest rates;
- the availability of refinancing sources;
- changes in governmental regulations, licensing or fiscal policy;
- changes in zoning or tax laws; and
- potential environmental or other legal liabilities.

***Maintaining a Property in Good Condition May Be Costly.*** The owner may be required to expend a substantial amount to maintain, renovate or refurbish a multifamily property. Failure to do so may materially impair the property’s ability to generate cash flow. The effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements. Even superior construction will deteriorate over time if management does not schedule and perform adequate maintenance in a timely fashion. We cannot assure you that an income-producing property will generate sufficient cash flow to cover the increased costs of maintenance and capital improvements in addition to paying debt service on the underlying mortgage loan(s) that may encumber that property.

The proportion of older mortgaged real properties may adversely impact payments on the underlying mortgage loans on a collective basis. For example, with respect to 2 of the mortgaged real properties, securing underlying mortgage loans collectively representing 19.5% of the initial mortgage pool balance, all or part of the mortgaged real properties were constructed prior to 1980. We cannot assure you that a greater proportion of underlying mortgage loans secured by older mortgaged real properties will not adversely impact cash flow at the mortgaged real properties on a collective basis or that it will not adversely affect payments related to your investment.

Certain of the mortgaged real properties may currently be undergoing or are expected to undergo in the future redevelopment or renovation.

We cannot assure you that any current or planned redevelopment or renovation will be completed, that such redevelopment or renovation will be completed in the time frame contemplated, or that, when and if redevelopment or renovation is completed, such redevelopment or renovation will improve the operations at, or increase the value of, the subject property. Failure of any of the foregoing to occur could have a material negative impact on the related underlying mortgage loan, which could affect the ability of the related borrower to repay the underlying mortgage loan.

In the event the related borrower (or a tenant, if applicable) fails to pay the costs of work completed or material delivered in connection with ongoing redevelopment or renovation, the portion of the mortgaged real property on which there is construction may be subject to mechanic’s or materialmen’s liens that may be senior to the lien of the related underlying mortgage loan.

The existence of construction at a mortgaged real property may make such mortgaged real property less attractive to tenants and, accordingly, could have a negative effect on net operating income.

***Competition Will Adversely Affect the Profitability and Value of an Income-Producing Property.*** Some income-producing properties are located in highly competitive areas. Comparable income-producing properties located in the same area compete on the basis of a number of factors including—

- rental rates;
- location;
- type of services and amenities offered; and
- nature and condition of the particular property.

The profitability and value of an income-producing property may be adversely affected by a comparable property that—

- offers lower rents;
- has lower operating costs;
- offers a more favorable location; or
- offers better facilities and/or amenities.

Costs of renovating, refurbishing or expanding an income-producing property in order to remain competitive can be substantial.

***Borrower Bankruptcy Proceedings Can Delay and Impair Recovery on an Underlying Mortgage Loan.*** Under Title 11 of the United States Code, as amended (the “Bankruptcy Code”), the filing of a petition in bankruptcy by or against a borrower, including a petition filed by or on behalf of a junior lienholder, will stay the sale of a real property owned by that borrower, as well as the commencement or continuation of a foreclosure action.

In addition, if a bankruptcy court determines that the value of a real property is less than the principal balance of the underlying mortgage loan it secures, the bankruptcy court may reduce the amount of secured indebtedness to the then-value of the property. This would make the lender a general unsecured creditor for the difference between the then-value of the property and the amount of its outstanding mortgage indebtedness.

A bankruptcy court also may—

- grant a debtor a reasonable time to cure a payment default on an underlying mortgage loan;
- reduce monthly payments due under an underlying mortgage loan;
- change the rate of interest due on an underlying mortgage loan; or
- otherwise alter an underlying mortgage loan’s repayment schedule.

Furthermore, the borrower, as debtor-in-possession, or its bankruptcy trustee has special powers to avoid, subordinate or disallow debts. In some circumstances, the claims of a secured lender, such as the issuing entity, may be subordinated to financing obtained by a debtor-in-possession subsequent to its bankruptcy.

Under the Bankruptcy Code, a lender will be stayed from enforcing a borrower’s assignment of rents and leases. The legal proceedings necessary to resolve these issues can be time consuming and may significantly delay the receipt of rents. Rents also may escape an assignment to the extent they are used by borrower to maintain its property or for other court authorized expenses.

As a result of the foregoing, the issuing entity’s recovery with respect to borrowers in bankruptcy proceedings may be significantly delayed, and the total amount ultimately collected may be substantially less than the amount owed. Certain of the key principals or the related sponsors of the respective borrowers may have declared

bankruptcy in the past, which may mean they are more likely to declare bankruptcy again in the future or put the borrowing entities into bankruptcy in the future.

Pursuant to the doctrine of substantive consolidation, a bankruptcy court, in the exercise of its equitable powers, has the authority to order that the assets and liabilities of a borrower be consolidated with those of a bankrupt affiliate for the purposes of making distributions under a plan of reorganization or liquidation. Thus, property that is ostensibly the property of a borrower may become subject to the bankruptcy case of an affiliate, the automatic stay applicable to such bankrupt affiliate may be extended to a borrower and the rights of creditors of a borrower may become impaired.

In connection with the origination of certain of the underlying mortgage loans, including certain underlying mortgage loans with original principal balances over \$25,000,000 that are identified on Exhibit C-2, no non-consolidation opinion with respect to the related borrower entity was obtained at origination.

We cannot assure you that these circumstances will not have an adverse impact on the liquidity of the related borrowers or the related sponsors. Therefore, we cannot assure that these circumstances will not adversely impact the borrowers' or the sponsors' ability to maintain the related mortgaged real property or pay amounts owed on the related underlying mortgage loans.

***Property Management Is Important to the Successful Operation of the Mortgaged Real Property.*** The successful operation of a real estate project depends in part on the performance and viability of the property manager. The property manager is generally responsible for:

- operating the property and providing building services;
- establishing and implementing the rental structure;
- managing operating expenses;
- responding to changes in the local market; and
- advising the borrower with respect to maintenance and capital improvements.

Properties deriving revenues primarily from short-term leases, such as the leases at multifamily properties, generally are more management intensive than properties leased to creditworthy tenants under long-term leases.

A good property manager, by controlling costs, providing necessary services to tenants and overseeing and performing maintenance or improvements on the property, can improve cash flow, reduce vacancies, reduce leasing and repair costs and preserve building value. On the other hand, management errors can, in some cases, impair short-term cash flow and the long-term viability of an income-producing property.

We do not make any representation or warranty as to the skills of any present or future property managers with respect to the mortgaged real properties that will secure the underlying mortgage loans. Furthermore, we cannot assure you that any property managers will be in a financial condition to fulfill their management responsibilities throughout the terms of their respective management agreements. In addition, certain of the mortgaged real properties are managed by affiliates of the applicable borrower. If an underlying mortgage loan is in default or undergoing special servicing, this could disrupt the management of the mortgaged real property and may adversely affect cash flow.

***The Performance of an Underlying Mortgage Loan and the Related Mortgaged Real Property Depends in Part on Who Controls the Borrower and the Related Mortgaged Real Property.*** The operation and performance of an underlying mortgage loan will depend in part on the identity of the persons or entities that control the related borrower and the related mortgaged real property. The performance of the underlying mortgage loan may be adversely affected if control of the borrower changes, which may occur, for example, by means of transfers of direct or indirect ownership interests in such borrower. See "Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Due-on-Sale and Due-on-Encumbrance Provisions" in this offering circular supplement.

***Mortgage Loans to Affiliated Borrowers May Result in More Severe Losses on the Offered Certificates.*** Certain groups of the underlying mortgage loans were made to the same borrower or to borrowers under common ownership. Mortgage loans with the same borrower or related borrowers pose additional risks. Among other things:

- financial difficulty at one mortgaged real property could cause the owner to defer maintenance at another mortgaged real property in order to satisfy current expenses with respect to the troubled mortgaged real property; and
- the owner could attempt to avert foreclosure on one mortgaged real property by filing a bankruptcy petition that might have the effect of interrupting monthly payments for an indefinite period on all of the related underlying mortgage loans.

In addition, multiple real properties owned by the same borrower or affiliated borrowers are likely to have common management. This would increase the risk that financial or other difficulties experienced by the property manager could have a greater impact on the owner of the underlying mortgage loans.

Except as described in this offering circular supplement as to any subordinate mortgage loan, none of the underlying mortgage loans is cross-collateralized or cross-defaulted with any other underlying mortgage loan or with any mortgage loan that is not in the issuing entity.

See “Description of the Underlying Mortgage Loans—Underlying Mortgage Loans Made to Affiliated Borrowers” in this offering circular supplement.

***A Borrower’s Other Loans May Reduce the Cash Flow Available To Operate and Maintain the Related Mortgaged Real Property or May Interfere with the Issuing Entity’s Rights Under the Related Underlying Mortgage Loan, Thereby Adversely Affecting Distributions on the Offered Certificates.*** As described under “Risk Factors—Risks Related to the Underlying Mortgage Loans—Senior and Subordinate Financing Increases the Likelihood That a Borrower Will Default on an Underlying Mortgage Loan” below and “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Permitted Additional Debt” in this offering circular supplement, any of the mortgaged real properties may be encumbered in the future by other subordinate debt. In addition, subject, in some cases, to certain limitations relating to maximum amounts, the borrowers generally may incur trade and operational debt or other unsecured debt and enter into equipment and other personal property and fixture financing and leasing arrangements, in connection with the ordinary operation and maintenance of the related mortgaged real property. Furthermore, in the case of any underlying mortgage loan that requires or allows letters of credit to be posted by the related borrower as additional security for the underlying mortgage loan, in lieu of reserves or otherwise, such borrower may be obligated to pay fees and expenses associated with the letter of credit and/or to reimburse the letter of credit issuer in the event of a draw on the letter of credit by the lender.

The existence of other debt could:

- adversely affect the financial viability of a borrower by reducing the cash flow available to the borrower to operate and maintain the mortgaged real property or make debt service payments on the underlying mortgage loan;
- adversely affect the security interest of the lender in the equipment or other assets acquired through its financings;
- complicate workouts or bankruptcy proceedings; and
- delay foreclosure on the mortgaged real property.

We cannot assure you that these circumstances will not adversely impact operations at or the value of the related mortgaged real properties.

***Changes in Mortgage Pool Composition Can Change the Nature of Your Investment.*** The underlying mortgage loans will amortize at different rates and mature on different dates. In addition, some of those mortgage loans may be prepaid or liquidated. As a result, the relative composition of the mortgage pool will change over time.

If you purchase certificates with a pass-through rate that is equal to or calculated based on a weighted average of interest rates on the underlying mortgage loans, your pass-through rate will be affected, and may decline, as the relative composition of the mortgage pool changes.

In addition, as payments and other collections of principal are received with respect to the underlying mortgage loans, the remaining mortgage pool backing the certificates may exhibit an increased concentration with respect to number and affiliation of borrowers and geographic location.

See “Yield and Maturity Considerations—Yield Considerations—Rate and Timing of Principal Payments” in this offering circular supplement.

***Geographic Concentration of the Mortgaged Real Properties May Adversely Affect Distributions on the Offered Certificates.*** The concentration of mortgaged real properties in a specific state or region will make the performance of the underlying mortgage loans, as a whole, more sensitive to the following factors in the state or region where the borrowers and the mortgaged real properties are concentrated:

- economic conditions, including real estate market conditions;
- changes in governmental rules and fiscal policies;
- regional factors such as earthquakes, floods, tornadoes, forest fires or hurricanes;
- acts of God, which may result in uninsured losses; and
- other factors that are beyond the control of the borrowers.

The mortgaged real properties are located in 3 states. The following table sets forth the states in which mortgaged real properties are located and their respective percentages of the initial mortgage pool balance.

**Significant Geographic Concentrations of Mortgaged Real Properties**

State	Number of Mortgaged Real Properties	% of Initial Mortgage Pool Balance
New Jersey .....	1	80.5%
California .....	1	14.6%
Indiana .....	1	4.9%

For a discussion of certain legal aspects related to states in which mortgaged real properties that secure underlying mortgage loans collectively representing more than 10% of the initial mortgage pool balance are located, see “Description of the Underlying Mortgage Loans—Certain Legal Aspects of the Underlying Mortgage Loans” in this offering circular supplement.

***Senior and Subordinate Financing Increases the Likelihood That a Borrower Will Default on an Underlying Mortgage Loan.*** Each of the underlying mortgage loans is secured by a mortgage, deed of trust or similar security instrument that is subordinate to a more senior mortgage, deed of trust or similar security instrument relating to a related tax exempt mortgage loan secured by the same related mortgaged real property, but which tax exempt mortgage loan is not included in the issuing entity. All of the underlying mortgage loans are second-lien loans.

Additionally, one of the underlying mortgage loans is also encumbered by one or more junior loans. With respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 as “The Aspire (Taxable Tail),” representing 80.5% of the initial mortgage pool balance, the related borrower has obtained an subordinate loan in the aggregate amount of \$4,800,000 in favor of New Jersey Housing and Mortgage Finance Agency. The subordinate loan accrues interest at a rate of 1% compounded annually, is payable annually and has a maturity date of March 31, 2046. Pursuant to the note and the subordination agreement (as described below), payments on the subordinate loan may be made only out of 50% of the surplus cash available after payment of the senior indebtedness.

The subordinate mortgage is subject to a subordination agreement between the subordinate mortgage lender and the lender for the senior underlying mortgage loan, which provides that, among other things:

- If an event of default occurs under the subordinate mortgage loan documents, the subordinate mortgage lender may not commence an enforcement action until the earlier of (a) the expiration of 90 days after the subordinate mortgagee has delivered notice to the lender of the underlying senior mortgage, or (b) the date, the lender of the underlying senior mortgage loan delivers its written consent to such enforcement action.
- The subordinate mortgage loan and the subordinate indebtedness are subordinate to the underlying senior mortgage loan in right of payment. The subordinate mortgage and the subordinate mortgage loan documents are subordinate to the liens, terms, covenants and conditions of the underlying senior mortgage loan and each of the underlying senior mortgage loan documents. The subordinate mortgage lender may not accept any payments pursuant to the subordinate mortgage loan following receipt of notice or actual knowledge of a default under the underlying senior mortgage loan.
- The subordinate indebtedness is payable solely from 50.0% of the surplus cash after payment of the senior indebtedness, the maintenance of any required escrow or reserve accounts, property management fees and all reasonable operating expenses, while the underlying mortgage loan remains outstanding.
- Any default under the subordinate mortgage loan documents constitutes a default under the underlying senior mortgage loan.
- After the occurrence of an event of default under the subordinate mortgage loan, the lender for the underlying senior mortgage loan may, but is not obligated to, cure such default until such time, if ever, as the lender for the underlying senior mortgage loan gives notice of written consent to any enforcement action. All amounts advanced or expended by the lender for the underlying senior mortgage loan to cure any default under the subordinate mortgage loan may be added to the indebtedness on the underlying senior mortgage loan.
- The subordinate mortgage lender has the right to receive notice of any event of default under the underlying senior mortgage loan within five days from the date on which the lender for the underlying senior mortgage loan provides notice to the borrower of such default. The subordinate mortgage lender may, but is not obligated to, cure any default under the underlying senior mortgage loan within the period of time permitted by the borrower in the senior loan documents.
- The subordinate mortgage loan may not be modified without the consent of the lender for the underlying senior mortgage loan; nor may the subordinate mortgage lender, without consent of the lender for the underlying senior mortgage loan, take any of the following actions: (i) amend, modify, waive, extend, renew or replace any provision of the subordinate loan documents, (ii) pledge, assign, transfer, convey or sell any interest in the subordinate indebtedness or any of the subordinate loan documents, (iii) accept any payment on account of the subordinate indebtedness other than a regularly scheduled payment of principal and interest made not earlier than ten days prior to its due date and not in excess of 50.0% of the then available surplus cash, (iv) take any action which has the effect of increasing the subordinate indebtedness, (v) appear in, defend or bring any action to protect the subordinate mortgage lender's interest in the mortgaged real property, or (vi) take any action concerning environmental matters affecting the mortgaged real property.
- The lender for the underlying senior mortgage loan generally may amend, waive, postpone, extend, renew, replace, reduce or otherwise modify any provisions of the underlying senior mortgage loan and the underlying senior mortgage loan documents without the subordinate mortgage lender's consent and without affecting any of the provisions of the related subordination agreement.

The lender for the senior underlying mortgage loan generally may waive, postpone, extend, reduce or otherwise modify any provisions of the senior underlying mortgage loan and the senior underlying mortgage loan documents without the subordinate mortgage lender's consent; *provided, however*, that the lender for the senior underlying mortgage loan may not increase the indebtedness under the senior underlying mortgage loan without the consent of

the subordinate mortgage lender, except for increases in the indebtedness related to the senior underlying mortgage loan that result from advances made by the lender for the senior underlying mortgage loan to protect the security or lien priority of the senior underlying mortgage loan or to cure defaults under the subordinate mortgage loan documents.

Other than with respect to future subordinate debt meeting specified criteria, as described under “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Permitted Additional Debt—Permitted Subordinate Mortgage Debt” in this offering circular supplement, the underlying mortgage loans require the consent of the holder of the underlying mortgage loan prior to so encumbering the related mortgaged real property. However, a violation of this prohibition may not become evident until the affected underlying mortgage loan otherwise defaults, and a lender, such as the issuing entity, may not realistically be able to prevent a borrower from incurring subordinate debt.

The borrowers under all of the underlying mortgage loans are permitted to incur an additional limited amount of indebtedness secured by the related mortgaged real properties generally beginning 12 months after the origination date of the first-lien Senior Loan, unless otherwise provided in the related loan documents, and which may be incurred at any time, including on or before the Closing Date. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Permitted Additional Debt” in this offering circular supplement.

The existence of any secured or unsecured subordinated indebtedness and secured senior indebtedness increases the difficulty of making debt service payments or refinancing an underlying mortgage loan at the loan’s maturity. In addition, the related borrower may have difficulty repaying multiple loans. Moreover, the filing of a petition in bankruptcy by, or on behalf of, a junior lien holder may stay the special servicer, on behalf of the issuing entity, from taking action to foreclose out the more-junior lien. Similarly, the filing of a petition in bankruptcy by, or on behalf of, a holder of the related Senior Loan may stay the special servicer, on behalf of the issuing entity, from taking action to foreclose on the more-junior lien.

If any junior loan permits recourse to the borrower but the underlying mortgage loan does not, the borrower may have more incentive to repay sums due on the junior loan. Additionally, acts of the lender for the underlying mortgage loan that prejudice the lender for any junior loan or impair the junior loan’s security may create a superior equity in favor of the junior lien holder. For example, although prohibited by the intercreditor agreements related to the underlying mortgage loans, if a borrower and a more senior lienholder agree to an increase in the principal amount of or the interest rate payable on the more senior loan, the more senior lienholder may lose its priority to the extent any existing more-junior lienholder is harmed or the borrower is additionally burdened. Further, if the borrower defaults on an underlying mortgage loan and/or any indebtedness secured by the more junior lien, the existence of more-junior liens and actions taken by the more-junior lienholders might impair the security available to the holder of the underlying mortgage loan and might interfere with or delay the taking of action by the lender for the underlying mortgage loan. Moreover, the bankruptcy of a more-junior lienholder may operate to stay foreclosure or similar proceedings by the lender for the underlying mortgage loan.

***The Type of Borrower May Entail Risk.*** Mortgage loans made to partnerships, corporations or other entities may entail risks of loss from delinquency and foreclosure that are greater than those of mortgage loans made to individuals. The borrower’s sophistication and form of organization may increase the likelihood of protracted litigation or bankruptcy in default situations.

A number of the borrowers are partnerships. The bankruptcy of the general partner in a partnership may result in the dissolution of the partnership. The dissolution of a borrower that is a partnership, the winding up of its affairs and the distribution of its assets could result in an acceleration of its payment obligations under the related underlying mortgage loan.

With respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 as “The Aspire (Taxable Tail),” representing 80.5% of the initial mortgage pool balance, 48 residential units are leased to an affiliate of the borrower pursuant to a master lease agreement between the borrower, as lessor, and 135 Somerset Mews Master Tenant, LLC, a limited liability company owned by the sponsor of the borrower, as lessee. The master lease has a term of 98 years and is scheduled to expire on July 7, 2113 and is subordinate to the underlying mortgage loan. We cannot assure you that any circumstances related to the borrower’s legal structure

will not adversely impact operations at the related mortgaged real property or the related borrower's ability to make debt service payments with respect to the related mortgage loan.

With respect to all of the underlying mortgage loans, the borrowers' organizational documents or the terms of the underlying mortgage loans limit the borrowers' activities to the ownership of only the related mortgaged real properties and, subject to exceptions, including relating to future subordinate debt secured by the mortgaged real properties, generally limit the borrowers' ability to incur additional future indebtedness other than trade payables and equipment financing relating to the mortgaged real properties in the ordinary course of business. These provisions are designed to mitigate the possibility that the borrowers' financial condition would be adversely impacted by factors unrelated to the mortgaged real property and the underlying mortgage loan. However, we cannot assure you that the borrowers will comply with these requirements. Also, although a borrower may currently be structured as a single-purpose entity, such borrower may have previously owned property other than the mortgaged real property and/or may not have observed all covenants and conditions which typically are required to view a borrower as a "single purpose entity" under standard NRSRO criteria. We cannot assure you that circumstances arising from a borrower's failure to observe the required covenants will not impact the borrower or the mortgaged real property. In addition, borrowers that are not single-purpose entities structured to limit the possibility of becoming insolvent or bankrupt may be more likely to become insolvent or subject to a voluntary or involuntary bankruptcy proceeding because the borrowers may be operating entities with a business distinct from the operation of the mortgaged real property with the associated liabilities and risks of operating an ongoing business or individuals that have personal liabilities unrelated to the mortgaged real property. However, any borrower, even a single-purpose entity structured to be bankruptcy-remote, as an owner of real estate, will be subject to certain potential liabilities and risks. We cannot assure you that any borrower will not file for bankruptcy protection or that creditors of a borrower or a corporation or individual general partner or managing member of a borrower will not initiate a bankruptcy or similar proceeding against the borrower or corporate or individual general partner or managing member.

None of the borrowers or their owners have an independent director whose consent would be required to file a voluntary bankruptcy petition on behalf of such borrower. One of the purposes of an independent director of the borrower (or of a single purpose entity having an interest in the borrower) is to avoid a bankruptcy petition filing which is intended solely to benefit an affiliate and is not justified by the borrower's own economic circumstances. Borrowers (and any single purpose entity having an interest in any such borrowers) that do not have an independent director may be more likely to file a voluntary bankruptcy petition and therefore less likely to repay the related underlying mortgage loan. Even in the case of borrowers with independent directors, we cannot assure you that a borrower will not file for bankruptcy protection, that creditors of a borrower will not initiate a bankruptcy or similar proceeding against such borrower, or that, if initiated, a bankruptcy case of the borrower could be dismissed.

Furthermore, with respect to any affiliated borrowers, creditors of a common parent in bankruptcy may seek to consolidate the assets of those borrowers with those of the parent. Consolidation of the assets of the borrowers would likely have an adverse effect on the funds available to make distributions on the certificates, and may lead to a downgrade, withdrawal or qualification of the ratings of the certificates. The bankruptcy of a borrower, or the general partner or the managing member of a borrower, may impair the ability of the lender to enforce its rights and remedies under the related mortgage.

Pursuant to Section 364 of the Bankruptcy Code, a bankruptcy court may, under certain circumstances, authorize a debtor to obtain credit after the commencement of a bankruptcy case, secured among other things, by senior, equal or junior liens on property that is already subject to a lien. In the recent bankruptcy case of General Growth Properties, the debtors initially sought approval of a debtor-in-possession loan to the corporate parent entities guaranteed by the property-level single purpose entities and secured by second liens on their properties. Although the debtor-in-possession loan ultimately did not include these subsidiary guarantees and second liens, we cannot assure you that, in the event of a bankruptcy of a sponsor of a borrower, the sponsor of such borrower would not seek approval of a similar debtor-in-possession loan, or that a bankruptcy court would not approve a debtor-in-possession loan that included such subsidiary guarantees and second liens on such subsidiaries' properties.

***Certain of the Underlying Mortgage Loans Lack Customary Provisions.*** A number of the underlying mortgage loans lack one or more features that are customary in mortgage loans intended for securitization. Among other things, the borrowers with respect to those underlying mortgage loans may not be required to have an independent director or to make payments to lockboxes or to maintain reserves for certain expenses, such as taxes,

insurance premiums, capital expenditures, tenant improvements and leasing commissions or the requirements to make such payments may be suspended if the related borrower complies with the terms of the related loan documents, or the lenders under such underlying mortgage loans may not have the right to terminate the related property manager upon the occurrence of certain events or require lender approval of a replacement property manager. In addition, although mortgage loans intended to be securitized often have a guarantor with respect to certain bad acts such as fraud, guarantors may not be required with respect to certain of the underlying mortgage loans.

***Some Remedies May Not Be Available Following a Mortgage Loan Default.*** The underlying mortgage loans contain, subject to certain exceptions, “due-on-sale” and “due-on-encumbrance” clauses. These clauses permit the holder of an underlying mortgage loan to accelerate the maturity of the underlying mortgage loan if the related borrower sells or otherwise transfers or encumbers the related mortgaged real property or its interest in the mortgaged real property in violation of the terms of the mortgage. All of the underlying mortgage loans also include a debt-acceleration clause that permits the related lender to accelerate the debt upon specified monetary or non-monetary defaults of the borrower.

The courts of all states will enforce clauses providing for acceleration in the event of a material payment default. The equity courts of a state, however, may refuse the foreclosure or other sale of a mortgaged real property or refuse to permit the acceleration of the indebtedness as a result of a default deemed to be immaterial or if the exercise of these remedies would be inequitable or unjust.

The related borrower generally may collect rents for so long as there is no default. As a result, the issuing entity’s rights to these rents will be limited because:

- the issuing entity may not have a perfected security interest in the rent payments until the master servicer, special servicer or sub-servicer collects them;
- the master servicer, special servicer or sub-servicer may not be entitled to collect the rent payments without court action; and
- the bankruptcy of the related borrower could limit the ability of the master servicer, special servicer or sub-servicer to collect the rents.

***Sponsor Defaults on Other Mortgage Loans May Adversely Impact and Impair Recovery on an Underlying Mortgage Loan.*** Principals of the related borrowers under certain of the underlying mortgage loans and/or their affiliates may be subject to defaults with respect to unrelated mortgage loans or, in some cases, with respect to prior mortgage loans that had been secured by real properties currently securing underlying mortgage loans that are assets of the issuing entity. We cannot assure you that these circumstances will not have an adverse effect on the liquidity of the sponsors or the borrowers or that such circumstances will not adversely affect the sponsors’ or the borrowers’ ability to maintain each related mortgaged real property, to pay amounts owed on each underlying mortgage loan or to refinance each underlying mortgage loan. See “—Borrower Bankruptcy Proceedings Can Delay and Impair Recovery on an Underlying Mortgage Loan” above.

***Lending on Income-Producing Real Properties Entails Environmental Risks.*** Under various federal and state laws, a current or previous owner or operator of real property may be liable for the costs of cleanup of environmental contamination on, under, at or emanating from, the property. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of the contamination. The costs of any required cleanup and the owner’s liability for these costs are generally not limited under these laws and could exceed the value of the property and/or the total assets of the owner. Contamination of a property may give rise to a lien on the property to assure the costs of cleanup. An environmental lien may have priority over the lien of an existing mortgage. In addition, the presence of hazardous or toxic substances, or the failure to properly clean up contamination on the property, may adversely affect the owner’s or operator’s future ability to refinance the property.

Certain environmental laws impose liability for releases of asbestos into the air, and govern the responsibility for the removal, encapsulation or disturbance of asbestos-containing materials when the asbestos-containing materials are in poor condition or when a property with asbestos-containing materials undergoes renovation or demolition. Certain laws impose liability for lead-based paint, lead in drinking water, elevated radon gas inside

buildings and releases of polychlorinated biphenyl compounds. Third parties may also seek recovery from owners or operators of real property for personal injury or property damage associated with exposure to asbestos, lead, radon, polychlorinated biphenyl compounds and any other contaminants.

Pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, (“CERCLA”) as well as some other federal and state laws, a secured lender, such as the issuing entity, may be liable as an “owner” or “operator” of the real property, regardless of whether the borrower or a previous owner caused the environmental damage, if—

- prior to foreclosure, agents or employees of the lender participate in the management or operational affairs of the borrower; or
- after foreclosure, the lender fails to seek to divest itself of the facility at the earliest practicable commercially reasonable time on commercially reasonable terms, taking into account market conditions and legal and regulatory requirements.

Although the Asset Conservation, Lender Liability, and Deposit Insurance Protection Act of 1996 attempted to clarify the activities in which a lender may engage without becoming subject to liability under CERCLA or under the underground storage tank provisions of the federal Resource Conservation and Recovery Act, that legislation itself has not been clarified by the courts and has no applicability to other federal laws or to state environmental laws except as may be expressly incorporated. Moreover, future laws, ordinances or regulations could impose material environmental liability.

Federal law requires owners of residential housing constructed prior to 1978 to disclose to potential residents or purchasers—

- any condition on the property that causes exposure to lead-based paint; and
- the potential hazards to pregnant women and young children, including that the ingestion of lead-based paint chips and/or the inhalation of dust particles from lead-based paint by children can cause permanent injury, even at low levels of exposure.

Property owners may be liable for injuries to their tenants resulting from exposure under various laws that impose affirmative obligations on property owners of residential housing containing lead-based paint.

Phase I environmental site assessments (each an “ESA”) were prepared in connection with the origination of each of the underlying mortgage loans.

If the environmental investigations described above identified material adverse or potentially material adverse environmental conditions at or with respect to any of the respective mortgaged real properties securing an underlying mortgage loan or at a nearby property with potential to affect a mortgaged real property, then the applicable Originator may have taken or caused to be taken one or more of the following actions:

- an environmental consultant investigated those conditions and recommended no further investigations or remediation;
- an operation and maintenance plan or other remediation was required and/or an escrow reserve was established to cover the estimated costs of obtaining that plan and/or effecting that remediation;
- those conditions were remediated or abated prior to the Closing Date;
- a letter was obtained from the applicable regulatory authority stating that no further action was required;
- another responsible party has agreed to indemnify the holder of the underlying mortgage loan from any losses that such party suffers as a result of such environmental conditions;
- an environmental insurance policy was obtained with respect to the mortgaged real property;

- in those cases in which it was known that an offsite property is the location of a leaking underground storage tank (“UST”) or groundwater contamination, a responsible party other than the related borrower has been identified under applicable law, and generally one or more of the following are true—
  1. that condition is not known to have affected the mortgaged real property; or
  2. the responsible party has either received a letter from the applicable regulatory agency stating no further action is required, established a remediation fund, engaged in responsive remediation, or provided an indemnity or guaranty to the borrower or the mortgagee/lender; and/or
- in those cases involving mortgage loans with an original principal balance of less than \$1,000,000, the borrower expressly agreed to comply with all federal, state and local statutes or regulations respecting the identified adverse environmental conditions.

For some of the mortgaged real properties, the related ESAs may have noted that onsite USTs or leaking USTs previously had been removed or closed in place or other types of potential or actual spills or releases may have occurred, and based on criteria such as experience with past investigations, cleanups or other response actions, the quantities or types of hazardous materials involved, the absence of significant risk, tank test results or other records, and/or other circumstances including regulatory closure, the ESAs did not recommend any further investigation or other action. In some such cases, even where regulatory closure was documented for past incidents the ESAs may have reported that requests to governmental agencies for any related files are pending. However, those ESAs nevertheless concluded that such incidents were not likely to be significant at the time they were prepared.

Some borrowers under the underlying mortgage loans may not have satisfied all post-closing obligations required by the related loan documents with respect to environmental matters.

We cannot assure you that such post-closing obligations have been satisfied or will be satisfied or that any of the recommended operations and maintenance plans have been or will continue to be implemented.

Furthermore, any particular environmental testing may not have covered all potential adverse conditions. For example, testing for lead-based paint, asbestos-containing materials, lead in water and radon was done only if the use, age, location and condition of the subject property warranted that testing. In general, testing was done for lead based paint only in the case of a multifamily property built prior to 1978, for asbestos containing materials only in the case of a property built prior to 1981 and for radon gas only in the case of a multifamily property located in an area determined by the Environmental Protection Agency to have a high concentration of radon gas or within a state or local jurisdiction requiring radon gas testing.

We cannot assure you that—

- the environmental testing referred to above identified all material adverse environmental conditions and circumstances at the subject properties;
- the recommendation of the environmental consultant was, in the case of all identified problems, the appropriate action to take; or
- any of the environmental escrows established or letters of credit obtained with respect to any of the underlying mortgage loans will be sufficient to cover the recommended remediation or other action.

***Appraisals and Market Studies May Inaccurately Reflect the Current or Prospective Value of the Mortgaged Real Properties.*** In connection with the origination of each of the underlying mortgage loans, the related mortgaged real property was appraised by an independent appraiser. The appraisal valuations provide “as-is” or other values which may contain certain assumptions, such as future construction completion, projected re-tenanting or increased tenant occupancies as of the dates set forth on Exhibit A-1. The appraisals reflect market conditions as of the date of the appraisal valuations and may not reflect current or prospective values of the related mortgaged real properties. We have not confirmed the values of the respective mortgaged real properties in the appraisals.

Appraisals are not guarantees, and may not be fully indicative of present or future value because—

- they represent the analysis and opinion of the appraiser at the time the appraisal is conducted and the value of the mortgaged real property may have fluctuated since the appraisal was performed;
- we cannot assure you that another appraiser would not have arrived at a different valuation, even if the appraiser used the same general approach to, and the same method of, appraising the mortgaged real property;
- appraisals seek to establish the amount a typically motivated buyer would pay a typically motivated seller and therefore, could be significantly higher than the amount obtained from the sale of a mortgaged real property under a distress or liquidation sale; and
- appraisal valuations may be based on certain adjustments, assumptions and/or estimates, as further described under “Description of the Underlying Mortgage Loans—Underwriting Matters—Appraisals and Market Studies” in this offering circular supplement.

***Property Managers and Borrowers May Each Experience Conflicts of Interest in Managing Multiple Properties.*** In the case of many of the underlying mortgage loans, the related property managers and borrowers may experience conflicts of interest in the management and/or ownership of the related mortgaged real properties because—

- a number of those mortgaged real properties are managed by property managers affiliated with the respective borrowers;
- the property managers also may manage additional properties, including properties that may compete with those mortgaged real properties; and
- affiliates of the property managers and/or the borrowers, or the property managers and/or the borrowers themselves, also may own other properties, including properties that may compete with those mortgaged real properties.

***The Master Servicer, the Special Servicer and any Sub-Servicers May Experience Conflicts of Interest.*** In the ordinary course of their businesses the master servicer, the special servicer and any sub-servicers will service loans other than those included in the issuing entity. In addition, they may own other mortgage loans. These other loans may be similar to the underlying mortgage loans. The mortgaged real properties securing these other loans may—

- be in the same markets as mortgaged real properties securing the underlying mortgage loans;
- have owners and/or property managers in common with mortgaged real properties securing the underlying mortgage loans; and/or
- be sponsored by parties that also sponsor mortgaged real properties securing the underlying mortgage loans.

In these cases, the interests of the master servicer, the special servicer or a sub-servicer, as applicable, and its other clients may differ from and compete with the interests of the issuing entity and these activities may adversely affect the amount and timing of collections on the underlying mortgage loans. Under the Pooling Agreement, the master servicer, the special servicer and any sub-servicers are each required to service the underlying mortgage loans for which it is responsible in accordance with the Servicing Standard.

The Pooling Agreement provides that in certain circumstances the Approved Directing Certificateholder may, at its own expense, request that the Directing Certificateholder Servicing Consultant (which may be the special servicer) prepare and deliver a recommendation relating to a waiver of any “due-on-sale” or “due-on-encumbrance” clause or a requested consent to certain modifications, waivers or amendments for certain non-Specially Serviced Mortgage Loans. In making a recommendation in response to such a request, the Directing Certificateholder Servicing Consultant will not be subject to the Servicing Standard and will have no duty or liability to any certificateholder other than such Approved Directing Certificateholder. In addition, because the Directing Certificateholder Servicing Consultant may have arranged to be compensated by such Approved Directing

Certificateholder in connection with such matters as to which it is making a recommendation, its interests may conflict with the interests of other certificateholders.

In addition, the master servicer, the special servicer and any sub-servicer, or one or more of their respective affiliates, may have originated some of the underlying mortgage loans. As a result, the master servicer, the special servicer or any sub-servicer may have interests with respect to such underlying mortgage loans, such as relationships with the borrowers or the sponsors of the borrowers, that differ from, and may conflict with, your interests.

In addition, the Pooling Agreement provides that the master servicer, the Directing Certificateholder Servicing Consultant and any sub-servicer may consult with Freddie Mac (in its capacity as servicing consultant) with respect to the application of Freddie Mac Servicing Practices to any matters related to non-Specially Serviced Mortgage Loans, but the Directing Certificateholder Servicing Consultant will not be bound by any such consultation. Any advice provided by Freddie Mac (in its capacity as servicing consultant) in connection with any such consultation may conflict with the interests of one or more classes of certificateholders.

Under certain circumstances, the Pooling Agreement will require that the special servicer promptly resign as special servicer of any related Affiliated Borrower Special Servicer Loan and provides for the appointment of a successor Affiliated Borrower Special Servicer to act as the special servicer with respect to any such Affiliated Borrower Special Servicer Loan. See “The Pooling Agreement—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties—Resignation of the Master Servicer or the Special Servicer” and “The Pooling Agreement—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties —Removal of the Master Servicer, the Special Servicer and any Sub-Servicer.”

***If the Master Servicer, any Sub-Servicer or the Special Servicer Purchases Certificates, a Conflict of Interest Could Arise Between Their Duties and Their Interests in the Certificates.*** The master servicer, any sub-servicer and/or the special servicer or an affiliate of any of them may purchase or retain any class of certificates. The ownership of any certificates by the master servicer, any sub-servicer and/or the special servicer could cause a conflict between its duties under the Pooling Agreement or the applicable Sub-Servicing Agreement and its interest as a holder of a certificate, especially to the extent that certain actions or events have a disproportionate effect on one or more classes of certificates. However, under the Pooling Agreement and any applicable Sub-Servicing Agreement, the master servicer, any sub-servicer and the special servicer are each required to service the underlying mortgage loans in accordance with the Servicing Standard.

***Potential Conflicts of Interest in the Selection and Servicing of the Underlying Mortgage Loans.*** The anticipated initial investor in the class B certificates (the “**B-Piece Buyer**”) was given the opportunity by the depositor to perform due diligence on the mortgage loans originally identified by the depositor for inclusion in the issuing entity, and to request the removal, re-sizing or change other features of some or all of the underlying mortgage loans, or request the addition of other loans for inclusion in the issuing entity. The mortgage pool as originally proposed by the depositor was adjusted based on some of these requests. The B-Piece Buyer was and is acting solely for its own benefit with regard to its due diligence and any adjustment of the underlying mortgage loans included in the issuing entity and has no obligation or liability to any other party. You are not entitled to, and should not, rely in any way on the B-Piece Buyer’s acceptance of any underlying mortgage loans. The inclusion of any underlying mortgage loan in the issuing entity is not an indication of the B-Piece Buyer’s analysis of that underlying mortgage loan nor can it be taken as any endorsement of the underlying mortgage loan by the B-Piece Buyer. In addition, a special servicer (whether the initial special servicer or a successor special servicer) may enter into one or more arrangements with the B-Piece Buyer, the directing certificateholder or any other person (or any affiliate or a third-party representative of any of them) to provide for a discount and/or revenue sharing with respect to certain of the special servicer compensation (other than the special servicing fee and special servicer surveillance fee) in consideration of, among other things, the appointment or continued service of the special servicer under the Pooling Agreement and the establishment of limitations on the right of such person to replace the special servicer. Each of these relationships should be considered carefully by you before you invest in any certificates.

We cannot assure you that you or another investor would have made the same requests to modify the mortgage pool as the B-Piece Buyer or that the final mortgage pool as influenced by the B-Piece Buyer’s feedback will not adversely affect the performance of the certificates generally or benefit the performance of the B-Piece Buyer’s certificates. Because of the differing subordination levels and pass-through rates, and because only the offered

certificates are guaranteed by Freddie Mac, the B-Piece Buyer's interests may, in some circumstances, differ from those of purchasers of other classes of certificates, including the offered certificates, and the B-Piece Buyer may desire a portfolio composition that benefits the B-Piece Buyer but that does not benefit other investors. In addition, the B-Piece Buyer may enter into hedging or other transactions or otherwise have business objectives that could cause its interests with respect to the mortgage pool to diverge from those of other purchasers of the certificates.

Upon the occurrence and during the continuance of any Affiliated Borrower Loan Event with respect to the B-Piece Buyer (if the B-Piece Buyer is the directing certificateholder) and any underlying mortgage loan, any right of the B-Piece Buyer to (i) approve and consent to certain actions with respect to such underlying mortgage loan, (ii) purchase such underlying mortgage loan from the issuing entity at a specified price and (iii) access certain information and reports regarding such underlying mortgage loan will be restricted as described in "The Pooling Agreement—Realization Upon Mortgage Loans—Directing Certificateholder" and "The Pooling Agreement—Realization Upon Mortgage Loans—Asset Status Report" in this offering circular supplement.

Because the incentives and actions of the B-Piece Buyer may, in some circumstances, differ from or be adverse to those of purchasers of other classes of certificates, you are strongly encouraged to make your own investment decision based on a careful review of the information set forth in this offering circular supplement and your own view of the underlying mortgage loans.

***The Master Servicer and the Special Servicer Will Be Required To Service Certain Underlying Mortgage Loans in Accordance with Freddie Mac Servicing Practices, Which May Limit the Ability of the Master Servicer and the Special Servicer to Make Certain Servicing Decisions.*** The master servicer and the special servicer will be required to service the underlying mortgage loans in accordance with (i) any and all applicable laws, (ii) the express terms of the Pooling Agreement, (iii) the express terms of the respective underlying mortgage loans and any applicable intercreditor, co-lender or similar agreements and (iv) to the extent consistent with the foregoing, the Servicing Standard, as further described in "The Pooling Agreement—Servicing Under the Pooling Agreement." In the case of underlying mortgage loans other than REO Loans, REO Properties and Specially Serviced Mortgage Loans, the Servicing Standard requires the master servicer to follow Freddie Mac Servicing Practices. Freddie Mac Servicing Practices require servicing and administering the underlying mortgage loans and/or REO Properties in the same manner in which, and with the same care, skill, prudence and diligence with which, Freddie Mac services and administers multifamily mortgage loans owned by Freddie Mac. This includes servicing and administering in accordance with the Freddie Mac Multifamily Seller/Servicer Guide (or any successor to the Guide). The Guide comprises Freddie Mac's servicing guidelines for its multifamily commercial mortgage loans and Freddie Mac may modify the Guide and any policies or procedures at any time. Freddie Mac Servicing Practices also includes servicing and administering in accordance with any written Freddie Mac policies, procedures or other written communications made available in writing by Freddie Mac to the master servicer, any sub-servicer or the Directing Certificateholder Servicing Consultant, as applicable, including written communications from Freddie Mac as servicing consultant pursuant to the Pooling Agreement. The master servicer, the Directing Certificateholder Servicing Consultant and any sub-servicer are permitted to consult with Freddie Mac regarding the application of Freddie Mac Servicing Practices to any matters related to non-Specially Serviced Mortgage Loans. The servicing consultant may contact the related borrower to request any necessary documentation from such borrower in order to provide consultation to the master servicer, any sub-servicer or the Directing Certificateholder Servicing Consultant with respect to the proper application of Freddie Mac Servicing Practices. We cannot assure you that the requirement to follow Freddie Mac Servicing Practices in certain circumstances, or consultations between the master servicer, the Directing Certificateholder Servicing Consultant or any sub-servicer and Freddie Mac regarding the application of Freddie Mac Servicing Practices will not limit the master servicer's or any sub-servicer's ability to make certain servicing decisions.

***Some of the Mortgaged Real Properties Are Legal Nonconforming Uses or Legal Nonconforming Structures.*** Some of the underlying mortgage loans may be secured by a mortgaged real property that is a legal nonconforming use or a legal nonconforming structure. This may impair the ability of the related borrower to restore the improvements on a mortgaged real property to its current form or use following a major casualty. See "Description of the Underlying Mortgage Loans—Underwriting Matters—Zoning and Building Code Compliance" in this offering circular supplement.

***Changes in Zoning Laws May Affect Ability to Repair or Restore a Mortgaged Real Property.*** Due to changes in applicable building and zoning ordinances and codes that may affect some of the mortgaged real properties that secure the underlying mortgage loans, which changes may have occurred after the construction of the improvements on these properties, the mortgaged real properties may not comply fully with current zoning laws because of:

- density;
- use;
- parking;
- set-back requirements; or
- other building related conditions.

These ordinance and/or code changes are not expected to materially interfere with the current use of the mortgaged real properties, and the depositor will represent that any instances of non-compliance will not materially and adversely affect the value of the related mortgaged real property. However, these changes may limit the ability of the related borrower to rebuild the premises “as is” in the event of a substantial casualty loss, which in turn may adversely affect the ability of the borrower to meet its mortgage loan obligations from cash flow. With some exceptions, the underlying mortgage loans secured by mortgaged real properties which no longer conform to current zoning ordinances and codes will require, or contain provisions under which the lender in its reasonable discretion may require, the borrower to maintain “ordinance and law” coverage which, subject to the terms and conditions of such coverage, will insure the increased cost of construction to comply with current zoning ordinances and codes. Insurance proceeds may not be sufficient to pay off the related underlying mortgage loan in full. In addition, if the mortgaged real property were to be repaired or restored in conformity with then current law, its value could be less than the remaining balance on the underlying mortgage loan and it may produce less revenue than before repair or restoration.

In addition, with respect to certain of the underlying mortgage loans, including certain underlying mortgage loans that are identified on Exhibit C-2, the related mortgaged real properties may be non-conforming as to setbacks, parking and/or density, and in some cases ordinance and law insurance coverage may be in amounts less than generally required at origination of mortgage loans secured by similar properties.

***Lending on Income-Producing Properties Entails Risks Related to Property Condition.*** With respect to all of the mortgaged real properties, a third-party engineering firm inspected the property to assess exterior walls, roofing, interior construction, mechanical and electrical systems and general condition of the site, buildings and other improvements located at each of the mortgaged real properties. See “Description of the Underlying Mortgage Loans—Underwriting Matters—Property Condition Assessments” in this offering circular supplement.

We cannot assure you that all conditions at the mortgaged real properties requiring repair or replacement have been identified in these inspections, or that all building code and other legal compliance issues have been identified through inspection or otherwise, or, if identified, have been adequately addressed by escrows or otherwise. Furthermore, the condition of the mortgaged real properties may have changed since the origination of the related underlying mortgage loans. Finally, with respect to certain mortgaged real properties, the loan documents may require the related borrower to make certain repairs or replacements on the improvements on the mortgaged real property within certain time periods. Some of these required repairs or replacements may be in progress as of the date of this offering circular supplement, and we cannot assure you that the related borrowers will complete any such required repairs or replacements in a timely manner or in accordance with the requirements set forth in the loan documents. We cannot assure you that these circumstances will not adversely impact operations at or the value of the related mortgaged real properties.

***World Events and Natural Disasters Could Have an Adverse Impact on the Mortgaged Real Properties Securing the Underlying Mortgage Loans and Consequently Could Reduce the Cash Flow Available to Make Payments on the Offered Certificates.*** The economic impact of the United States’ military operations in various parts of the world, as well as the possibility of any terrorist attacks domestically or abroad, is uncertain, but could have a material adverse effect on general economic conditions, consumer confidence, and market liquidity. We cannot assure you as to the effect of these events or other world events on consumer confidence and the performance

of the underlying mortgage loans. Any adverse impact resulting from these events could ultimately be borne by the holders of one or more classes of certificates.

In addition, natural disasters, including earthquakes, floods and hurricanes, also may adversely affect the mortgaged real properties securing the underlying mortgage loans that back the offered certificates. For example, real properties located in California may be more susceptible to certain hazards (such as earthquakes or widespread fires) than properties in other parts of the country and mortgaged real properties located in coastal states generally may be more susceptible to hurricanes than properties in other parts of the country. Hurricanes and related windstorms, floods, tornadoes and oil spills have caused extensive and catastrophic physical damage in and to coastal and inland areas located in the eastern, mid-Atlantic and Gulf Coast regions of the United States and certain other parts of the eastern and southeastern United States. The underlying mortgage loans do not all require the maintenance of flood insurance for the related mortgaged real properties. We cannot assure you that any damage caused by hurricanes, windstorms, floods, tornadoes or oil spills would be covered by insurance.

***Special Hazard Losses May Cause You To Suffer Losses on the Offered Certificates.*** In general, the standard form of fire and extended coverage policy covers physical damage to or destruction of the improvements of a property by fire, lightning, explosion, smoke, windstorm and hail, and riot, strike and civil commotion, subject to the conditions and exclusions specified in the related policy. Most insurance policies typically do not cover any physical damage resulting from, among other things—

- war;
- nuclear, biological or chemical materials;
- revolution;
- governmental actions;
- floods and other water-related causes;
- earth movement, including earthquakes, landslides and mudflows;
- wet or dry rot;
- vermin; and
- domestic animals.

Unless the related loan documents specifically require (and such provisions were not waived) the borrower to insure against physical damage arising from these causes, then any losses resulting from these causes may be borne by you as a holder of offered certificates.

If the related loan documents do not expressly require a particular type of insurance but permit the mortgagee to require such other insurance as is reasonable, the related borrower may challenge whether maintaining that type of insurance is reasonable in light of all the circumstances, including the cost. The master servicer's efforts to require such insurance may be further impeded if the applicable Originator did not require the subject borrower to maintain such insurance regardless of the terms of the related loan documents.

There is also a possibility of casualty losses on a real property for which insurance proceeds, together with land value, may not be adequate to pay the underlying mortgage loan in full or rebuild the improvements. Consequently, we cannot assure you that each casualty loss incurred with respect to a mortgaged real property securing one of the underlying mortgage loans will be fully covered by insurance or that the underlying mortgage loan will be fully repaid in the event of a casualty.

Furthermore, various forms of insurance maintained with respect to any of the mortgaged real properties for the underlying mortgage loans, including casualty insurance, may be provided under a blanket insurance policy. That blanket insurance policy will also cover other real properties, some of which may not secure underlying mortgage loans. As a result of total limits under any of those blanket policies, losses at other properties covered by the blanket insurance policy may reduce the amount of insurance coverage with respect to a property securing one of the underlying mortgage loans.

We cannot assure you regarding the extent to which the mortgaged real properties securing the underlying mortgage loans will be insured against earthquake risks. With respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 as “Huntington Villa Yorba (Taxable Tail)” representing 14.6% of the initial mortgage pool balance, each such mortgaged real property is partially or fully located in seismic zones 3 or 4 or a geographic location with a horizontal peak ground acceleration equal to or greater than 0.15g and a seismic assessment was performed to assess the scenario expected loss or probable maximum loss. Earthquake insurance was not required with respect to the mortgaged real properties located in seismic zones 3 or 4 or a geographic location with a horizontal peak ground acceleration equal to or greater than 0.15g for which a scenario expected loss assessment or a probable maximum loss assessment was performed because the scenario expected loss or probable maximum loss for each of those mortgaged real properties is less than or equal to 20% of the amount of the replacement cost of the improvements. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Property Damage, Liability and Other Insurance” in this offering circular supplement.

***The Absence or Inadequacy of Terrorism Insurance Coverage on the Mortgaged Real Properties May Adversely Affect Payments on the Certificates.*** Following the September 11, 2001 terrorist attacks in the New York City area and Washington, D.C. area, many insurance companies eliminated coverage for acts of terrorism from their policies. Without assurance that they could secure financial backup for this potentially uninsurable risk, availability in the insurance market for this type of coverage, especially in major metropolitan areas, became either unavailable, or was offered with very restrictive limits and terms, with prohibitive premiums being requested. In order to provide a market for such insurance, the Terrorism Risk Insurance Act of 2002 was enacted on November 26, 2002, establishing the “Terrorism Risk Insurance Program.” The Terrorism Risk Insurance Program was extended through December 31, 2014 by the Terrorism Risk Insurance Program Reauthorization Act of 2007 and was subsequently reauthorized on January 12, 2015 for a period of six years through December 31, 2020 pursuant to the Terrorism Risk Insurance Program Reauthorization Act of 2015.

Under the Terrorism Risk Insurance Program, the federal government shares in the risk of losses occurring within the United States resulting from acts committed in an effort to influence or coerce United States civilians or the United States government. The federal share of compensation for insured losses of an insurer will be equal to 83% in 2017 (subject to annual decreases of 1% thereafter until equal to 80%) of the portion of such insured losses that exceed a deductible equal to 20% of the value of the insurer’s direct earned premiums over the calendar year immediately preceding that program year. Federal compensation in any program year is capped at \$100 billion (with insurers being liable for any amount that exceeds such cap), and no compensation is payable with respect to a terrorist act unless the aggregate industry losses relating to such act exceed \$140 million in 2017 (subject to annual increases of \$20 million thereafter until equal to \$200 million).

The Terrorism Risk Insurance Program does not cover nuclear, biological, chemical or radiological attacks. Unless borrowers obtain separate coverage for events that do not meet the thresholds or other requirements above, such events would not be covered.

If the Terrorism Risk Insurance Program is not reenacted after its expiration in 2020, premiums for terrorism insurance coverage will likely increase and the terms of such insurance policies may be materially amended to increase stated exclusions or to otherwise effectively decrease the scope of coverage available. We cannot assure you that the Terrorism Risk Insurance Program will create any long term changes in the availability and cost of insuring terrorism risks. In addition, we cannot assure you that terrorism insurance or the Terrorism Risk Insurance Program will be available or provide sufficient protection against risks of loss on the mortgaged real properties resulting from acts of terrorism.

The applicable Originator required the related borrower to obtain terrorism insurance with respect to each of the underlying mortgage loans, the cost of which, in some cases, may be subject to a maximum amount as set forth in the related loan documents. The master servicer will not be obligated to require any borrower to obtain or maintain terrorism insurance in excess of the amounts of coverage and deductibles required by the loan documents. The master servicer will not be required to declare a default under an underlying mortgage loan if the related borrower fails to maintain insurance with respect to acts of terrorism, and the master servicer need not maintain (or require the borrower to obtain) such insurance, if certain conditions are met, as described under “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Property Damage, Liability and Other Insurance” in this offering circular supplement.

The loan documents may permit the lender to temporarily suspend, cap or otherwise limit the requirement that the borrower maintain insurance against acts of terrorism for a period not longer than one year, which suspension, waiver or cap may be renewed by the lender in one year increments, if insurance against acts of terrorism is not available at commercially reasonable rates and such hazards are not at the time commonly insured against for properties similar to the related mortgaged real property and located in and around the region where the mortgaged real property is located.

We cannot assure you regarding the extent to which the mortgaged real properties securing the underlying mortgage loans will be insured against acts of terrorism.

If any mortgaged real property securing an underlying mortgage loan sustains damage as a result of an uninsured terrorist or similar act, a default on such underlying mortgage loan may result, and such damaged mortgaged real property may not provide adequate collateral to satisfy all amounts owing under such underlying mortgage loan. This could result in losses on some classes of certificates, subject to the Freddie Mac Guarantee.

If a borrower is required, under the circumstances described above, to maintain insurance coverage with respect to terrorist or similar acts, the borrower may incur higher costs for insurance premiums in obtaining that coverage which would have an adverse effect on the net cash flow of the related mortgaged real property.

***The Absence or Inadequacy of Earthquake, Flood and Other Insurance May Adversely Affect Payments on the Certificates.*** The mortgaged real properties may suffer casualty losses due to risks that are not covered by insurance or for which insurance coverage is inadequate. In addition, certain of the mortgaged real properties are located in regions that have historically been at greater risk regarding acts of nature (such as hurricanes, floods and earthquakes) than other regions, as applicable. There is no assurance that borrowers under the underlying mortgage loans will be able to maintain adequate insurance. Moreover, if reconstruction or any major repairs are required, changes in laws may materially affect the borrower's ability to effect such reconstruction or major repairs or may materially increase the costs of reconstruction and repair. As a result of any of these factors, the amount available to make distributions on the offered certificates could be reduced.

***Compliance with Americans with Disabilities Act May Result in Additional Costs to Borrowers.*** Under the Americans with Disabilities Act of 1990, as amended (the "**ADA**"), all existing facilities considered to be "public accommodations" are required to meet certain federal requirements related to access and use by disabled persons such that the related borrower is required to take steps to remove architectural and communication barriers that are deemed "readily achievable" under the ADA. Factors to be considered in determining whether or not an action is "readily achievable" include the nature and cost of the action, the number of persons employed at the related mortgaged real property and the financial resources of the borrower. To the extent a mortgaged real property securing an underlying mortgage loan does not comply with the ADA, the borrower may be required to incur costs to comply with this law. We cannot assure you that the borrower will have the resources to comply with the requirements imposed by the ADA, which could result in the imposition of fines by the federal government or an award of damages to private litigants.

***Limited Information Causes Uncertainty.*** Certain of the underlying mortgage loans are loans that were made to enable the related borrower to acquire the related mortgaged real property. Accordingly, for certain of these underlying mortgage loans limited or no historical operating information is available with respect to the related mortgaged real property. As a result, you may find it difficult to analyze the historical performance of those properties.

***Litigation May Adversely Affect Property Performance.*** There may be pending or, from time to time, threatened legal proceedings against the borrowers under the underlying mortgage loans, the property managers of the related mortgaged real properties and their respective affiliates, arising out of the ordinary business of those borrowers, property managers and affiliates. We cannot assure you that litigation will not have a material adverse effect on your investment. See "**—Borrower Bankruptcy Proceedings Can Delay and Impair Recovery on an Underlying Mortgage Loan**" and "**—Sponsor Defaults on Other Mortgage Loans May Adversely Impact and Impair Recovery on an Underlying Mortgage Loan**" above.

We cannot assure you that litigation will not adversely impact operations at or the value of any of the mortgaged real properties.

***Master Servicer and Special Servicer May Be Directed to Take Actions.*** In connection with the servicing of Specially Serviced Mortgage Loans by the special servicer and the servicing of non-Specially Serviced Mortgage Loans by the master servicer, the master servicer or the special servicer may, at the direction of the Approved Directing Certificateholder, take actions with respect to such loans that could adversely affect the holders of some or all of the classes of certificates. The Approved Directing Certificateholder may have interests that conflict with those of certain certificateholders. As a result, it is possible that the Approved Directing Certificateholder may direct the master servicer or the special servicer to take actions that conflict with the interests of certain classes of certificates. However, the master servicer and the special servicer are not permitted to take actions that are prohibited by law or violate the Servicing Standard or the terms of the loan documents.

In addition, the Pooling Agreement provides that in certain circumstances the Approved Directing Certificateholder may, at its own expense, request that the Directing Certificateholder Servicing Consultant (which may be the special servicer) prepare and deliver a recommendation relating to a requested waiver of any “due-on-sale” or “due-on-encumbrance” clause or a requested consent to certain modifications, waivers or amendments for certain non-Specially Serviced Mortgage Loans. In providing a recommendation in response to any such request, the Directing Certificateholder Servicing Consultant will be acting as a consultant to such Approved Directing Certificateholder and any such recommendation provided will not be subject to the Servicing Standard. The Directing Certificateholder Servicing Consultant will have no duty or liability to any certificateholder other than such Approved Directing Certificateholder in connection with any recommendation it gives such Approved Directing Certificateholder or actions taken by any party as a result of such consultation services provided to such Approved Directing Certificateholder as contemplated above. See “—The Master Servicer, the Special Servicer and any Sub-Servicers May Experience Conflicts of Interest” above.

***We May Become Subject to Receivership Laws That May Affect the Issuing Entity’s Ownership of the Underlying Mortgage Loans.*** In the event of the receivership of Freddie Mac, it is possible the issuing entity’s right to payment resulting from ownership of the underlying mortgage loans could be challenged, and if such challenge were successful, delays or reductions in payments on the certificates could occur. See “—Risks Relating to the Depositor and Guarantor” below and “Description of the Depositor and Guarantor” in this offering circular supplement.

***One Action Rules May Limit Remedies.*** Several states, including California, have laws that prohibit more than one “judicial action” to enforce a mortgage obligation, and some courts have construed the term “judicial action” broadly. Accordingly, the special servicer is required to obtain advice of counsel prior to enforcing any of the issuing entity’s legal rights under any of the underlying mortgage loans that are secured by mortgaged real properties located where the “one action” rules could be applicable. In the case of an underlying mortgage loan that is secured by mortgaged real properties located in multiple states, the special servicer may be required to foreclose first on properties located in states where the “one action” rules apply, and where non-judicial foreclosure is permitted, before foreclosing on properties located in states where judicial foreclosure is the only permitted method of foreclosure.

***Tax Considerations Related to Foreclosure.*** Under the Pooling Agreement, the special servicer, on behalf of the issuing entity, among others, may acquire one or more mortgaged real properties pursuant to a foreclosure or deed-in-lieu of foreclosure. The special servicer will be permitted to perform or complete construction work on a foreclosed property only if such construction was more than 10% complete when default on the related underlying mortgage loan became imminent. In addition, any net income from the operation and management of any such property that is not qualifying “rents from real property,” within the meaning of Code Section 856(d), and any rental income based on the net profits of a tenant or sub-tenant or allocable to a service that is non-customary in the area and for the type of property involved, will subject the issuing entity to U.S. federal (and possibly state or local) tax on such income at the highest marginal corporate tax rate (currently 35%), thereby reducing net proceeds available for distribution to the certificateholders.

In addition, if the special servicer, on behalf of the issuing entity, among others, were to acquire one or more mortgaged real properties pursuant to a foreclosure or deed-in-lieu of foreclosure, upon acquisition of those mortgaged real properties, it may be required in certain jurisdictions, particularly in California and New York, to pay state or local transfer or excise taxes upon liquidation of such properties. Such state or local taxes may reduce net proceeds available for distribution to the certificateholders.

***Changes to REMIC Restrictions on Loan Modifications May Impact an Investment in the Certificates.*** The IRS has issued guidance easing the tax requirements for a servicer to modify a commercial or multifamily mortgage loan held in a REMIC by interpreting the circumstances when default is “reasonably foreseeable” to include those where the servicer reasonably believes that there is a “significant risk of default” with respect to the underlying mortgage loan upon maturity of the loan or at an earlier date, and that by making such modification the risk of default is substantially reduced. Accordingly, if the master servicer or the special servicer determined that an underlying mortgage loan was at significant risk of default and permitted one or more modifications otherwise consistent with the terms of the Pooling Agreement, any such modification may impact the timing and ultimate recovery on the underlying mortgage loan, and likewise on one or more classes of certificates.

In addition, the IRS has issued final regulations under the REMIC Provisions that modify the tax restrictions imposed on a servicer’s ability to modify the terms of the underlying mortgage loans held by a REMIC relating to changes in the collateral, credit enhancement and recourse features. The IRS has also issued Revenue Procedure 2010-30, describing circumstances in which it will not challenge the treatment of mortgage loans as “qualified mortgages” on the grounds that the underlying mortgage loan is not “principally secured by real property,” that is, has a real property loan-to-value ratio greater than 125% following a release of liens on some or all of the real property securing such underlying mortgage loan. The general rule is that a mortgage loan must continue to be “principally secured by real property” following any such lien release, unless the lien release is pursuant to a defeasance permitted under the original loan documents and occurs more than two years after the startup day of the REMIC, all in accordance with the REMIC Provisions. Revenue Procedure 2010-30 also allows lien releases in certain “grandfathered transactions” and transactions in which the release is part of a “qualified pay-down transaction” even if the underlying mortgage loan after the transaction might not otherwise be treated as principally secured by a lien on real property. If the value of the real property securing an underlying mortgage loan were to decline, the need to comply with the rules of Revenue Procedure 2010-30 could restrict the servicers’ actions in negotiating the terms of a workout or in allowing minor lien releases in circumstances in which, after giving effect to the release, the underlying mortgage loan would not have a real property loan-to-value ratio of 125% or less. This could impact the timing and ultimate recovery on an underlying mortgage loan, and likewise on one or more classes of certificates.

You should consider the possible impact on your investment of any existing REMIC restrictions as well as any potential changes to the REMIC rules. See “Certain Federal Income Tax Consequences” in this offering circular supplement.

### **Risks Related to the Offered Certificates**

***The Issuing Entity’s Assets May Be Insufficient to Allow for Repayment in Full on the Offered Certificates.*** The offered certificates do not represent obligations of any person or entity and do not represent a claim against any assets other than those of the issuing entity. Other than as described under “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this offering circular supplement, no governmental agency or instrumentality will guarantee or insure payment on the offered certificates. In addition, neither we nor our affiliates are responsible for making payments on the offered certificates if collections on the underlying mortgage loans are insufficient. If the underlying mortgage loans are insufficient to make payments on the offered certificates, other than as described under “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this offering circular supplement, no other assets will be available to you for payment of the deficiency, and you will bear the resulting loss. Any advances made by the master servicer or other party with respect to the underlying mortgage loans are intended solely to provide liquidity and not credit support. The party making those advances will have a right to reimbursement, with interest, which is senior to your right to receive payment on the offered certificates.

***Credit Support Is Limited and May Not Be Sufficient to Prevent Loss on the Offered Certificates.*** Any use of credit support will be subject to the conditions and limitations described in this offering circular supplement and may not cover all potential losses or risks.

Although subordination is intended to reduce the risk to holders of senior certificates of delinquent distributions or ultimate losses, the amount of subordination will be limited and may decline under certain circumstances described in this offering circular supplement. In addition, if principal payments on one or more classes of certificates are made in a specified order or priority, any limits with respect to the aggregate amount of claims under

any related credit support may be exhausted before the principal of the later paid classes of certificates has been repaid in full. As a result, the impact of losses and shortfalls experienced with respect to the underlying mortgage loans may fall primarily on those subordinate classes of certificates.

The Freddie Mac Guarantee is intended to provide credit enhancement to the offered certificates as described in this offering circular supplement by increasing the likelihood that holders of the offered certificates will receive (i) timely payments of interest, (ii) payment of principal to holders of the Offered Principal Balance Certificates, on or before the distribution date immediately following the maturity date of each underlying mortgage loan, (iii) reimbursement of Realized Losses and any Additional Issuing Entity Expenses allocated to the Offered Principal Balance Certificates and (iv) ultimate payment of principal by the Assumed Final Distribution Date to the holders of the Offered Principal Balance Certificates. If, however, Freddie Mac were to experience significant financial difficulties, or if the Conservator placed Freddie Mac in receivership and Freddie Mac's guarantee was repudiated as described in "—Risks Relating to the Depositor and Guarantor" below, the credit enhancement provided by the Freddie Mac Guarantee may be insufficient and the holders of offered certificates may suffer losses as a result of the various contingencies described in this "Risk Factors" section and elsewhere in this offering circular supplement. See "Description of the Certificates—Distributions—Freddie Mac Guarantee" in this offering circular supplement for a detailed description of the Freddie Mac Guarantee. The offered certificates are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac.

When making an investment decision, you should consider, among other things—

- the distribution priorities of the respective classes of certificates;
- the order in which the outstanding principal balances of the respective classes of certificates with outstanding principal balances will be reduced in connection with losses and default-related shortfalls (although such shortfalls with respect to the offered certificates will be covered under the Freddie Mac Guarantee); and
- the characteristics and quality of the underlying mortgage loans.

***The Offered Certificates Have Uncertain Yields to Maturity.*** The yield on the offered certificates will depend on, among other things—

- the price you pay for the offered certificates; and
- the rate, timing and amount of distributions on the offered certificates.

The rate, timing and amount of distributions on the offered certificates will depend on, among other things—

- the pass-through rate for, and the other payment terms of, the offered certificates;
- the rate and timing of payments and other collections of principal on the underlying mortgage loans;
- the rate and timing of defaults, and the severity of losses, if any, on the underlying mortgage loans;
- the rate, timing, severity and allocation of other shortfalls and expenses that reduce amounts available for distribution on the certificates (although such shortfalls with respect to the offered certificates may be covered under the Freddie Mac Guarantee as further described in this offering circular supplement);
- the collection and payment, or waiver, of Static Prepayment Premiums, Yield Maintenance Charges and/or other prepayment premiums with respect to the underlying mortgage loans; and
- servicing decisions with respect to the underlying mortgage loans.

These factors cannot be predicted with any certainty. Accordingly, you may find it difficult to analyze the effect that these factors might have on the yield to maturity of the offered certificates.

If you purchase Offered Principal Balance Certificates at a premium, and if payments and other collections of principal on the underlying mortgage loans occur at a rate faster than you anticipated at the time of your purchase, then your actual yield to maturity may be lower than you had assumed at the time of your purchase. Conversely, if you purchase Offered Principal Balance Certificates at a discount, and if payments and other collections of principal

on the underlying mortgage loans occur at a rate slower than you anticipated at the time of your purchase, then your actual yield to maturity may be lower than you had assumed at the time of your purchase.

If you purchase class X certificates, your yield to maturity will be particularly sensitive to the rate and timing of principal payments on the underlying mortgage loans and the extent to which those amounts are applied to reduce the notional amounts of those certificates. Each distribution of principal in reduction of the outstanding principal balance of any of the class A or class B certificates will result in a reduction in the notional amount of the class X certificates. Your yield to maturity may also be adversely affected by—

- the repurchase of any underlying mortgage loans by the depositor in connection with a material breach of a representation and warranty or a material document defect, as described under “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this offering circular supplement;
- the purchase of a Defaulted Loan by the directing certificateholder pursuant to its purchase option under the Pooling Agreement;
- the purchase of the Defaulted Loan by the holder of any subordinate debt or mezzanine debt pursuant to its purchase option under the related intercreditor agreement;
- the timing of defaults and liquidations of underlying mortgage loans; and
- the termination of the issuing entity, as described under “The Pooling Agreement—Termination” in this offering circular supplement.

Prior to investing in the class X certificates, you should fully consider the associated risks, including the risk that an extremely rapid rate of amortization, prepayment or other liquidation of the underlying mortgage loans could result in your failure to recover fully your initial investment. See “Yield and Maturity Considerations—Yield Sensitivity of the Class X Certificates” in this offering circular supplement.

In addition, the amounts payable to the class X certificates will vary with changes in the total outstanding principal balance of the Principal Balance Certificates. The class X certificates will be adversely affected if underlying mortgage loans with relatively high mortgage interest rates experience a faster rate of principal payments than underlying mortgage loans with relatively low mortgage interest rates.

The yields on the offered certificates with variable or capped pass-through rates could also be adversely affected if underlying mortgage loans with relatively high net mortgage interest rates pay principal faster than the underlying mortgage loans with relatively low net mortgage interest rates.

Generally, a borrower is less likely to prepay if prevailing interest rates are at or above the interest rate borne by its mortgage loan. On the other hand, a borrower is more likely to prepay if prevailing rates fall significantly below the interest rate borne by its mortgage loan. Borrowers are less likely to prepay mortgage loans with lockout periods, Yield Maintenance Charge provisions or Static Prepayment Premium provisions, to the extent enforceable, than otherwise identical mortgage loans without these provisions or with shorter lockout periods or with lower or no Yield Maintenance Charges or Static Prepayment Premiums. None of the master servicer, the special servicer or any sub-servicers will be required to advance and the Freddie Mac Guarantee does not cover any Yield Maintenance Charges, Static Prepayment Premiums or other prepayment premiums for the offered certificates.

Delinquencies on the underlying mortgage loans, if the delinquent amounts are not advanced, may result in shortfalls in distributions of interest and/or principal to the holders of the offered certificates for the current month (although such shortfalls with respect to the offered certificates may be covered under the Freddie Mac Guarantee). Furthermore, no interest will accrue on this shortfall during the period of time that the payment is delinquent. Even if losses on the underlying mortgage loans are not allocated to a particular class of the Offered Principal Balance Certificates, the losses may affect the weighted average life and yield to maturity of that class of Offered Principal Balance Certificates. Losses on the underlying mortgage loans, even if not allocated to a class of the Offered Principal Balance Certificates, may result in a higher percentage ownership interest evidenced by those Offered Principal Balance Certificates in the remaining underlying mortgage loans than would otherwise have resulted absent the loss. The consequent effect on the weighted average lives and yields to maturity of the offered certificates will depend on the characteristics of the remaining underlying mortgage loans. If defaults are material and

non-monetary, the special servicer may still accelerate the maturity of the underlying mortgage loan which could result in an acceleration of payments to the certificateholders.

Shortfalls in the Available Distribution Amount resulting from Net Aggregate Prepayment Interest Shortfalls will generally be allocated to all classes of interest-bearing certificates, on a *pro rata* basis, based on interest accrued. However, such shortfalls with respect to the offered certificates will be covered under the Freddie Mac Guarantee. See “Description of the Certificates—Distributions—Interest Distributions” in this offering circular supplement.

Provisions requiring prepayment premiums or charges may not be enforceable in some states and under federal bankruptcy law, and may constitute interest for usury purposes. Accordingly, we cannot assure you that the obligation to pay a Yield Maintenance Charge or Static Prepayment Premium will be enforceable or, if enforceable, that the foreclosure proceeds will be sufficient to pay the Yield Maintenance Charge or Static Prepayment Premium in connection with an involuntary prepayment. In general, Yield Maintenance Charges and Static Prepayment Premiums will be among the last items payable out of foreclosure proceeds. Additionally, although the collateral substitution provisions related to defeasance are not intended to be, and do not have the same effect on the certificateholders as a prepayment, we cannot assure you that a court would not interpret these provisions as requiring a Yield Maintenance Charge or Static Prepayment Premium, which may be unenforceable or usurious under applicable law.

See “Yield and Maturity Considerations” in this offering circular supplement.

***Optional Early Termination of the Issuing Entity May Result in an Adverse Impact on Your Yield or May Result in a Loss.*** The certificates will be subject to optional early termination by means of the purchase of the underlying mortgage loans and/or REO Properties in the issuing entity at the time and for the price described in “The Pooling Agreement—Termination” in this offering circular supplement. We cannot assure you that the proceeds from a sale of the underlying mortgage loans and/or REO Properties will be sufficient to distribute the outstanding certificate balance plus accrued interest and any undistributed shortfalls in interest accrued on the certificates that are subject to the termination. Accordingly, the holders of certificates affected by such a termination may suffer an adverse impact on the overall yield on their certificates, may experience repayment of their investment at an unpredictable and inopportune time or may even incur a loss on their investment, subject to the Freddie Mac Guarantee in the case of the offered certificates. See “The Pooling Agreement—Termination” in this offering circular supplement.

***Commencing Legal Proceedings Against Parties to the Pooling Agreement May Be Difficult.*** The trustee may not be required to commence legal proceedings against third parties at the direction of any certificateholders unless, among other conditions, at least 25% of the voting rights (determined without notionally reducing the outstanding principal balances of the Principal Balance Certificates by any Appraisal Reduction Amounts) associated with the certificates join in the demand and offer indemnification satisfactory to the trustee. Those certificateholders may not commence legal proceedings themselves with respect to the Pooling Agreement or the certificates unless the trustee has refused to institute proceedings after the conditions described in the proceeding sentence have been satisfied. These provisions may limit your personal ability to enforce the provisions of the Pooling Agreement.

***The Limited Nature of Ongoing Information May Make It Difficult for You To Resell the Certificates.*** The primary source of ongoing information regarding your certificates, including information regarding the status of the related underlying mortgage loans, will be the periodic reports delivered by the certificate administrator described under the heading “Description of the Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this offering circular supplement. We cannot assure you that any additional ongoing information regarding your certificates will be available through any other source. In addition, the depositor is not aware of any source through which price information about the certificates will be generally available on an ongoing basis. The limited nature of the information regarding the certificates may adversely affect the liquidity of the offered certificates, even if a secondary market for the certificates is available. There will have been no secondary market for the certificates prior to this offering. We cannot assure you that a secondary market will develop or, if it does develop, that it will provide you with liquidity of investment or continue for the lives of the offered certificates. The market value of the certificates will fluctuate with changes in prevailing rates of interest, a change in the ratings of

any certificates or other credit related market changes. Consequently, the sale of the certificates in any market that may develop may be at a discount from the related par value or purchase price.

***The Right of the Master Servicer and the Trustee to Receive Interest on Advances May Result in Additional Losses to the Issuing Entity.*** The master servicer and the trustee will each be entitled to receive interest on unreimbursed advances made by it. This interest will generally accrue from the date on which the related advance is made through the date of reimbursement. In addition, under certain circumstances, including a default by the borrower in the payment of principal and interest on an underlying mortgage loan, that underlying mortgage loan will become specially serviced and the special servicer will be entitled to compensation for performing special servicing functions pursuant to the related governing document(s). The right to receive these distributions of interest and compensation is senior to the rights of holders to receive distributions on the offered certificates and, consequently, may result in losses being allocated to the offered certificates that would not have resulted absent the accrual of this interest.

***Insolvency Proceedings with respect to the Master Servicer, the Special Servicer, the Trustee or the Certificate Administrator May Adversely Affect Collections on the Underlying Mortgage Loans and the Ability to Replace the Master Servicer, the Special Servicer, the Trustee or the Certificate Administrator.*** The master servicer, the special servicer, the trustee or the certificate administrator for the certificates may be eligible to become a debtor under the United States Bankruptcy Code or enter into receivership under the Federal Deposit Insurance Act or, in the case of Freddie Mac, be placed into receivership by FHFA. Should this occur, although the issuing entity may be entitled to the termination of any such party, such provision may not be enforceable. An assumption under the Bankruptcy Code of its responsibilities under the Pooling Agreement would require the master servicer, the special servicer, the trustee or the certificate administrator to cure any of its pre-bankruptcy defaults and demonstrate that it is able to perform following assumption. The impact of insolvency by an entity governed by state insolvency law would vary depending on the laws of the particular state. We cannot assure you that a bankruptcy or receivership of the master servicer, the special servicer, the trustee or the certificate administrator would not adversely impact the servicing or administration of the underlying mortgage loans or that the issuing entity would be entitled to terminate any such party in a timely manner or at all.

If the master servicer, the special servicer, the trustee or the certificate administrator becomes the subject of bankruptcy, receivership or similar proceedings, claims by the issuing entity to funds in the possession of the master servicer, the special servicer, the trustee or the certificate administrator at the time of the bankruptcy filing or other similar filing may not be perfected due to the circumstances of any bankruptcy or similar proceedings. In this event, funds available to pay principal and interest on the certificates may be delayed or reduced.

***Inability To Replace the Master Servicer Could Affect Collections and Recoveries on the Mortgage Loans.*** The structure of the master servicing fee and master servicer surveillance fee payable to the master servicer might affect the ability of the trustee to find a replacement master servicer. Although the trustee is required to replace the master servicer if the master servicer is terminated or resigns, if the trustee is unwilling (including for example because the master servicing fee and master servicer surveillance fee are insufficient) or unable (including for example, because the trustee does not have the computer systems required to service mortgage loans), it may be necessary to appoint a replacement master servicer. Because the master servicing fee and master servicer surveillance fee are structured as a percentage of the Stated Principal Balance of each underlying mortgage loan, it may be difficult to replace the master servicer at a time when the balance of the underlying mortgage loans has been significantly reduced because the fees may be insufficient to cover the costs associated with servicing the underlying mortgage loans and/or related REO Properties remaining in the mortgage pool. The performance of the underlying mortgage loans may be negatively impacted, beyond the expected transition period during a servicing transfer, if a replacement master servicer is not retained within a reasonable amount of time.

***The Terms of the Underlying Mortgage Loans Will Affect Payments on the Offered Certificates.*** Each of the underlying mortgage loans will specify the terms on which the related borrower must repay the outstanding principal amount of the loan. The rate, timing and amount of scheduled payments of principal may vary, and may vary significantly, from mortgage loan to mortgage loan. The rate at which the underlying mortgage loans amortize will directly affect the rate at which the principal balance or notional amount of the offered certificates is paid down or otherwise reduced.

In addition, the underlying mortgage loans may permit the related borrower during some of the loan term to prepay the loan. In general, a borrower will be more likely to prepay its mortgage loan when it has an economic incentive to do so, such as obtaining a larger loan on the same mortgaged real property or a lower or otherwise more advantageous interest rate through refinancing. If an underlying mortgage loan includes some form of prepayment restriction, the likelihood of prepayment should decline. These restrictions may include an absolute or partial prohibition against voluntary prepayments during some of the loan term, during which voluntary principal prepayments are prohibited or a requirement that voluntary prepayments made during a specified period of time be accompanied by a Static Prepayment Premium or Yield Maintenance Charge.

In certain instances, however, there will be no restriction associated with the application of insurance proceeds or condemnation proceeds as a prepayment of principal. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Release of Property Through Prepayment” in this offering circular supplement.

***The Terms of the Underlying Mortgage Loans Do Not Provide Absolute Certainty as Regards the Rate, Timing and Amount of Payments on the Offered Certificates.*** The amount, rate and timing of payments and other collections on the underlying mortgage loans will be unpredictable because of possible borrower defaults and prepayments on the underlying mortgage loans and possible casualties or condemnations with respect to the mortgaged real properties.

The investment performance of the offered certificates may vary materially and adversely from your expectations due to—

- the rate of prepayments and other unscheduled collections of principal on the underlying mortgage loans being faster or slower than you anticipated;
- the rate of defaults on the underlying mortgage loans being faster, or the severity of losses on the underlying mortgage loans being greater, than you anticipated;
- the actual net cash flow for the underlying mortgage loans being different than the underwritten net cash flow for the underlying mortgage loans as presented in this offering circular supplement; or
- the debt service coverage ratios for the underlying mortgage loans as set forth in the related loan documents being different than the debt service coverage ratios for the underlying mortgage loans as presented in this offering circular supplement.

The actual yield to you, as a holder of an offered certificate, may not equal the yield you anticipated at the time of your purchase, and the total return on investment that you expected may not be realized. In deciding whether to purchase any offered certificates, you should make an independent decision as to the appropriate prepayment, default and loss assumptions to be used.

See “Yield and Maturity Considerations” in this offering circular supplement.

***Prepayments on the Underlying Mortgage Loans Will Affect the Average Lives of the Offered Certificates; and the Rate and Timing of Those Prepayments May Be Highly Unpredictable.*** Payments of principal and/or interest on the offered certificates will depend on, among other things, the rate and timing of payments on the underlying mortgage loans. Prepayments on the underlying mortgage loans may result in a faster rate of principal payments on the Offered Principal Balance Certificates, thereby resulting in a shorter average life for the offered certificates than if those prepayments had not occurred. The rate and timing of principal prepayments on pools of mortgage loans is influenced by a variety of economic, demographic, geographic, social, tax and legal factors. Although many of the underlying mortgage loans provide for prepayment lockout periods which cover a substantial portion of the loan terms, prepayments may still occur during such periods as a result of a casualty or condemnation event. In addition, prepayments may occur in connection with a permitted partial release of a mortgaged real property. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Release of Property Through Prepayment” in this offering circular supplement.

In addition, any repurchase of an underlying mortgage loan by the depositor due to a defect or breach of a representation or warranty will have the same effect as a prepayment of such underlying mortgage loan. See

“Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this offering circular supplement.

Accordingly, we cannot predict the rate and timing of principal prepayments on the underlying mortgage loans. As a result, repayment of the offered certificates could occur significantly earlier or later, and the average lives of the offered certificates could be significantly shorter or longer, than you expected.

The extent to which prepayments on the underlying mortgage loans ultimately affect the average lives of the offered certificates depends on the terms and provisions of the offered certificates. A class of offered certificates may entitle the holders to a *pro rata* share of any prepayments on the underlying mortgage loans, to all or a disproportionately large share of those prepayments, or to none or a disproportionately small share of those prepayments. If you are entitled to a disproportionately large share of any prepayments on the underlying mortgage loans, the offered certificates may be retired at an earlier date. If, however, you are only entitled to a small share of the prepayments on the underlying mortgage loans, the average lives of the offered certificates may be extended. Your entitlement to receive payments, including prepayments, of principal of the underlying mortgage loans may—

- vary based on the occurrence of specified events, such as the retirement of one or more other classes of certificates; or
- be subject to various contingencies, such as prepayment and default rates with respect to the underlying mortgage loans.

***Potential Conflicts of Interest of the Depositor and the Placement Agents.*** The depositor and the placement agents and certain of the placement agents’ affiliates own, lease or manage a number of properties other than the mortgaged real properties and may acquire additional properties in the future. Such other properties, similar to other third-party owned real estate, may compete with the mortgaged real properties for existing and potential tenants. We cannot assure you that the activities of the depositor, the placement agents or the placement agents’ affiliates with respect to such other properties will not adversely impact the performance of the mortgaged real properties.

The depositor may also have ongoing relationships with the borrowers under the underlying mortgage loans. If any of the underlying mortgage loans are refinanced, the depositor may purchase the refinanced loan. The depositor may be influenced by its desire to maintain good ongoing relationships with the borrowers.

The depositor, the placement agents and the placement agents’ affiliates may benefit from this offering in a number of ways, some of which may be inconsistent with the interests of purchasers of the certificates. The depositor, the placement agents and certain of the placement agents’ affiliates may benefit from a completed offering of the certificates because the offering would establish a market precedent and a valuation data point for securities similar to the certificates, thus enhancing the ability of the depositor, the placement agents and certain of the placement agents’ affiliates to conduct similar offerings in the future and permitting them to write up, avoid writing down or otherwise adjust the fair value of the underlying mortgage loans or other similar loans or securities held on their balance sheet.

Each of these relationships should be considered carefully by you before you invest in any of the certificates.

***Potential Conflicts of Interest of the Placement Agents and Their Affiliates.*** We will offer the offered certificates to investors through placement agents. The activities of those placement agents and their respective affiliates (collectively, the “Placement Agent Entities”) may result in certain conflicts of interest. The Placement Agent Entities may retain, or own in the future, classes of certificates and any voting rights of those classes could be exercised by any such Placement Agent Entity in a manner that could adversely impact one or more classes of certificates. If that were to occur, that Placement Agent Entity’s interests may not be aligned with the interests of other holders of the certificates.

The Placement Agent Entities include broker-dealers whose businesses include executing securities and derivative transactions on their own behalf as principals and on behalf of clients. As such, they actively make markets in and trade financial instruments for their own accounts and for the accounts of customers. These financial instruments include debt and equity securities, currencies, commodities, bank loans, indices, baskets and other products. The Placement Agent Entities’ activities include, among other things, executing large block trades and taking long and short positions directly and indirectly, through derivative instruments or otherwise. The securities

and instruments in which the Placement Agent Entities take positions, or expect to take positions, include loans similar to the underlying mortgage loans, securities and instruments similar to the certificates, and other securities and instruments. Market making is an activity where the Placement Agent Entities buy and sell on behalf of customers, or for their own accounts, to satisfy the expected demand of customers. By its nature, market making involves facilitating transactions among market participants that have differing views of securities and instruments. As a result, you should expect that the Placement Agent Entities will take positions that are inconsistent with, or adverse to, the investment objectives of investors in one or more classes of the certificates.

As a result of the Placement Agent Entities' various financial market activities, including acting as a research provider, investment advisor, market maker or principal investor, you should expect that personnel in various businesses throughout the Placement Agent Entities will have and express research or investment views and make recommendations that are inconsistent with, or adverse to, the objectives of investors in one or more classes of the certificates.

To the extent a Placement Agent Entity makes a market in the certificates (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the certificates. The price at which a Placement Agent Entity may be willing to purchase the certificates, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the certificates and significantly lower than the price at which it may be willing to sell the certificates.

In addition, the Placement Agent Entities will have no obligation to monitor the performance of the certificates or the actions of the master servicer, the special servicer, the certificate administrator, the trustee, Freddie Mac or the directing certificateholder, and will have no authority to advise such parties or to direct their actions. Furthermore, the Placement Agent Entities may have ongoing relationships with, render services to, and engage in transactions with the borrowers, the sponsors of the borrowers and their respective affiliates, which relationships and transactions may create conflicts of interest between the Placement Agent Entities, on the one hand, and the issuing entity, on the other hand.

Furthermore, the Placement Agent Entities expect that a completed offering will enhance their ability to assist clients and counterparties in the transaction or in related transactions (including assisting clients in additional purchases and sales of the certificates and hedging transactions). The Placement Agent Entities expect to derive fees and other revenues from these transactions. In addition, participating in a successful offering and providing related services to clients may enhance the Placement Agent Entities' relationships with various parties, facilitate additional business development, and enable them to obtain additional business and generate additional revenue.

Citigroup Global Markets Inc., one of the placement agents for the offered certificates and the class B certificates, is an affiliate of one of the Originators. In addition, Wells Fargo Securities, LLC, is of the placement agents for the offered certificates and for the class B certificates. Each of these relationships should be considered carefully before making an investment in any class of certificates.

***Your Lack of Control Over the Issuing Entity Can Adversely Impact Your Investment.*** Except as described below, investors in the certificates do not have the right to make decisions with respect to the administration of the issuing entity. These decisions are generally made, subject to the express terms of the Pooling Agreement, by the master servicer, the special servicer, the certificate administrator and the trustee. Any decision made by any of those parties in respect of the issuing entity in accordance with the terms of the Pooling Agreement, even if it determines that decision to be in your best interests, may be contrary to the decision that you would have made and may negatively affect your interests.

However, the directing certificateholder and Freddie Mac or its designee have the right to exercise various rights and powers in respect of the issuing entity as described under "The Pooling Agreement—Realization Upon Mortgage Loans" and "The Pooling Agreement—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties" in this offering circular supplement.

In addition, in certain limited circumstances, certificateholders have the right to vote on matters affecting the issuing entity. In some cases, these votes are by certificateholders taken as a whole and in others the vote is by class. Your interests as a certificateholder of a particular class may not be aligned with the interests of certificateholders of one or more other classes of certificates in connection with any such vote. In all cases, voting is

based on the outstanding certificate balance, which is reduced by Realized Losses. These limitations on voting could adversely affect your ability to protect your interests with respect to matters voted on by certificateholders. See “Description of the Certificates—Voting Rights” in this offering circular supplement.

A certificate registered in the name of the trustee, the certificate administrator, the master servicer, the special servicer, Freddie Mac, or any affiliate of any of them, as applicable, will be deemed not to be outstanding and the voting rights to which it is entitled will not be taken into account for the purposes of giving any consent, approval or waiver pursuant to the Pooling Agreement with respect to the rights, obligations or liabilities of such party, as further described under “Description of the Certificates—Voting Rights” in this offering circular supplement.

***The Interests of the Directing Certificateholder or Freddie Mac May Be in Conflict with the Interests of the Offered Certificateholders.*** Any advice provided by Freddie Mac (in its capacity as servicing consultant or otherwise) may conflict with the interests of one or more classes of certificateholders. In addition, the directing certificateholder and Freddie Mac or their respective designees have the right to exercise the various rights and powers in respect of the mortgage pool described under “The Pooling Agreement—Realization Upon Mortgage Loans” in this offering circular supplement. Any such junior lien mortgages and related securities may be purchased by certificateholders in this transaction, including the directing certificateholder, in which case the directing certificateholder could experience conflicts of interest when exercising consent rights with respect to the underlying mortgage loans and any related junior lien mortgages or related securities. You should expect that the directing certificateholder and Freddie Mac or their respective designees will each exercise those rights and powers on behalf of itself, and they will not be liable to any certificateholders for doing so. However, certain matters relating to Affiliated Borrower Loans will require the special servicer to act in place of the directing certificateholder. See “The Pooling Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this offering circular supplement.

In certain instances, the Approved Directing Certificateholder (if any) will be entitled under the Pooling Agreement to receive a portion of certain borrower-paid transfer fees and collateral substitution fees. Such Approved Directing Certificateholder may have an incentive to maximize the amount of fees it collects by approving borrower actions that will result in the payment of such fees. As a result, such Approved Directing Certificateholder may have interests that conflict with those of other holders of certificates. See “Description of the Certificates—Fees and Expenses” in this offering circular supplement.

In addition, subject to the conditions described under “The Pooling Agreement—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties” in this offering circular supplement, the directing certificateholder may remove the special servicer, with or without cause, and appoint a successor special servicer chosen by it without the consent of the holders of any other certificates, the trustee, the certificate administrator or the master servicer, but with the approval of Freddie Mac, which approval may not be unreasonably withheld. Also, if at any time an Affiliated Borrower Special Servicer Loan Event occurs, the Pooling Agreement will require that the special servicer promptly resign as special servicer of the related Affiliated Borrower Special Servicer Loan and, in the case where such Affiliated Borrower Special Servicer Loan is not an Affiliated Borrower Loan, the directing certificateholder will have the right to select the successor Affiliated Borrower Special Servicer to act as the special servicer with respect to such Affiliated Borrower Special Servicer Loan, in accordance with the requirements of the Pooling Agreement. See “The Pooling Agreement—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties—Resignation of the Master Servicer or the Special Servicer” and “The Pooling Agreement—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties—Removal of the Master Servicer, the Special Servicer and any Sub-Servicer.” In the absence of significant losses on the underlying mortgage loans, the directing certificateholder will be a holder of a non-offered class of certificates. The directing certificateholder is therefore likely to have interests that conflict with those of the holders of the offered certificates. See “The Pooling Agreement—Realization Upon Mortgage Loans—Directing Certificateholder” in this offering circular supplement.

***You May Be Bound by the Actions of Other Certificateholders.*** In some circumstances, the consent or approval of the holders of a specified percentage of the certificates will be required in order to direct, consent to or approve certain actions, including amending the Pooling Agreement. In these cases, this consent or approval will be sufficient to bind all holders of certificates.

***The Volatile Economy and Credit Disruptions May Adversely Affect the Value and Liquidity of Your Investment.*** In recent years, the real estate and securitization markets, including the market for commercial mortgage-backed securities (“CMBS”), as well as global financial markets and the economy generally, experienced significant dislocations, illiquidity and volatility and thus affected the values of such CMBS. We cannot assure you that another dislocation in CMBS will not occur.

Any economic downturn may adversely affect the financial resources of borrowers and may result in the inability of borrowers to make principal and interest payments on, or to refinance, their underlying mortgage loans when due or to sell their mortgaged real properties for an amount sufficient to pay off such underlying mortgage loans when due. In the event of default by any borrower, the issuing entity may suffer a partial or total loss with respect to the related underlying mortgage loan. Any delinquency or loss on any underlying mortgage loan would have an adverse effect on the distributions of principal and interest received by certificateholders.

***Other Events or Circumstances May Affect the Value and Liquidity of Your Investment.*** The value and liquidity of your investment in the certificates may be affected by general economic conditions and financial markets, as well as the following events or circumstances:

- wars, revolts, terrorist attacks, armed conflicts, energy supply or price disruptions, political crises, natural disasters, civil unrest and/or protests and man-made disasters may have an adverse effect on the mortgaged real properties and/or the certificates;
- defaults on the underlying mortgage loans may occur in large concentrations over a period of time, which might result in rapid declines in the value of the certificates;
- although most of the underlying mortgage loans were recently underwritten and originated, the values of the mortgaged real properties may have declined since the related underlying mortgage loans were originated and may decline following the issuance of the certificates and such declines may be substantial and occur in a relatively short period following the issuance of the certificates; and such declines may occur for reasons largely unrelated to the circumstances of the particular mortgaged real property;
- if the underlying mortgage loans default, then the yield on your investment may be substantially reduced notwithstanding that Liquidation Proceeds may be sufficient to result in the repayment of the principal of and accrued interest on the offered certificates; an earlier than anticipated repayment of principal (even in the absence of losses) in the event of a default in advance of the maturity date would tend to shorten the weighted average period during which you earn interest on your investment; and a later than anticipated repayment of principal (even in the absence of losses) in the event of a default upon the maturity date would tend to delay your receipt of principal and the interest on your investment may be insufficient to compensate you for that delay;
- even if Liquidation Proceeds received on Defaulted Loans are sufficient to cover the principal and accrued interest on those underlying mortgage loans, the issuing entity may experience losses in the form of special servicing fees and other expenses, and you may bear losses as a result, or your yield may be adversely affected by such losses;
- the time periods to resolve Defaulted Loans may be long, and those periods may be further extended because of borrower bankruptcies and related litigation; this may be especially true in the case of loans made to borrowers that have, or whose affiliates have, substantial debts other than the underlying mortgage loan, including related subordinate or mezzanine financing;
- trading activity associated with indices of CMBS may drive spreads on those indices wider than spreads on CMBS, thereby resulting in a decrease in the value of such CMBS, including the offered certificates, and spreads on those indices may be affected by a variety of factors, and may or may not be affected for reasons involving the commercial and multifamily real estate markets and may be affected for reasons that are unknown and cannot be discerned;
- if you determine to sell the certificates, you may be unable to do so or you may be able to do so only at a substantial discount from the price you paid; this may be the case for reasons unrelated to the then-current

performance of the certificates or the underlying mortgage loans; and this may be the case within a relatively short period following the issuance of the certificates; and

- even if CMBS are performing as anticipated, the value of such CMBS in the secondary market may nevertheless decline as a result of a deterioration in general market conditions for other asset-backed securities or structured products, and you may be required to report declines in the value of the certificates, and/or record losses, on your financial statements or regulatory or supervisory reports, and/or repay or post additional collateral for any secured financing, hedging arrangements or other financial transactions that you are entering into that are backed by or make reference to the certificates, in each case as if the certificates were to be sold immediately.

***Legal and Regulatory Provisions Affecting Investors Could Adversely Affect the Liquidity of Your Investment.*** We make no representation as to the proper characterization of the certificates for legal investment, financial institution regulatory, financial reporting or other purposes, as to the ability of particular investors to purchase the certificates under applicable legal investment or other restrictions or as to the consequences of an investment in the certificates for such purposes or under such restrictions. Changes in federal banking and securities laws and other laws and regulations may have an adverse effect on issuers, investors, or other participants in the asset-backed securities markets including the CMBS market. While the general effects of such changes are uncertain, regulatory or legislative provisions applicable to certain investors may have the effect of limiting or restricting their ability to hold or acquire CMBS, which in turn may adversely affect the ability of investors in the certificates who are not subject to those provisions to resell their certificates in the secondary market. For example:

- Investors should be aware of the risk retention and due diligence requirements in Europe (the “EU Risk Retention and Due Diligence Requirements”) which currently apply, or are expected to apply in the future, to various types of regulated investors in the European Economic Area (“EEA”) including credit institutions, authorized alternative investment fund managers, investment firms, insurance and reinsurance undertakings and Undertakings for Collective Investment in Transferable Securities funds. Among other things, such requirements restrict an investor who is subject to the EU Risk Retention and Due Diligence Requirements from investing in securitizations unless: (i) the originator, sponsor or original lender in respect of the relevant securitization has explicitly disclosed that it will retain, on an on-going basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or securitized exposures; and (ii) such investor is able to demonstrate that they have undertaken certain due diligence in respect of various matters including but not limited to its securities position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the securities acquired by the relevant investor.
- On September 30, 2015, the European Commission published a proposal to amend the EU Risk Retention and Due Diligence Requirements (the “Draft CRR Amendment Regulation”) and a proposed regulation relating to a European framework for simple, transparent and standardized securitization (such proposed regulation, including any implementing regulation, technical standards and official guidelines related thereto, together with the Draft CRR Amendment Regulation, the “Securitization Regulation”) which would, among other things, re-cast the EU risk retention rules as part of wider changes to establish a “Capital Markets Union” in Europe. The Presidency of the Council of Ministers of the European Union has also published compromise proposals concerning the Securitization Regulation. The Securitization Regulation will need to be considered, finalized and adopted by the European Parliament and Council of Ministers. It is unclear at this time when the Securitization Regulation will become effective. You should be aware that there are material differences between the current EU Risk Retention and Due Diligence Requirements and the Securitization Regulation. The Securitization Regulation may go into effect in a form that differs from the published proposals and drafts.
- None of Freddie Mac, the depositor, their respective affiliates or any other person intends to retain a material net economic interest in the securitization constituted by the issue of the certificates in accordance with the EU Risk Retention and Due Diligence Requirements or to take any other action that may be required by EEA-regulated investors for the purposes of their compliance with the EU Risk Retention and

Due Diligence Requirements. Consequently, the certificates are not a suitable investment for EEA-credit institutions, EEA-investment firms or the other types of EEA-regulated investors mentioned above. As a result, the price and liquidity of the certificates in the secondary market may be adversely affected. EEA-regulated investors are encouraged to consult with their own investment and legal advisors regarding the suitability of the certificates for investment.

- Recent changes in federal banking and securities laws, including those resulting from the Dodd-Frank Act enacted in the United States, may have an adverse effect on issuers, investors, or other participants in the asset-backed securities markets. In particular, new capital regulations were issued by the U.S. banking regulators in July 2013; these regulations implement the increased capital requirements established under the Basel Accord and are being phased in over time. These new capital regulations eliminate reliance on credit ratings and otherwise alter, and in most cases increase, the capital requirements imposed on depository institutions and their holding companies, including with respect to ownership of asset-backed securities such as CMBS. Further changes in capital requirements have been announced by the Basel Committee on Banking Supervision and it is uncertain when such changes will be implemented in the United States. When fully implemented in the United States, these changes may have an adverse effect with respect to investments in asset-backed securities, including CMBS. As a result of these regulations, investments in CMBS, such as the certificates, by financial institutions subject to bank capital regulations may result in greater capital charges to these financial institutions and these new regulations may otherwise adversely affect the treatment of CMBS for their regulatory capital purposes.
- The Financial Accounting Standards Board has adopted changes to the accounting standards for structured products. These changes, or any future changes, may affect the accounting for entities such as the issuing entity, could under certain circumstances require an investor or its owner generally to consolidate the assets of the issuing entity in its financial statements and record third parties' investments in the issuing entity as liabilities of that investor or owner or could otherwise adversely affect the manner in which the investor or its owner must report an investment in CMBS for financial reporting purposes.

Accordingly, all investors whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the certificates will constitute legal investments for them or are subject to investment or other restrictions, unfavorable accounting treatment, capital charges or reserve requirements.

***The Prospective Performance of the Mortgage Loans Included in the Issuing Entity Should Be Evaluated Separately from the Performance of the Mortgage Loans in Any of Our Other Trusts.*** While there may be certain common factors affecting the performance and value of income-producing real properties in general, those factors do not apply equally to all income-producing real properties and, in many cases, there are unique factors that will affect the performance and/or value of a particular income-producing real property. Moreover, the effect of a given factor on a particular mortgaged real property will depend on a number of variables, including but not limited to property type, geographic location, competition, sponsorship and other characteristics of the property and the related underlying mortgage loan. Each income-producing mortgaged real property represents a separate and distinct business venture and, as a result each mortgage loan requires a unique underwriting analysis. Furthermore, economic and other conditions affecting mortgaged real properties, whether worldwide, national, regional or local, vary over time. The performance of a pool of mortgage loans originated and outstanding under a given set of economic conditions may vary significantly from the performance of an otherwise comparable mortgage pool originated and outstanding under a different set of economic conditions. Accordingly, investors should evaluate the underlying mortgage loans independently from the performance of mortgage loans underlying any other series of certificates.

***The Market Value of the Certificates Will Be Sensitive to Factors Unrelated to the Performance of the Certificates and the Underlying Mortgage Loans.*** The market value of the certificates can decline even if the certificates and the underlying mortgage loans are performing at or above your expectations. The market value of the certificates will be sensitive to fluctuations in current interest rates. However, a change in the market value of the certificates as a result of an upward or downward movement in current interest rates may not equal the change in the market value of the certificates as a result of an equal but opposite movement in interest rates.

The market value of the certificates will also be influenced by the supply of and demand for CMBS generally. The supply of CMBS will depend on, among other things, the amount of commercial and multifamily mortgage loans, whether newly originated or held in portfolio, that are available for securitization. A number of factors will affect investors' demand for CMBS, including—

- the availability of alternative investments that offer high yields or are perceived as being a better credit risk, having a less volatile market value or being more liquid;
- legal and other restrictions that prohibit a particular entity from investing in CMBS or limit the amount or types of CMBS that it may acquire;
- investors' perceptions regarding the commercial and multifamily real estate markets which may be adversely affected by, among other things, a decline in real estate values or an increase in defaults and foreclosures on mortgage loans secured by income-producing properties; and
- investors' perceptions regarding the capital markets in general, which may be adversely affected by political, social and economic events completely unrelated to the commercial and multifamily real estate markets.

If you decide to sell the certificates, you may have to sell at a discount from the price you paid for reasons unrelated to the performance of the certificates or the related underlying mortgage loans. Pricing information regarding the certificates may not be generally available on an ongoing basis.

***Future Events Could Have an Adverse Impact on the Ratings Assigned to the Rated Certificates.*** The ratings assigned to the rated certificates are based on Freddie Mac's Guarantee. The ratings assigned to the rated certificates will be subject to ongoing monitoring, upgrades, downgrades, withdrawals and surveillance by the Rating Agencies that assigned each such rating after the date of issuance of such certificates. We are not obligated to maintain any particular rating with respect to the rated certificates, and the ratings initially assigned by the Rating Agencies to the rated certificates could change adversely as a result of changes affecting Freddie Mac, or as a result of changes to ratings criteria employed by the Rating Agencies. Any adverse change to the ratings of any class of rated certificates would likely have an adverse effect on the liquidity, market value and regulatory characteristics of that class of certificates. See "Ratings" in this offering circular supplement.

***Rating Agency Feedback.*** Other NRSROs that we have not engaged to rate the certificates may nevertheless issue unsolicited credit ratings on one or more classes of such certificates, relying on information obtained pursuant to Rule 17g-5 or otherwise. If any such unsolicited ratings are issued, we cannot assure you that they will not be different from the ratings assigned by the Rating Agencies. The issuance of unsolicited ratings on a class of certificates that are lower than the ratings assigned by the Rating Agencies may adversely impact the liquidity, market value and regulatory characteristics of that class of certificates.

As part of the process of obtaining ratings for the certificates, Freddie Mac had initial discussions with and submitted certain materials to DBRS, Inc. ("DBRS"), Fitch, Kroll Bond Rating Agency, Inc. ("KBRA"), Moody's Investors Service, Inc. ("Moody's"), Morningstar and S&P Global Ratings ("S&P"). Based on preliminary feedback from those NRSROs at that time, Freddie Mac selected Fitch and Moody's to rate the applicable classes of rated certificates and not DBRS, KBRA, Moody's or S&P, due in part to such NRSROs' initial subordination levels for certain classes of certificates and Freddie Mac's desire to have diversity among the NRSROs rating its multifamily securitization transactions. Had Freddie Mac selected DBRS, KBRA, or S&P to rate the rated certificates, we cannot assure you as to the ratings that they would ultimately have assigned to the rated certificates.

Although unsolicited ratings may be issued by any NRSRO, and NRSROs have the ability to access information required to make a ratings determination, an NRSRO might be more likely to issue an unsolicited rating if it was not selected after having provided preliminary feedback to Freddie Mac.

Further, a rating of any class of the rated certificates below an investment grade by either of the Rating Agencies or another NRSRO, whether initially or as a result of a ratings downgrade, could affect the ability of a benefit plan or other investor to purchase or retain that class. Further, a determination by the SEC that either or both of the Rating Agencies no longer qualifies as an NRSRO or is no longer qualified to rate the rated certificates, could adversely impact the liquidity, market value and regulatory characteristics of the rated certificates.

The class X and class B certificates will not be rated by the Rating Agencies or another NRSRO (unless an NRSRO issues an unsolicited rating), which may adversely affect the ability of an investor to purchase or retain, or otherwise impact the liquidity, market value and regulatory characteristics of, such classes.

***Ongoing Investigations Concerning LIBOR Could Adversely Affect Your Investment in the Offered Certificates.*** Regulators and law-enforcement agencies from a number of governments, including entities in the United States, Japan, Canada and the United Kingdom, have been conducting civil and criminal investigations into whether the banks that contributed to the British Bankers' Association (the "BBA") in connection with the calculation of daily LIBOR may have underreported or otherwise manipulated or attempted to manipulate LIBOR. Investigations remain ongoing and we cannot assure you that there will not be findings of rate setting manipulation or that improper manipulation of LIBOR or other similar inter-bank lending rates will not occur in the future.

Based on a review conducted by the Financial Conduct Authority of the United Kingdom (the "FCA") and a consultation conducted by the European Commission, proposals have been made for governance and institutional reform, regulation, technical changes and contingency planning. In particular: (a) new legislation has been enacted in the United Kingdom pursuant to which LIBOR submissions and administration are now "regulated activities" and manipulation of LIBOR has been brought within the scope of the market abuse regime; (b) legislation has been proposed which if implemented would, among other things, alter the manner in which LIBOR is determined, compel more banks to provide LIBOR submissions, and require these submissions to be based on actual transaction data; and (c) LIBOR rates for certain currencies and maturities are no longer published daily. In addition, pursuant to authorization from the FCA, the Intercontinental Exchange Benchmark Administration Limited (the "IBA") (formerly NYSE Euronext Rate Administration Limited) took over the administration of LIBOR from the BBA on February 1, 2014. Any new administrator of LIBOR may make methodological changes to the way in which LIBOR is calculated or may alter, discontinue or suspend calculation or dissemination of LIBOR.

We cannot predict the changes that will ultimately be made to LIBOR, the effect of any such changes or any other reforms to LIBOR that may occur, or the effect of the ongoing LIBOR investigations referred to above. These matters may result in a sudden or prolonged increase or decrease in reported LIBOR rates, LIBOR being more volatile than they have been in the past and/or fewer loans utilizing LIBOR as an index for interest payments. In addition, questions surrounding the integrity in the process for determining LIBOR may have other unforeseen consequences, including potential litigation against banks and/or obligors on loans. Any uncertainty in the value of LIBOR or the development of a market view that LIBOR was manipulated or may be manipulated may adversely affect the liquidity of the offered certificates in the secondary market and their market value.

#### **Risks Relating to the Depositor and Guarantor**

***The Conservator May Repudiate Freddie Mac's Contracts, Including Its Guarantee and Other Obligations Related to the Offered Certificates.*** On September 6, 2008, the Federal Housing Finance Agency ("FHFA") was appointed Freddie Mac's conservator by the FHFA director. See "Description of the Depositor and Guarantor—Freddie Mac Conservatorship" in this offering circular supplement. The conservator has the right to transfer or sell any asset or liability of Freddie Mac, including its guarantee obligation, without any approval, assignment or consent. If the conservator were to transfer Freddie Mac's guarantee obligation to another party, holders of the offered certificates would have to rely on that party for the satisfaction of the guarantee obligation and would be exposed to the credit risk of that party. Freddie Mac is also the master servicer of the underlying mortgage loans and as such has certain servicing obligations with respect to the underlying mortgage loans. If the conservator were to transfer Freddie Mac's obligations as master servicer to another party, holders of the certificates would have to rely on that party for satisfaction of the master servicing obligation and would be exposed to credit risk of that party.

***Future Legislation and Regulatory Actions Will Likely Affect the Role of Freddie Mac.*** Future legislation will likely materially affect the role of Freddie Mac, its business model, its structure and future results of operations. Some or all of Freddie Mac's functions could be transferred to other institutions, and it could cease to exist as a stockholder-owned company or at all.

On February 11, 2011, the Obama Administration delivered a report to Congress that lays out the Administration's plan to reform the U.S. housing finance market, including options for structuring the government's long-term role in a housing finance system in which the private sector is the dominant provider of mortgage credit. The report recommends winding down Freddie Mac and Fannie Mae, stating that the Administration will work with

FHFA to determine the best way to responsibly reduce the role of Freddie Mac and Fannie Mae in the market and ultimately wind down both institutions. The report recommends using a combination of policy levers to wind down Freddie Mac and Fannie Mae, shrink the government's footprint in housing finance, and help bring private capital back to the mortgage market, including: (i) increasing guarantee fees; (ii) increasing private capital ahead of Freddie Mac and Fannie Mae guarantees and phasing in a 10% down payment requirement; (iii) reducing conforming loan limits; and (iv) winding down Freddie Mac and Fannie Mae's investment portfolios.

In addition to legislative actions, FHFA has expansive regulatory authority over Freddie Mac, and the manner in which FHFA will use its authority in the future is unclear. FHFA could take a number of regulatory actions that could materially adversely affect Freddie Mac, such as changing or reinstating current capital requirements, which are not binding during conservatorship.

On January 20, 2017, a new presidential administration took office. We have no ability to predict what regulatory and legislative policies or actions the new presidential administration will pursue with respect to Freddie Mac.

***FHFA Could Terminate the Conservatorship by Placing Freddie Mac into Receivership, Which Could Adversely Affect the Freddie Mac Guarantee.*** Under the Federal Housing Finance Regulatory Reform Act (the "Reform Act"), FHFA must place Freddie Mac into receivership if FHFA determines in writing that Freddie Mac's assets are less than its obligations for a period of 60 days. FHFA has notified Freddie Mac that the measurement period for any mandatory receivership determination with respect to Freddie Mac's assets and obligations would commence no earlier than the SEC public filing deadline for its quarterly or annual financial statements and would continue for 60 calendar days after that date. FHFA has also advised Freddie Mac that, if, during that 60-day period, Freddie Mac receives funds from the U.S. Department of the Treasury ("Treasury") in an amount at least equal to the deficiency amount under the senior preferred stock purchase agreement between FHFA, as conservator of Freddie Mac, and Treasury (as amended, the "Purchase Agreement"), the Director of FHFA will not make a mandatory receivership determination.

In addition, Freddie Mac could be put into receivership at the discretion of the Director of FHFA at any time for other reasons, including conditions that FHFA has already asserted existed at the time Freddie Mac was placed into conservatorship. These include: a substantial dissipation of assets or earnings due to unsafe or unsound practices; the existence of an unsafe or unsound condition to transact business; an inability to meet its obligations in the ordinary course of business; a weakening of its condition due to unsafe or unsound practices or conditions; critical undercapitalization; the likelihood of losses that will deplete substantially all of its capital; or by consent. A receivership would terminate the conservatorship. The appointment of FHFA (or any other entity) as Freddie Mac's receiver would terminate all rights and claims that its creditors may have against Freddie Mac's assets or under its charter arising as a result of their status as creditors, other than the potential ability to be paid upon Freddie Mac's liquidation. Unlike a conservatorship, the purpose of which is to conserve Freddie Mac's assets and return it to a sound and solvent condition, the purpose of a receivership is to liquidate Freddie Mac's assets and resolve claims against Freddie Mac.

In the event of a liquidation of Freddie Mac's assets, there can be no assurance that there would be sufficient proceeds to pay the secured and unsecured claims of the company, repay the liquidation preference of any series of its preferred stock or make any distribution to the holders of its common stock. To the extent that Freddie Mac is placed in receivership and does not or cannot fulfill its guarantee or other contractual obligations to the holders of its mortgage-related securities, including the certificates, such holders could become unsecured creditors of Freddie Mac with respect to claims made under Freddie Mac's guarantee or its other contractual obligations.

As receiver, FHFA could repudiate any contract entered into by Freddie Mac 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 Freddie Mac's 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.

If FHFA, as receiver, were to repudiate Freddie Mac's 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 that Freddie Mac's assets were available for that purpose.

Moreover, if Freddie Mac's guarantee obligations were repudiated, payments of principal and/or interest to the holders of the offered certificates would be reduced in the event of any borrower's late payment or failure to pay or a servicer's failure to remit borrower payments into the issuing entity or advance borrower payments. Any actual direct compensatory damages owed as a result of the repudiation of Freddie Mac's guarantee obligations may not be sufficient to offset any shortfalls experienced by the holders of the offered certificates.

During a receivership, certain rights of the holders of the offered certificates under the Pooling Agreement 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 Freddie Mac is placed into receivership and does not or cannot fulfill its guarantee obligations or other contractual obligations under the Pooling Agreement, holders of the certificates could become unsecured creditors of Freddie Mac with respect to claims made under its guarantee or other contractual obligations.

## **CAPITALIZED TERMS USED IN THIS OFFERING CIRCULAR SUPPLEMENT**

From time to time we use capitalized terms in this offering circular supplement. A capitalized term used throughout this offering circular supplement will have the meaning assigned to it in the "Glossary" to this offering circular supplement.

## **FORWARD-LOOKING STATEMENTS**

This offering circular supplement includes the words "expects," "intends," "anticipates," "likely," "estimates," and similar words and expressions. These words and expressions are intended to identify forward-looking statements. Any forward-looking statements are made subject to risks and uncertainties that could cause actual results to differ materially from those stated. These risks and uncertainties include, among other things, declines in general economic and business conditions, increased competition, changes in demographics, changes in political and social conditions, regulatory initiatives and changes in customer preferences, many of which are beyond our control and the control of any other person or entity related to this offering. The forward-looking statements made in this offering circular supplement are accurate as of the date stated on the cover of this offering circular supplement. We have no obligation to update or revise any forward-looking statement.

## **DESCRIPTION OF THE ISSUING ENTITY**

The entity issuing the certificates will be FRETE 2017-ML02 Trust, which we refer to in this offering circular supplement as the "issuing entity." The issuing entity is a New York common law trust that will be formed on the Closing Date pursuant to the Pooling Agreement. The only activities that the issuing entity may perform are those set forth in the Pooling Agreement, which are generally limited to owning and administering the underlying mortgage loans and any REO Property, disposing of Defaulted Loans and REO Property, issuing the certificates and making distributions and providing reports to certificateholders. Accordingly, the issuing entity may not issue securities other than the certificates, or invest in securities, other than investment of funds in certain accounts maintained under the Pooling Agreement in certain short-term, high-quality investments. The issuing entity may not lend or borrow money, except that the master servicer or the trustee may make advances to the issuing entity only to the extent it deems such advances to be recoverable from the related underlying mortgage loan. Such advances are intended to be in the nature of a liquidity, rather than a credit, facility. The Pooling Agreement may be amended as set forth under "The Pooling Agreement—Amendment" in this offering circular supplement. The issuing entity administers the underlying mortgage loans through the master servicer and the special servicer. A discussion of the duties of the servicers, including any discretionary activities performed by each of them, is set forth under "The Pooling Agreement" in this offering circular supplement.

The only assets of the issuing entity other than the underlying mortgage loans and any REO Properties are certain accounts maintained pursuant to the Pooling Agreement, the obligations of Freddie Mac pursuant to the Freddie Mac Guarantee and the short-term investments in which funds in the collection accounts and other accounts are invested. The issuing entity has no present liabilities, but has potential liability relating to ownership of the underlying mortgage loans and any REO Properties, and indemnity obligations to the trustee, the custodian, the certificate administrator, the master servicer, the special servicer and Freddie Mac (in its capacity as servicing consultant). The fiscal year of the issuing entity is the calendar year. The issuing entity has no executive officers or board of directors. It acts through the trustee, the custodian, the certificate administrator, the master servicer and the special servicer.

The depositor is contributing the underlying mortgage loans to the issuing entity. The depositor purchased the underlying mortgage loans from the Originators, as described in “Summary of Offering Circular Supplement—The Underlying Mortgage Loans—General” and “Description of the Underlying Mortgage Loans—Representations and Warranties” in this offering circular supplement.

As a common-law trust, it is anticipated that the issuing entity would not be subject to the Bankruptcy Code. In connection with the sale of the underlying mortgage loans from the depositor to the issuing entity, a legal opinion is required to be rendered to the effect that if a conservator or receiver were appointed for the depositor by the Director of the Federal Housing Finance Agency (“FHFA”) acting pursuant to Section 1367 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended (the “Safety and Soundness Act”) (i) a conservatorship or receivership created by the FHFA would be the exclusive mechanism for adjusting the rights of the depositor’s creditors in the event of the depositor’s financial distress, and (ii) the FHFA appointed conservator or receiver, acting reasonably after full consideration of all the relevant factors, would be required to conclude that the transfer of the underlying mortgage loans from the depositor to the issuing entity was a true sale rather than a pledge such that the underlying mortgage loans, and payments under the underlying mortgage loans and identifiable proceeds from the underlying mortgage loans would not be subject to administration by such conservator or receiver and would be beyond the reach of the depositor’s creditors. This legal opinion is based on numerous assumptions, and we cannot assure you that all of such assumed facts are true, or will continue to be true. Moreover, we cannot assure you that a court would rule as anticipated in this legal opinion.

The issuing entity will be relying on an exclusion or exemption under the Investment Company Act contained in Section 3(c)(5) of the Investment Company Act or Rule 3a-7 under the Investment Company Act, although there may be additional exclusions or exemptions available to the issuing entity. Accordingly, the issuing entity is being structured so as not to constitute a “covered fund” for purposes of the regulations adopted on December 10, 2013 to implement Section 619 of the Dodd-Frank Act (such statutory provision, together with such implementing regulations, the “Volcker Rule”). The Volcker Rule generally prohibits “banking entities” (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a “covered fund” and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on July 21, 2012, and final regulations implementing the Volcker Rule were adopted on December 10, 2013. Banking entities are required to be in conformance with the Volcker Rule by July 21, 2015, although ownership interests or sponsorships in covered funds in existence prior to December 31, 2013 are not required to be brought into conformance until July 21, 2017 (with the possibility of an additional five-year extension for certain illiquid funds). Prior to the applicable conformance date expiration, banking entities must make good faith efforts to conform their activities and investments to the Volcker Rule. Under the Volcker Rule, unless otherwise jointly determined otherwise by specified federal regulators, a “covered fund” does not include an issuer that may rely on an exclusion or exemption from the definition of “investment company” under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the certificates, including a U.S. or foreign bank or a subsidiary or other bank affiliate, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

There are no legal proceedings pending against the issuing entity that are material to the certificateholders.

## DESCRIPTION OF THE DEPOSITOR AND GUARANTOR

### The Depositor and Guarantor

The depositor is Freddie Mac. The depositor will also serve as the master servicer and guarantor. The depositor maintains an office at 8200 Jones Branch Drive, McLean, Virginia 22102.

The depositor's duties pursuant to the Pooling Agreement include, without limitation, the duty to appoint a successor trustee or certificate administrator in the event of the resignation or removal of the trustee or the certificate administrator, to provide information in its possession to the certificate administrator to the extent necessary to perform the certificate administrator's duties and to indemnify the trustee, the certificate administrator, the master servicer, the special servicer, the custodian, and the issuing entity for any liability, assessment or costs arising from its willful misconduct, bad faith, fraud or negligence in providing such information.

Under the Pooling Agreement, the depositor and various related persons and entities will be entitled to be indemnified by the issuing entity for certain losses and liabilities incurred by the depositor as described in "The Pooling Agreement—Certain Indemnities" in this offering circular supplement.

Freddie Mac is one of the largest participants in the U.S. mortgage market. Freddie Mac is a stockholder-owned government-sponsored enterprise chartered by Congress on July 24, 1970 under the Freddie Mac Act to stabilize residential mortgage markets in the United States and expand opportunities for homeownership and affordable rental housing.

Freddie Mac's statutory purposes are:

- to provide stability in the secondary market for residential mortgages;
- to respond appropriately to the private capital markets;
- to provide ongoing assistance to the secondary market for residential mortgages (including mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and
- to promote access to mortgage credit throughout the United States (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.

Freddie Mac fulfills the requirements of its charter by purchasing residential mortgages and mortgage-related securities in the secondary mortgage market and securitizing such mortgages into mortgage-related securities for its mortgage-related investment portfolio. It also purchases multifamily residential mortgages in the secondary mortgage market and holds these loans either for investment or sale. Freddie Mac finances the purchases of its mortgage-related securities and mortgage loans, and manages its interest-rate and other market risks, primarily by issuing a variety of debt instruments and entering into derivative contracts in the capital markets. Although it is chartered by Congress, Freddie Mac is solely responsible for making payments on its obligations. Neither the U.S. government nor any agency or instrumentality of the U.S. government other than Freddie Mac guarantees its obligations.

### Freddie Mac Conservatorship

Freddie Mac continues to operate under the conservatorship that commenced on September 6, 2008, conducting its business under the direction of the FHFA, Freddie Mac's conservator (the "Conservator"). FHFA was established under the Reform Act. Prior to the enactment of the Reform Act, HUD had general regulatory authority over Freddie Mac, including authority over Freddie Mac's affordable housing goals and new programs. Under the Reform Act, FHFA now has general regulatory authority over Freddie Mac, though HUD still has authority over Freddie Mac with respect to fair lending.

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 Freddie Mac and its assets, and succeeded to the title to all books, records and assets of Freddie Mac held by any other legal custodian or third party. During the conservatorship, the Conservator has delegated certain authority to Freddie Mac's Board of Directors to oversee, and to Freddie Mac's management to conduct, day-to-day operations so that Freddie Mac can continue to operate in the ordinary course of business. There is significant uncertainty as to whether or when Freddie Mac will emerge from conservatorship, as it has no specified termination date, and as to what changes may occur to Freddie Mac's business structure during or following conservatorship, including whether Freddie Mac will continue to exist. While Freddie Mac is not aware of any current plans of its Conservator to significantly change its business structure in the near term, there are likely to be significant changes beyond the near-term that will be decided by Congress and the new presidential administration that took office on January 20, 2017. We have no ability to predict what regulatory and legislative policies or actions the new presidential administration will pursue with respect to Freddie Mac.

To address deficits in Freddie Mac's net worth, FHFA, as Conservator, entered into the Purchase Agreement with Treasury, and (in exchange for an initial commitment fee of senior preferred stock and warrants to purchase common stock) Treasury made a commitment to provide funding, under certain conditions. Freddie Mac is dependent upon the continued support of Treasury and FHFA in order to continue operating its business. Freddie Mac's ability to access funds from Treasury under the Purchase Agreement is critical to keeping it solvent and avoiding appointment of a receiver by FHFA under statutory mandatory receivership provisions.

On February 11, 2011, the Obama Administration delivered a report to Congress that lays out the Administration's plan to reform the U.S. housing finance market, including options for structuring the government's long-term role in a housing finance system in which the private sector is the dominant provider of mortgage credit. The report recommends winding down Freddie Mac and Fannie Mae, stating that the Administration will work with FHFA to determine the best way to responsibly reduce the role of Freddie Mac and Fannie Mae in the market and ultimately wind down both institutions. The report states that these efforts must be undertaken at a deliberate pace, which takes into account the impact that these changes will have on borrowers and the housing market.

The report states that the government is committed to ensuring that Freddie Mac and Fannie Mae have sufficient capital to perform under any guarantees issued now or in the future and the ability to meet any of their debt obligations, and further states that the Administration will not pursue policies or reforms in a way that would impair the ability of Freddie Mac and Fannie Mae to honor their obligations. The report states the Administration's belief that under the companies' senior preferred stock purchase agreements with Treasury, there is sufficient funding to ensure the orderly and deliberate wind down of Freddie Mac and Fannie Mae, as described in the Administration's plan.

Additional information regarding the conservatorship, the Purchase Agreement and other matters concerning Freddie Mac is available in the annual reports on Form 10-K, quarterly reports on Form 10-Q and other reports filed with the SEC by Freddie Mac.

### **Proposed Operation of Multifamily Mortgage Business on a Stand-Alone Basis**

Legislation has been proposed in Congress that, if passed into law, would require Freddie Mac to transition its multifamily operations to a stand-alone entity. Because proposed legislation ultimately may not be passed into law or may be changed before it is passed into law, it is uncertain whether Freddie Mac will be required to transition its multifamily operations to a stand-alone entity by such proposed legislation or any other method.

If Freddie Mac were to transition its multifamily operations to one or more stand-alone entities, such entities may be entitled to exercise the rights and perform the obligations of Freddie Mac under the Pooling Agreement and other transaction documents. However, Freddie Mac's obligations under the Freddie Mac Guarantee would continue to be the obligations of Freddie Mac in its capacity as Guarantor of the Guaranteed Certificates.

### **Litigation Involving the Depositor and Guarantor**

For more information on Freddie Mac's involvement as a party to various legal proceedings, see the annual reports on Form 10-K, quarterly reports on Form 10-Q and other reports filed with the SEC by Freddie Mac.

## Credit Risk Retention

Freddie Mac, as sponsor and depositor of this securitization transaction, will not retain risk pursuant to provisions of FHFA's Credit Risk Retention Rule (12 C.F.R. Part 1234) (the "Rule") because FHFA, as Conservator and in furtherance of the goals of the conservatorship, has determined to exercise authority under Section 1234.12(f)(3) of the Rule to sell or otherwise hedge the credit risk that Freddie Mac would be required to retain and has instructed Freddie Mac to take such action necessary to effect this outcome. Freddie Mac also will not rely on a third party purchaser to retain risk pursuant to the Rule, as may otherwise be permitted under Section 1234.7 (Commercial mortgage-backed securities). As a result, no party will retain risk with respect to this transaction in a form or an amount pursuant to the terms of the Rule. Although Freddie Mac will not be retaining risk pursuant to the Rule as a result of FHFA instructions, it may elect to retain, to the extent permitted by FHFA, some portion of the certificates.

## Mortgage Loan Purchase and Servicing Standards of Freddie Mac

*General.* Any mortgage loans that Freddie Mac purchases must satisfy the mortgage loan purchase standards that are contained in the Freddie Mac Act. These standards require Freddie Mac to purchase mortgage loans of a quality, type and class that meet generally the purchase standards imposed by private institutional mortgage loan investors. This means the mortgage loans must be readily marketable to institutional mortgage loan investors.

*The Guide.* In addition to the standards in the Freddie Mac Act, which Freddie Mac cannot change, Freddie Mac has established its own multifamily mortgage loan purchase standards, appraisal guidelines and servicing policies and procedures. These are in Freddie Mac's Multifamily Seller/Servicer Guide which can be accessed by subscribers at [www.allregs.com](http://www.allregs.com) (the "Guide"). Forms of Freddie Mac's current loan documents can be found on Freddie Mac's website, [www.freddiemac.com](http://www.freddiemac.com). The master servicer, special servicer and any sub-servicer will be required to service the underlying mortgage loans other than REO Loans, REO Properties and Specially Serviced Mortgage Loans pursuant to, among other things, Freddie Mac Servicing Practices, including the Guide, as described in "The Pooling Agreement—Servicing Under the Pooling Agreement" in this offering circular supplement.

Freddie Mac may waive or modify its mortgage loan purchase standards and guidelines and servicing policies and procedures when it purchases any particular mortgage loan or afterward. We have described those changes in this offering circular supplement if we believe they will materially change the prepayment behavior of the underlying mortgage loans. Freddie Mac also reserves the right to change its mortgage loan purchase standards, credit, appraisal, underwriting guidelines and servicing policies and procedures at any time. This means that the underlying mortgage loans may not conform at any particular time to all of the provisions of the Guide or Freddie Mac's mortgage loan purchase documents.

Certain aspects of Freddie Mac's mortgage loan purchase and servicing guidelines are summarized below. However, this summary is qualified in its entirety by the Guide, any applicable mortgage loan purchase documents, any applicable servicing agreement and any applicable supplemental disclosure.

*Mortgage Loan Purchase Standards.* Freddie Mac uses mortgage loan information available to it to determine which mortgage loans it will purchase, the prices it will pay for mortgage loans, how to pool the mortgage loans it purchases and which mortgage loans it will retain in its portfolio. The information Freddie Mac uses varies over time, and may include:

- the loan-to-value and debt service coverage ratios of the mortgage loan;
- the strength of the market in which the mortgaged real property is located;
- the strength of the mortgaged real property's operations;
- the physical condition of the mortgaged real property;
- the financial strength of the borrower and its principals;
- the management experience and ability of the borrower and its principals or the property manager, as applicable; and

- Freddie Mac’s evaluation of and experience with the seller of the mortgage loan.

To the extent allowed by the Freddie Mac Act, Freddie Mac has discretion to determine its mortgage loan purchase standards and whether the mortgage loans it purchases will be securitized or held in its portfolio.

*Eligible Sellers, Servicers and Warranties.* Freddie Mac approves sellers and servicers of mortgage loans based on a number of factors, including their financial condition, operational capability and mortgage loan origination and servicing experience. The seller or servicer of a mortgage loan need not be the originator of that mortgage loan.

In connection with its purchase of a mortgage loan, Freddie Mac relies on the representations and warranties of the seller with respect to certain matters, as is customary in the secondary market. These warranties cover such matters as:

- the accuracy of the information provided by the borrower;
- the accuracy and completeness of any third party reports prepared by a qualified professional;
- the validity of each mortgage as a first or second lien, as applicable;
- the timely payments on each mortgage loan at the time of delivery to Freddie Mac;
- the physical condition of the mortgaged real property;
- the accuracy of rent schedules; and
- the originator’s compliance with applicable state and federal laws.

*Mortgage Loan Servicing Policies and Procedures.* Freddie Mac generally supervises servicing of the mortgage loans according to its written policies, procedures and the Guide. Each servicer must diligently perform all services and duties customary to the servicing of multifamily mortgages and as required by Freddie Mac Servicing Practices, which includes the Guide. These include:

- collecting and posting payments on the mortgage loans;
- investigating delinquencies and defaults;
- analyzing and recommending any special borrower requests, such as requests for assumptions, subordinate financing and partial release;
- submitting monthly electronic remittance reports and annual financial statements obtained from borrowers;
- administering escrow accounts;
- inspecting properties;
- responding to inquiries of borrowers or government authorities; and
- collecting insurance claims.

Servicers service the mortgage loans, either directly or through approved sub-servicers, and receive fees for their services. Freddie Mac monitors the servicer’s performance through periodic and special reports and inspections to ensure it complies with its obligations. A servicer may remit payments to Freddie Mac under various arrangements but these arrangements do not affect the timing of payments to investors. Freddie Mac invests those payments at its own risk and for its own benefit until it passes through the payments to investors. The master servicer and the special servicer will be required to service the underlying mortgage loans other than REO Loans, REO Properties and Specially Serviced Mortgage Loans pursuant to, among other things, the Guide, as described in “The Pooling Agreement—Servicing Under the Pooling Agreement” in this offering circular supplement.

## DESCRIPTION OF THE UNDERLYING MORTGAGE LOANS

### General

The assets of the issuing entity will consist of a segregated pool of three fixed-rate mortgage loans, secured by three multifamily affordable housing properties. We refer to these loans that we intend to include in the issuing entity collectively in this offering circular supplement as the “underlying mortgage loans.” The underlying mortgage loans will have an initial total principal balance of approximately \$20,569,852 as of the Cut-off Date, subject to a variance of plus or minus 5%.

The Cut-off Date Principal Balance of any underlying mortgage loan is equal to its outstanding principal balance as of the Cut-off Date, after application of all monthly debt service payments due with respect to the underlying mortgage loan on or before that date, whether or not those payments were received. Exhibit A-1 shows the Cut-off Date Principal Balance of each underlying mortgage loan. See Exhibits A-1 and A-2 for additional statistical information on the underlying mortgage loans and the mortgage pool.

Each of the underlying mortgage loans is an obligation of the related borrower to repay a specified sum with interest. Each of the underlying mortgage loans is evidenced by one or more promissory notes and secured by a mortgage, deed of trust or other similar security instrument that creates a mortgage lien on the fee and/or leasehold interest of the related borrower or another party in one or more multifamily real properties. That mortgage lien will, in all cases, be a first priority lien subject to certain standard permitted encumbrances and/or any subordinate liens described in this offering circular supplement.

Except for certain limited nonrecourse carveouts, each of the underlying mortgage loans is a nonrecourse obligation of the related borrower. In the event of a payment default by the borrower, recourse will be limited to the corresponding mortgaged real property or properties for satisfaction of that borrower’s obligations. None of the underlying mortgage loans will be insured or guaranteed by any governmental entity or by any other person.

We provide in this offering circular supplement a variety of information regarding the underlying mortgage loans. When reviewing this information, please note that--

- All numerical information provided with respect to the underlying mortgage loans is provided on an approximate basis.
- All weighted average information provided with respect to the underlying mortgage loans reflects a weighting by their respective Cut-off Date Principal Balances.
- In calculating the Cut-off Date Principal Balances of the underlying mortgage loans, we have assumed that:
  1. all scheduled payments of principal and/or interest due on the underlying mortgage loans on or before their respective due dates in June 2017 are timely made; and
  2. there are no prepayments or other unscheduled collections of principal with respect to any underlying mortgage loans during the period from their due dates in May 2017 up to and including June 1, 2017.
- When information with respect to mortgaged real properties is expressed as a percentage of the initial mortgage pool balance, the percentages are based on the Cut-off Date Principal Balances of the related underlying mortgage loans.
- Whenever we refer to a particular mortgaged real property by name, we mean the property identified by that name on Exhibit A-1. Whenever we refer to a particular underlying mortgage loan by name, we mean the underlying mortgage loan secured by the mortgaged real property identified by that name on Exhibit A-1.
- Statistical information regarding the underlying mortgage loans may change prior to the Closing Date due to changes in the composition of the mortgage pool prior to that date.

## **Underlying Mortgage Loans are Subordinate Loans**

Each of the underlying mortgage loans is subordinate to a related senior loan secured by the same mortgaged real property, which senior loans are being simultaneously securitized and held in a separate securitization trust.

*The Aspire (Taxable Tail).* With respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 as "The Aspire (Taxable Tail)," representing 80.5% of the initial mortgage pool balance, the related borrower is subject to a senior loan in an original principal amount of \$49,935,000 in favor of Citibank, N.A. The senior loan accrues interest at an annual fixed rate of 3.70%, with payments due monthly, and has a maturity date of June 1, 2026.

The underlying mortgage loan is subordinated to the senior mortgage loan pursuant to an the Supplemental Mortgage Rider to the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, which states that borrower and lender understand and agree that the subordinate underlying mortgage loan is subordinate in all respects, including right of payment to the senior indebtedness.

*Huntington Villa Yorba (Taxable Tail).* With respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 as "Huntington Villa Yorba (Taxable Tail)," representing 14.6% of the initial mortgage pool balance, the related borrower is subject to a senior loan in an original principal amount of \$39,804,084 in favor of Citibank, N.A. The senior loan accrues interest at an annual fixed rate of 4.94%, with payments due monthly, and has a maturity date of April 1, 2030.

The underlying mortgage loan is subordinated to the senior mortgage loan pursuant to an Amendment to Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, which states that borrower and lender understand and agree that the underlying mortgage loan is subordinate in all respects, including right of payment to the senior indebtedness.

*Penn Street Tower (Taxable Tail).* With respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 as "Penn Street Towers (Taxable Tail)" representing 4.9% of the initial mortgage pool balance, the related borrower is subject to a senior loan in an original principal amount of \$12,732,000 in favor of Pillar Multifamily, LLC. The senior loan accrues interest at an annual fixed rate of 3.91%, with payments due monthly, and has a maturity date of July 1, 2031.

## **Certain Terms and Conditions of the Underlying Mortgage Loans**

*Due Dates.* Subject, in some cases, to a next business day convention, monthly installments of principal and/or interest will be due on the first of the month with respect to each of the underlying mortgage loans.

*Mortgage Interest Rates; Calculations of Interest.* Each of the underlying mortgage loans bears interest at a mortgage interest rate that, in the absence of default or modification, is fixed until maturity.

Exhibit A-1 shows the current mortgage interest rate for each of the underlying mortgage loans. All of the underlying mortgage loans accrue interest on an Actual/360 Basis.

*Term to Maturity.* One of the underlying mortgage loans, collectively representing 80.5% of the initial mortgage pool balance, had initial terms to maturity of 120 months. One of the underlying mortgage loan, representing 14.6% of the initial mortgage pool balance, had an initial term to maturity of 172 months. One of the underlying mortgage loan, representing 4.9% of the initial mortgage pool balance, had an initial term to maturity of 180 months.

*Balloon Loans.* All of the underlying mortgage loans are Balloon Loans and each such underlying mortgage loans has an amortization schedule that is significantly longer than the actual term of the underlying mortgage loan.

*Prepayment Provisions.* As of origination, all of the underlying mortgage loans provided for certain restrictions and/or requirements with respect to prepayments during some portion of their respective loan terms. The relevant restrictions and requirements will generally consist of the following:

- All of the underlying mortgage loans provide for -

1. a prepayment consideration period during which voluntary principal prepayments must be accompanied by the greater of a Static Prepayment Premium and a Yield Maintenance Charge, followed by;
  2. a prepayment consideration period during which voluntary principal prepayments are restricted by requiring that any voluntary principal prepayments made be accompanied by a Static Prepayment Premium, followed by;
  3. an open prepayment period prior to maturity during which voluntary principal prepayments may be made without payment of any prepayment consideration.
- The Yield Maintenance Charge will be an amount generally equal to the greater of the following: (1) a specified percentage of the principal balance of the underlying mortgage loan being prepaid; and (2) the product obtained by multiplying (a) the amount of principal being prepaid or accelerated, by (b) the excess, if any, of one-twelfth of the mortgage note rate over an assumed reinvestment rate, by (c) a factor that discounts to present value the costs resulting to the lender from the difference in interest rates during the months remaining in the Yield Maintenance Period (which will be required to be calculated in accordance with the last paragraph of the definition of "Accepted Servicing Practices" in this offering circular supplement). Generally, the assumed reinvestment rate is equal to one-twelfth of the yield rate of the U.S. Treasury security specified in the related loan documents as reported on the Treasury website five business days before the prepayment date, expressed as a decimal calculated to two decimal places.
  - The open prepayment period for any underlying mortgage loan will generally begin 3 months prior to the month in which such underlying mortgage loan matures.

Exhibit A-1 more particularly describes the prepayment terms of the underlying mortgage loans.

Unless an underlying mortgage loan is relatively near its stated maturity date or unless the sale price or the amount of the refinancing of the related mortgaged real property is considerably higher than the current outstanding principal balance of that underlying mortgage loan due to an increase in the value of the mortgaged real property or otherwise, the prepayment consideration may, even in a relatively low interest rate environment, offset entirely or render insignificant any economic benefit to be received by the borrower upon a refinancing or sale of the mortgaged real property. The prepayment consideration provision is intended to create an economic disincentive for the borrower to prepay an underlying mortgage loan voluntarily.

However, we cannot assure you that the imposition of a Static Prepayment Premium or a Yield Maintenance Charge will provide a sufficient disincentive to prevent a voluntary principal prepayment. Furthermore, certain state laws limit the amounts that a lender may collect from a borrower as an additional charge in connection with the prepayment of an underlying mortgage loan.

We do not make any representation as to the enforceability of the provision of any underlying mortgage loan requiring the payment of a Static Prepayment Premium or a Yield Maintenance Charge, or of the collectability of any Static Prepayment Premium or Yield Maintenance Charge and the Freddie Mac Guarantee excludes the payment of Static Prepayment Premiums or Yield Maintenance Charges.

*Casualty and Condemnation.* In the event of a condemnation or casualty at the mortgaged real property securing any of the underlying mortgage loans, the borrower will generally be required to restore that mortgaged real property. However, the lender may under certain circumstances apply the condemnation award or insurance proceeds to the repayment of debt, which will not require payment of any prepayment premium.

*Lockboxes.* None of the underlying mortgage loans provide for any lockbox with springing cash management.

*Release of Property Through Prepayment.* Each of the underlying mortgage loans permits the related borrower to obtain the release of all of the real property securing the underlying mortgage loan upon the prepayment of such underlying mortgage loan in full, together with the payment of either a Yield Maintenance Charge or a Static Prepayment Premium as described in "---Prepayment Provisions" above.

*Due-on-Sale and Due-on-Encumbrance Provisions.* All of the underlying mortgage loans contain both a due-on-sale clause and a due-on-encumbrance clause. In general, except for any Requested Transfers discussed in the next paragraph and subject to the discussion under "-Permitted Additional Debt" below, these clauses either-

- permit the holder of the mortgage to accelerate the maturity of the subject underlying mortgage loan if the related borrower sells or otherwise transfers an interest in the corresponding mortgaged real property, borrower or controlling entity or encumbers the corresponding mortgaged real property without the consent of the holder of the mortgage, unless such sale, transfer or encumbrance is permitted by the underlying mortgage loan documents; or
- unless permitted by the loan documents, prohibit the borrower from otherwise selling, transferring or encumbering the corresponding mortgaged real property without the consent of the holder of the mortgage.

All of the underlying mortgage loans permit one or more of the following types of transfers:

- transfer of the mortgaged real property if specified conditions are satisfied, without any adjustment to the interest rate or to any other economic terms of an underlying mortgage loan, which conditions typically include, among other things-
  1. the transferee meets lender's eligibility, credit, management and other standards satisfactory to lender in its sole discretion;
  2. the transferee's organization, credit and experience in the management of similar properties are deemed by the lender, in its discretion, to be appropriate to the overall structure and documentation of the existing financing;
  3. the corresponding mortgaged real property will be managed by a property manager meeting the requirements set forth in the loan documents; and
  4. the corresponding mortgaged real property, at the time of the proposed transfer, meets all standards as to its physical condition, occupancy, net operating income and the collection of reserves satisfactory to lender in its sole discretion;
- a transfer that occurs by devise, descent, or by operation of law upon the death of a natural person to one or more members of the decedent's immediate family or to a trust or family conservatorship established for the benefit of such immediate family member or members, if specified conditions are satisfied, which conditions typically include, among other things-
  1. the property manager (or a replacement property manager approved by lender), if applicable, continues to be responsible for the management of the corresponding mortgaged real property, and such transfer may not result in a change in the day-to-day operations of the corresponding mortgaged real property; and
  2. those persons responsible for the management and control of the applicable borrower remain unchanged as a result of such transfer, or any replacement management is approved by lender;
- any transfer of an interest in an applicable borrower or any interest in a controlling entity, such as the transfers set forth below:
  1. a sale or transfer to one or more of the transferor's immediate family members (a spouse, parent, child, stepchild, grandchild or step-grandchild);
  2. a sale or transfer to any trust having as its sole beneficiaries the transferor and/or one or more of the transferor's immediate family members (a spouse, parent, child, stepchild, grandchild or step-grandchild);

3. a sale or transfer from a trust to any one or more of its beneficiaries who are immediate family members (a spouse, parent, child, stepchild, grandchild or step-grandchild) of the transferor;
4. the substitution or replacement of the trustee of any trust with a trustee who is an immediate family member (a spouse, parent, child, stepchild, grandchild or step-grandchild) of the transferor;
5. a sale or transfer to an entity owned and controlled by the transferor or the transferor's immediate family members (a spouse, parent, child, stepchild, grandchild or step-grandchild); or
6. a transfer of non-controlling ownership interests in the related borrower;

if, in each case, specified conditions are satisfied. If title to the mortgaged real property is not being transferred, these conditions typically include, among other things, that a specified entity or person retain control of the applicable borrower and manage the day-to-day operations of the corresponding mortgaged real property.

We make no representation as to the enforceability of any due-on-sale or due-on-encumbrance provision in any underlying mortgage loan.

*Permitted Additional Debt.*

General. Other than as described below, the underlying mortgage loans generally prohibit the borrowers from incurring, without lender consent, any additional debt secured or unsecured, direct or contingent other than (i) permitted subordinate supplemental mortgages, as described under “—Permitted Subordinate Mortgage Debt” below, and (ii) customary unsecured trade payables incurred in the ordinary course of owning and operating the corresponding mortgaged real property that do not exceed, in the aggregate, at any time a maximum amount of up to 2.0% of the original principal amount of the corresponding underlying mortgage loan and are paid within 60 days of the date incurred.

Each unsecured debt creditor could cause the related borrower to seek protection under the applicable bankruptcy laws. See “Risk Factors—Risks Related to the Underlying Mortgage Loans —The Type of Borrower May Entail Risk” in this offering circular supplement.

Subordinate Liens. With respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 as “The Aspire (Taxable Tail),” representing 80.5% of the initial mortgage pool balance, the related borrower has obtained a more junior loan in the aggregate amount of \$4,800,000 in favor of New Jersey Housing and Mortgage Finance Agency. The subordinate loan accrues interest at a rate of 1% compounded annually, is payable annually and has a maturity date of March 31, 2046. Pursuant to the note and the subordination agreement, payments on the subordinate loan may be made only out of 75% of the surplus cash available after payment of the senior indebtedness.

The loan documents require that any such subordinate debt be governed by a subordination agreement which will, in general, govern the respective rights of the holder of the subordinate loan and the issuing entity as the holder of the related senior mortgage loan. The following paragraphs describe certain provisions that will be included in the intercreditor agreements, but they do not purport to be complete and are subject, and qualified in their entirety by reference to the actual provisions of each intercreditor agreement. The issuing entity as the holder of the senior loan is referred to in these paragraphs as the lender for the senior underlying mortgage loan and the related underlying mortgage loan included in the issuing entity is referred to as the senior mortgage loan. Any related subordinate loan is referred to as the subordinate loan and the related holder of the subordinate mortgage is called the subordinate mortgage lender.

The subordinate mortgages are subject to a subordination agreement between the subordinate mortgage lender and the lender for the underlying senior mortgage loan, which provides that, among other things

- If an event of default occurs under the subordinate mortgage loan documents, the subordinate mortgage lender may commence an enforcement action on the date, if any, on which the lender of the underlying senior mortgage loan consents in writing to such enforcement action; provided, however, that with respect to the mortgaged real property identified on Exhibit A-1 as “The Aspire (Taxable Tail),” subordination

agreements permit the subordinate mortgage lender to commence an enforcement action on the earlier of (i) 90 days after subordinate mortgage lender provides written notice to lender of underlying senior mortgage loan, or (ii) consent of lender of underlying senior mortgage loan.

- The subordinate mortgage loan and the subordinate indebtedness are subordinate to the underlying senior mortgage loan in right of payment. The subordinate mortgage and the subordinate mortgage loan documents are subordinate to the liens, terms, covenants and conditions of the underlying senior mortgage loan and each of the underlying senior mortgage loan documents. The subordinate mortgage lender may not accept any payments pursuant to the subordinate mortgage loan following receipt of notice or actual knowledge of a default under the underlying senior mortgage loan.
- The subordinate indebtedness is payable solely from 75.0% (or, for the mortgaged real properties identified on Exhibit A-1 as “The Aspire (Taxable Tail)” – 50%) of the surplus cash after payment of the senior indebtedness, the maintenance of any required escrow or reserve accounts, property management fees and all reasonable operating expenses, while the underlying mortgage loan remains outstanding.
- Any default under the subordinate mortgage loan documents constitutes a default under the underlying senior mortgage loan.
- After the occurrence of an event of default under the subordinate mortgage loan, the lender for the underlying senior mortgage loan may, but is not obligated to, cure such default until such time, if ever, as the lender for the underlying senior mortgage loan gives notice of written consent to any enforcement action. All amounts advanced or expended by the lender for the underlying senior mortgage loan to cure any default under the subordinate mortgage loan may be added to the indebtedness on the underlying senior mortgage loan.
- The subordinate mortgage lender has the right to receive notice of any event of default under the underlying senior mortgage loan within five days from the date on which the lender for the underlying senior mortgage loan provides notice to the borrower of such default. The subordinate mortgage lender may, but is not obligated to, cure any default under the underlying senior mortgage loan within the period of time permitted by the borrower in the senior loan documents.
- The subordinate mortgage loan may not be modified without the consent of the lender for the underlying senior mortgage loan; nor may the subordinate mortgage lender, without consent of the lender for the underlying senior mortgage loan, take any of the following actions: (i) amend, modify, waive, extend, renew or replace any provision of the subordinate loan documents, (ii) pledge, assign, transfer, convey or sell any interest in the subordinate indebtedness or any of the subordinate loan documents, (iii) accept any payment on account of the subordinate indebtedness other than a regularly scheduled payment of principal and interest made not earlier than ten days prior to its due date and not in excess of 75.0% of the then available surplus cash (except as described above), (iv) take any action which has the effect of increasing the subordinate indebtedness, (v) appear in, defend or bring any action to protect the subordinate mortgage lender's interest in the mortgaged real property, or (vi) take any action concerning environmental matters affecting the mortgaged real property.
- The lender for the underlying senior mortgage loan generally may amend, waive, postpone, extend, renew, replace, reduce or otherwise modify any provisions of the underlying senior mortgage loan and the underlying senior mortgage loan documents without the subordinate mortgage lender's consent and without affecting any of the provisions of the related subordination agreement.

In each case, the lender for the related senior underlying mortgage loan generally may waive, postpone, extend, reduce or otherwise modify any provisions of the related senior underlying mortgage loan and the related senior underlying mortgage loan documents without the related subordinate mortgage lender's consent; provided, however, that in most cases the lender for the related senior underlying mortgage loan may not increase the indebtedness under the related senior underlying mortgage loan without the consent of the related subordinate mortgage lender, except for increases in the indebtedness related to the related senior underlying mortgage loan that result from advances made by the related lender for the related senior underlying mortgage loan to protect the security or lien

priority of the related senior underlying mortgage loan or to cure defaults under the related subordinate mortgage loan documents.

*The Underlying Mortgage Loans are Subordinate Loans.* Each of the three underlying mortgage loans is subject to an intercreditor agreement between the holder of the underlying mortgage loan (“Junior Lender”) and holder of the senior loan (“Senior Lender”), which provides that, among other things:

- Junior Lender shall not transfer more than 49% of its beneficial interest in the junior loan without meeting certain conditions. However, Junior Lender may in its sole discretion transfer all of the junior loan to Freddie Mac. Senior Lender has no such transfer restrictions.
- If an event of default occurs under the junior loan documents, the Junior Lender may commence an enforcement action on the date, if any, on which Senior Lender consents in writing to such enforcement action, and Junior Lender must keep Senior Lender reasonably apprised as to the status of any enforcement action.
- Junior Lender subordinates the junior loan, the junior loan documents and the liens and security interests created thereby, and all rights, remedies, terms and covenants contained therein to (i) the senior loan, (ii) the liens and security interests created by the senior loan documents, and (iii) all of the terms, covenants, conditions rights and remedies contained in the senior loan documents, and no amendments or modifications to the senior loan documents or waivers of any provisions thereof shall affect this subordination. All Junior Lender’s rights to payment of the junior loan are subordinated to all of Senior Lender’s rights to payment by borrower of the senior loan. Junior Lender may not accept any payments pursuant to the junior loan in the event of a default under the senior loan unless all obligations under the senior loan are paid.
- The junior loan is not cross-defaulted or cross-collateralized with any loan other than the senior loan, and the senior loan is not cross-defaulted or cross-collateralized with any loan other than the junior loan.
- Junior Lender has the right to receive notice of any event of default under the senior loan. The Junior Lender may, but is not obligated to, cure any default under the senior loan within the period of time permitted by the borrower in the senior loan documents for a non-monetary default; for a monetary default, Junior Lender shall have until 10 business days after (i) delivery by Senior Lender of the senior loan default notice, and (ii) the expiration of borrower’s cure provision, to cure such default.
- If (i) a monetary default under the senior loan has occurred and has been continuing for more than 60 days, (ii) Senior Lender has provided a senior loan default notice to Junior Lender, (iii) any enforcement action has been commenced and is continuing under the senior loan documents, or (iv) the senior loan is a “specially serviced mortgage loan” under the applicable pooling and servicing agreement for a securitization, Junior Lender shall have the right to purchase, in whole but not in part, the senior loan pursuant to the terms of the applicable pooling and servicing agreement executed by the Senior Lender in connection with the securitization of the loan.
- Senior Lender generally may waive, postpone, extend, reduce or otherwise modify any provisions of the senior loan and the senior loan documents without the Junior Lender’s consent; *provided, however*, that no such modification shall (i) increase the interest rate or principal amount of the senior loan, (ii) increase in any other material respect any monetary obligations of borrower under the senior loan documents, (iii) extend or shorten the scheduled maturity date of the senior loan (except that Senior Lender may permit borrower to exercise any extension options in accordance with the terms and provisions of the senior loan documents), (iv) convert or exchange the senior loan into or for any other indebtedness or subordinate any of the senior loan to any indebtedness of borrower, (v) amend or modify the provisions limiting transfers of interests in the borrower or the premises, (vi) modify or amend the terms and provisions of the senior loan cash management agreement with respect to the manner, timing and method of the application of payments under the senior loan documents, (vii) cross default the senior loan with any other indebtedness, (viii) consent to a higher strike price with respect to any new or extended interest rate cap agreement entered into in connection with the extended term of the senior loan, (ix) obtain any contingent

interest, additional interest or so-called "kicker" measured on the basis of the cash flow or appreciation of the premises (or other similar equity participation), or (x) extend the period during which voluntary prepayments are prohibited or during which prepayments require the payment of a prepayment fee or premium or yield maintenance charge or increase the amount of any such prepayment fee, premium or yield maintenance charge; provided, however, in no event shall Senior Lender be obligated to obtain Junior Lender's consent to a senior loan modification in the case of a work-out or other surrender, compromise, release, renewal, or modification of the senior loan during the existence of a continuing senior loan event of default, except that under all conditions Senior Lender shall obtain Junior Lender's consent to a senior loan modification with respect to clause (i) (with respect to increasing the principal amount of the senior loan only) and clause (x). Notwithstanding the foregoing, any amounts funded by Senior Lender under the senior loan documents as a result of making any protective advances or other advances by Senior Lender, or interests accruals or accretions and any compounding thereof, shall not be deemed to require Junior Lender's consent.

Junior Lender generally may waive, postpone, extend, reduce or otherwise modify any provisions of the junior loan and the junior loan documents without the Senior Lender's consent; *provided, however*, that no such modification shall (i) increase the interest rate or principal amount of the junior loan, (ii) increase in any other material respect any monetary obligations of borrower under the junior loan documents, (iii) extend or shorten the scheduled maturity date of the junior loan (except that Junior Lender may permit borrower to exercise any extension options in accordance with the terms and provisions of the junior loan documents), (iv) convert or exchange the Junior Loan into or for any other indebtedness or subordinate any of the Junior Loan to any indebtedness of borrower, (v) amend or modify the provisions limiting transfers of interests in the borrower or the premises, (vi) cross default the junior loan with any other indebtedness, (vii) consent to a higher strike price with respect to any new or extended interest rate cap agreement entered into in connection with the extended term of the junior loan, (viii) obtain any contingent interest, additional interest or so-called "kicker" measured on the basis of the cash flow or appreciation of the premises (or other similar equity participation), or (ix) extend the period during which voluntary prepayments are prohibited or during which prepayments require the payment of a prepayment fee or premium or yield maintenance charge or increase the amount of any such prepayment fee, premium or yield maintenance charge; provided, however, in no event shall Junior Lender be obligated to obtain Senior Lender's consent to a junior loan modification in the case of a work-out or other surrender, compromise, release, renewal, or modification of the junior loan during the existence of a continuing junior loan event of default, except that under all conditions Junior Lender shall obtain Senior Lender's consent to a junior loan modification with respect to clause (i) (with respect to increasing the principal amount of the junior loan only), clause (ii), clause (iii) (with respect to shortening the scheduled maturity date of the junior loan only), clause (iv), clause (viii) and clause (ix). Notwithstanding the foregoing, any amounts funded by Junior Lender under the junior loan documents as a result of making any protective advances or other advances by Junior Lender, or interests accruals or accretions and any compounding thereof, shall not be deemed to require Senior Lender's consent.

*Property Damage, Liability and Other Insurance.* The loan documents for each of the underlying mortgage loans generally require that with respect to the related mortgaged real property the related borrower maintain property damage, flood (if any portion of the improvements of the subject property is in a flood zone), commercial general liability and business income/rental value insurance in the amounts required by the loan documents, subject to exceptions in some cases for tenant insurance.

We cannot assure you regarding the extent to which the mortgaged real properties securing the underlying mortgage loans will be insured against earthquake risks. With respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 as "Huntington Villa Yorba (Taxable Tail)," representing 14.6% of the initial mortgage pool balance, each such mortgaged real property is partially or fully located in seismic zones 3 or 4 or a geographic location with a horizontal peak ground acceleration equal to or greater than 0.15g and a seismic assessment was performed to assess the scenario expected loss or probable maximum loss. Earthquake insurance was not required with respect to the mortgaged real properties located in seismic zones 3 or 4 or a geographic location with a horizontal peak ground acceleration equal to or greater than 0.15g for which a scenario expected loss assessment or a probable maximum loss assessment was performed because the scenario expected loss or probable maximum loss for each of those mortgaged real properties is less than or equal to 20% of the amount of the replacement cost of the improvements.

Subject to the discussion below regarding insurance for acts of terrorism, the master servicer will be required to use reasonable efforts in accordance with the Servicing Standard to cause each related borrower to maintain, and, if such borrower does not so maintain, the master servicer will itself cause to be maintained, for each mortgaged real property (including each mortgaged real property relating to any Specially Serviced Mortgage Loan) all insurance coverage as is required under the related loan documents or the Servicing Standard. The master servicer will not be required to require the related borrower to obtain or maintain earthquake or flood insurance coverage that is not available at commercially reasonable rates, as determined by the master servicer in accordance with the Servicing Standard. If such borrower fails to do so, the master servicer must maintain that insurance coverage, to the extent-

- the trustee has an insurable interest;
- the insurance coverage is available at commercially reasonable rates, as determined by the master servicer in accordance with the Servicing Standard; and
- any related Servicing Advance is deemed by the master servicer to be recoverable from collections on the related underlying mortgage loan.

However, the master servicer will not be required to declare a default under an underlying mortgage loan if the related borrower fails to maintain insurance providing for coverage for property damage resulting from a terrorist or similar act, and the master servicer need not maintain (or require the borrower to obtain) such insurance, if the special servicer has determined (after due inquiry in accordance with the Servicing Standard and with the consent of the Approved Directing Certificateholder (if any), which consent is subject to certain limitations and a specified time period as set forth in the Pooling Agreement; provided that the special servicer will not follow any such direction, or refrain from acting based on the lack of any such direction, of such Approved Directing Certificateholder, if following any such direction of such Approved Directing Certificateholder or refraining from taking such action based on the lack of any such direction of such Approved Directing Certificateholder would violate the Servicing Standard), in accordance with the Servicing Standard, that either:

- such insurance is not available at commercially reasonable rates and such hazards are not at the time commonly insured against for properties similar to the related mortgaged real property and located in and around the region in which the mortgaged real property is located; or
- such insurance is not available at any rate.

The insurance coverage required to be maintained by the borrowers may not cover any physical damage resulting from, among other things, war, revolution, or nuclear, biological, chemical or radiological materials. In addition, even if a type of loss is covered by the insurance policies required to be in place at the mortgaged real property, the mortgaged real property may suffer losses for which the insurance coverage is inadequate. For example, in the case where terrorism coverage is included under a policy, if the terrorist attack is, for example, nuclear, biological or chemical in nature, the policy may include an exclusion that precludes coverage for such terrorist attack.

Various forms of insurance maintained with respect to one or more of the mortgaged real properties securing the underlying mortgage loans, including casualty insurance, may be provided under a blanket insurance policy. That blanket insurance policy will also cover other real properties, some of which may not secure underlying mortgage loans. As a result of total limits under any of those blanket policies, losses at other properties covered by the blanket insurance policy may reduce the amount of insurance coverage with respect to a property securing one of the underlying mortgage loans.

The underlying mortgage loans generally provide that insurance and condemnation proceeds are to be applied either-

- to restore the related mortgaged real property (with any balance to be paid to the borrower); or
- towards payment of the underlying mortgage loan.

With respect to any REO Property, the special servicer will be required to maintain one or more insurance policies sufficient to provide no less coverage than was previously required of the borrower under the related loan documents or any such lesser amount of coverage previously required by the master servicer when such REO Loan was a non-Specially Serviced Mortgage Loan or, at the special servicer's election and with the consent of the Approved Directing Certificateholder (if any) (which consent is subject to certain limitations and a specified time period as set forth in the Pooling Agreement), coverage satisfying insurance requirements consistent with the Servicing Standard, provided that such coverage is available at commercially reasonable rates and to the extent the trustee as mortgagee of record on behalf of the issuing entity has an insurable interest. The special servicer, to the extent consistent with the Servicing Standard, may maintain earthquake insurance on REO Properties, provided that coverage is available at commercially reasonable rates and to the extent the trustee as mortgagee of record on behalf of the issuing entity has an insurable interest.

The master servicer and the special servicer may each satisfy its obligations regarding maintenance of the property damage insurance policies by maintaining a lender placed insurance policy that provides protection equivalent to the individual policies otherwise required by the loan documents or the Servicing Standard (including containing a deductible clause consistent with the Servicing Standard) insuring against hazard losses with respect to all of the mortgaged real properties and/or REO Properties in the issuing entity for which it is responsible. Solely in the event that Accepted Servicing Practices is the applicable Servicing Standard, the deductible clause (if any) in the lender placed insurance policy referred to in the preceding sentence is required to be in an amount not in excess of customary amounts, in which case if (i) an insurance policy complying with the loan documents or the Servicing Standard or, in the case of REO Properties, as permitted by the Pooling Agreement or consistent with the Servicing Standard, if applicable, is not maintained on the related mortgaged real property or REO Property and (ii) there are losses which would have been covered by such insurance policy had it been maintained, the master servicer or the special servicer, as applicable, must deposit into the collection account from the master servicer's or the special servicer's, as applicable, own funds the portion of such loss or losses that would have been covered under such insurance policy but is not covered under the lender placed insurance policy because such deductible exceeds the deductible limitation required by the related loan documents or the Servicing Standard or, in the case of REO Properties, as permitted by the Pooling Agreement or, in the absence of any such deductible limitation, the deductible limitation which is consistent with the Servicing Standard. Any incremental costs (excluding any minimum or standby premium payable for a lender placed insurance policy, whether or not any mortgaged real property or REO Property is covered thereby) incurred by the master servicer or the special servicer, as applicable, if such master servicer or special servicer causes any mortgaged real property or REO Property to be covered by a lender placed insurance policy will be paid by the master servicer as a Servicing Advance (subject to a nonrecoverability determination).

### **Characteristics of Mortgaged Real Properties**

Exhibits A-1 and A-2 present in detail various characteristics of the underlying mortgage loans and of the corresponding Mortgaged Real Properties, on an individual basis and in tabular format. The statistics in the tables and schedules on Exhibits A-1 and A-2 were derived, in many cases, from information and operating statements furnished by or on behalf of the respective borrowers of the underlying mortgage loans. The information and the operating statements were generally unaudited and have not been independently verified by us or Freddie Mac.

### **Additional Underlying Mortgage Loan and Mortgaged Real Property Information**

*Borrower Structures.* With respect to all of the underlying mortgage loans, the related borrowers are single purpose entities whose organizational documents or the terms of the underlying mortgage loans limit their activities to the ownership of only the related Mortgaged Real Property and, subject to exceptions, including relating to subordinate debt secured by the related Mortgaged Real Properties], generally limit the borrowers' ability to incur additional indebtedness other than trade payables and equipment financing relating to the applicable Mortgaged Real Properties in the ordinary course of business. Each of the borrower entities consists of at least one general partner and a limited partner who has provided equity funding for the project in exchange for certain tax benefits, consisting primarily of low-income housing tax credits, depreciation and losses.

In addition, with respect to some of the underlying mortgage loans, the related nonrecourse carveout provisions of the related loan documents may be guaranteed, in whole or in part, by non-U.S. individuals or entities, which may decrease the likelihood of recovery under such guarantee. In addition, some of the underlying mortgage loans may

be guaranteed, in whole or in part, by sponsors of the related borrowers or other parties that are funds or other entities, the terms of which may be subject to expiration or other structural contingencies. In such cases, the related loan documents may require such entities to extend their terms or to otherwise take action or provide additional security to the lender regarding the continued existence of such entities during the terms of the underlying mortgage loans.

We cannot assure you that circumstances that may arise if such borrowers do not observe the covenants will not adversely impact such borrowers or the operations at or the value of such mortgaged real properties.

See "Risk Factors-Risks Related to the Underlying Mortgage Loans---The Type of Borrower May Entail Risk" in this offering circular supplement for a further description of each of these borrower structures.

*Delinquencies.* None of the underlying mortgage loans was, as of June 1, 2017, 30 days or more delinquent with respect to any monthly debt service payment.

*Title, Survey and Similar Issues.* The permanent improvements on certain of the mortgaged real properties may encroach over an easement or a setback line or onto another property. In other instances, certain oil, gas or water estates may affect a property. Generally, in those cases, either (i) the related lender's title policy insures against loss if a court orders the removal of the improvements causing the encroachment or (ii) the respective title and/or survey issue was analyzed by the originating lender and determined not to materially affect the respective mortgaged real property for its intended use. There is no assurance, however, that any such analysis in this regard is correct, or that such determination was made in each and every case.

*Rental Subsidy Programs.* Some of the mortgaged real properties have tenants that rely on rent subsidies under various government funded programs, including Section 8. In addition, with respect to certain of the underlying mortgage loans, the borrower may receive subsidies or other assistance from government programs.

For example, with respect to certain of the underlying mortgage loans, the borrower may receive subsidies or other assistance from government programs. Generally, a mortgaged real property receiving such subsidy or assistance must satisfy certain requirements, the borrower must observe certain leasing practices and/or the tenant(s) must regularly meet certain income requirements. For example, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 as "Huntington Villa Yorba (Taxable Tail)," representing 14.6% of the initial mortgage pool balance, each such mortgaged real property is subject to a project-based Section 8 Housing Assistance Payments ("HAP") contract. The HAP contract cannot be assigned by the lender without the consent of the United States Department of Housing and Urban Development ("HUD") or a state or local housing agency and will not be assigned to the issuing entity. We cannot assure you that such programs will continue in their present form or that the borrowers will continue to comply with the requirements of the programs to enable the borrowers to receive the subsidies in the future or that the level of assistance provided will be sufficient to generate enough revenues for the borrowers to meet their obligations under the underlying mortgage loans, nor can we assure you that any transferee of the mortgaged real property, whether through foreclosure or otherwise, will obtain the consent of HUD or any state or local housing agency.

*Litigation.* There may be pending or, from time to time, threatened legal proceedings against the borrowers under the underlying mortgage loans, the property managers of the related mortgaged real properties and their respective affiliates, arising out of the ordinary business of those borrowers, property managers and affiliates.

*Tax Abatements and Exemptions.* Some of the mortgaged real properties that secure the underlying mortgage loans may entitle or may have entitled their owners to receive tax abatements or exemptions or may be subject to reduced taxes in connection with a "payment in lieu of taxes" ("PILOT") agreement.

For example, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 as "The Aspire (Taxable Tail)", representing 80.5% of the initial underlying mortgage loan balance, such mortgaged real property benefits from a property tax abatement granted by the City of New Brunswick. The tax abatement is scheduled to terminate 30 years after substantial completion of the property.

*Redevelopment or Renovation.* Certain mortgaged real properties are subject to current or future redevelopment, renovation or construction.

## Underwriting Matters

*General.* Each underlying mortgage loan was generally originated by the applicable Originator substantially in accordance with the standards in the Freddie Mac Act and the Guide, each as described herein. In connection with the origination or acquisition of each of the underlying mortgage loans, the applicable Originator evaluated the corresponding mortgaged real property or properties in a manner generally consistent with the standards described in this "---Underwriting Matters" section.

The information provided by us in this offering circular supplement regarding the condition of the mortgaged real properties, any environmental conditions at the mortgaged real properties, valuations of or market information relating to the mortgaged real properties or legal compliance of the mortgaged real properties is based on reports described below under "---Environmental Assessments," "---Property Condition Assessments," "---Appraisals and Market Studies" and "---Zoning and Building Code Compliance," provided by certain third-party independent contractors. Such reports have not been independently verified by any of the parties to the Pooling Agreement or the affiliates of any of these parties.

Subject to certain exceptions, the property condition assessments and appraisals described in this section were generally performed in connection with the origination of the underlying mortgage loans, which were originated between November 30, 2015 and June 30, 2016. We have not obtained updated property condition assessments or appraisals in connection with this securitization. We cannot assure you that the information in such property condition reports and appraisals reflect the current condition of or estimate of the current or prospective value of the mortgaged real properties.

*Environmental Assessments.* With respect to all of the mortgaged real properties, Phase I environmental site assessments were prepared in connection with the origination of the underlying mortgage loans. The environmental site assessments, meeting criteria consistent with the Servicing Standard, were prepared pursuant to ASTM International standards for "Phase I" environmental site assessments. In addition to the Phase I standards, many of the environmental reports included additional research, such as limited sampling for asbestos-containing material, lead-based paint and radon, depending on the property use and/or age. Additionally, as needed pursuant to ASTM International standards, supplemental "Phase II" site sampling investigations were completed for some mortgaged real properties to evaluate further certain environmental issues. We cannot assure you that the environmental assessments or investigations, as applicable, identified all environmental conditions and risks at, or that any environmental conditions will not have a material adverse effect on the value of or cash flow from, one or more of the mortgaged real properties.

The Pooling Agreement will require that the special servicer obtain an environmental site assessment of a mortgaged real property within 12 months prior to acquiring title to the property or assuming its operation. This requirement precludes enforcement of the security for the related underlying mortgage loan until a satisfactory environmental site assessment is obtained or until any required remedial action is taken. We cannot assure you that the requirements of the Pooling Agreement will effectively insulate the issuing entity from potential liability for a materially adverse environmental condition at any mortgaged real property.

*Property Condition Assessments.* With respect to all of the mortgaged real properties, a third-party engineering firm inspected the property to assess exterior walls, roofing, interior construction, mechanical and electrical systems and general condition of the site, buildings and other improvements located at each of the mortgaged real properties.

The inspections identified various deferred maintenance items and necessary capital improvements at some of the mortgaged real properties. The resulting inspection reports generally included an estimate of cost for any recommended repairs or replacements at a mortgaged real property. When repairs or replacements were recommended and deemed material by the applicable Originator, the related borrower was required to carry out necessary repairs or replacements and, in some instances, to establish reserves, generally in the amount of 100% to 125% of the cost estimated in the inspection report, to fund deferred maintenance or replacement items that the reports characterized as in need of prompt attention. See the columns titled "Engineering Escrow/Deferred Maintenance," "Replacement Reserve (Initial)" and "Replacement Reserve (Monthly)" on Exhibit A-1. We cannot assure you that another inspector would not have discovered additional maintenance problems or risks, or arrived at

different, and perhaps significantly different, judgments regarding the problems and risks disclosed by the respective inspection reports and the cost of corrective action. In addition, some of the required repairs or replacements may be in progress as of the date of this offering circular supplement, and we cannot assure you that the related borrowers will complete any such required repairs or replacements in a timely manner or in accordance with the requirements set forth in the loan documents.

*Appraisals and Market Studies.* An independent appraiser that is state-certified and/or a member of the American Appraisal Institute conducted an appraisal reflecting a valuation as of a date occurring within the 20-month period ending on June 1, 2017, in order to establish an appraised value with respect to all of the mortgaged real properties. Those appraisal valuations are the basis for the Appraised Values for the respective mortgaged real properties set forth on Exhibit A-1 and provide "as-is" or other values which may contain certain assumptions, such as future construction completion, projected re-tenanting or increased tenant occupancies as of the dates set forth on Exhibit A-1. The appraisals reflect market conditions as of the date of the appraisal valuations and may not reflect current or prospective values of the related mortgaged real properties. In general, appraisals seek to establish the amount a typically motivated buyer would pay a typically motivated seller. However, this amount could be significantly higher than the amount obtained from the sale of a particular mortgaged real property under a distress or liquidation sale. Implied in the Appraised Values shown on Exhibit A-1, is the contemplation of a sale at a specific date and the passing of ownership from seller to buyer under the following conditions:

- buyer and seller are motivated;
- both parties are well informed or well advised, and each is acting in what he considers his own best interests;
- a reasonable time is allowed to show the property in the open market;
- payment is made in terms of cash in U.S. dollars or in comparable financial arrangements; and
- the price paid for the property is not adjusted by special or creative financing or sales concessions granted by anyone associated with the sale.

In certain cases, appraisals may reflect "as-is," or other values which may contain certain assumptions, such as future construction completion, projected re-tenanting or increased tenant occupancies. We cannot assure you that any assumption is or will be accurate or that the "as is," or other value will be the value of such mortgaged real property at the indicated date. See "Risk Factors-Risks Related to the Underlying Mortgage Loans---Appraisals and Market Studies May Inaccurately Reflect the Current or Prospective Value of the Mortgaged Real Properties" in this offering circular supplement. Each appraisal of a mortgaged real property referred to above involved a physical inspection of the property and reflects a correlation of the values established through the Sales Comparison Approach, the Income Approach and/or the Cost Approach.

Either the appraisal itself, or a separate letter, contains a statement to the effect that the appraisal guidelines set forth in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 were followed in preparing that appraisal. However, we have not independently verified the accuracy of this statement.

In the case of any underlying mortgage loan, the related borrower may have acquired the mortgaged real property at a price less than the Appraised Value on which the underlying mortgage loan was underwritten.

We cannot assure you that information regarding Appraised Values accurately reflects past, present or future market values of the mortgaged real properties. Additionally, with respect to the appraisals setting forth assumptions as to the "as-is," or other values, we cannot assure you that such assumptions are or will be accurate or that the "as-is," or other values will be the value of the related mortgaged real property at any indicated date.

*Zoning and Building Code Compliance.* In connection with the origination of each underlying mortgage loan, the applicable Originator examined whether the use and operation of the related mortgaged real property were in material compliance with zoning, land-use, building, fire and health ordinances, rules, regulations and orders then-applicable to the mortgaged real property. Evidence of this compliance may have been in the form of certifications and other correspondence from government officials or agencies, title insurance endorsements, engineering,

consulting or zoning reports, appraisals, legal opinions, surveys, recorded documents, temporary or permanent certificates of occupancy and/or representations by the related borrower. Where a material noncompliance was found or the property as currently operated is a legal non-conforming use and/or structure, an analysis was generally conducted as to-

- whether, in the case of material noncompliance, such noncompliance constitutes a legal non-conforming use and/or structure, and if not, whether an escrow or other requirement was appropriate to secure the taking of necessary steps to remediate any material noncompliance or constitute the condition as a legal non-conforming use or structure;
- the likelihood that a material casualty would occur that would prevent the property from being rebuilt in its current form; and
- whether existing replacement cost property damage insurance or, if necessary, supplemental law or ordinance coverage would, in the event of a material casualty, be sufficient-
  1. to satisfy the entire underlying mortgage loan; or
  2. taking into account the cost of repair, to pay down the underlying mortgage loan to a level that the remaining collateral would be adequate security for the remaining loan amount.

We cannot assure you that any such analysis in this regard is correct, or that the above determinations were made in each and every case.

### **Significant Originator**

Citibank, N.A., a national banking association (“Citibank”), originated 2 of the underlying mortgage loans collectively representing 95.1% of the initial mortgage pool balance. Citibank is an indirect wholly owned subsidiary of Citigroup Inc., a Delaware corporation, and an affiliate of Citigroup Global Markets Inc., one of the placement agents for the offered certificates and the class B certificates. Citibank is expected to arrange for the sub-servicing, through one or more unaffiliated sub-servicers, of all of the underlying mortgage loans originated by Citibank. Citibank is not an affiliate of the issuing entity, the depositor, the trustee, the custodian, the certificate administrator or the guarantor. Since 2015, Citibank has originated approximately \$613 million in underlying mortgage loans for sale to Freddie Mac. With respect to underlying mortgage loans that Citibank originates for sale to Freddie Mac, Citibank originates such underlying mortgage loans substantially in accordance with the standards in the Freddie Mac Act and the Guide as described in “Description of the Depositor and Guarantor— Mortgage Loan Purchase and Servicing Standards of Freddie Mac” in this offering circular supplement.

Underlying mortgage loans originated for purchase by Freddie Mac are underwritten to the standards of a prudent commercial real estate lender, with specific focus on complying with the standards and requirements of the Guide and program requirements for the specific transaction and product type, and are approved and purchased by Freddie Mac prior to each securitization. The underwriting standards of Citibank are consistent with the standards and practices set forth in “Description of the Underlying Mortgage Loans—Underwriting Matters” in this offering circular supplement.

The information set forth in this section “—Significant Originator” has been provided by Citibank. Neither the depositor nor any other person other than Citibank makes any representation or warranty as to the accuracy or completeness of such information.

### **Assignment of the Underlying Mortgage Loans and Transfer of Mortgage Files**

On or before the Closing Date, we will transfer all of the underlying mortgage loans to the trustee. The trustee will hold the underlying mortgage loans for the benefit of the certificateholders and Freddie Mac within the meaning of Section 1367(b)(19)(B) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended. In each case, the transferor will assign the underlying mortgage loans, without recourse, to the transferee.

In connection with these transfers, on the closing date or at such later date as is permitted under the Pooling Agreement, the depositor will generally be required to deliver or cause the delivery of the mortgage file to the custodian with respect to each of the underlying mortgage loans, which mortgage file will consist of the following documents, among others:

- either—
  1. the original promissory note, endorsed without recourse, representation or warranty (other than as set forth in the Pooling Agreement) to the order of the trustee or in blank, or
  2. if the original promissory note has been lost, a copy of that note (or an original or a copy of the consolidated debt instrument, as applicable), together with a lost note affidavit and indemnity;
- the original, certified copy or a copy of the mortgage instrument, and if the particular document has been returned from the applicable recording office, together with originals, certified copies or copies of any intervening assignments of that document, in each case, with evidence of recording on the document or certified by the applicable recording office;
- an original of any related loan agreement (if separate from the related mortgage);
- an executed original assignment of the related mortgage instrument in favor of the trustee or in blank, in recordable form except for any missing recording information relating to that mortgage instrument;
- originals or copies of all assumption agreements, modification agreements, written assurance agreements and substitution agreements, if any, in those instances where the terms or provisions of the related mortgage instrument, loan agreement or promissory note have been modified or the underlying mortgage loan has been assumed;
- with respect to any other debt of a borrower or mezzanine borrower permitted under the related underlying mortgage loan, an original or copy of a subordination agreement, standstill agreement or other intercreditor, co-lender or similar agreement relating to such other debt, if any, including any mezzanine loan documents, and a copy of the promissory note relating to such other debt (if such other debt is also secured by the related mortgage);
- original letters of credit, if any, relating to the underlying mortgage loans and all appropriate assignment or amendment documentation related to the assignment to the issuing entity of any letter of credit securing the underlying mortgage loan which entitle the issuing entity to draw on such letter of credit; *provided* that in connection with the delivery of the mortgage file to the issuing entity, such originals will be delivered to the master servicer and copies of such originals will be delivered to the custodian on behalf of the trustee;
- the original or a copy of any environmental indemnity agreements and copies of any environmental insurance policies pertaining to the mortgaged real properties required in connection with the origination of the underlying mortgage loan, if any;
- the original or copy of any (i) intercreditor agreements and any associated certificates, assignments, assumption agreements or other related documents, (ii) subordination agreement, standstill agreement or other intercreditor, co-lender or similar agreement related to any affiliate debt and (iii) indemnification agreement;
- an original or copy of the lender's title insurance policy or, if a title insurance policy has not yet been issued, a *pro forma* title policy or a "marked up" commitment for title insurance, which in either case is binding on the title insurance company;
- the original or a counterpart of any guaranty of the obligations of the borrower under the underlying mortgage loan, if any;
- an original or counterpart UCC financing statement and an original or counterpart of any intervening assignments from the borrower to the Governmental Authority, in the form submitted for recording, or if recorded, with evidence of recording indicated on such UCC financing statement or intervening assignment;

- original UCC financing statement assignments, sufficient to assign each UCC financing statement filed in connection with the related underlying mortgage loan to the trustee;
- the original or a copy of each related cash management agreement, if any;
- the original or a copy of any ground lease and any related estoppel certificates, if available; and
- the original or a copy of each related insurance agreement, if any.

The custodian is required to hold all of the documents delivered to it with respect to the underlying mortgage loans in trust for the benefit of the certificateholders under the terms of the Pooling Agreement. Within a specified period of time following that delivery, the custodian will be further required to conduct a review of those documents. The scope of the custodian's review of those documents will, in general, be limited solely to confirming that they have been received, that they appear regular on their face (handwritten additions, changes or corrections will not be considered irregularities if initialed by the borrower), that (if applicable) they appear to have been executed and that they purport to relate to an underlying mortgage loan. The trustee, the certificate administrator and the custodian are under no duty or obligation to inspect, review or examine any of the documents in the mortgage file to determine whether the document is valid, effective, enforceable, in recordable form or otherwise appropriate for the represented purpose.

If—

- any of the above-described documents required to be delivered by the depositor to the custodian is not delivered or is otherwise defective, and
- that omission or defect materially and adversely affects the value of the underlying mortgage loan, or the interests of any class of certificateholders,

then the omission or defect will constitute a material document defect as to which the issuing entity will have the rights against the depositor as described under “—Cures, Repurchases and Substitutions” below.

Within a specified period of time as set forth in the Pooling Agreement, Freddie Mac or a third-party independent contractor will be required to submit for recording in the real property records of the applicable jurisdiction each of the assignments of recorded loan documents in the trustee's favor described above. Because some of the underlying mortgage loans are newly originated, many of those assignments may not be completed and recorded until the related mortgage instrument, reflecting the necessary recording information, is returned from the applicable recording office.

### **Representations and Warranties**

As of the Closing Date (or as of the date otherwise indicated on Exhibit C-1), the depositor will make, with respect to each underlying mortgage loan being sold for inclusion in the issuing entity, representations and warranties that are expected to be generally in the form set forth on Exhibit C-1, subject to exceptions that are expected to be generally in the form set forth on Exhibit C-2. The related Originator is expected to make separate representations and warranties to Freddie Mac with respect to each related underlying mortgage loan. You should carefully consider both those representations and warranties and those exceptions.

If—

- there exists a breach of any of those representations and warranties made by the depositor, and
- that breach materially and adversely affects the value of the underlying mortgage loan, or the interests of any class of certificateholders,

then that breach will be a material breach of the representation and warranty. The rights of the certificateholders against the depositor with respect to any material breach are described under “—Cures, Repurchases and Substitutions” below.

## Cures, Repurchases and Substitutions

If Freddie Mac has been notified of, or itself has discovered, a breach of any of its representations and warranties that materially and adversely affects the value of any underlying mortgage loan or any interests of the holders of any class of certificates, then the depositor will be required to take one of the following courses of action:

- cure such breach or defect in all material respects;
- repurchase the affected underlying mortgage loan at the Purchase Price; or
- for certain breaches, reimburse the issuing entity for certain costs.

If the Originator replaces an affected underlying mortgage loan with one or more Qualified Substitute Loans, then it will be required to pay to the issuing entity the amount, if any, by which—

- the price at which it would have had to purchase the removed underlying mortgage loan, as described in the second bullet of the preceding paragraph, exceeds
- the Stated Principal Balance of the Qualified Substitute Loan as of the due date during the month that it is added to the issuing entity.

Any of the following document defects in an underlying mortgage loan will be conclusively presumed to materially and adversely affect the interests of a class of certificateholders:

- the absence from the mortgage file of the original signed mortgage note, unless the mortgage file contains a signed lost note affidavit, indemnity and endorsement;
- the absence from the mortgage file of the original signed mortgage, unless there is included in the mortgage file (i) a copy of the mortgage and the related recording information; or (ii) prior to the expiration of an applicable cure period, a certified copy of the mortgage in the form sent for recording, with a certificate stating that the original signed mortgage was sent for recordation;
- the absence from the mortgage file of the original lender's title insurance policy or a copy of the original lender's title insurance policy (together with all endorsements or riders that were issued with or subsequent to the issuance of such policy), or, if the policy has not yet been issued, a binding written commitment (including a *pro forma* or specimen title insurance policy, which has been accepted or approved in writing by the related title insurance company) relating to the underlying mortgage loan;
- the absence from the mortgage file of any intervening assignments or endorsements required to create an effective assignment to the trustee on behalf of the issuing entity, unless there is included in the mortgage file a copy of the intervening assignment that will be or was sent for recordation; or
- the absence from the mortgage file of any required original letter of credit (unless such original has been delivered to the master servicer and a copy of such letter of credit is part of the mortgage file); *provided* that such defect may be cured by providing a substitute letter of credit or a cash reserve.

This obligation to cure, repurchase, substitute one or more Qualified Substitute Mortgage Loans or reimburse the issuing entity will constitute the sole remedies available to the certificateholders and the trustee for any defect in a mortgage file or any breach on the part of the depositor of its representations or warranties regarding the underlying mortgage loans.

We cannot assure you that we will have sufficient assets with which to fulfill any of our cure, repurchase or substitution obligations on its part that may arise.

## Changes in Mortgage Pool Characteristics

The description in this offering circular supplement of the mortgage pool is based on the mortgage pool as it is expected to be constituted at the time the offered certificates are issued, with adjustments for the monthly debt service payments due on the underlying mortgage loans on or before the Cut-off Date. Prior to the issuance of the offered certificates, one or more mortgage loans may be removed from the mortgage pool if we consider the removal necessary or appropriate. A limited number of other mortgage loans may be included in the mortgage pool prior to the issuance of the offered certificates, unless including those underlying mortgage loans would materially alter the

characteristics of the mortgage pool as described in this offering circular supplement. We believe that the information in this offering circular supplement will be generally representative of the characteristics of the mortgage pool as it will be constituted at the time the offered certificates are issued. However, the range of mortgage interest rates and maturities, as well as the other characteristics of the underlying mortgage loans described in this offering circular supplement, may vary, and the actual initial mortgage loan balance may be as much as 5% larger or smaller than the initial mortgage loan balance specified in this offering circular supplement.

### **Certain Legal Aspects of the Underlying Mortgage Loans**

The following discussion contains summaries of certain legal aspects related to underlying mortgage loans secured by mortgaged real properties located in New Jersey and California where mortgaged real properties securing underlying mortgage loans collectively representing approximately 80.5% and 14.6%, respectively, of the initial mortgage pool balance are located. The summaries are general in nature, do not purport to be complete and are qualified in their entirety by reference to the applicable federal and state laws governing the underlying mortgage loans.

Various states have imposed statutory prohibitions or limitations that limit the remedies of a mortgagee under a mortgage or a beneficiary under a deed of trust. The underlying mortgage loans are limited recourse loans and are, therefore, generally not recourse to the borrowers but limited to the mortgaged real properties. Even if recourse is available pursuant to the terms of an underlying mortgage loan, certain states have adopted statutes which impose prohibitions against or limitations on such recourse. The limitations described below and similar or other restrictions in other jurisdictions where mortgaged real properties are located may restrict the ability of the master servicer or the special servicer, as applicable, to realize on the underlying mortgage loans and may adversely affect the amount and timing of receipts on the underlying mortgage loans.

*Certain Legal Aspects of Mortgaged Real Properties Located in New Jersey.* New Jersey uses mortgages to secure commercial real estate loans. Foreclosure requires a judicial action in the chancery division of the state court; the state has no power of sale. The state court has a central filing office called the “Office of Foreclosure” located in Trenton, which administers the foreclosure action unless it becomes contested. A contested foreclosure action is sent for adjudication to the chancery judge in the county where the real property is located. Once a lender starts a foreclosure and obtains a judgment, the court sets the terms and conditions of the sale in the judgment, including the location of the sale and the amount due the lender. The sheriff of the county where the property is located actually conducts the sale. Usually, it takes place at least 30 days after entry of judgment. During that time, the lender must advertise the sale at least once a week. The borrower can adjourn the sale date twice, each time for two weeks, and the court can order more extensions. (These timing details vary somewhat by county, depending on the local sheriff’s procedures.) For ten days after the sale, the borrower can still redeem the property by paying all amounts due. For commercial loans, New Jersey does not have a “one action rule” or “anti-deficiency legislation.” To obtain a personal judgment against the borrower or guarantor, the lender must commence a separate action in state court, law division. That court will usually wait until the foreclosure has been completed to calculate the defendant’s liability or may enter judgment giving the borrower or guarantor a fair market value credit based on evidence presented as to the value of the real property in foreclosure. In certain circumstances, the lender may have a receiver appointed.

*Certain Legal Aspects of Mortgaged Real Properties Located in California.* Mortgage loans in California are generally secured by deeds of trust on the related real estate. Foreclosure of a deed of trust in California may be accomplished by a non-judicial trustee’s sale (so long as it is permitted under a specific provision in the deed of trust) or by judicial foreclosure, in each case subject to and in accordance with the applicable procedures and requirements of California law. Public notice of either the trustee’s sale or the judgment of foreclosure is given for a statutory period of time after which the mortgaged real estate may be sold by the trustee, if foreclosed pursuant to the trustee’s power of sale, or by court appointed sheriff under a judicial foreclosure. Following a judicial foreclosure sale, the borrower or its successor-in-interest may, for a period of up to one year, redeem the property; however, there is no redemption following a sale pursuant to a trustee’s power of sale. California’s “security first” and “one action” rules require the lender to complete foreclosure of all real estate provided as security under the deed of trust in a single action in an attempt to satisfy the full debt before bringing a personal action (if otherwise permitted) against the borrower for recovery of the debt, except in certain cases involving environmentally impaired real property where foreclosure of the real property is not required before making a claim under the indemnity. This

restriction may apply to property which is not located in California if a single promissory note is secured by property located in California and other jurisdictions. California case law has held that acts such as (but not limited to) an offset of an unpledged account constitute violations of such statutes. Violations of such statutes may result in the loss of some or all of the security under the mortgage loan and a loss of the ability to sue for the debt. A sale by the trustee under the deed of trust does not constitute an “action” for purposes of the “one action rule”. Other statutory provisions in California limit any deficiency judgment (if otherwise permitted) against the borrower following a judicial foreclosure to the amount by which the indebtedness exceeds the fair value at the time of the public sale and in no event greater than the difference between the foreclosure sale price and the amount of the indebtedness. Further, under California law, once a property has been sold pursuant to a power of sale clause contained in a deed of trust (and in the case of certain types of purchase money acquisition financings, under all circumstances), the lender is precluded from seeking a deficiency judgment from the borrower or, under certain circumstances, guarantors.

On the other hand, under certain circumstances, California law permits separate and even contemporaneous actions against both the borrower (as to the enforcement of the interests in the collateral securing the loan) and any guarantors. California statutory provisions regarding assignments of rents and leases require that a lender whose loan is secured by such an assignment must exercise a remedy with respect to rents as authorized by statute in order to establish its right to receive the rents after an event of default. Among the remedies authorized by statute is the lender’s right to have a receiver appointed under certain circumstances.

## DESCRIPTION OF THE CERTIFICATES

### General

The certificates will be issued on the Closing Date pursuant to the Pooling Agreement. They will represent the entire beneficial ownership interest of the issuing entity. The assets of the issuing entity will include:

- the underlying mortgage loans;
- any and all payments under and proceeds of the underlying mortgage loans received after the Cut-off Date, in each case exclusive of payments of principal, interest and other amounts due on or before that date and exclusive of any fees paid or payable to Freddie Mac in connection with (i) any pre-approved servicing request with respect to an underlying mortgage loan set forth in the Pooling Agreement and (ii) the designation of an entity that has the right to form a successor borrower in connection with the defeasance of an underlying mortgage loan;
- the loan documents for the underlying mortgage loans;
- its rights under the Pooling Agreement;
- any REO Properties acquired by the issuing entity with respect to Defaulted Loans; and
- those funds or assets as from time to time are deposited in the collection account described under “The Pooling Agreement—Collection Account” in this offering circular supplement, the special servicer’s REO accounts described under “The Pooling Agreement—Realization Upon Mortgage Loans—REO Properties” in this offering circular supplement, the distribution account described under “—Distribution Account” below, or any servicing account (in the case of a servicing account, to the extent of the issuing entity’s interest in that account).

The certificates will include the following classes:

- the class A and class X certificates, which are the classes of certificates that are offered by this offering circular supplement and have the benefit of the Freddie Mac Guarantee; and
- the class B, class R and class RS certificates, which are the classes of certificates that—
  1. will be retained or privately placed by us;
  2. are not offered by this offering circular supplement; and

3. do not have the benefit of the Freddie Mac Guarantee.

The class A and class B certificates are the certificates that will have principal balances (collectively, the “Principal Balance Certificates”). The outstanding principal balance of any of these certificates will represent the total distributions of principal to which the holder of the certificate is entitled over time out of payments, or advances in lieu of payments, and other collections on the assets of the issuing entity or, with respect to the class A certificates, the Freddie Mac Guarantee. Accordingly, on each distribution date, the outstanding principal balance of each of these certificates will be permanently reduced by any principal distributions actually made with respect to the certificates on that distribution date, including any Balloon Guarantor Payment. See “—Distributions” below. On any particular distribution date, the outstanding principal balance of each of these certificates may also be permanently reduced, without any corresponding distribution, in connection with losses on the underlying mortgage loans and default-related and otherwise unanticipated issuing entity expenses. See “—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” below.

The class X, class R and class RS certificates will not have principal balances, and the holders of those certificates will not be entitled to receive distributions of principal. However, the class X certificates will have a notional amount for purposes of calculating the accrual of interest with respect to that certificate. The class X certificates are sometimes referred to in this offering circular supplement as the “interest-only certificates.” The class X certificates initially will be retained by Freddie Mac but may be offered and privately placed at a future date.

For purposes of calculating the accrual of interest as of any date of determination, (i) the class X certificates will have a notional amount that is equal to the then total outstanding principal balance of the class A and class B certificates.

In general, outstanding principal balances and notional amounts will be reported on a class-by-class basis. In order to determine the outstanding principal balance or notional amount of any of the offered certificates from time to time, you may multiply the original principal balance or notional amount of that certificate as of the Closing Date, as specified on the face of that certificate, by the then-applicable certificate factor for the relevant class. The certificate factor for any class of certificates, as of any date of determination, will equal a fraction, expressed as a percentage, the numerator of which will be the then-outstanding principal balance or notional amount of that class, and the denominator of which will be the original principal balance or notional amount of that class. Certificate factors will be reported monthly in the certificate administrator’s report.

### **Structure of Transaction**

This transaction is structured as a double-tier REMIC. Specifically, the Upper-Tier REMIC Pool and Lower-Tier REMIC Pool are structured as follows:

<b><u>REMIC Pool</u></b>	<b><u>Classes Issued from REMIC Pool</u></b>	<b><u>REMIC Pool Assets</u></b>
Upper-Tier	Class A, X, B and R	All Lower-Tier regular interests
Lower-Tier	Lower-Tier regular interests and class RS	The underlying mortgage loans

### **Registration and Denominations**

The offered certificates are issued, held and transferable on the Depository Trust Company (“DTC”) System. DTC or its nominee is the holder of each class of the offered certificates. As an investor in certificates, you are not the Holder. You ordinarily must hold the offered certificates through one or more financial intermediaries. You may exercise your rights as an investor only through the Holder of your offered certificates, and we may treat the Holder as the absolute owner of your certificates. For the offered certificates, the term “Holder” means DTC. or its nominee. See “The Certificates — Form, Holders and Payment Procedures – Holders of Guaranteed Certificates” in the accompanying offering circular.

Class A certificates will be issued, and may be held and transferred, in minimum original principal amounts of \$1,000 and additional increments of \$1. Class X certificates will be issued, and may be held and transferred, in minimum original notional principal amounts of \$100,000 and additional increments of \$1.

### **Distribution Account**

*General.* The certificate administrator must establish and maintain an account in which it will hold funds pending their distribution on the certificates and from which it will make those distributions. That distribution account must be maintained in a manner and with a depository institution that meets the requirements of the Pooling Agreement. Funds held in the distribution account may be held in cash or, at the certificate administrator's risk, invested in Permitted Investments. Subject to the limitations in the Pooling Agreement, any interest or other income earned on funds in the distribution account will be paid to the certificate administrator as additional compensation.

*Deposits.* On the Business Day prior to each distribution date (the "Remittance Date"), the master servicer will be required to remit to the certificate administrator for deposit in the distribution account the following funds:

- All payments and other collections on the underlying mortgage loans and any REO Properties in the issuing entity on deposit in the collection account as of close of business on the second Business Day prior to the Remittance Date, exclusive of any portion of those payments and other collections that represents one or more of the following:
  1. monthly debt service payments due on a due date subsequent to the end of the related Collection Period;
  2. payments and other collections received after the end of the related Collection Period;
  3. amounts that are payable or reimbursable from the collection account to any person other than the certificateholders, in accordance with the terms of the Pooling Agreement, including—
    - (i) amounts payable to the master servicer (or a sub-servicer), the special servicer, the Approved Directing Certificateholder or any Affiliated Borrower Loan Directing Certificateholder as compensation, including master servicing fees, sub-servicing fees, special servicing fees, master servicer surveillance fees, special servicer surveillance fees, workout fees, liquidation fees, assumption fees, assumption application fees, modification fees, extension fees, consent fees, waiver fees, earnout fees, Transfer Fees, Transfer Processing Fees, defeasance fees and similar charges and, to the extent not otherwise applied to cover interest on advances and/or other Additional Issuing Entity Expenses with respect to the related underlying mortgage loan, Default Interest and late payment charges, or as indemnification;
    - (ii) amounts payable to the master servicer (for itself or on behalf of certain indemnified sub-servicers) and the special servicer;
    - (iii) amounts payable in reimbursement of outstanding advances, together with interest on those advances; and
    - (iv) amounts payable with respect to other issuing entity expenses including, without limitation, fees, expenses and indemnities of the trustee and the certificate administrator/custodian (including interest on such amounts, if applicable, and subject to the Trustee Aggregate Annual Cap, the Certificate Administrator/Custodian Aggregate Annual Cap and the Trustee/Certificate Administrator/Custodian Aggregate Annual Cap, as applicable);
  4. net investment income on the funds in the collection account; and
  5. amounts deposited in the collection account in error.
- Any advances of delinquent monthly debt service payments made by the master servicer with respect to that distribution date.
- Any payments made by the master servicer to cover Prepayment Interest Shortfalls incurred during the related Collection Period.

See “—Advances of Delinquent Monthly Debt Service Payments” below and “The Pooling Agreement—Collection Account” and “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses” in this offering circular supplement.

The certificate administrator will be authorized, but will not be obligated, to invest or direct the investment of funds held in the distribution account in Permitted Investments. It will be—

- entitled to retain any interest or other income earned on those funds; and
- required to cover any losses of principal of those investments from its own funds, but the certificate administrator is not required to cover any losses caused by the insolvency of the depository institution or trust company holding such account so long as (i) such depository institution or trust company (a) satisfied the requirements set forth in the Pooling Agreement at the time such investment was made and (b) is neither the certificate administrator nor an affiliate of the certificate administrator and (ii) such insolvency occurs within 30 days of the date on which such depository institution or trust company no longer satisfies the requirements set forth in the Pooling Agreement.

*Withdrawals.* The certificate administrator may from time to time make withdrawals from the distribution account for any of the following purposes without regard to the order below:

- without duplication, to pay (i) itself monthly certificate administrator fees, and to the trustee, monthly trustee fees, each as described under “The Pooling Agreement—Matters Regarding the Trustee, the Certificate Administrator and the Custodian” in this offering circular supplement and (ii) CREFC<sup>®</sup> any accrued and unpaid CREFC<sup>®</sup> Intellectual Property Royalty License Fee;
- to reimburse and pay to the trustee and the master servicer, in that order, for outstanding and unreimbursed nonrecoverable advances and accrued and unpaid interest on such amounts, to the extent it or the master servicer is not reimbursed from the collection account;
- (i) to reimburse the Guarantor for any unreimbursed Balloon Guarantor Payment, together with any related Timing Guarantor Interest, from collections on any Balloon Loan as to which any such Balloon Guarantor Payment was made (net of any such amount used to reimburse the master servicer or the trustee for advances, together with interest on such amounts) and (ii) to reimburse the Guarantor for any unreimbursed Guarantor Reimbursement Amounts from any liquidation fees, workout fees, servicing fees, special servicing fees or other fees or amounts collected in connection with the liquidation or other disposition of an underlying mortgage loan solely to the extent that the party entitled to any such amount has already been paid such amount from other collections on such underlying mortgage loan and the original payment of such amount resulted in a Deficiency Amount (net of any such amount used to reimburse the master servicer or the trustee for advances, together with interest on such amounts);
- to pay the Guarantor the Guarantee Fee;
- without duplication, to pay indemnity amounts to itself, the custodian, the trustee, the depositor, the master servicer (including on behalf of certain indemnified sub-servicers), the special servicer, Freddie Mac (in its capacity as servicing consultant) and various related persons, subject to the relevant Aggregate Annual Caps, as described under “The Pooling Agreement—Certain Indemnities” in this offering circular supplement;
- to pay for any opinions of counsel required to be obtained in connection with any amendments to the Pooling Agreement, to the extent that the issuing entity is responsible for the cost of such opinions of counsel under the Pooling Agreement and, if applicable, to pay for the fees of the trustee for confirming the special servicer’s determination of Fair Value of a Defaulted Loan;
- to pay any federal, state and local taxes imposed on the issuing entity, its assets and/or transactions, together with all incidental costs and expenses, including such taxes, that are required to be borne by the issuing entity as described under “The Pooling Agreement—Realization Upon Mortgage Loans—REO Properties” in this offering circular supplement; and
- to pay any amounts deposited in the distribution account in error to the person entitled to them.

On each distribution date, all amounts on deposit in the distribution account, exclusive of any portion of those amounts that are to be withdrawn for the purposes contemplated in the prior paragraph, will be applied by the certificate administrator on each distribution date to make distributions on the certificates and to the Guarantor (with respect to the Guarantor Reimbursement Amounts). Generally, for any distribution date, such amounts will be distributed to holders of the certificates in two separate components:

- those funds, referred to in this offering circular supplement as the Available Distribution Amount, which will be paid to the holders of all the certificates and the Guarantor, who is entitled to the Guarantee Fee, as described under “—Distributions—Priority of Distributions” below; and
- the portion of those funds that represent Static Prepayment Premiums and Yield Maintenance Charges collected on the underlying mortgage loans during the related Collection Period, which will be paid to the holders of the class X certificates, as described under “—Distributions—Distributions of Static Prepayment Premiums and Yield Maintenance Charges” below.

The certificate administrator will be required to pay to CREFC® the CREFC® Intellectual Property Royalty License Fee on a monthly basis solely from funds on deposit in the distribution account, to the extent sufficient funds are on deposit in the distribution account. Upon receipt of a request from CREFC®, the certificate administrator will provide CREFC® with a report that shows the calculation of the CREFC® Intellectual Property Royalty License Fee for the period requested by CREFC®.

### Fees and Expenses

The amounts available for distribution on the certificates on any distribution date will generally be net of the following amounts which are payable to the master servicer, the special servicer, the trustee, the certificate administrator, the custodian, the Guarantor or the Approved Directing Certificateholder, as applicable:

Type/Recipient	Amount/Fee Rate	Frequency	Source of Funds
<u>Fees</u>			
Master Servicing Fee and Sub-Servicing Fee / Master Servicer	the Stated Principal Balance of each underlying mortgage loan multiplied by 0.0200% <i>per annum</i> (calculated using the same interest accrual basis of such underlying mortgage loan) and the Stated Principal Balance of each underlying mortgage loan multiplied by the applicable sub-servicing fee rate ranging from 0.0700% <i>per annum</i> to 0.2500% <i>per annum</i> (calculated using the same interest accrual basis of such underlying mortgage loan)	monthly	interest payments on related loan or, with respect to liquidated loans, general collections if Liquidation Proceeds are not sufficient
Master Servicer Surveillance Fee / Master Servicer and Sub-Servicers	the Stated Principal Balance of each Surveillance Fee Mortgage Loan multiplied by 0.0150% <i>per annum</i> (calculated using the same interest accrual basis of such underlying mortgage loan) (subject to any applicable sub-servicer’s entitlement to 66 <sup>2</sup> / <sub>3</sub> % of the master servicer surveillance fee pursuant to the applicable Sub-Servicing Agreement as described in “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses” in this offering circular supplement)	monthly	interest payments on the related loan or, with respect to liquidated loans, general collections if Liquidation Proceeds are not sufficient

Type/Recipient	Amount/Fee Rate	Frequency	Source of Funds
Additional Servicing Compensation / Master Servicer	<ul style="list-style-type: none"> <li>all late payment fees and Default Interest (other than on Specially Serviced Mortgage Loans) not used to pay interest on advances and certain Additional Issuing Entity Expenses with respect to the related underlying related mortgage loans</li> </ul>	from time to time	the related fee
	<ul style="list-style-type: none"> <li>60% of any Transfer Fees or collateral substitution fees collected on or with respect to any non-Specially Serviced Mortgage Loans for Transfers or substitutions that require the consent or review of the Approved Directing Certificateholder or Affiliated Borrower Loan Directing Certificateholder or 100% of such fees if the directing certificateholder is not an Approved Directing Certificateholder</li> </ul>	from time to time	the related fee
	<ul style="list-style-type: none"> <li>100% of any Transfer Fees or collateral substitution fees collected on or with respect to any non-Specially Serviced Mortgage Loans for Transfers or substitutions that do not require the consent or review of the Approved Directing Certificateholder or Affiliated Borrower Loan Directing Certificateholder (a portion of which may be payable to a sub-servicer under a related Sub-Servicing Agreement)</li> </ul>		
	<ul style="list-style-type: none"> <li>all Transfer Processing Fees collected on or with respect to any underlying mortgage loans that are not Specially Serviced Mortgage Loans (a portion of which may be payable to a sub-servicer under a related Sub-Servicing Agreement)</li> </ul>	from time to time	the related fee
	<ul style="list-style-type: none"> <li>100% of all defeasance fees required by the loan documents</li> </ul>	from time to time	the related fee

<b>Type/Recipient</b>	<b>Amount/Fee Rate</b>	<b>Frequency</b>	<b>Source of Funds</b>
	<ul style="list-style-type: none"> <li>all investment income earned on amounts on deposit in the collection account and certain escrow and reserve accounts</li> </ul>	monthly	investment income
Special Servicing Fee / Special Servicer	the Stated Principal Balance of each Specially Serviced Mortgage Loan or REO Loan multiplied by 0.2500% <i>per annum</i> (calculated using the same interest accrual basis of such underlying mortgage loan)	monthly	general collections
Special Servicer Surveillance Fee / Special Servicer	the Stated Principal Balance of each Surveillance Fee Mortgage Loan multiplied by 0.01450% <i>per annum</i> (calculated using the same interest accrual basis of such underlying mortgage loan)	monthly	interest payments on the related loan or, with respect to liquidated loans, general collections if Liquidation Proceeds are not sufficient
Workout Fee / Special Servicer	1.0% of each collection of principal and interest on each Corrected Mortgage Loan	monthly	the related collections of principal and interest
Liquidation Fee / Special Servicer	1.0% of each recovery of net Liquidation Proceeds or proceeds from a full, partial or discounted payoff, except as specified under “The Pooling Agreement— Servicing and Other Compensation and Payment of Expenses” in this offering circular supplement	upon receipt of Liquidation Proceeds	the related Liquidation Proceeds
Additional Special Servicing Compensation / Special Servicer	<ul style="list-style-type: none"> <li>all late payment fees and net Default Interest on Specially Serviced Mortgage Loans not used to pay interest on advances and certain Additional Issuing Entity Expenses with respect to the related Mortgage Loans</li> </ul>	from time to time	the related fee
	<ul style="list-style-type: none"> <li>100% of commercially reasonable fees actually paid by the related borrower on modifications, extensions, earnouts, consents and other actions for Specially Serviced Mortgage Loans</li> </ul>	from time to time	the related fee
	<ul style="list-style-type: none"> <li>100% of assumption application fees, assumption fees, substitution of collateral consent application fees and related fees on Specially Serviced Mortgage Loans when received from the borrower for such purpose</li> </ul>	from time to time	the related fee
	<ul style="list-style-type: none"> <li>all investment income received on funds in any REO account</li> </ul>	from time to time	investment income

<b>Type/Recipient</b>	<b>Amount/Fee Rate</b>	<b>Frequency</b>	<b>Source of Funds</b>
Fees / the Approved Directing Certificateholder or any Affiliated Borrower Loan Directing Certificateholder	40% of any Transfer Fees or collateral substitution fees collected on or with respect to any non-Specially Serviced Mortgage Loans for Transfers or substitutions that require the consent or review of the Approved Directing Certificateholder or the Affiliated Borrower Loan Directing Certificateholder	from time to time	the related fee
Trustee Fee / Trustee	0.0100% <i>per annum</i> multiplied by the Stated Principal Balance of the underlying mortgage loans (calculated using the same interest accrual basis as each underlying mortgage loan)	monthly	general collections
Certificate Administrator Fee / Certificate Administrator	0.0300% <i>per annum</i> multiplied by the Stated Principal Balance of the underlying mortgage loans (calculated using the same interest accrual basis as each underlying mortgage loan)	monthly	general collections
Guarantee Fee / Guarantor	0.4500% <i>per annum</i> multiplied by the outstanding principal balance of the Offered Principal Balance Certificates (calculated on an Actual/360 Basis)	monthly	general collections
CREFC <sup>®</sup> Intellectual Property Royalty License Fee / CREFC <sup>®</sup>	0.0005% <i>per annum</i> multiplied by the outstanding principal balance of the class B certificates (calculated on a 30/360 Basis)	monthly	general collections
<u>Expenses</u>			
Servicing Advances / Master Servicer, and Trustee	to the extent of funds available, the amount of any Servicing Advances	from time to time	collections on the related underlying mortgage loan, or if not recoverable, from general collections
Interest on Servicing Advances / Master Servicer, Special Servicer and Trustee	at Prime Rate	when advance is reimbursed	first from Default Interest/late payment fees, then from general collections
P&I Advances / Master Servicer and Trustee	to the extent of funds available, the amount of any P&I Advances	from time to time	collections on the related underlying mortgage loan, or if not recoverable, from general collections
Interest on P&I Advances / Master Servicer and Trustee	at Prime Rate	when advance is reimbursed	first from Default Interest/late payment fees, then from general collections

<b>Type/Recipient</b>	<b>Amount/Fee Rate</b>	<b>Frequency</b>	<b>Source of Funds</b>
Indemnification Expenses / Depositor, Trustee, Certificate Administrator/Custodian, Master Servicer, Special Servicer and Freddie Mac	amounts for which the depositor, the trustee, the certificate administrator/custodian, the master servicer (for itself or on behalf of certain indemnified sub-servicers), Freddie Mac (in its capacity as the servicing consultant) and the special servicer are entitled to indemnification, in each case, up to any related Aggregate Annual Cap in each calendar year until paid in full	from time to time	general collections
Interest on Unreimbursed Indemnification Expenses / Depositor, Trustee, Custodian, Certificate Administrator, Master Servicer, Special Servicer and Freddie Mac	at Prime Rate	when Unreimbursed Indemnification Expenses are reimbursed	general collections

## **Distributions**

*General.* On each distribution date, the certificate administrator will, subject to the applicable available funds and the exception described in the next sentence, make all distributions required to be made on the certificates on that date to the holders of record as of the record date, which will be the close of business on the last Business Day of the calendar month preceding the month in which those distributions are to be made. The final distribution on any offered certificate, however, will be made only upon presentation and surrender of that certificate at the location to be specified in a notice of the pendency of that final distribution.

Distributions made to a class of certificateholders will be allocated among those certificateholders in proportion to their respective percentage interests in that class.

*Interest Distributions.* All of the classes of certificates (other than the class R and RS certificates) will bear interest except for the class B certificates which are principal-only certificates and bear no interest. The class X certificates are interest-only certificates.

During each Interest Accrual Period, interest will accrue on the Class A certificates on an Actual/360 Basis and on the class X certificates on a 30/360 Basis and based on.

- the pass-through rate with respect to that class for that Interest Accrual Period; and
- the outstanding principal balance or notional amount, as the case may be, of that class outstanding immediately prior to the related distribution date.

On each distribution date, subject to the Available Distribution Amount for that date and the distribution priorities described under “—Priority of Distributions” below and, in the case of the offered certificates, subject to the Freddie Mac Guarantee, the holders of each interest-bearing class of certificates will be entitled to receive—

- the total amount of interest accrued during the related Interest Accrual Period with respect to that class of certificates, reduced (to not less than zero) by
- the total portion of any Net Aggregate Prepayment Interest Shortfall for that distribution date that is allocable to that class of certificates.

If the holders of any interest-bearing class of certificates do not receive all of the interest to which they are entitled on any distribution date, as described in the prior two paragraphs (including by means of a Guarantor Payment), then they will continue to be entitled to receive the unpaid portion of that interest on future distribution

dates, subject to the Available Distribution Amount for those future distribution dates and the distribution priorities described below.

The portion of any Net Aggregate Prepayment Interest Shortfall for any distribution date that is allocable to reduce the current accrued interest then payable with respect to any particular interest-bearing class of certificates will be allocated to the class A and class X certificates based on the amount of interest to which such classes are entitled for such distribution date based on their respective pass-through rates. However, such Net Aggregate Prepayment Interest Shortfalls with respect to the offered certificates will be covered under the Freddie Mac Guarantee.

*Calculation of Pass-Through Rates.* The pass-through rate for each interest-bearing class of offered certificates for the initial Interest Accrual Period is identified in the table on page 5.

The *per annum* pass-through rate for the class A certificates for each Interest Accrual Period will be a floating rate equal to LIBOR plus the specified margin set forth in the table on page 5. LIBOR will be determined for each related Interest Accrual Period, and the pass-through rate for the class A certificates will be reset as of the beginning of such Interest Accrual Period to LIBOR, determined on such LIBOR Determination Date, plus the specified margin (*provided that*, if LIBOR is determined to be below zero, the interest rate on the class A certificates will be equal to the margin), subject to rounding.

“Calculation Agent” means, for so long as any of the class A certificates remain outstanding, an agent appointed to calculate LIBOR in respect of each Interest Accrual Period for the class A certificates. The certificate administrator will be the initial Calculation Agent for purposes of determining LIBOR for each Interest Accrual Period for the class A certificates.

The class A certificates accrue interest on an Actual/360 Basis.

The per annum pass-through rate for the class X certificates for any Interest Accrual Period will equal the percentage equivalent of a fraction, the numerator of which is the dollar amount of net interest collections remaining after (i) the class A certificates have been allocated interest, (ii) the Guarantor has been allocated its Guarantee Fee and (iii) CREFC® has been allocated the CREFC® Intellectual Property Royalty License Fee, and the denominator of which is the outstanding notional amount of the class X certificates outstanding immediately prior to the related distribution date multiplied by a fraction the numerator of which is 360 and the denominator of which is the number of days in the related Interest Accrual Period. In no event may any class X pass-through rate be less than zero.

The notional amount of the class X certificates for each distribution date will equal the sum of the outstanding principal balance of the class A certificates and the outstanding principal balance of the class B certificates immediately prior to any date of determination. The CREFC® Intellectual Property Royalty License Fee accrues on the outstanding principal balance of the class B certificates.

*Principal Distributions.* Subject to the Available Distribution Amount and the distribution priorities described under “—Priority of Distributions” below, the total amount of principal payable with respect to the Principal Balance Certificates on each distribution date will equal the Principal Distribution Amount for that distribution date.

In general, subject to the Available Distribution Amount and the distribution priorities described under “—Priority of Distributions” below, the total amount of principal to which the holders of the Principal Balance Certificates will be entitled on each distribution date will, in the case of each of those classes, generally equal:

- in the case of the class A certificates, an amount (not to exceed the outstanding principal balance of the class A certificates immediately prior to the subject distribution date) equal to the Principal Distribution Amount for the subject distribution date, until the outstanding principal balance of such class of certificates is reduced to zero; and
- in the case of the class B certificates, an amount (not to exceed the outstanding principal balance of the class B certificates immediately prior to the subject distribution date) equal to the Principal Distribution Amount for the subject distribution date (exclusive of any distributions of principal to which the holders of the class A certificates are entitled on the subject distribution date as described in the two immediately preceding bullets), until the outstanding principal balance of such class of certificates is reduced to zero.

While the class A certificates are outstanding, no portion of the Principal Distribution Amount for any distribution date will be allocated to the class B certificates. In no event will the holders of the class B certificates be entitled to receive any distributions of principal until the outstanding principal balance of the class A certificates is reduced to zero.

Because of losses on the underlying mortgage loans and/or default-related or other unanticipated issuing entity expenses, the outstanding principal balance of the class B certificates could be reduced to zero at a time when the class A certificates remain outstanding. Following the payment in full of the outstanding principal balance of the class A certificates, the Principal Distribution Amount for each distribution date will be allocated to the class B certificates (following reimbursement to Freddie Mac of guarantee payments with respect to the class A certificates, other than (i) Guarantor Reimbursement Interest Amounts with respect to such guarantee payments, (ii) Guarantor Timing Reimbursement Amounts in excess of the Maximum Guarantor Timing Reimbursement, and (iii) reimbursement of Guarantee Cap Payments in an amount up to the lesser of the portion of that Principal Distribution Amount that remains unallocated and the outstanding principal balance of the subject class immediately prior to that distribution date.

If the master servicer or the trustee is reimbursed for any Nonrecoverable Advance or Workout-Delayed Reimbursement Amount (together with accrued interest on such amounts), such amount will be deemed to be reimbursed first out of payments and other collections of principal on all the underlying mortgage loans (thereby reducing the Principal Distribution Amount on the related distribution date), prior to being deemed reimbursed out of payments and other collections of interest on all the underlying mortgage loans. See “—Advances of Delinquent Monthly Debt Service Payments” below and “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses—Servicing Advances” in this offering circular supplement.

*Loss Reimbursement Amounts.* As discussed under “—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” below, the outstanding principal balance of any class of Principal Balance Certificates may be reduced without a corresponding distribution of principal. If that occurs, then, subject to the Freddie Mac Guarantee in the case of the class A certificates and the Available Distribution Amount for each subsequent distribution date and the priority of distributions described below, the holders of that class will be entitled to be reimbursed for the amount of that reduction, without interest. References to “loss reimbursement amount” in this offering circular mean, in the case of any class of Principal Balance Certificates, for any distribution date, the total amount to which the holders of that class are entitled as reimbursement for all previously unreimbursed reductions, if any, made in the outstanding principal balance of that class on all prior distribution dates as discussed under “—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” below.

*Freddie Mac Guarantee.* On each distribution date following the receipt from the certificate administrator of a statement to certificateholders that indicates a Deficiency Amount for any class of guaranteed certificates for such distribution date, the Guarantor will distribute the related Guarantor Payment in an aggregate amount equal to the Deficiency Amount for such class of guaranteed certificates for such distribution date to the certificate administrator which will be required to pay such amount directly to the holders of such class of certificates. Any Guarantor Payment made to the class A certificates in respect of a Deficiency Amount relating to principal (but not in respect of reimbursement of Realized Losses or Additional Issuing Entity Expenses) will reduce the outstanding principal balance of such class by a corresponding amount and will also result in a corresponding reduction in the notional amount of the class X certificates (with respect to a Guarantor Payment to the class A certificates). On each distribution date on which a Guarantor Payment is due with respect to the class A certificates, the Guarantor is required to notify the certificate administrator, the trustee, the master servicer and the special servicer that such Guarantor Payment has been made in full (or if such Guarantor Payment was not paid in full, the amount that was unpaid), and specifying the amount of such Guarantor Payment made to the class A certificates. The Freddie Mac Guarantee does not cover any Yield Maintenance Charges, Static Prepayment Premiums or any other prepayment fees or charges related to the underlying mortgage loans. A payment in an aggregate amount equal to the Deficiency Amount on any distribution date under the Freddie Mac Guarantee by virtue of covering the deficiency of interest distributable will include any deficiency in interest in the event interest accruing on the class A certificates exceeds interest accruing on the underlying mortgage loans (net of all required fees) (such amount, the “Guarantee Cap Payment”). Because on any distribution date distributions in respect of interest are first allocated to the class A

certificates before being allocated to the class X certificates, it is possible that there will be no excess interest distributable to the class X certificates.

Freddie Mac will be entitled to a Guarantee Fee equal to 0.4500% *per annum* multiplied by the outstanding principal balance of the Class A certificates (calculated on an Actual/360 Basis). The Freddie Mac Guarantee is not backed by the full faith and credit of the United States. If the Guarantor were unable to pay under the Freddie Mac Guarantee, the offered certificates could be subject to losses.

*Priority of Distributions.* On each distribution date, the certificate administrator will apply the Available Distribution Amount for that date to make the following distributions in the following order of priority, in each case to the extent of the remaining portion of the Available Distribution Amount:

<b>Order of Distribution</b>	<b>Recipient</b>	<b>Type and Amount of Distribution</b>
1 <sup>st</sup>	Class A	Interest up to the total interest distributable on the class A certificates (including accrued and unpaid interest from prior Interest Accrual Periods)
2 <sup>nd</sup>	Class X	Interest up to the total interest distributable on the class X certificates
3 <sup>rd</sup>	Class A	Principal up to the total principal distributable on the class A certificates, in that order, until the outstanding principal balance of each such class has been reduced to zero
4 <sup>th</sup>	Class A and Class X	In the case of a default under the Freddie Mac Guarantee, reimbursement up to the loss reimbursement amounts, if any, for those classes, <i>pro rata</i> , based on the loss reimbursement amounts for those classes
5 <sup>th</sup>	Guarantor	Any Guarantor Reimbursement Amounts relating to the class A or class X certificates, other than Guarantor Timing Reimbursement Amounts relating to the class A certificates, and other than reimbursement of Guarantee Cap Payments
6 <sup>th</sup>	Guarantor	Any Guarantor Timing Reimbursement Amounts relating to the class A certificates ( <i>provided</i> that on any distribution date, the amount distributable pursuant to this priority 6 <sup>th</sup> may not exceed the excess of the remaining Available Distribution Amount (any such excess on any such distribution date, the “ <u>Maximum Guarantor Timing Reimbursement</u> ”))
7 <sup>th</sup>	Class B	Principal up to the total principal distributable on the class B certificates, until the outstanding principal balance of such class has been reduced to zero

However, payments on the class A and class X certificates will be covered by the Freddie Mac Guarantee, to the extent described in this offering circular supplement.

*Subordination.* As and to the extent described in this offering circular supplement, the rights of holders of the class B certificates to receive distributions of amounts collected or advanced on the underlying mortgage loans will be subordinated to the rights of holders of the class A certificates. This subordination is intended to enhance the likelihood of timely receipt by the holders of the class A certificates of the full amount of all interest payable in respect of such certificates on each distribution date, and the ultimate receipt by the holders of the class A certificates of principal in an amount equal to the outstanding principal balance of such certificates, which subordination will be accomplished by the application of the Available Distribution Amount on each distribution date in accordance with the order of priority described above under “—Priority of Distributions” and by the allocation of Realized Losses and Additional Issuing Entity Expenses as described below under “—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses.”

Allocation to the class A certificates for so long as they are outstanding, of the entire Principal Distribution Amount for each distribution date will generally have the effect of reducing the total outstanding principal balance of the class A certificates at a faster rate than would be the case if principal payments were allocated *pro rata* to all classes of Principal Balance Certificates. Thus, as principal is distributed to the holders of the class A certificates, the percentage interest in the issuing entity evidenced by such class will be decreased, with a corresponding increase in the percentage interest in the issuing entity evidenced by the class B certificates, thereby increasing, relative to their respective outstanding principal balances, the subordination afforded to the class A certificates by the class B certificates.

*Distributions of Static Prepayment Premiums and Yield Maintenance Charges.* If any Static Prepayment Premium or Yield Maintenance Charge (each, a “Prepayment Premium”) is collected during any particular

Collection Period in connection with the prepayment of any of the underlying mortgage loans, the certificate administrator will be required to distribute 100% of that Static Prepayment Premium or Yield Maintenance Charge on the distribution date corresponding to that Collection Period, the holders of the class X certificates.

As described under “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses” in this offering circular supplement, if any Yield Maintenance Charge or Static Prepayment Premium is collected in connection with a liquidation of an underlying mortgage loan or REO Property, a liquidation fee may be payable on the amount collected. In such cases, the allocation of any Yield Maintenance Charges and Static Prepayment Premiums to the class X certificates will be made net of any liquidation fee payable therefrom.

We do not make any representation as to—

- the enforceability of any provision of the underlying mortgage loans requiring the payment of any prepayment consideration; or
- the collectability of that prepayment consideration.

See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Prepayment Provisions” in this offering circular supplement.

In no event will the holders of any offered certificates receive any Static Prepayment Premium, Yield Maintenance Charge or other prepayment consideration in connection with any repurchase of an underlying mortgage loan as described under “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this offering circular supplement. In addition, the Freddie Mac Guarantee excludes the payment of any Static Prepayment Premium, Yield Maintenance Charge or other prepayment consideration.

### **Treatment of REO Properties**

Although any mortgaged real property may be acquired by the issuing entity through foreclosure, deed-in-lieu of foreclosure or otherwise, the related underlying mortgage loan will be treated as having remained outstanding until the REO Property is liquidated for purposes of determining—

- distributions on the certificates;
- allocations of Realized Losses and Additional Issuing Entity Expenses to the certificates; and
- the amount of all fees payable to the master servicer, the special servicer, the certificate administrator and the trustee under the Pooling Agreement.

In connection with these determinations, the related underlying mortgage loan will be taken into account when determining the Weighted Average Net Mortgage Pass-Through Rate and the Principal Distribution Amount for each distribution date.

Operating revenues and other proceeds from an REO Property will be applied—

- *first*, to pay, or to reimburse the master servicer, the special servicer, the certificate administrator and/or the trustee for the payment of, any costs and expenses incurred in connection with the operation and disposition of the REO Property, and
- *thereafter*, as collections of principal, interest and other amounts due on the related underlying mortgage loan.

To the extent described under “—Advances of Delinquent Monthly Debt Service Payments” below, the master servicer and the trustee will be required to advance (subject to a nonrecoverability determination) delinquent monthly debt service payments with respect to each underlying mortgage loan as to which the corresponding mortgaged real property has become an REO Property, in all cases as if that underlying mortgage loan had remained outstanding.

## Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses

As a result of Realized Losses and the application of principal collections on the underlying mortgage loans to pay Additional Issuing Entity Expenses, the total outstanding principal balance of the Principal Balance Certificates could exceed the total Stated Principal Balance of the mortgage pool. If this occurs following the distributions made to the certificateholders on any distribution date, then the respective outstanding principal balances of the following classes of certificates are to be sequentially reduced in the following order, until the total outstanding principal balance of those classes of certificates equals the total Stated Principal Balance of the mortgage pool that will be outstanding immediately following the subject distribution date; *provided* that the total Stated Principal Balance of the mortgage pool will be decreased, for this purpose only, by the amount of any unreimbursed Timing Guarantor Payments and increased, for this purpose only, by amounts of principal attributable to the mortgage pool previously used to reimburse nonrecoverable advances and certain advances related to rehabilitated mortgage loans, as described under “—Advances of Delinquent Monthly Debt Service Payments” below and “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses” in this offering circular supplement, other than any such amounts previously used to reimburse advances with respect to underlying mortgage loans that have since become liquidated loans, that will be outstanding immediately following that distribution date.

<u>Order of Allocation</u>	<u>Class</u>
1 <sup>st</sup>	Class B Certificates
2 <sup>nd</sup>	Class A Certificates

The above-described reductions in the outstanding principal balance of the respective classes of the Principal Balance Certificates will represent an allocation of the Realized Losses and/or Additional Issuing Entity Expenses that caused the particular mismatch in balances between the underlying mortgage loans and those classes of Principal Balance Certificates. However, Freddie Mac will be required under its guarantee to pay any holder of the Offered Principal Balance Certificates an amount equal to any such loss allocated to its Offered Principal Balance Certificates as described under “—Distributions—Freddie Mac Guarantee” above.

The loss, if any, in connection with the liquidation of a Defaulted Loan or related REO Property will generally be an amount equal to the excess, if any, of:

- the outstanding principal balance of the underlying mortgage loan as of the date of liquidation, together with all accrued and unpaid interest on the underlying mortgage loan through and including the end of the related mortgage interest accrual period in which such liquidation occurred, exclusive, however, of any portion of that interest that represents Default Interest, and
- all related unreimbursed Servicing Advances (with interest) and unpaid liquidation expenses, over
- the total amount of Liquidation Proceeds, if any, recovered in connection with the liquidation that are available to pay interest (other than Default Interest) on and principal of the underlying mortgage loan.

If any portion of the debt due under any of the underlying mortgage loans is forgiven, whether in connection with a modification, waiver or amendment granted or agreed to by the master servicer or the special servicer or in connection with the bankruptcy, insolvency or similar proceeding involving the related borrower, the amount forgiven, other than Default Interest, also will be treated as a Realized Loss.

The following items, to the extent that they are paid out of collections on the mortgage pool (other than late payment charges and/or Default Interest collected on the mortgage loans) in accordance with the terms of the Pooling Agreement, are some examples of Additional Issuing Entity Expenses:

- any special servicing fees, workout fees and liquidation fees paid to the special servicer;
- any interest paid to the master servicer, the special servicer and/or the trustee with respect to advances;

- the cost of various opinions of counsel required or permitted to be obtained in connection with the servicing of the underlying mortgage loans and REO Property and the administration of the other assets of the issuing entity;
- any unanticipated expenses of the issuing entity, including—
  1. any reimbursements and indemnifications to the trustee, the custodian, the certificate administrator and various related persons and entities, as described under “The Pooling Agreement—Certain Indemnities” in this offering circular supplement,
  2. any reimbursements and indemnification to the master servicer, the special servicer, the depositor, Freddie Mac (in its capacity as servicing consultant) and various related persons and entities, as described under “The Pooling Agreement—Certain Indemnities” in this offering circular supplement, and
  3. any U.S. federal, state and local taxes, and tax-related expenses, payable out of assets of the issuing entity, as described under “Certain Federal Income Tax Consequences—Taxes That May Be Imposed on a REMIC” in this offering circular supplement; and
- Rating Agency fees, other than ongoing surveillance fees, that cannot be recovered from the borrower and that are not paid by any party to the Pooling Agreement or Freddie Mac; and
- any amounts expended on behalf of the issuing entity to remediate an adverse environmental condition at any mortgaged real property securing a Defaulted Loan, as described under “The Pooling Agreement—Realization Upon Mortgage Loans” in this offering circular supplement.

Late payment charges and Default Interest collected with respect to any underlying mortgage loan are to be applied to pay interest on any advances that have been or are being reimbursed with respect to that underlying mortgage loan. In addition, late payment charges and Default Interest collected with respect to any underlying mortgage loan are also to be applied to reimburse the issuing entity for any Additional Issuing Entity Expenses previously incurred by the issuing entity with respect to that underlying mortgage loan. Late payment charges and Default Interest collected with respect to any underlying mortgage loan that are not so applied to pay interest on advances or to reimburse the issuing entity for previously incurred Additional Issuing Entity Expenses will be paid to the master servicer and/or the special servicer as additional servicing compensation.

#### **Advances of Delinquent Monthly Debt Service Payments**

The master servicer will be required to make, for each distribution date, a total amount of advances of principal and/or interest (“P&I Advances”) generally equal to all scheduled monthly debt service payments, other than balloon payments (however, if Freddie Mac is acting as master servicer, then subject to Freddie Mac’s obligations as Guarantor to make a Balloon Guarantor payment), Default Interest, late payment charges, Yield Maintenance Charges or Static Prepayment Premiums and assumed monthly debt service payments, in each case net of related master servicer surveillance fees (if any), special servicer surveillance fees (if any), master servicing fees and sub-servicing fees, that—

- were due or deemed due, as the case may be, during the related Collection Period with respect to the underlying mortgage loans, and
- were not paid by or on behalf of the respective borrowers thereunder or otherwise collected as of the close of business on the last day of the related Collection Period.

However, if it is determined that an Appraisal Reduction Amount exists with respect to any underlying mortgage loan, then the master servicer will reduce the interest portion, but not the principal portion, of each monthly debt service advance that it must make with respect to that underlying mortgage loan during the period that the Appraisal Reduction Amount exists. The interest portion of any monthly debt service advance required to be made with respect to any underlying mortgage loan as to which there exists an Appraisal Reduction Amount, will equal the product of—

- the amount of the interest portion of that monthly debt service advance that would otherwise be required to be made for the subject distribution date without giving effect to the Appraisal Reduction Amount, multiplied by

- a fraction—
  1. the numerator of which is equal to the Stated Principal Balance of the underlying mortgage loan, net of the Appraisal Reduction Amount, and
  2. the denominator of which is equal to the Stated Principal Balance of the underlying mortgage loan.

However, there will be no such reduction in any advance for delinquent monthly debt service payments due to an Appraisal Reduction Event at any time after the total outstanding principal balance of the class B certificates has been reduced to zero.

With respect to any distribution date, the master servicer will be required to make monthly debt service advances either out of its own funds or, subject to replacement as and to the extent provided in the Pooling Agreement, out of funds held in the collection account that are not required to be paid on the certificates on the related distribution date. Further, if a Ratings Trigger Event occurs with respect to any third party master servicer, the Guarantor will have the right to require the master servicer to remit out of its own funds to the collection account, an amount equal to all monthly debt service advances previously made out of the collection account and not previously repaid from collections on the underlying mortgage loans, and thereafter, the master servicer will be required to make monthly debt service advances solely out of its own funds.

To the extent that the master servicer fails to make a required monthly debt service advance and the trustee is aware of that failure, the trustee will be obligated to make that advance in accordance with the Pooling Agreement.

The master servicer and the trustee will each be entitled to recover any monthly debt service advance made by it out of its own funds (together with interest accrued on such amount) from collections on the underlying mortgage loan as to which the advance was made. Neither the master servicer nor the trustee will be obligated to make any monthly debt service advance that, in its judgment (in accordance with the Servicing Standard in the case of the judgment of the master servicer, or in accordance with good faith business judgment in the case of the trustee), would not ultimately be recoverable out of collections on the related underlying mortgage loan. If the master servicer or the trustee makes any monthly debt service advance with respect to any of the underlying mortgage loans (including any such advance that is a Workout-Delayed Reimbursement Amount), that the master servicer, the trustee or the special servicer subsequently determines (in accordance with the Servicing Standard in the case of the determination of the master servicer or the special servicer, or in accordance with good faith business judgment in the case of the trustee) will not be recoverable out of collections on that underlying mortgage loan (or, if such advance is a Workout-Delayed Reimbursement Amount, out of collections of principal on all the underlying mortgage loans after the application of those principal payments and collections to reimburse any party for a Nonrecoverable Advance) (such advance, a “Nonrecoverable P&I Advance”), the master servicer or the trustee, as applicable, may obtain reimbursement for that advance, together with interest accrued on the advance as described below, out of general collections on the mortgage pool. See “The Pooling Agreement—Collection Account” in this offering circular supplement. In making such determination, the master servicer, the trustee or the special servicer, as applicable, may take into account a range of relevant factors, including, among other things, (i) the existence of any outstanding Nonrecoverable Advance or Workout-Delayed Reimbursement Amount on any underlying mortgage loan or REO Loan, (ii) the obligations of the borrower under the related underlying mortgage loan, (iii) the related mortgaged real property in its “as is” condition, (iv) future expenses and (v) the timing of recoveries. Any reimbursement of a Nonrecoverable P&I Advance (including interest accrued on such amount) will be deemed to be reimbursed first from payments and other collections of principal on the mortgage pool (thereby reducing the amount of principal otherwise distributable on the certificates on the related distribution date) prior to the application of any other general collections on the mortgage pool against such reimbursement. The special servicer’s determination that a P&I Advance is a Nonrecoverable P&I Advance will be conclusive and binding on the master servicer and the trustee. However, absent such a determination by the special servicer, each of the master servicer and the trustee will be entitled to make its own determination that a P&I Advance is a Nonrecoverable P&I Advance. In addition, the trustee will be entitled to conclusively rely on the master servicer’s determination that a monthly debt service advance is a Nonrecoverable P&I Advance.

However, instead of obtaining reimbursement out of general collections on the mortgage pool immediately for a Nonrecoverable P&I Advance, the master servicer or the trustee, as applicable, may, in its sole discretion, elect to obtain reimbursement for such Nonrecoverable P&I Advance over a period of time (not to exceed six months

without the consent of the Approved Directing Certificateholder or 12 months in any event), with interest continuing to accrue on such amount at the Prime Rate. At any time after such a determination to obtain reimbursement over time in accordance with the preceding sentence, the master servicer or the trustee, as applicable, may, in its sole discretion, decide to obtain reimbursement for such Nonrecoverable P&I Advance from general collections on the mortgage pool (including, without limitation, interest collections) immediately. In general, such a reimbursement deferral will only be permitted under the Pooling Agreement if and to the extent that the subject Nonrecoverable P&I Advance, after taking into account other outstanding Nonrecoverable Advances, could not be reimbursed with interest out of payments and other collections of principal on the mortgage pool during the current Collection Period. The fact that a decision to recover a Nonrecoverable P&I Advance over time, or not to do so, benefits some classes of certificateholders to the detriment of other classes of certificateholders will not constitute a violation of the Servicing Standard or a breach of the terms of the Pooling Agreement by any party to the Pooling Agreement or a violation of any duty owed by any party to the certificateholders.

In addition, in the event that any monthly debt service advance with respect to a Defaulted Loan remains unreimbursed following the time that such underlying mortgage loan is modified and returned to performing status and the amount of such advance becomes an obligation of the related borrower under the terms of the modified loan documents (a “Workout-Delayed Reimbursement Amount”), the master servicer or the trustee will be entitled to reimbursement for that advance and interest accrued on such advance (even though that advance is not deemed a Nonrecoverable P&I Advance), on a monthly basis, out of – but solely out of – payments and other collections of principal on all the underlying mortgage loans after the application of those principal payments and collections to reimburse any party for any Nonrecoverable Advance, prior to any distributions of principal on the certificates. If any such advance is not reimbursed in whole due to insufficient principal collections during the related Collection Period, then the portion of that advance which remains unreimbursed will be carried over (with interest on such amount continuing to accrue) for reimbursement in the following Collection Period (to the extent of principal collections available for that purpose). If any such advance, or any portion of any such advance, is determined, at any time during this reimbursement process, to be a Nonrecoverable Advance, then the master servicer or the trustee, as applicable, will be entitled to immediate reimbursement out of general collections as a Nonrecoverable Advance in an amount equal to the portion of that advance that remains outstanding, plus accrued interest.

The master servicer and the trustee will each be entitled to receive interest on monthly debt service advances made by that party out of its own funds. That interest will accrue on the amount of each monthly debt service advance for so long as that advance is outstanding from the date made (or, if made prior to the end of the applicable grace period, from the end of that grace period), at an annual rate equal to the Prime Rate. Subject to the discussion in the two preceding paragraphs, interest accrued with respect to any monthly debt service advance on an underlying mortgage loan will be payable out of general collections on the mortgage pool.

A monthly debt service payment will be assumed to be due with respect to:

- each underlying mortgage loan that is delinquent with respect to its balloon payment beyond the end of the Collection Period in which its maturity date occurs and as to which no arrangements have been agreed to for the collection of the delinquent amounts, including an extension of maturity; and
- each underlying mortgage loan as to which the corresponding mortgaged real property has become an REO Property.

The assumed monthly debt service payment deemed due on any underlying mortgage loan described in the prior sentence will equal, for its maturity date (if applicable) and for each successive due date following the relevant event that it or any related REO Property remains part of the issuing entity, the sum of (i) the principal portion, if any, of the monthly debt service payment that would have been due on the underlying mortgage loan on the relevant date if the related balloon payment had not come due or the related mortgaged real property had not become an REO Property, as the case may be, and the underlying mortgage loan had, instead, continued to amortize and accrue interest according to its terms in effect prior to that event, plus (ii) one month’s interest on the Stated Principal Balance of the underlying mortgage loan at the related mortgage interest rate (but not including Default Interest).

## Reports to Certificateholders and Freddie Mac; Available Information

*Certificate Administrator Reports.* Based on information provided in monthly reports prepared by the master servicer and the special servicer in accordance with the Pooling Agreement, and in any event delivered to the certificate administrator, the certificate administrator will be required to prepare and make available electronically or, upon written request, provide by first class mail, (i) by 12:00 p.m. New York City time on the third Business Day prior to each distribution date to Freddie Mac and (ii) on each distribution date to each registered holder of a certificate, a statement to certificateholders substantially in the form of and containing the information substantially as required by Exhibit B. The certificate administrator's statement to certificateholders will detail the distributions on the certificates on that distribution date and the performance, both in total and individually to the extent available, of the underlying mortgage loans and the related mortgaged real properties. Recipients will be deemed to have agreed to keep the subject information confidential.

The master servicer will be required to provide the standard CREFC Investor Reporting Package<sup>®</sup> to the certificate administrator on a monthly basis for the underlying mortgage loans. The certificate administrator will not be obligated to deliver any such report until the reporting package is provided by the master servicer.

To the extent that any related permitted subordinate mortgage debt is being serviced by the master servicer or the master servicer receives the necessary information from the applicable servicer of such permitted subordinate mortgage debt, and if not prohibited by the terms of the related permitted subordinate mortgage debt loan documents or any servicing agreement with respect to the related permitted subordinate mortgage debt (i) the master servicer will include information on such permitted subordinate mortgage debt in each CREFC<sup>®</sup> operating statement analysis report and (ii) if applicable CREFC<sup>®</sup> guidelines are revised to require information on subordinate mortgage debt to be included in other report or files in the CREFC Investor Reporting Package<sup>®</sup> that the master servicer is required to prepare and if Freddie Mac so requests in writing, the master servicer will include information on such permitted subordinate mortgage debt in such additional report or files in the CREFC Investor Reporting Package<sup>®</sup> in accordance with such CREFC<sup>®</sup> guidelines as reasonably clarified by Freddie Mac. For the purposes of including information on permitted subordinate mortgage debt in reports or files as contemplated under the terms of the Pooling Agreement, the master servicer may conclusively rely (without investigation, inquiry, independent verification or any duty or obligation to recompute, verify or recalculate any of the amounts and other information contained in), absent manifest error, on information provided to it by the sub-servicer or other servicer of such permitted subordinate mortgage debt or by Freddie Mac.

*Information Available Electronically.* To the extent the "deal documents," "periodic reports," "additional documents" and "special notices" listed in the following bullet points are in the certificate administrator's possession and prepared by it or delivered to it in an electronic format, the certificate administrator will be required to make available to any Privileged Person via the certificate administrator's website in accordance with the terms and provisions of the Pooling Agreement:

- the following "deal documents":
  1. this offering circular supplement;
  2. the Pooling Agreement; and
  3. the CREFC<sup>®</sup> loan setup file received by the certificate administrator from the master servicer;
- the following "periodic reports":
  1. certain underlying mortgage loan information as presented in the standard CREFC Investor Reporting Package<sup>®</sup> (other than the CREFC<sup>®</sup> loan setup file); and
  2. statements to certificateholders;
- the following "additional documents":
  1. inspection reports; and
  2. appraisals;
- the following "special notices":

1. notice of any failure by the depositor to repurchase a mortgage loan that has an uncured material breach of a representation or warranty or a material document defect;
2. notice of final payment on the certificates;
3. notice of the resignation, termination, merger or consolidation of the master servicer, the special servicer, the certificate administrator or the trustee and any notice of the acceptance of appointment by any successor thereto;
4. notice of the occurrence of any event of default that has not been cured;
5. notice of any request by the directing certificateholder to terminate the special servicer;
6. any request by certificateholders to communicate with other certificateholders;
7. any amendment of the Pooling Agreement;
8. any notice of the occurrence of or termination of any Affiliated Borrower Loan Event;
9. any officer's certificates supporting the determination that any advance was (or, if made, would be) a nonrecoverable advance; and
10. such other reports or information at the reasonable direction of the depositor or the Guarantor;

*provided, however,* that the certificate administrator may not provide to (i) any person that is a borrower under an underlying mortgage loan or an affiliate of a borrower under an underlying mortgage loan that is not the directing certificateholder, (a) any asset status report, inspection report, appraisal or internal valuation, (b) the CREFC<sup>®</sup> special servicer loan file or (c) any supplemental reports in the CREFC Investor Reporting Package<sup>®</sup> or (ii) the directing certificateholder, any asset status report, inspection report, appraisal or internal valuation relating to any Affiliated Borrower Loan. The certificate administrator's website will initially be located at [www.usbank.com/abs](http://www.usbank.com/abs). Access will be provided by the certificate administrator to Privileged Persons upon receipt by the certificate administrator from such person of an investor certification in the form(s) described in the Pooling Agreement, which form(s) may also be located on and submitted electronically via the certificate administrator's website, or upon receipt by the 17g-5 information provider from such person of an NRSRO certification, as applicable. The parties to the Pooling Agreement will be given access to the website without providing that certification. For assistance with the certificate administrator's website, certificateholders may call (800) 934-6802.

The certificate administrator will make no representations or warranties as to the accuracy or completeness of, and may disclaim responsibility for, any report, document or other information made available by it for which it is not the original source. The certificate administrator will not be deemed to have obtained actual knowledge of any information posted on the certificate administrator's website to the extent such information was not produced by the certificate administrator.

The certificate administrator may require registration and the acceptance of a disclaimer, as well as an agreement to keep the subject information confidential, in connection with providing access to its website. The certificate administrator will not be liable for the dissemination of information made by it in accordance with the Pooling Agreement.

*Other Information.* The Pooling Agreement will obligate the certificate administrator (or in the case of the items listed in the sixth and eighth bullet points below, the custodian) to make available at its offices, during normal business hours, upon reasonable advance written notice, or electronically via its website, for review by, among others, any holder or beneficial owner of an offered certificate or any person identified to the certificate administrator as a prospective transferee of an offered certificate or any interest in that offered certificate, originals or copies, in paper or electronic form, of, among other things, the following items, to the extent such documents have been delivered to the certificate administrator or the custodian, as applicable:

- any offering circular, offering circular supplement or other disclosure document relating to the applicable class of certificates, in the form most recently provided to the certificate administrator;
- the Pooling Agreement, including exhibits, and any amendments to the Pooling Agreement;

- all monthly reports of the certificate administrator delivered, or otherwise electronically made available, to certificateholders since the Closing Date;
- all officer's certificates delivered to the certificate administrator by the master servicer and/or the special servicer since the Closing Date, as described under "The Pooling Agreement—Evidence as to Compliance" in this offering circular supplement;
- all accountant's reports delivered to the certificate administrator with respect to the master servicer and/or the special servicer since the Closing Date, as described under "The Pooling Agreement—Evidence as to Compliance" in this offering circular supplement;
- any and all modifications, waivers and amendments of the terms of an underlying mortgage loan entered into by the master servicer or the special servicer and delivered to the custodian pursuant to the Pooling Agreement (but only for so long as the affected underlying mortgage loan is part of the issuing entity);
- any and all officer's certificates delivered to the certificate administrator to support the master servicer's determination that any P&I Advance or Servicing Advance was or, if made, would be a Nonrecoverable P&I Advance or Nonrecoverable Servicing Advance, as the case may be;
- any and all of the underlying mortgage loan documents contained in the mortgage file, and with respect to the directing certificateholder and Freddie Mac only, any and all documents contained in the mortgage file;
- information provided to the certificate administrator regarding the occurrence of Servicing Transfer Events as to the underlying mortgage loans; and
- any and all Sub-Servicing Agreements provided to the certificate administrator and any amendments to such Sub-Servicing Agreements and modifications of such Sub-Servicing Agreements.

Copies of any and all of these items will be required to be made available by the certificate administrator or the custodian, as applicable, upon written request. However, the certificate administrator and the custodian, as applicable, will be permitted to require payment of a sum sufficient to cover the reasonable costs and expenses of providing the copies.

In connection with providing access to or copies of information pursuant to the Pooling Agreement, including the items described above, the certificate administrator, the master servicer or the special servicer will require, in the case of a registered holder, beneficial owner or prospective purchaser of an offered certificate, a written confirmation executed by the requesting person or entity, in the form required by the Pooling Agreement, generally to the effect that, among other things, the person or entity (i) is a registered holder, beneficial owner or prospective purchaser of offered certificates, or an investment advisor representing such person, (ii) is requesting the information for use in evaluating such person's investment in, or possible investment in, the offered certificates, (iii) is or is not a borrower or an affiliate of a borrower under the underlying mortgage loan, (iv) will keep the information confidential, and (v) will indemnify the certificate administrator, the trustee, the custodian, the master servicer, the special servicer, the issuing entity and the depositor from any damage, loss, cost or liability (including legal fees and expenses and the cost of enforcing this indemnity) arising out of or resulting from any unauthorized use or disclosure of the information. However, the trustee, the certificate administrator, the custodian, the master servicer, the special servicer and any sub-servicer may not provide to (a) any person that is a borrower under an underlying mortgage loan or an affiliate of a borrower under an underlying mortgage loan unless such person is the directing certificateholder, (i) any asset status report, inspection report, appraisal or internal valuation, (ii) the CREFC<sup>®</sup> special servicer loan file or (iii) certain supplemental reports in the CREFC Investor Reporting Package<sup>®</sup> or (b) the directing certificateholder, any asset status report, inspection report, appraisal or internal valuation relating to any Affiliated Borrower Loan. However, such restrictions on providing information will not apply to the master servicer, the special servicer and any sub-servicer if the applicable loan documents expressly require such disclosure to such person as a borrower under an underlying mortgage loan.

*Reports to Freddie Mac.* On or before the third Business Day prior to each distribution date, the certificate administrator will be required, in accordance with the terms of the Pooling Agreement, to prepare and distribute to Freddie Mac certain supplemental reports related to the offered certificates.

*Deal Information/Analytics.* Certain information concerning the underlying mortgage loans and the certificates may be available through the following services:

- BlackRock Financial Management, Inc., Bloomberg, L.P., Moody's Analytics, Trepp, LLC, Intex Solutions, Inc., CMBS.com and Thomson Reuters Corporation;
- the certificate administrator's website initially located at [www.usbank.com/abs](http://www.usbank.com/abs); and
- the master servicer's website initially located at [www.freddiemac.com](http://www.freddiemac.com).

## **Voting Rights**

The voting rights for the certificates will be allocated as follows:

- 99% of the voting rights will be allocated to the class A and class B certificates, in proportion to the respective outstanding principal balances of those classes;
- 1% of the voting rights will be allocated to the class X certificates;

Voting rights allocated to a class of certificateholders will be allocated among those certificateholders in proportion to their respective percentage interests in that class. However, solely for the purposes of giving any consent, approval or waiver pursuant to the Pooling Agreement with respect to the rights, obligations or liabilities of the trustee, the certificate administrator, the master servicer, the special servicer or Freddie Mac, any certificate registered in the name of such trustee, certificate administrator, master servicer, special servicer, Freddie Mac or any affiliate of any of them, as applicable, will be deemed not to be outstanding, and the voting rights to which it is entitled will not be taken into account in determining whether the requisite percentage of voting rights necessary to effect any such consent, approval or waiver has been obtained. Such restriction will not apply to (i) the selection of the Controlling Class Majority Holder or the directing certificateholder or the exercise of the special servicer's or its affiliates' rights as a member of the Controlling Class and (ii) except with respect to increases in compensation or material reductions in obligations, if the trustee, the certificate administrator, the master servicer, the special servicer or Freddie Mac, as the case may be, and/or their affiliates, own the entire class of each certificates affected by the action, vote, consent or waiver. A directing certificateholder that is not an Approved Directing Certificateholder will retain any voting rights it has by virtue of being a certificateholder.

## **YIELD AND MATURITY CONSIDERATIONS**

### **Yield Considerations**

*General.* The yield on the offered certificates will depend on, among other things—

- the price you pay for your offered certificates; and
- the rate, timing and amount of distributions on your offered certificates.

The rate, timing and amount of distributions on the offered certificates will in turn depend on, among other things—

- the pass-through rate for, and the other payment terms of, the offered certificates;
- the rate and timing of payments and other collections on the underlying mortgage loans;
- the rate and timing of defaults, and the severity of losses, if any, on the underlying mortgage loans;
- the rate, timing, severity and allocation of other shortfalls and expenses that reduce amounts available for distribution on the certificates (although such shortfalls with respect to the offered certificates may be covered under the Freddie Mac Guarantee, as further described in this offering circular supplement);
- the collection and payment, or waiver, of Yield Maintenance Charges or Static Prepayment Premiums with respect to the underlying mortgage loans; and
- servicing decisions with respect to the underlying mortgage loans.

These factors cannot be predicted with any certainty. Accordingly, you may find it difficult to analyze the effect that these factors might have on the yield to maturity of the offered certificates.

*Freddie Mac Guarantee.* Although the Freddie Mac Guarantee will mitigate the yield and maturity considerations with respect to the offered certificates discussed in this offering circular supplement, the Freddie Mac Guarantee is not backed by the full faith and credit of the United States. If the Guarantor were unable to pay under the Freddie Mac Guarantee, such mitigation would not apply.

*Pass-Through Rates.* The yield to maturity on the class A certificates will be highly sensitive to changes in the levels of LIBOR such that decreasing levels of LIBOR will have a negative effect on the yield to maturity of the holders of such certificates. In addition, prevailing market conditions may increase the interest rate margins above LIBOR at which comparable securities are being offered, which would cause the class A certificates to decline in value. Investors in the class A certificates should consider the risk that lower than anticipated levels of LIBOR could result in a lower yield to investors than the anticipated yield and the risk that higher market interest rate margins above LIBOR could result in a lower value of the class A certificates. See “Description of the Certificates—Distributions—Interest Distributions” in this offering circular supplement.

As further described below under “—Yield Sensitivity of the Class X Certificates,” the pass-through rates on the class X certificates will be variable and the yields on the class X certificates will be sensitive to changes in the relative composition of the mortgage pool as a result of scheduled amortization, voluntary and involuntary prepayments and liquidations of underlying mortgage loans following default.

*Rate and Timing of Principal Payments.* The yield to maturity of the class X certificates will be extremely sensitive to, and the yield to maturity on any class A certificates purchased at a discount or a premium will be affected by, the rate and timing of principal distributions made in reduction of the outstanding principal balance of those certificates. In turn, the rate and timing of principal distributions that are paid or otherwise result in reduction of the outstanding principal balance of the class A certificates will be directly related to the rate and timing of principal payments on or with respect to the underlying mortgage loans. Finally, the rate and timing of principal payments on or with respect to the underlying mortgage loans will be affected by their amortization schedules, the dates on which balloon payments are due and the rate and timing of principal prepayments and other unscheduled collections on them, including for this purpose, collections made in connection with liquidations of underlying mortgage loans due to defaults, casualties or condemnations affecting the mortgaged real properties, pay downs of loans due to failure of the related property to meet certain performance criteria or purchases or other removals of underlying mortgage loans from the issuing entity.

If you are contemplating an investment in the class X certificates, you should further consider the risk that an extremely rapid rate of payments and other collections of principal on the underlying mortgage loans could result in your failure to fully recoup your initial investment.

Prepayments and other early liquidations of the underlying mortgage loans will result in distributions on the class A certificates of amounts that would otherwise be paid over the remaining terms of the underlying mortgage loans. This will tend to shorten the weighted average lives of the class A certificates and accelerate the rate at which the notional amounts of the corresponding component of the interest-only certificates is reduced. Defaults on the underlying mortgage loans, particularly at or near their maturity dates, may result in significant delays in distributions of principal on the underlying mortgage loans and, accordingly, on the class A certificates, while workouts are negotiated or foreclosures are completed, subject to the Freddie Mac Guarantee. These delays will tend to lengthen the weighted average lives of the class A certificates. See “The Pooling Agreement—Modifications, Waivers, Amendments and Consents” in this offering circular supplement.

The extent to which the yield to maturity on any class A certificate may vary from the anticipated yield will depend on the degree to which the class A certificate is purchased at a discount or premium and when, and to what degree payments of principal on the underlying mortgage loans are in turn paid in a reduction of the outstanding principal balance of the class A certificate. If you purchase class A certificates at a discount, you should consider the risk that a slower than anticipated rate of principal payments on the underlying mortgage loans could result in an actual yield to you that is lower than your anticipated yield. If you purchase the class X certificates or class A certificates at a premium, you should consider the risk that a faster than anticipated rate of principal payments on the underlying mortgage loans could result in an actual yield to you that is lower than your anticipated yield.

Because the rate of principal payments on or with respect to the underlying mortgage loans will depend on future events and a variety of factors, no particular assurance can be given as to that rate or the rate of principal prepayments.

*Delinquencies and Defaults on the Underlying Mortgage Loans.* The rate and timing of delinquencies and defaults on the underlying mortgage loans will affect—

- the amount of distributions on the offered certificates;
- the yield to maturity of the offered certificates;
- the notional amount of the interest-only certificates;
- the rate of principal distributions on the class A certificates; and
- the weighted average lives of the offered certificates.

Delinquencies on the underlying mortgage loans may result in shortfalls in distributions of interest and/or principal on the offered certificates for the current month, although Freddie Mac will be required under its guarantee to pay the holder of any offered certificate an amount equal to any such shortfall allocated to its certificates as set forth in “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this offering circular supplement. Although any shortfalls in distributions of interest may be made up on future distribution dates, no interest would accrue on those shortfalls. Thus, any shortfalls in distributions of interest would adversely affect the yield to maturity of the offered certificates.

If—

- you calculate the anticipated yield to maturity for the offered certificates based on an assumed rate of default and amount of losses on the underlying mortgage loans that is lower than the default rate and amount of losses actually experienced, and
- the additional losses result in a reduction of the total distributions on or the total outstanding principal balance of the offered certificates,

then your actual yield to maturity will be lower than you calculated and could, under some scenarios, be negative.

The timing of any loss on a liquidated mortgage loan that results in a reduction of the total distributions on or the total outstanding principal balance of the offered certificates will also affect your actual yield to maturity, even if the rate of defaults and severity of losses are consistent with your expectations. In general, the earlier your loss occurs, the greater the effect on your yield to maturity.

Even if losses on the underlying mortgage loans do not result in a reduction of the total distributions on or the total outstanding principal balance of the offered certificates, the losses may still affect the timing of distributions on, and the weighted average lives and yields to maturity of, the offered certificates.

In addition, if the master servicer or the trustee is reimbursed for any Nonrecoverable Advance or Workout-Delayed Reimbursement Amount (together with accrued interest on such amounts), such amount will be deemed to be reimbursed first out of payments and other collections of principal on all the underlying mortgage loans (thereby reducing the Principal Distribution Amount on the related distribution date), prior to being deemed reimbursed out of payments and other collections of interest on all the underlying mortgage loans. See “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments” and “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses—Servicing Advances” in this offering circular supplement.

*Relevant Factors.* The following factors, among others, will affect the rate and timing of principal payments and defaults and the severity of losses on or with respect to the underlying mortgage loans:

- prevailing interest rates;

- the terms of the underlying mortgage loans, including—
  1. provisions that impose prepayment lockout periods or require Yield Maintenance Charges or Static Prepayment Premiums;
  2. amortization terms that require balloon payments;
  3. due-on-sale/encumbrance provisions; and
  4. any provisions requiring draws on letters of credit or escrowed funds to be applied to principal;
- the demographics and relative economic vitality of the areas in which the mortgaged real properties are located;
- the general supply and demand for multifamily rental space of the type available at the mortgaged real properties in the areas in which those properties are located;
- the quality of management of the mortgaged real properties;
- the servicing of the underlying mortgage loans;
- changes in tax laws; and
- other opportunities for investment.

See “Risk Factors—Risks Related to the Underlying Mortgage Loans,” “Description of the Underlying Mortgage Loans” and “The Pooling Agreement” in this offering circular supplement.

The rate of prepayment on the underlying mortgage loans is likely to be affected by prevailing market interest rates for mortgage loans of a comparable type, term and risk level. When the prevailing market interest rate is below the annual rate at which an underlying mortgage loan accrues interest, the related borrower may have an increased incentive to refinance that underlying mortgage loan. Conversely, to the extent prevailing market interest rates exceed the annual rate at which an underlying mortgage loan accrues interest, the borrower may be less likely to voluntarily prepay that underlying mortgage loan.

Depending on prevailing market interest rates, the outlook for market interest rates and economic conditions generally, some borrowers may sell their mortgaged real properties in order to realize their equity in those mortgaged real properties, to meet cash flow needs or to make other investments. In addition, some borrowers may be motivated by U.S. federal and state tax laws, which are subject to change, to sell their mortgaged real properties.

In addition, certain of the underlying mortgage loans may have performance escrows or letters of credit pursuant to which the funds held in escrow or the proceeds of such letters of credit may be applied to reduce the outstanding principal balance of such underlying mortgage loans if certain performance triggers are not satisfied. This circumstance would have the same effect on the offered certificate as a partial prepayment on such underlying mortgage loans without payment of a Static Prepayment Premium or a Yield Maintenance Charge. For more information regarding these escrows and letters of credit, see the footnotes to Exhibit A-1.

A number of the underlying borrowers are partnerships. The bankruptcy of the general partner in a partnership may result in the dissolution of the partnership. The dissolution of a borrower partnership, the winding up of its affairs and the distribution of its assets could result in an acceleration of its payment obligations under the related underlying mortgage loan, which may adversely affect the yield to maturity on the certificates.

We make no representation or warranty regarding:

- the particular factors that will affect the rate and timing of prepayments and defaults on the underlying mortgage loans;
- the relative importance of those factors;
- the percentage of the total principal balance of the underlying mortgage loans that will be prepaid or as to which a default will have occurred as of any particular date;

- whether the underlying mortgage loans that are in a prepayment lockout period, including any part of that period when defeasance or prepayment with a Yield Maintenance Charge or Static Prepayment Premium is allowed, will be prepaid as a result of involuntary liquidations upon default or otherwise during that period; or
- the overall rate of prepayment or default on the underlying mortgage loans.

*Delay in Distributions.* Because monthly distributions will not be made on the offered certificates until the distribution date following the due dates for the underlying mortgage loans during the related Collection Period, your effective yield will be lower than the yield that would otherwise be produced by your pass-through rate and purchase price, assuming that your purchase price did not account for a delay.

### **Weighted Average Lives of the Class A Certificates**

For purposes of this offering circular supplement, the weighted average life of any Principal Balance Certificate refers to the average amount of time (in years) that will elapse from the assumed settlement date of June 29, 2017 until each dollar to be applied in reduction of the outstanding principal balance of those certificates is paid to the investor. For purposes of this “Yield and Maturity Considerations” section, the weighted average life of such class of Principal Balance Certificates is determined by:

- multiplying the amount of each principal distribution on such class of Principal Balance Certificate by the number of years from the assumed settlement date to the related distribution date;
- summing the results; and
- dividing the sum by the total amount of the reductions in the outstanding principal balance of the Principal Balance Certificate.

Accordingly, the weighted average life of the class A certificates will be influenced by, among other things, the rate at which principal of the underlying mortgage loans is paid or otherwise collected or advanced and the extent to which those payments, collections and/or advances of principal are in turn applied in reduction of the outstanding principal balance of the class A certificates (including any reductions in outstanding principal balance as a result of Balloon Guarantor Payments).

As described in this offering circular supplement, the Principal Distribution Amount for each distribution date will be payable, subject to the Available Distribution Amount and the distribution priorities described under “Description of the Certificates—Distributions—Priority of Distributions” in this offering circular supplement, *first* to make distributions of principal to the holders of the class A certificates until the outstanding principal balance of the class A certificates is reduced to zero, and *thereafter* to make distributions of principal to holders of the class B certificates until the outstanding principal balance of the class B certificates is reduced to zero. As a result, the weighted average life of the class A certificates may be shorter than would otherwise be the case if the Principal Distribution Amount for each distribution date was being paid on a *pro rata* basis among the respective classes of Principal Balance Certificates.

The tables set forth in Exhibit D show with respect to the class A certificates—

- the weighted average life of that class, and
- the percentage of the initial principal balance of that class that would be outstanding after each of the specified dates,

based on each of the indicated levels of CPR and the Modeling Assumptions.

The actual characteristics and performance of the underlying mortgage loans will differ from the Modeling Assumptions used in calculating the tables on Exhibit D. Those tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under the assumed prepayment scenarios. Any difference between the Modeling Assumptions used in calculating the tables on Exhibit D and the actual characteristics and performance of the underlying mortgage loans, or their actual prepayment or loss experience, will

affect the percentages of initial principal balances outstanding over time and the weighted average lives of the class A certificates.

We cannot assure you that—

- the underlying mortgage loans will prepay in accordance with the Modeling Assumptions or any other assumptions set forth in this offering circular supplement;
- the underlying mortgage loans will prepay at any of the indicated levels of CPR or at any other particular prepayment rate;
- the underlying mortgage loans will not experience losses; or
- the underlying mortgage loans that are in a prepayment lockout period or defeasance period or that are prepayable during any period with a Yield Maintenance Charge or a Static Prepayment Premium will not prepay, whether voluntarily or involuntarily, during any such period.

You must make your own decisions as to the appropriate loss, prepayment and liquidation assumptions to be used in deciding to purchase any offered certificates.

### **Yield Sensitivity of the Class X Certificates**

The yields to investors on the class X certificates will be highly sensitive to the rate and timing of principal payments, including prepayments, and to the rate of default on the underlying mortgage loans. If you are contemplating an investment in the certificates, you should fully consider the associated risks, including the risk that an extremely rapid rate of prepayment and/or liquidation of the underlying mortgage loans could result in your failure to recoup fully your initial investment.

The tables set forth in Exhibit E show pre-tax corporate bond equivalent yields for the class X certificates based on the Modeling Assumptions, except that the optional termination is exercised, and further assuming the specified purchase prices and the indicated levels of CPR. Those assumed purchase prices are exclusive of accrued interest.

The yields set forth in the tables in Exhibit E were calculated by:

- determining the monthly discount rate that, when applied to the assumed stream of cash flows to be paid on the class X certificates, as applicable, would cause the discounted present value of that assumed stream of cash flows to equal the assumed purchase price for the class X certificates, and
- converting those monthly discount rates to corporate bond equivalent rates.

Those calculations do not take into account variations that may occur in the interest rates at which investors in the class X certificates may be able to reinvest funds received by them as payments on those certificates. Consequently, they do not purport to reflect the return on any investment on the class X certificates when reinvestment rates are considered.

In addition, the actual characteristics and performance of the underlying mortgage loans will differ from the Modeling Assumptions used in calculating the tables on Exhibit E. Those tables are hypothetical in nature and are provided only to give a general sense of how the cash flows might behave under the assumed prepayment scenarios. Any difference between the Modeling Assumptions used in calculating the tables on Exhibit E and the actual characteristics and performance of the underlying mortgage loans, or their actual prepayment or loss experience, will affect the yield on the class X certificates.

We cannot assure you that—

- the underlying mortgage loans will prepay in accordance with the Modeling Assumptions or any other assumptions set forth in this offering circular supplement;
- the underlying mortgage loans will prepay at any of the indicated levels of CPR or at any other particular prepayment rate;
- the underlying mortgage loans will not experience losses;

- the underlying mortgage loans that are in a prepayment lockout period or defeasance period, or that are prepayable during any period with a Yield Maintenance Charge or a Static Prepayment Premium, will not prepay, whether voluntarily or involuntarily, during any such period; or
- the purchase prices of the class X certificates will be as assumed.

It is unlikely that the underlying mortgage loans will prepay as assumed at any of the specified CPR levels until maturity or that all of the underlying mortgage loans will so prepay at the same rate. Actual yields to maturity for investors in the class X certificates may be materially different than those indicated in the tables in Exhibit E. Timing of changes in rate of prepayment, rate of default under the underlying mortgage loans and other liquidations may significantly affect the actual yield to maturity to investors, even if the average rate of principal prepayments and other liquidations is consistent with the expectations of investors. You must make your own decisions as to the appropriate prepayment, liquidation and loss assumptions to be used in deciding whether to purchase the class X certificates.

## **THE POOLING AGREEMENT**

### **General**

The certificates will be issued, the issuing entity will be created and the underlying mortgage loans will be serviced and administered under a pooling and servicing agreement, to be dated as of June 1, 2017 (the “Pooling Agreement”), by and among the depositor, the master servicer, the special servicer, the trustee, the certificate administrator, the custodian and Freddie Mac. Subject to meeting certain requirements, each Originator has the right and is expected to appoint itself, its affiliate or an unaffiliated third party as the sub-servicer of the underlying mortgage loans it originated.

The certificate administrator will provide a copy of the Pooling Agreement to a prospective or actual holder or beneficial owner of an offered certificate, upon written request from such party or a placement agent and the completion of an appropriate confidentiality agreement in the form attached to the Pooling Agreement and, at the certificate administrator’s discretion, payment of a reasonable fee for any expenses. The Pooling Agreement will also be made available by the certificate administrator on its website, at the address set forth under “Description of the Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this offering circular supplement.

### **The Master Servicer**

Freddie Mac, a corporate instrumentality of the United States created and existing under the Freddie Mac Act, will be appointed as the master servicer. Freddie Mac is also the depositor and the Guarantor of the offered certificates. Freddie Mac’s principal servicing office is located at 8100 Jones Branch Drive, McLean, Virginia 22102. Freddie Mac’s Multifamily Division currently has approximately 600 employees in the McLean, Virginia headquarters and in four regional offices and five field offices.

Freddie Mac conducts business in the U.S. secondary mortgage market by working with a national network of experienced multifamily seller/servicers to finance apartment buildings and other multifamily dwellings around the country. Freddie Mac performs in-house underwriting and credit reviews of multifamily loans but does not directly originate loans or service non-securitized loans for third-party investors.

Freddie Mac’s multifamily mortgage origination and servicing platform has been active for at least 20 years and has experienced significant growth since 1993. Freddie Mac’s master servicing operations consist of four separate teams that handle surveillance activities, borrower transactions, asset resolution and REO Properties. As part of its surveillance activities, Freddie Mac risk rates loans in its portfolio, performs comprehensive reviews of higher-risk loans (including review of quarterly financial statements, annual business plans and property inspections) and monitors loan performance on Freddie Mac multifamily securitizations. Freddie Mac has extensive experience with borrower transactions, including transfers of ownership, repair escrow extensions, property management changes, releases of collateral and rental achievement releases and modifications. Freddie Mac also has extensive experience

processing distressed loans in asset resolution through extensions, forbearance, sale, modification, foreclosure and other loss mitigation activities.

Freddie Mac's senior long-term debt ratings are "AA+" by S&P, "Aaa" by Moody's, and "AAA" by Fitch. Its short-term debt ratings are "A-1+" by S&P, "P-1" by Moody's and "F1+" by Fitch. Freddie Mac is currently rated as a master servicer by S&P (Above Average) and by Fitch (CMS2).

Freddie Mac has developed detailed operating policies, procedures and controls across the various servicing functions to maintain compliance with the Guide, and to manage delinquent and specially-serviced loans. Freddie Mac may out-source various functions to third-party vendors such as performing site inspections and appraisals. Freddie Mac monitors its third-party vendors in accordance with Freddie Mac's internal policies and procedures, the Guide and applicable laws. Freddie Mac's servicing policies and procedures, as reflected in the Guide, are updated periodically to keep pace with changes in Freddie Mac's underwriting and servicing parameters and with developments in the multifamily mortgage-backed securities industry. Such policies and procedures have been generally consistent for the last three years in all material respects, except that in 2012, Freddie Mac's policies and procedures were updated to reflect (1) modifications to Freddie Mac's insurance requirements to reduce Freddie Mac's exposure to risk, adjust to changes in the insurance market and respond to customer needs and (2) an addition to Freddie Mac's asset resolution policies regarding the timing for obtaining new appraisals in connection with various asset resolution events.

Freddie Mac, as the master servicer, will be generally responsible for the master servicing and primary servicing functions with respect to the underlying mortgage loans and, if applicable, REO Property. Freddie Mac, as the master servicer, will be permitted to appoint one or more sub-servicers to perform all or any portion of its primary servicing functions under the Pooling Agreement pursuant to one or more sub-servicing agreements. Additionally, Freddie Mac may from time to time perform some of its servicing obligations under the Pooling Agreement through one or more third-party vendors that provide servicing functions such as appraisals, environmental assessments, property condition assessments, property management, real estate brokerage services and other services necessary in the routine course of acquiring, managing and disposing of REO Property. Freddie Mac will, in accordance with its internal procedures and applicable law, monitor and review the performance of any third-party vendors retained by it to perform servicing functions, and Freddie Mac will remain liable for its servicing obligations under the Pooling Agreement as if Freddie Mac had not retained any such vendors.

The manner in which collections on the underlying mortgage loans are to be maintained is described below under "The Pooling Agreement—Collection Account." All amounts received by Freddie Mac on the underlying mortgage loans will be deposited into a segregated collection account. Similarly, Freddie Mac will transfer any amount that is to be disbursed to a disbursement account on the day of the disbursement. Any collections received by Freddie Mac with respect to the underlying mortgage loans will not be co-mingled with collections from other commercial mortgage loans.

Freddie Mac will not have primary responsibility for custody services of original documents evidencing the underlying mortgage loans. Freddie Mac may from time to time have custody of certain of such documents as necessary for enforcement actions involving the underlying mortgage loans or otherwise. To the extent that Freddie Mac has custody of any such documents for any such servicing purposes, such documents will be maintained in a manner consistent with the Servicing Standard.

No securitization transaction involving multifamily mortgage loans in which Freddie Mac was acting as master servicer, primary servicer or special servicer has experienced a servicer event of default as a result of any action or inaction of Freddie Mac as master servicer, primary servicer or special servicer, including as a result of Freddie Mac's failure to comply with the applicable servicing criteria in connection with any securitization transaction. Freddie Mac has made all advances required to be made by it under its servicing agreements for multifamily mortgage loans.

Freddie Mac continues to operate under the conservatorship of the FHFA that commenced on September 6, 2008. From time to time Freddie Mac is a party to various lawsuits and other legal proceedings arising in the ordinary course of business and is subject to regulatory actions that could materially adversely affect its operations and its ability to service loans pursuant to the Pooling Agreement. See "Description of the Depositor and Guarantor—Freddie Mac Conservatorship" and "Description of the Depositor and Guarantor—Litigation Involving

the Depositor and Guarantor. “Certain duties and obligations of the master servicer and certain related provisions of the Pooling Agreement are described under “—Servicing Under the Pooling Agreement,” “—Enforcement of “Due-on-Sale” and “Due-on-Encumbrance” Clauses,” “—Required Appraisals,” and “—Inspections; Collection of Operating Information” below. The master servicer’s ability to waive or modify any terms, fees, penalties or payments on the underlying mortgage loans and the effect of that ability on the potential cash flows from the underlying mortgage loans are described under “—Modifications, Waivers, Amendments and Consents” below.

Freddie Mac’s obligations as the master servicer to make advances, and the interest or other fees charged for those advances and the terms of Freddie Mac’s recovery of those advances, are described under “—Required Appraisals” and “—Servicing and Other Compensation and Payment of Expenses—Servicing Advances” below and “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments” in this offering circular supplement.

### **The Special Servicer**

Midland Loan Services, a Division of PNC Bank, National Association, a national banking association, (“Midland” or “PNC Bank”), will be appointed as the special servicer and in this capacity will be responsible for the special servicing and administration of the underlying mortgage loans pursuant to the Pooling Agreement. Midland will also act as the Affiliated Borrower Loan Directing Certificateholder with respect to underlying mortgage loans that are not Affiliated Borrower Special Servicer Loans and may, if requested, act as the Directing Certificateholder Servicing Consultant. PNC Bank also is the originator of one tax exempt loan (a “TEL”) issued under the FRETE 2017-ML01 Tax Exempt Loan Trust. Midland often acts as the interim servicer in connection with mortgage loans contributed to CMMBS securitization transactions. Midland’s principal servicing office is located at 10851 Mastin Street, Building 82, Suite 300, Overland Park, Kansas 66210.

Midland is a real estate financial services company that provides loan servicing, asset management and technology solutions for large pools of commercial and multifamily real estate assets. Midland is approved as a master servicer, special servicer and primary servicer for investment-grade commercial and multifamily mortgage backed securities (“CMMBS”) by S&P, Moody’s, Fitch, Morningstar, DBRS and KBRA. Midland has received the highest rankings as a master and primary servicer of real estate assets under U.S. CMMBS transactions from S&P, Fitch and Morningstar and the highest rankings as a special servicer of real estate assets under U.S. CMMBS transactions from S&P and Morningstar. For each category, S&P ranks Midland as “Strong” and Morningstar ranks Midland as “CS1”. Fitch ranks Midland as “1” for master servicer and primary servicer, and “2+” for special servicer. Midland is also a HUD/FHA-approved mortgagee and a Fannie Mae-approved multifamily loan servicer.

Midland has detailed operating procedures across the various servicing functions to maintain compliance with its servicing obligations and the servicing standards under Midland’s servicing agreements, including procedures for managing delinquent and specially serviced loans. The policies and procedures are reviewed annually and centrally managed. Furthermore, Midland’s disaster recovery plan is reviewed annually.

Midland will not have primary responsibility for custody services of original documents evidencing the underlying mortgage loans. Midland may from time to time have custody of certain of such documents as necessary for enforcement actions involving the underlying mortgage loans or otherwise. To the extent that Midland has custody of any such documents for any such servicing purposes, such documents will be maintained in a manner consistent with the Servicing Standard.

No securitization transaction involving commercial or multifamily mortgage loans in which Midland was acting as master servicer, primary servicer or special servicer, as applicable, has experienced a servicer event of default as a result of any action or inaction of Midland as master servicer, primary servicer or special servicer, including as a result of Midland’s failure to comply with the applicable servicing criteria in connection with any securitization transaction. Midland has made all advances required to be made by it under its servicing agreements for commercial and multifamily mortgage loans serviced by Midland in securitization transactions.

From time to time Midland is a party to lawsuits and other legal proceedings as part of its duties as a loan servicer (e.g., enforcement of loan obligations) and otherwise arising in the ordinary course of its business. Midland does not believe that any such lawsuits or legal proceedings that are pending at this time would, individually or in

the aggregate, have a material adverse effect on its business or its ability to service loans pursuant to the Pooling Agreement.

Midland currently maintains an Internet-based investor reporting system, CMBS Investor Insight<sup>®</sup>, that contains performance information at the portfolio, loan and property levels on the various CMBS transactions that it services. Certificateholders, prospective transferees of the certificates and other appropriate parties may obtain access to CMBS Investor Insight<sup>®</sup> through Midland's website at [www.pnc.com/midland](http://www.pnc.com/midland). Midland may require registration and execution of an access agreement in connection with providing access to CMBS Investor Insight<sup>®</sup>.

As of March 31, 2017, Midland was master and/or primary servicing approximately 29,801 commercial and multifamily mortgage loans with a principal balance of approximately \$409 billion. The collateral for such loans is located in all 50 states, the District of Columbia, Puerto Rico, Guam and Canada. Approximately 9,485 of such loans, with a total principal balance of approximately \$148 billion, pertain to commercial and multifamily mortgage-backed securities. The related loan pools include multifamily, office, retail, hospitality and other income-producing properties.

Midland has been servicing commercial and multifamily loans and leases in CMBS and other servicing transactions since 1992. The table below contains information on the size of the portfolio of commercial and multifamily loans and leases in CMMBS and other servicing transactions for which Midland has acted as master and/or primary servicer from 2014 to 2016.

<b>Portfolio Size – Master/Primary Servicing</b>	<b>Calendar Year End</b>		
	<b>(Approximate amounts in billions)</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
CMBS .....	\$157	\$149	\$149
Other .....	\$179	\$255	\$294
Total .....	\$336	\$404	\$444

As of March 31, 2017, Midland was named the special servicer in approximately 253 CMBS transactions with an aggregate outstanding principal balance of approximately \$125 billion. With respect to such CMBS transactions as of such date, Midland was administering approximately 84 assets with an outstanding principal balance of approximately \$572 million.

Midland has acted as a special servicer for commercial and multifamily loans and leases in CMMBS transactions and other servicing transactions since 1992. The table below contains information on the size of the portfolio of specially serviced commercial and multifamily loans, leases and REO properties that have been referred to Midland as special servicer in CMMBS and other servicing transactions from 2014 to 2016.

<b>Portfolio Size – Special Servicing</b>	<b>Calendar Year End</b>		
	<b>(Approximate amounts in billions)</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total .....	\$85	\$110	\$121

Midland may enter one or more arrangements with the holders or beneficial owners of a majority interest in the controlling class, the directing certificateholder, any junior certificateholder or any other person with the right to appoint or remove and replace the special servicer, to provide for a discount and/or revenue sharing with respect to certain of the special servicer's compensation in consideration of, among other things, Midland's appointment (or continuance) as special servicer under the Pooling Agreement and the related intercreditor agreements and limitation on the right of such person to replace the special servicer.

PNC Bank and its affiliates may use some of the same service providers (e.g., legal counsel, accountants and appraisal firms) as are retained on behalf of the issuing entity. In some cases, fee rates, amounts or discounts may be offered to PNC Bank and its affiliates by a third party vendor which differ from those offered to the issuing entity as a result of scheduled or ad hoc rate changes, differences in the scope, type or nature of the service or transaction, alternative fee arrangements and negotiation by PNC Bank or its affiliates other than the Midland division.

The foregoing information set forth in this section “—The Special Servicer” has been provided by Midland. Neither the depositor nor any other person other than Midland makes any representation or warranty as to the accuracy or completeness of such information.

The special servicer may be requested by any Approved Directing Certificateholder to prepare and deliver a recommendation relating to a requested waiver of any “due-on-sale” or “due-on-encumbrance” clause or a requested consent to a modification, waiver or amendment for certain non-Specially Serviced Mortgage Loans. In providing a recommendation in response to any such request, the special servicer will be acting as a consultant to such Approved Directing Certificateholder and any such recommendation provided will not be subject to the Servicing Standard. When acting as a consultant to any Approved Directing Certificateholder, the special servicer will have no duty or liability to any certificateholder other than such Approved Directing Certificateholder in connection with any recommendation it provides such Approved Directing Certificateholder or actions taken by any party as a result of such consultation services provided to such Approved Directing Certificateholder as contemplated by the preceding sentence.

Certain duties and obligations of Midland as the special servicer and the provisions of the Pooling Agreement are described under “—Servicing Under the Pooling Agreement,” “—Enforcement of “Due-on-Sale” and “Due-on-Encumbrance” Clauses,” “—Required Appraisals,” and “—Inspections; Collection of Operating Information” below. The special servicer’s ability to waive or modify any terms, fees, penalties or payments on the underlying mortgage loans and the effect of that ability on the potential cash flows from the underlying mortgage loans are described under “—Modifications, Waivers, Amendments and Consents” below.

Midland, as the special servicer will, among other things, oversee the resolution of the underlying mortgage loans during a special servicing period and the disposition of the REO Property. Certain of the special servicer’s duties as the special servicer under the Pooling Agreement, including information regarding the processes for handling delinquencies, losses, bankruptcies and recoveries (such as through a liquidation of an underlying mortgage loan, the sale of the underlying mortgage loans or negotiations or workouts with the borrowers under the underlying mortgage loans) are set forth under “—Realization Upon Mortgage Loan” below.

Certain terms of the Pooling Agreement regarding Midland’s removal, replacement, resignation or transfer as master servicer and special servicer are described under “—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties” and “—Rights Upon Event of Default” below.

### **Significant Sub-Servicer**

Citibank, N.A., a national banking association (“Citibank”), originated 2 of the the underlying mortgage loans, collectively representing 95.1% of the initial pool balance. Citibank is an indirect wholly owned subsidiary of Citigroup Inc., a Delaware corporation, and an affiliate of Citigroup Global Markets Inc., one of the placement agents for the offered certificates and the class B certificates. Citibank is expected to arrange for the sub-servicing, through one or more unaffiliated sub-servicers, of all of the underlying mortgage loans originated by Citibank. Citibank is not an affiliate of the issuing entity, the depositor, the trustee, the custodian, the certificate administrator or the guarantor. Since 2015, Citibank has originated approximately \$613 million in underlying mortgage loans for sale to Freddie Mac, which includes the undedrlying mortgage loans that will be sold to Freddie Mac for securitization in this transaction.

### **Summary of Significant Sub-Servicing Agreement**

Pursuant to the terms of a sub-servicing agreement between Citibank and the master servicer, Citibank will perform certain primary servicing functions with respect to the underlying mortgage loans identified on Exhibit A-1 as originated by Citibank. The sub-servicer may delegate its duties to agents or subcontractors so long as the related arrangements with such agents or subcontractors are consistent with the respective sub-servicing agreement and the Servicing Agreement.

The sub-servicer will service in accordance with the Servicing Standard under the Pooling Agreement. Generally, the sub-servicer will perform the following services in connection with the underlying mortgage loans in accordance with the sub-servicing agreement and the Pooling Agreement:

- (a) establishing and maintaining collection and escrow accounts, including deposits into and remittances from such accounts;
- (b) monitoring the status and payment of taxes, other assessments and insurance premiums for compliance with the underlying loan documents;
- (c) conducting inspections of the mortgaged real properties and delivering to the master servicer a written report of the results of such inspection (other than with respect to Specially Serviced Mortgage Loans);
- (d) preparing (i) monthly reports using the CREFC<sup>®</sup> reporting format and (ii) quarterly and annual CREFC<sup>®</sup> NOI Adjustment Worksheet and the CREFC<sup>®</sup> Operating Statement Analysis Report based on the operating statements, budgets and rent rolls with respect to the mortgaged real properties and delivering the same to the master servicer; and
- (e) notifying the master servicer upon becoming aware that a Servicing Transfer Event may have occurred with respect to any underlying mortgage loan.

With respect to any proposed assumptions, due-on-sale clause waivers, modifications, transfers and certain other borrower requests, (1) the sub-servicer will not permit or consent to any such action without the prior written consent of the master servicer, (2) the sub-servicer will perform and deliver to the master servicer any analysis, recommendation and other information required under the Pooling Agreement (accompanied by an officer's certificate from the sub-servicer), and (3) the master servicer, not the sub-servicer, will deal directly with the directing certificateholder in connection with obtaining any necessary approval or consent from the directing certificateholder.

As compensation for its activities under its respective sub-servicing agreement, the sub-servicer will be paid a sub-servicing fee and will be entitled to certain additional servicing compensation, all to the extent that the master servicer is entitled to such amounts under the Pooling Agreement. See "Description of the Certificates—Fees and Expenses" in this offering circular supplement.

The master servicer and the sub-servicer will agree in the applicable sub-servicing agreement to indemnify and hold harmless each other (including any of their general or limited partners, directors, officers, shareholders, members, managers, employees, agents or affiliates) from and against any and all liability, claim, loss, out-of-pocket cost (including reasonable attorneys' fees), penalty, expense, fee, forfeiture, judgment, or damage resulting from (i) any breach of any representation or warranty made by it in the sub-servicing agreement or (ii) any willful misconduct, bad faith, fraud or negligence by the indemnitor in the performance of its obligations or duties under the sub-servicing agreement or by reason of negligent disregard of such obligations and duties. Pursuant to the terms of the Pooling Agreement, the sub-servicer will be indemnified by the trust, to the extent the master servicer shall be entitled to such indemnification, subject to annual liability caps of any Third Party Master Servicer or sub-servicer as more particularly described in the Pooling Agreement. See "—Certain Indemnities" below.

The sub-servicer will at all times be a Freddie Mac approved servicer. The sub-servicer will not be an affiliate of the trustee and, should any sub-servicer become an affiliate of the trustee, the sub-servicer will immediately provide written notice to the master servicer, Freddie Mac, the certificate administrator and the trustee of such affiliation. The master servicer will have the right to terminate the sub-servicer after certain termination events under the sub-servicing agreement have occurred and have not been remedied or at the direction of Freddie Mac upon a determination made by Freddie Mac, in accordance with the provisions of the Guide, that the sub-servicer should not sub-service the underlying mortgage loan. See "—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties—Removal of the Master Servicer, the Special Servicer or any Sub-Servicer" below.

### **Liability of the Servicers**

The master servicer (either in its own right or on behalf of an indemnified sub-servicer), the special servicer and various related persons and entities will be entitled to be indemnified by the issuing entity for certain losses and liabilities incurred by the master servicer or the special servicer, as applicable, as described under "—Certain Indemnities" below.

The underlying mortgage loans will not be an obligation of, or be insured or guaranteed by the master servicer or the special servicer. In addition, the master servicer and the special servicer (including in its capacity as the Affiliated Borrower Loan Directing Certificateholder) will be under no liability to the issuing entity, the other parties to the Pooling Agreement or the certificateholders for any action taken, or not taken, in good faith pursuant to the Pooling Agreement or for errors in judgment. However, the master servicer and the special servicer will not be protected against any breach of warranties or representations made in the Pooling Agreement or from any liability which would otherwise be imposed by reason of willful misconduct, bad faith, fraud or negligence in the performance of its duties or negligent disregard of obligations and duties under the Pooling Agreement.

The master servicer and the special servicer each will be required to maintain at its own expense, fidelity insurance, in the form of a financial institution bond, fidelity bond or its equivalent (“Fidelity Insurance”) consistent with the Servicing Standard and errors and omissions insurance with an insurer that meets the qualifications set forth in the Pooling Agreement with coverage amounts consistent with the Servicing Standard. However, for so long as Freddie Mac is acting as the master servicer, the master servicer may elect not to maintain errors and omissions insurance.

Solely in the event that Accepted Servicing Practices is the applicable Servicing Standard, each of the master servicer and the special servicer will be required to maintain Fidelity Insurance and errors and omissions insurance with an insurer that meets the qualifications set forth in the Pooling Agreement. Such policy must meet certain requirements as to coverage set forth in the Pooling Agreement. Coverage of the master servicer or the special servicer under a policy or bond obtained by an affiliate of the master servicer or the special servicer, as applicable that meets the same requirements as a policy obtained directly by the master servicer or the special servicer will be permitted under the Pooling Agreement. In lieu of obtaining such a policy or bond, the master servicer or the special servicer will be permitted to provide self-insurance with respect to Fidelity Insurance or errors and omissions insurance, subject to satisfaction of certain credit ratings requirements by the master servicer, the special servicer, or their respective immediate or remote parent companies.

### **Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties**

*Resignation of the Master Servicer or the Special Servicer.* The master servicer, the special servicer and any Affiliated Borrower Special Servicer will only be permitted to resign from their respective obligations and duties under the Pooling Agreement (i) upon a determination that such party’s duties are no longer permissible under applicable law, (ii) upon the appointment of, and the acceptance of such appointment by, a successor to the resigning master servicer or resigning special servicer, as applicable, or (iii) as to the servicing of any Affiliated Borrower Special Servicer Loans, in the case of the special servicer and any Affiliated Borrower Special Servicer, in the manner described in “—Removal of the Master Servicer, the Special Servicer and any Sub-Servicer” below, and upon the appointment of, and the acceptance of such appointment by, the successor to the resigning special servicer. Any such successor must satisfy the following conditions applicable to it (the “Successor Servicer Requirements”): (i) Freddie Mac has approved such successor, which approval will not be unreasonably withheld or delayed, (ii) the successor to the master servicer, the special servicer or the Affiliated Borrower Special Servicer, as the case may be, agrees in writing to assume all of the responsibilities, duties and liabilities of the master servicer or the special servicer, as the case may be, under the Pooling Agreement and certain Sub-Servicing Agreements that arise thereafter, (iii) such successor (a)(1) is rated at least “CNS3” (in the case of a successor master servicer) or “CSS3” (in the case of a successor special servicer) by Fitch and (2)(x) is acting as a master servicer or special servicer, as applicable, on a deal- or transaction-level basis for all or a significant portion of the mortgage loans in a CMBS transaction that was rated by an NRSRO within the 12-month period prior to the date of determination and (y) Moody’s has not qualified, downgraded or withdrawn its then-current rating or ratings on one or more classes of certificates issued in any CMBS transaction and publicly cited servicing concerns with the replacement master servicer or special servicer, as applicable, as the sole or material factor in such rating action or (b) subject to clause (i) above, is otherwise acceptable to Moody’s and Fitch as evidenced by receipt of Rating Agency Confirmation and (iv) with respect to a successor special servicer or Affiliated Borrower Special Servicer, the trustee receives an opinion of counsel generally to the effect that, among other things, the agreement pursuant to which such special servicer is replaced is binding. Any determination permitting the resignation of the master servicer or the special servicer because such party’s duties are no longer permissible under applicable law must be evidenced by an opinion of counsel to such effect delivered to the certificate administrator and the trustee, the cost of which, together with any other expenses of such resignation, are required to be borne by the resigning party. No resignation by the

master servicer, the special servicer or any Affiliated Borrower Special Servicer will become effective until the trustee or the successor to the master servicer, the special servicer or such Affiliated Borrower Special Servicer, as applicable, has assumed the resigning master servicer's, the special servicer's or such Affiliated Borrower Special Servicer's, as applicable, responsibilities and obligations under the Pooling Agreement in accordance with this paragraph.

*Removal of the Master Servicer, the Special Servicer and any Sub-Servicer.* If an event of default described under “—Events of Default” below occurs with respect to the master servicer or the special servicer and remains unremedied, the trustee will be authorized, and at the direction of the directing certificateholder (but with respect to the master servicer, only if such directing certificateholder is an Approved Directing Certificateholder) or Freddie Mac, the trustee will be required, to terminate the defaulting party and appoint a successor, as described under “—Rights Upon Event of Default” below. The defaulting party is entitled to the payment of all compensation, indemnities, reimbursements, accrued and unpaid to the date of termination, and other similar amounts.

In addition, the directing certificateholder will be entitled to remove, with or without cause, the special servicer or any Affiliated Borrower Special Servicer (if the applicable Affiliated Borrower Special Servicer Loan is not an Affiliated Borrower Loan) and appoint a successor special servicer or Affiliated Borrower Special Servicer rather than have the trustee act as that successor, upon 30 Business Days' prior written notice to the parties to the Pooling Agreement. Any successor special servicer or any Affiliated Borrower Special Servicer must satisfy the Successor Servicer Requirements (including Freddie Mac's approval, which may not be unreasonably withheld or delayed). In addition, the trustee must receive an opinion of counsel to the effect that the removal of the special servicer and/or the appointment of a successor special servicer is in compliance with the terms of the Pooling Agreement. If such removal is without cause, all costs of the issuing entity and the special servicer incurred in connection with transferring the subject special servicing responsibilities to a successor special servicer will be the responsibility of the directing certificateholder that effected the termination. Moreover, the terminated special servicer will be entitled to—

- payment out of the collection account for all accrued and unpaid special servicing fees, special servicer surveillance fees and additional special servicing compensation;
- continued rights to indemnification; and
- continued rights to some or all liquidation and workout fees earned by it as described below under “—Servicing and Other Compensation and Payment of Expenses.”

If at any time an Affiliated Borrower Special Servicer Loan Event occurs, the Pooling Agreement will require that the special servicer promptly resign as special servicer of the related Affiliated Borrower Special Servicer Loan and provides for the appointment of a successor Affiliated Borrower Special Servicer to act as the special servicer with respect to such Affiliated Borrower Special Servicer Loan. If the Affiliated Borrower Special Servicer Loan is not an Affiliated Borrower Loan, the directing certificateholder will have the right to select a successor Affiliated Borrower Special Servicer in accordance with the requirements of the Pooling Agreement, including (i) the satisfaction of the Successor Servicer Requirements, and (ii) that the chosen successor is then actively acting as special servicer on a Freddie Mac multifamily mortgage loan securitization or is otherwise approved by Freddie Mac. If (a) the Affiliated Borrower Special Servicer Loan is an Affiliated Borrower Loan or (b) the directing certificateholder does not select a successor to the resigning special servicer within 15 days after receipt of written notice of the applicable Affiliated Borrower Special Servicer Loan Event (in the case of this clause (b) with the option of the directing certificateholder to extend the time period by an additional 15 days if the directing certificateholder is using reasonable efforts to appoint a successor) as described in the prior sentence, the resigning special servicer for the related Affiliated Borrower Special Servicer Loan will be required to use reasonable efforts to select the Affiliated Borrower Special Servicer within 15 days following receipt of written notice of the applicable Affiliated Borrower Special Servicer Loan Event in the case of clause (a) and within 15 days following a failure of the directing certificateholder to select a successor within the time period permitted in the case of clause (b) (in each case with the option of the special servicer to extend the time period by 15 additional days if the special servicer is using reasonable efforts to appoint a successor), each, in accordance with the requirements set forth in the Pooling Agreement, including (i) the satisfaction of the Successor Servicer Requirements, and (ii) that the chosen successor is then actively acting as special servicer on a Freddie Mac multifamily mortgage loan securitization or is otherwise approved by Freddie Mac.

The special servicer is required to provide written notice to the parties to the Pooling Agreement and the directing certificateholder of both the occurrence and the termination of any Affiliated Borrower Special Servicer Loan Event within five Business Days after the special servicer obtains knowledge of such occurrence or termination of such Affiliated Borrower Special Servicer Loan Event. Except with respect to any Affiliated Borrower Special Servicer Loan Event that exists on the Closing Date and that is described in the definition of Affiliated Borrower Special Servicer Loan Event, (i) following the Closing Date and prior to its receipt of notice from the special servicer of the occurrence of an Affiliated Borrower Special Servicer Loan Event and (ii) following its receipt of notice, if any, from the special servicer of the termination of any Affiliated Borrower Special Servicer Loan Event and prior to its receipt of notice from the special servicer of the occurrence of another Affiliated Borrower Special Servicer Loan Event, unless, in each case, the trustee, certificate administrator or the master servicer has actual knowledge that an Affiliated Borrower Special Servicer Loan Event exists, the trustee, the certificate administrator, the master servicer and Freddie Mac will be entitled to conclusively assume that no Affiliated Borrower Special Servicer Loan Event exists. The master servicer, the trustee, the certificate administrator and Freddie Mac may rely on any such notice of the occurrence or termination of an Affiliated Borrower Special Servicer Loan Event without making any independent investigation.

The special servicer will not have any liability with respect to the actions or inactions of the applicable Affiliated Borrower Special Servicer or with respect to the identity of any Affiliated Borrower Special Servicer selected in accordance with the requirements set forth in the Pooling Agreement.

Each Affiliated Borrower Special Servicer will perform all of the obligations of the special servicer for the related Affiliated Borrower Special Servicer Loan and will be entitled to all amounts of compensation payable to the special servicer under the Pooling Agreement with respect to such Affiliated Borrower Special Servicer Loan that are earned during such time as the related underlying mortgage loan is an Affiliated Borrower Special Servicer Loan. The special servicer that resigns as a result of an Affiliated Borrower Special Servicer Loan Event will be entitled to any special servicer surveillance fees, special servicing fees and liquidation fees that accrued before the effective date of the resignation of the special servicer with respect to an underlying mortgage loan that became an Affiliated Borrower Special Servicer Loan and, for any such underlying mortgage loan that (i) becomes a Corrected Mortgage Loan before the effective date of the special servicer's resignation for such Affiliated Borrower Special Servicer Loan or (ii) would have become a Corrected Mortgage Loan before the effective date of the special servicer's resignation for such Affiliated Borrower Special Servicer Loan but for the requirement to receive three consecutive monthly debt service payments (provided that such payments occur within three months after such effective date of the special servicer's resignation), the related workout fees.

If the master servicer or the related Affiliated Borrower Special Servicer, as applicable, has actual knowledge of the termination of any Affiliated Borrower Special Servicer Loan Event, the master servicer or Affiliated Borrower Special Servicer, as applicable, will be required to provide prompt written notice of such circumstance to each of the other parties to the Pooling Agreement and the directing certificateholder.

If at any time an Affiliated Borrower Special Servicer Loan Event no longer exists with respect to an Affiliated Borrower Special Servicer Loan, (i) the related Affiliated Borrower Special Servicer will be required to promptly resign unless the directing certificateholder, with the consent of Freddie Mac, which consent may not be unreasonably withheld, instructs such Affiliated Borrower Special Servicer not to resign within five Business Days of receipt of notice that such Affiliated Borrower Special Servicer Loan Event no longer exists, (ii) the related underlying mortgage loan will no longer be an Affiliated Borrower Special Servicer Loan upon such resignation of the Affiliated Borrower Special Servicer, (iii) the special servicer for the underlying mortgage loans and the REO Property that are not Affiliated Borrower Special Servicer Loans will automatically succeed to the resigning Affiliated Borrower Special Servicer and will become the special servicer again for such underlying mortgage loan upon any such resignation of the Affiliated Borrower Special Servicer and (iv) such special servicer will be entitled to all compensation payable under the Pooling Agreement to the special servicer with respect to such underlying mortgage loan earned after such underlying mortgage loan is no longer an Affiliated Borrower Special Servicer Loan, and the resigning Affiliated Borrower Special Servicer will be entitled to any special servicer surveillance fee, special servicing fees and liquidation fees that accrued while it was the Affiliated Borrower Special Servicer and, for any such underlying mortgage loan that (i) becomes a Corrected Mortgage Loan while such resigning Affiliated Borrower Special Servicer is acting in such capacity, or (ii) would have become a Corrected Mortgage Loan while such resigning Affiliated Borrower Special Servicer is acting in such capacity but for the requirement to receive

three consecutive monthly debt service payments (provided that such payments occur within three months after such effective date of the resignation of such Affiliated Borrower Special Servicer), the related workout fees.

In the event of resignation of the special servicer or the Affiliated Borrower Special Servicer as to the servicing of any Affiliated Borrower Special Servicer Loans, the successor will be required to immediately succeed to its predecessor's duties under the Pooling Agreement.

In addition, (i) if Freddie Mac is then acting as the master servicer, Freddie Mac may, and (ii) if Freddie Mac is not then acting as master servicer, Freddie Mac will be entitled to direct the third party master servicer to remove any sub-servicer with respect to any underlying mortgage loan if (i) Freddie Mac determines, in accordance with the provisions of the Guide that any sub-servicer should not sub-service the underlying mortgage loan, (ii) such sub-servicer becomes an affiliate of the trustee or (iii) Freddie Mac determines, in its reasonable discretion, that a conflict of interest exists between the sub-servicer and the related borrower such that the sub-servicer should not sub-service the related underlying mortgage loan; *provided, however*, that any termination in connection with clauses (i), (ii) or (iii) above will be at the expense of Freddie Mac. Any sub-servicer that is terminated pursuant to clauses (i), (ii) or (iii) above will have the right to sell its sub-servicing to either the third party master servicer or another sub-servicer acceptable to Freddie Mac, which acceptance may not be unreasonably withheld or delayed. Except as provided in this paragraph with respect to Freddie Mac, in no event will Freddie Mac, in its capacity as depositor, the master servicer, the special servicer, the trustee, the certificate administrator or the issuing entity be liable to a sub-servicer for any termination or other fees, costs and expenses associated with the removal of such sub-servicer.

*Transfer of Servicing Duties.* In connection with such appointment and assumption of a successor to the master servicer or the special servicer as described in this offering circular supplement, subject to the right of the predecessor master servicer or special servicer to retain certain fees earned by it prior to the subject event of default, the trustee may make such arrangements for the compensation of such successor out of payments on the underlying mortgage loans as it and such successor agree. However, no such compensation with respect to a successor master servicer or successor special servicer, as the case may be, will be in excess of that paid to the terminated master servicer or special servicer, as the case may be, under the Pooling Agreement. The trustee, the master servicer, the special servicer and such successor are required to take such action, consistent with the Pooling Agreement, as will be necessary to effectuate any such succession. Any reasonable costs and expenses associated with the transfer of the servicing function (other than with respect to a termination without cause of the special servicer by the directing certificateholder as described above under “—Removal of the Master Servicer, the Special Servicer and any Sub-Servicer”) under the Pooling Agreement will be required to be borne by the predecessor master servicer or special servicer. However, if such predecessor master servicer or special servicer, as applicable, fails to pay such costs and expenses after reasonable efforts to obtain payment, then such costs and expenses will be an expense of the issuing entity.

If the master servicer or the special servicer, as the case may be, is terminated pursuant to the terms of the Pooling Agreement, it is required to promptly (and in any event no later than 20 Business Days after its receipt of the notice of termination) provide the trustee with all documents and records requested by it and in the possession of the master servicer or the special servicer, as the case may be, to enable the trustee or another successor to assume the master servicer's or the special servicer's, as the case may be, functions under the Pooling Agreement, and is required to reasonably cooperate with the trustee in effecting the termination of the master servicer's or the special servicer's, as the case may be, responsibilities and rights under the Pooling Agreement, including, without limitation, the prompt transfer (and in any event no later than five Business Days after its receipt of the notice of termination) to the trustee or another successor for administration by it of all cash amounts which are at the time, or should have been, credited by the master servicer to the collection account or any other account held by it on account of the underlying mortgage loans or credited by the special servicer to an REO account, as the case may be, or which thereafter are received with respect to any underlying mortgage loan or any REO Property.

### **The Trustee, Certificate Administrator and Custodian**

U.S. Bank National Association, a national banking association (“U.S. Bank”), will act as trustee, certificate administrator, custodian and certificate registrar under the Pooling Agreement. U.S. Bancorp, with total assets exceeding \$450 billion as of March 31, 2017, is the parent company of U.S. Bank, the fifth largest commercial bank in the United States. As of March 31, 2017, U.S. Bancorp served approximately 18 million customers and operated

over 3,000 branch offices in 25 states. A network of specialized U.S. Bancorp offices across the nation provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses, and institutions.

U.S. Bank has one of the largest corporate trust businesses in the country with office locations in 53 domestic and two international cities. The Pooling Agreement will be administered from U.S. Bank's corporate trust office located at One Federal Street, 3rd Floor, Mailcode EX-MA-FED, Boston, Massachusetts 02110 (and for certificate transfer services, 111 Fillmore Avenue, St. Paul, Minnesota 55107, Attention: Bondholder Services – FRETE 2017-ML02.

U.S. Bank has provided corporate trust services since 1924. As of March 31, 2017, U.S. Bank was acting as trustee with respect to over 88,000 issuances of securities with an aggregate outstanding principal balance of over \$3.6 trillion. This portfolio includes corporate and municipal bonds, mortgage-backed and asset-backed securities and collateralized debt obligations.

The certificate administrator is required to make each monthly statement available to the Certificateholders via the certificate administrator's internet website at [www.usbank.com/abs](http://www.usbank.com/abs). Certificateholders with questions may direct them to the certificate administrator's bondholder services group at (800) 934-6802.

As of March 31, 2017, U.S. Bank (and its affiliate U.S. Bank Trust National Association) was acting as trustee, paying agent and certificate registrar on 331 issuances of commercial mortgage-backed securities with an outstanding aggregate principal balance of approximately \$158,094,800,000.

Since 2014 various plaintiffs or groups of plaintiffs, primarily investors, have filed claims against U.S. Bank in its capacity as trustee or successor trustee (as the case may be) under certain residential mortgage-backed securities ("RMBS") trusts. The plaintiffs or plaintiff groups have filed substantially similar complaints against other RMBS trustees, including Deutsche Bank, Citibank, HSBC, Bank of New York Mellon and Wells Fargo. The complaints against U.S. Bank allege the trustee caused losses to investors as a result of alleged failures by the sponsors, mortgage loan sellers and servicers for these RMBS trusts and assert causes of action based upon the trustee's purported failure to enforce repurchase obligations of mortgage loan sellers for alleged breaches of representations and warranties concerning loan quality. The complaints also assert that the trustee failed to notify securityholders of purported events of default allegedly caused by breaches of servicing standards by mortgage loan servicers and that the trustee purportedly failed to abide by a heightened standard of care following alleged events of default.

Currently U.S. Bank is a defendant in multiple actions alleging individual or class action claims against the trustee with respect to multiple trusts as described above with the most substantial case being: BlackRock Balanced Capital Portfolio et al v. U.S. Bank National Association, No. 605204/2015 (N.Y. Sup. Ct.) (class action alleging claims with respect to approximately 794 trusts) and its companion case BlackRock Core Bond Portfolio et al v. U.S. Bank National Association, No. 14-cv-9401 (S.D.N.Y.). Some of the trusts implicated in the aforementioned Blackrock cases, as well as other trusts, are involved in actions brought by separate groups of plaintiffs related to no more than 100 trusts per case.

U.S. Bank cannot assure you as to the outcome of any of the litigation, or the possible impact of these litigations on the trustee or the RMBS trusts. However, U.S. Bank denies liability and believes that it has performed its obligations under the RMBS trusts in good faith, that its actions were not the cause of losses to investors and that it has meritorious defenses, and it intends to contest the plaintiffs' claims vigorously.

Under the terms of the Pooling Agreement, U.S. Bank is responsible for securities administration, which includes pool performance calculations, distribution calculations and the preparation of monthly distribution reports. The distribution reports will be reviewed by an analyst and then by a supervisor using a transaction-specific review spreadsheet. Any corrections identified by the supervisor will be corrected by the analyst and reviewed by the supervisor. The supervisor also will be responsible for the timely delivery of reports to the administration unit for processing all cashflow items. As securities administrator, U.S. Bank is also responsible for the preparation and filing of all REMIC tax returns on behalf of the issuing entity. In the past three years, U.S. Bank has not made material changes to the policies and procedures of its securities administration services for commercial mortgage-backed securities.

U.S. Bank will act as custodian of the mortgage files pursuant to the Pooling Agreement. As custodian, U.S. Bank is responsible for holding the mortgage files on behalf of the trustee. U.S. Bank will hold the mortgage files in one of its custodial vaults, which are located at 1133 Rankin Street, Suite 100, St. Paul, Minnesota 55116 Attention: Document Custody Services–FRETE 2017-ML02 Trust. The mortgage files are tracked electronically to identify that they are held by U.S. Bank pursuant to the Pooling Agreement. U.S. Bank uses a barcode tracking system to track the location of, and owner or secured party with respect to, each file that it holds as custodian, including the mortgage files held on behalf of the trustee. As of March 31, 2017, U.S. Bank holds approximately 10,316,000 document files for approximately 980 entities and has been acting as a custodian for over 20 years.

In its capacity as trustee on commercial mortgage securitizations, U.S. Bank is generally required to make an advance if the related master servicer or special servicer fails to make a required advance. In the past three years, U.S. Bank, in its capacity as trustee, has not been required to make an advance on a U.S. domestic commercial mortgage-backed securities transaction.

The information set forth above in this section “—The Trustee, Certificate Administrator and Custodian” has been provided by U.S. Bank. Neither the depositor nor any other person other than U.S. Bank makes any representation or warranty as to the accuracy or completeness of such information.

See also “—Rights Upon Event of Default,” “—Matters Regarding the Trustee, the Certificate Administrator and the Custodian” and “—Certain Indemnities” below.

### **Resignation and Removal of the Trustee and the Certificate Administrator**

Each of the trustee and the certificate administrator will be permitted at any time to resign from its obligations and duties under the Pooling Agreement by giving not less than 30 days prior written notice to the depositor, the master servicer, the special servicer, Freddie Mac, the trustee or the certificate administrator, as the case may be, and all certificateholders. In addition, compliance with the Investment Company Act may require the trustee to resign if (i) borrowers have defeased more than 20% of the underlying mortgage loans (by principal balance) and (ii) an affiliate of the trustee is servicing or sub-servicing the underlying mortgage loans. Upon receiving a notice of resignation, the depositor will be required to use its reasonable best efforts to promptly appoint a qualified successor trustee or certificate administrator acceptable to the master servicer and Freddie Mac. If no successor trustee or certificate administrator has been so appointed and has accepted an appointment within 30 days after the giving of the notice of resignation, the resigning trustee or certificate administrator may petition any court of competent jurisdiction to appoint a successor trustee or certificate administrator, as applicable.

Each of the trustee and the certificate administrator must at all times be, and will be required to resign if it fails to be, (i) a corporation, national bank, trust company or national banking association, organized and doing business under the laws of any state or the United States of America or the District of Columbia, authorized under such laws to exercise corporate trust powers and to accept the trust conferred under the Pooling Agreement, having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authority and, only in the case of the trustee, may not be an affiliate of the depositor, the master servicer or the special servicer (except during any period when the trustee is acting as, or has become successor to, a master servicer or special servicer, as the case may be), (ii) an institution insured by the Federal Deposit Insurance Corporation and (iii) an institution whose long term senior unsecured debt (a) is rated “A” or higher by S&P, “A” or higher by Fitch and “Aa3” or higher by Moody’s (or “A2” or higher by Moody’s if such institution’s short term unsecured debt obligations are rated “P-1” by Moody’s) or (b) is otherwise acceptable to the Approved Directing Certificateholder (if any), Freddie Mac and each Rating Agency as evidenced by the receipt of the Rating Agency Confirmation with respect to such trustee or certificate administrator.

If at any time the trustee or the certificate administrator ceases to be eligible to continue as the trustee or the certificate administrator under the Pooling Agreement, or if the depositor has received notice from S&P that failure to remove the trustee or the certificate administrator will result in a downgrade, withdrawal or qualification of the then current rating assigned to any class of rated certificates, and fails to resign after written request by Freddie Mac, the depositor or the master servicer, or if at any time the trustee or the certificate administrator, as applicable, becomes incapable of acting, or if some events of, or proceedings in respect of, bankruptcy or insolvency occur with respect to the trustee or the certificate administrator, the depositor will be authorized to remove the trustee or the certificate administrator and appoint a successor trustee or certificate administrator, as applicable. In addition,

holders of the certificates entitled to at least 51% of the voting rights may with cause (at any time) or without cause (at any time upon at least 30 days' prior written notice) remove the trustee or certificate administrator under the Pooling Agreement and appoint a successor trustee or certificate administrator acceptable to Freddie Mac. Any successor trustee or certificate administrator must be an institution that meets the requirements of the immediately preceding paragraph. Further, if the ratings of the trustee or the certificate administrator fall below the ratings required by the immediately preceding paragraph, Freddie Mac will have the right to remove the trustee or certificate administrator, as applicable, and appoint a successor trustee or certificate administrator that meets the standards set forth in the Pooling Agreement and who is otherwise acceptable to Freddie Mac in its sole discretion.

Any resignation or removal of a trustee or a certificate administrator and appointment of a successor trustee or certificate administrator will not become effective until acceptance of appointment by the successor trustee or certificate administrator, as applicable.

In the event of any resignation or removal of a trustee or a certificate administrator (other than a resignation of a trustee that is required solely due to a change in law or a conflict of interest arising after the Closing Date that is not waived by all of the parties in conflict or is unwaivable), such resignation or removal will be effective with respect to each of such party's other capacities under the Pooling Agreement, including, without limitation, such party's capacities as trustee, custodian, certificate administrator and certificate registrar and 17g-5 information provider, as the case may be.

See “—Rights Upon Event of Default,” “—Matters Regarding the Trustee, the Certificate Administrator and the Custodian” and “—Certain Indemnities” below.

#### **Assignment of the Mortgage Loans**

On the Closing Date, we will sell, assign, transfer or otherwise convey all of our right, title and interest in and to the underlying mortgage loans, without recourse, to the trustee for the benefit of the holders of the certificates.

#### **Servicing Under the Pooling Agreement**

*General.* The master servicer and the special servicer must diligently service and administer the underlying mortgage loans and any REO Properties owned by the issuing entity for which it is responsible under the Pooling Agreement directly, through sub-servicers or through an affiliate as provided in the Pooling Agreement on behalf of the issuing entity and in the best interests of and for the benefit of the certificateholders (as a collective whole), as determined by the master servicer or the special servicer, as the case may be, in its reasonable judgment, in accordance with—

- any and all applicable laws,
- the express terms of the Pooling Agreement,
- the express terms of the respective underlying mortgage loans and any applicable intercreditor, co-lender or similar agreements, and
- to the extent consistent with the foregoing, the Servicing Standard.

In general, the master servicer will be responsible for the servicing and administration of—

- all underlying mortgage loans as to which no Servicing Transfer Event has occurred, and
- all worked-out underlying mortgage loans as to which no new Servicing Transfer Event has occurred.

If a Servicing Transfer Event occurs with respect to any underlying mortgage loan, that underlying mortgage loan will not be considered to be “worked-out” until all applicable Servicing Transfer Events have ceased to exist.

In general, subject to specified requirements and certain consultations, consents and approvals of the Approved Directing Certificateholder (if any) contained in the Pooling Agreement, the special servicer will be responsible for the servicing and administration of each underlying mortgage loan as to which a Servicing Transfer Event has occurred and is continuing. The special servicer will also be responsible for the administration of each REO Property in the issuing entity.

Despite the foregoing, the Pooling Agreement will require the master servicer:

- to continue to make all calculations and, subject to the master servicer's timely receipt of information from the special servicer, prepare and deliver all reports to the certificate administrator required with respect to any specially serviced assets; and
- otherwise, to render other incidental services with respect to any specially serviced assets.

The master servicer will transfer servicing of an underlying mortgage loan to the special servicer upon the occurrence of a Servicing Transfer Event with respect to that underlying mortgage loan. The special servicer will return the servicing of that underlying mortgage loan to the master servicer, and that underlying mortgage loan will be considered to have been worked-out, if and when all Servicing Transfer Events with respect to that underlying mortgage loan cease to exist and that underlying mortgage loan has become a Corrected Mortgage Loan.

The Pooling Agreement provides that in certain circumstances the Approved Directing Certificateholder will be required to, at its own expense, request that the Directing Certificateholder Servicing Consultant prepare and deliver a recommendation relating to a requested waiver of any "due-on-sale" or "due-on-encumbrance" clause or a requested consent to certain modifications, waivers or amendments for certain non-Specially Serviced Mortgage Loans. In providing a recommendation in response to any such request, the Directing Certificateholder Servicing Consultant will be acting as a consultant to such Approved Directing Certificateholder and any such recommendation provided will not be subject to the Servicing Standard. The Directing Certificateholder Servicing Consultant will have no duty or liability to any certificateholder other than such Approved Directing Certificateholder in connection with any recommendation it gives such Approved Directing Certificateholder or actions taken by any party as a result of such consultation services provided to such Approved Directing Certificateholder as contemplated above. If the directing certificateholder does not designate a Directing Certificateholder Servicing Consultant, the special servicer will be the Directing Certificateholder Servicing Consultant. See "—Enforcement of "Due-on-Sale" and "Due-on-Encumbrance" Clauses" and "—Modifications, Waivers, Amendments and Consents" below.

Any third party master servicer, the Directing Certificateholder Servicing Consultant and any sub-servicer may consult with Freddie Mac with respect to the application of Freddie Mac Servicing Practices to any matters related to non-Specially Serviced Mortgage Loans, but the Directing Certificateholder Servicing Consultant will not be bound by any such consultation. Freddie Mac will be acting as a "servicing consultant" in connection with such consultations. Any sub-servicer will be required to inform the master servicer (if not Freddie Mac) of any such consultation with Freddie Mac. Freddie Mac (in its capacity as the servicing consultant) may contact the related borrower to request any necessary documentation from such borrower in order to provide consultation to any third party master servicer, the Directing Certificateholder Servicing Consultant or any sub-servicer with respect to the proper application of Freddie Mac Servicing Practices (a copy of such documentation will also be provided by Freddie Mac to (i) the master servicer (if not Freddie Mac) and (ii) if applicable, the Directing Certificateholder Servicing Consultant and/or any sub-servicer that is consulting with the servicing consultant with respect to such matter, in each such case, to the extent not already provided by such borrower).

## **The Guide**

In addition to the specific requirements of the Pooling Agreement as described above, and to the extent not inconsistent therewith, the master servicer and the special servicer will be required to service the underlying mortgage loans other than REO Loans, REO Properties and Specially Serviced Mortgage Loans in accordance with Freddie Mac Servicing Practices, an important component of which is the Guide. Freddie Mac may waive or modify its servicing policies and procedures, as reflected in the Guide at any time. The Guide can be accessed by subscribers at [www.allregs.com](http://www.allregs.com).

Generally, under the Guide, servicers are required to perform all services and duties customary to the servicing of multifamily mortgage loans including those factors enumerated in "Description of the Depositor and Guarantor—Mortgage Loan Purchase and Servicing Standards of Freddie Mac—Mortgage Loan Servicing Policies and Procedures" in this offering circular supplement.

See "Risk Factors—Risks Related to the Underlying Mortgage Loans—The Master Servicer and the Special Servicer Will Be Required To Service Certain Underlying Mortgage Loans in Accordance with Freddie Mac

Servicing Practices, Which May Limit the Ability of the Master Servicer and the Special Servicer to Make Certain Servicing Decisions” in this offering circular supplement.

### **Servicing and Other Compensation and Payment of Expenses**

*The Servicing Fee.* The principal compensation to be paid to the master servicer with respect to its master servicing activities will be a servicing fee consisting of a master servicing fee and all or a portion of the master servicer surveillance fee and a sub-servicing fee. The principal compensation to be paid to any sub-servicer with respect to its sub-servicing activities will be a servicing fee consisting of a sub-servicing fee and a portion of the master servicer surveillance fee (subject to certain conditions described below).

A master servicing fee:

- will be earned with respect to each underlying mortgage loan including (without duplication)—
  1. any Specially Serviced Mortgage Loan,
  2. any underlying mortgage loan, as to which the related mortgaged real property has become an REO Property, and
  3. each defeased underlying mortgage loan, if any, and
- in the case of each underlying mortgage loan will—
  1. be calculated on the same interest accrual basis as that underlying mortgage loan,
  2. accrue at a master servicing fee rate of 0.0200% *per annum*,
  3. accrue on the same principal amount as interest accrues or is deemed to accrue from time to time with respect to that underlying mortgage loan, and
  4. be payable monthly from amounts received with respect to interest on that underlying mortgage loan (or if not so paid, will accrue and remain outstanding).

A master servicer surveillance fee:

- will be earned with respect to each Surveillance Fee Mortgage Loan—
- will be calculated on the same interest accrual basis as that Surveillance Fee Mortgage Loan,
- will accrue at a master servicer surveillance fee rate of 0.0150% *per annum*,
- will accrue on the same principal amount as interest accrues or is deemed to accrue from time to time with respect to that Surveillance Fee Mortgage Loan, and
- will be payable monthly from amounts received with respect to interest on that Surveillance Fee Mortgage Loan (or if not so paid, will accrue and remain outstanding).

Pursuant to the terms of the related Sub-Servicing Agreement, a sub-servicer will be entitled to retain on a monthly basis  $66\frac{2}{3}\%$  of the master servicer surveillance fees received by such sub-servicer in respect of each Surveillance Fee Mortgage Loan that it services (with the obligation to remit the remaining  $33\frac{1}{3}\%$  of such fee to the master servicer), if such sub-servicer is identified in the Pooling Agreement as being entitled to receive such fee. A sub-servicer’s entitlement to such fee may not be transferred (in whole or in part) to any other party. If at any time an eligible sub-servicer enters, without Freddie Mac’s prior approval, into an agreement providing for the further sub-servicing by a third party of any Surveillance Fee Mortgage Loan (other than mandatory servicing transfers due to conflicts of interest), or if Freddie Mac notifies the master servicer (if not Freddie Mac) and the sub-servicer that such sub-servicer is no longer entitled to receive such fee, then the entire master servicer surveillance fee as to the Surveillance Fee Mortgage Loans serviced by that sub-servicer will be remitted to the master servicer.

A sub-servicing fee:

- will be earned with respect to each underlying mortgage loan, including (without duplication) Specially Serviced Mortgage Loans and each underlying mortgage loan, if any, as to which the related mortgaged real property has become an REO Property, and
- in the case of each underlying mortgage loan will—
  1. be calculated on the same interest accrual basis as that underlying mortgage loan,
  2. accrue at a sub-servicing fee rate ranging from 0.0700% *per annum* to 0.2500% *per annum* on the Stated Principal Balance of the related underlying mortgage loan,
  3. accrue on the same principal amount as interest accrues or is deemed to accrue from time to time with respect to that underlying mortgage loan, and
  4. be payable monthly from amounts received with respect to interest on that underlying mortgage loan (or if not so paid, will accrue and remain outstanding).

The right of the master servicer to receive the master servicing fee or the master servicer surveillance fee may not be transferred in whole or in part except in connection with the transfer of all of the master servicer's responsibilities and obligations under the Pooling Agreement.

*Prepayment Interest Shortfalls.* The Pooling Agreement provides that, although the loan documents require the payment of a full month's interest on any voluntary prepayment not made on a due date, if any Prepayment Interest Shortfall is incurred by reason of the master servicer's acceptance, other than at the request of the Approved Directing Certificateholder, of any principal prepayment relating to one or more underlying mortgage loans during any Collection Period, then the master servicer must make a payment prior to the related distribution date in an amount equal to the aggregate of such Prepayment Interest Shortfalls for such Collection Period up to an amount not to exceed the master servicing fee for such Collection Period, with no right to reimbursement. This obligation to cover Prepayment Interest Shortfalls will not apply with respect to a principal prepayment accepted by the master servicer (i) with respect to any Specially Serviced Mortgage Loan, (ii) subsequent to a default under the related loan documents (*provided* that the master servicer or the special servicer reasonably believes that acceptance of such prepayment is consistent with the Servicing Standard), (iii) pursuant to applicable law or a court order, (iv) in respect of a payment of insurance and condemnation proceeds or (v) pursuant to any term of the related loan documents that allows such prepayment to be made without the payment of a full month's interest.

In addition, if Prepayment Interest Shortfalls are incurred during any Collection Period with respect to any underlying mortgage loan serviced by the master servicer and the master servicer's payment in respect of such Prepayment Interest Shortfalls as contemplated by the prior paragraph is less than the entire amount of Prepayment Interest Shortfalls, then the master servicer (i) must apply any Prepayment Interest Excesses received during that Collection Period with respect to other underlying mortgage loans to offset such Prepayment Interest Shortfalls and (ii) in any event, may retain, as additional compensation, any such Prepayment Interest Excesses that are not needed to accomplish such offset.

No other master servicing compensation will be available to cover Prepayment Interest Shortfalls, and the master servicer's obligation to make payments to cover Prepayment Interest Shortfalls in respect of a particular Collection Period will not carry over to any subsequent Collection Period.

Any payments made by the master servicer with respect to any distribution date to cover Prepayment Interest Shortfalls, and any Prepayment Interest Excesses applied to offset Prepayment Interest Shortfalls, will be included in the Available Distribution Amount for that distribution date, as described under "Description of the Certificates—Distributions" in this offering circular supplement. If the amount of Prepayment Interest Shortfalls incurred with respect to the mortgage pool during any Collection Period exceeds the sum of—

- any payments made by the master servicer with respect to the related distribution date to cover those Prepayment Interest Shortfalls, and
- any Prepayment Interest Excesses applied to offset those Prepayment Interest Shortfalls,

then the resulting Net Aggregate Prepayment Interest Shortfall will be allocated among the respective interest-bearing classes of certificates, in reduction of the interest distributable on those certificates, as and to the extent described under “Description of the Certificates—Distributions—Interest Distributions” in this offering circular supplement.

*Principal Special Servicing Compensation.* The principal compensation to be paid to the special servicer with respect to its special servicing activities will be—

- the corresponding special servicing fees;
- the corresponding workout fees;
- the corresponding liquidation fees; and
- the special servicer surveillance fee.

Special Servicing Fee. A special servicing fee:

- will be earned with respect to—
  1. each underlying mortgage loan, if any, that is being specially serviced, and
  2. each underlying mortgage loan, if any, as to which the related mortgaged real property has become an REO Property;
- in the case of each underlying mortgage loan described in the previous bullet, will—
  1. be calculated on the same interest accrual basis as that underlying mortgage loan,
  2. accrue at a special servicing fee rate of 0.2500% *per annum*, and
  3. accrue on the Stated Principal Balance of that underlying mortgage loan outstanding from time to time; and
- will generally be payable to the special servicer monthly from general collections on the mortgage pool.

Special Servicer Surveillance Fee. A special servicer surveillance fee:

- will be earned with respect to each Surveillance Fee Mortgage Loan—
- will be calculated on the same interest accrual basis as that Surveillance Fee Mortgage Loan,
- will accrue at a special servicer surveillance fee rate of 0.01450% *per annum*,
- will accrue on the same principal amount as interest accrues or is deemed to accrue from time to time with respect to that Surveillance Fee Mortgage Loan, and
- will be payable monthly from amounts received with respect to interest on that Surveillance Fee Mortgage Loan (or if not so paid, will accrue and remain outstanding).

Workout Fee. The special servicer will, in general, be entitled to receive a workout fee with respect to each Specially Serviced Mortgage Loan that has been worked out by it. The workout fee will be payable out of, and will generally be calculated by application of a workout fee rate of 1.0% to each payment of interest (other than Default Interest) and principal (including scheduled payments, prepayments, balloon payments, payments at maturity and payments resulting from a partial condemnation) received on the underlying mortgage loan for so long as it remains a worked-out underlying mortgage loan. The workout fee with respect to any worked-out underlying mortgage loan will cease to be payable if a new Servicing Transfer Event occurs with respect to that underlying mortgage loan. However, a new workout fee would become payable if the underlying mortgage loan again became a worked-out underlying mortgage loan with respect to that new Servicing Transfer Event.

If the special servicer is terminated (other than for cause) or resigns, it will retain the right to receive any and all workout fees payable with respect to underlying mortgage loans that were (or were close to being) worked out by it during the period that it acted as the special servicer and as to which no new Servicing Transfer Event had occurred

as of the time of that termination. The successor special servicer will not be entitled to any portion of those workout fees.

Although workout fees are intended to provide the special servicer with an incentive to better perform its duties, the payment of any workout fee will reduce amounts payable to the certificateholders.

**Liquidation Fee.** The special servicer will be entitled to receive a liquidation fee with respect to each Specially Serviced Mortgage Loan for which it obtains a full, partial or discounted payoff from the related borrower. The special servicer will also be entitled to receive a liquidation fee with respect to any Specially Serviced Mortgage Loan or REO Property as to which it receives any Liquidation Proceeds, except as described in the next paragraph. A liquidation fee will also be payable in connection with the repurchase or replacement of any worked-out underlying mortgage loan for a material breach of a representation or warranty or a material document defect, as described under “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this offering circular supplement, if the repurchase or substitution occurs after the end of the applicable cure period (and any applicable extension of the applicable cure period). As to each Specially Serviced Mortgage Loan and REO Property, the liquidation fee will generally be payable from, and will be calculated by application of a liquidation fee rate of 1.0% to, the related payment or proceeds, exclusive of liquidation expenses.

However, no liquidation fee will be payable based on, or out of, proceeds received in connection with—

- the purchase of a Defaulted Loan if the purchaser is the directing certificateholder and it purchases such underlying mortgage loan within 90 days after the special servicer provides the initial Fair Value Notice described in “—Realization Upon Mortgage Loans—Purchase Option” below, or at any time if the purchaser is Freddie Mac as described under “—Realization Upon Mortgage Loans—Purchase Option” below;
- the repurchase or replacement of any underlying mortgage loan for a material breach of a representation or warranty or a material document defect as described under “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this offering circular supplement, within the applicable cure period (and any applicable extension of the applicable cure period); or
- the purchase of all of the underlying mortgage loans and REO Properties in the issuing entity by the master servicer, the special servicer or the Controlling Class Majority Holder in connection with the termination of the issuing entity, as described under “—Termination” below.

Although liquidation fees are intended to provide the special servicer with an incentive to better perform its duties, the payment of any liquidation fee will reduce amounts payable to the certificateholders.

The right of the special servicer to receive the related special servicing fee and special servicer surveillance fee may not be transferred in whole or in part except in connection with the transfer of all of the special servicer’s responsibilities and obligations under the Pooling Agreement.

However, the special servicer may, subject to the above-described prohibition on transfers of the right to receive the special servicing fee and the special servicer surveillance fee, enter into one or more arrangements to assign to another person (including, without limitation, any certificateholder or an affiliate of any certificateholder), or to provide for the payment by the special servicer to such person, of all or a portion of the special servicer’s compensation (excluding the special servicing fee or the special servicer surveillance fee, as described above) under the Pooling Agreement, *provided*, that any such assignment or provision will not be binding on any successor special servicer or any other party to the Pooling Agreement.

**Additional Servicing Compensation.** The master servicer may retain, as additional compensation, any Prepayment Interest Excesses received with respect to the underlying mortgage loans, but only to the extent that such Prepayment Interest Excesses are not needed to offset Prepayment Interest Shortfalls, as described under “—Prepayment Interest Shortfalls” above. The master servicer may also retain all the Transfer Processing Fees collected on or with respect to any underlying mortgage loans that are not related to Specially Serviced Mortgage Loans (a portion of which may be payable to a sub-servicer under a related Sub-Servicing Agreement) and any defeasance fees.

Any late payment charges and Default Interest actually collected on an underlying mortgage loan and that are not otherwise applied as described in the last paragraph under “Description of the Certificates—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” in this offering circular supplement, will be allocated between the master servicer and the special servicer as additional compensation in accordance with the Pooling Agreement.

Transfer Fees and collateral substitution fees collected on the underlying mortgage loans (other than Specially Serviced Mortgage Loans) will be allocated between the master servicer (a portion of which may be payable to a sub-servicer under a related Sub-Servicing Agreement) and the Approved Directing Certificateholder or Affiliated Borrower Loan Directing Certificateholder as shown under “Description of the Certificates—Fees and Expenses” in this offering circular supplement.

Any extension fees, modification fees, assumption fees, assumption application fees, earnout fees, consent/waiver fees and other comparable transaction fees and charges collected on the Specially Serviced Mortgage Loans will be allocated to the special servicer, as shown under “Description of the Certificates—Fees and Expenses” in this offering circular supplement.

The master servicer will be authorized to invest or direct the investment of funds held in its collection account, or in any escrow and/or reserve account maintained by it, in Permitted Investments. See “—Collection Account” below. The master servicer—

- will generally be entitled to retain any interest or other income earned on those funds; and
- will be required to cover any losses of principal from its own funds, to the extent those losses are incurred with respect to investments made for the master servicer’s benefit, but the master servicer is not required to cover any losses caused by the insolvency of the depository institution or trust company holding such account so long as (i) such depository institution or trust company (a) satisfied the requirements set forth in the Pooling Agreement at the time such investment was made and (b) is neither the master servicer nor an affiliate of the master servicer and (ii) such insolvency occurs within 30 days of the date on which such depository institution or trust company no longer satisfies the requirements set forth in the Pooling Agreement.

Notwithstanding anything to the contrary in the loan documents or the Servicing Standard and except with respect to Transfer Fees, Transfer Processing Fees, defeasance fees, collateral substitution fees, late payment charges, Default Interest, charges for beneficiary statements or demands and amounts collected for checks returned for insufficient funds, the master servicer may not as a condition to granting any request by a borrower for consent, modification, waiver or indulgence or any other matter or thing pursuant to the terms of the related loan documents (including but not limited to any transaction, matter or request involving the full or partial condemnation of the related mortgaged real property or any borrower request for consent to subject the related mortgaged real property to an easement, right of way or similar agreement for utilities, access, parking, public improvements or another purpose, Permitted Transfers and/or permitted subordinate mortgage debt), require that such borrower pay to it, or otherwise accept, as additional servicing compensation or otherwise (i) any transfer, processing, transaction, review or similar fee, (ii) any fee for additional services performed in connection with such request, including expediting or similar fees or (iii) any related costs and expenses incurred by the master servicer, other than attorneys’ fees and costs and the fees and expenses of any third-party service and/or title insurance providers and, if applicable, any NRSRO, including, without limitation, any Rating Agency.

The special servicer will be authorized to invest or direct the investment of funds held in its REO account in Permitted Investments. See “—Realization Upon Mortgage Loans—REO Account” below. The special servicer—

- will generally be entitled to retain any interest or other income earned on those funds; and
- will be required to cover any losses of principal from its own funds, to the extent those losses are incurred with respect to investments made for the special servicer’s benefit, but the special servicer is not required to cover any losses caused by the insolvency of the depository institution or trust company holding the REO accounts so long as (i) such depository institution or trust company (a) satisfied the requirements set forth in the Pooling Agreement at the time such investment was made and (b) is neither the special servicer nor an affiliate of the special servicer and (ii) such insolvency occurs within 30 days of the date on which such

depository institution or trust company no longer satisfies the requirements set forth in the Pooling Agreement.

*Servicing Advances.* With respect to each underlying mortgage loan, in accordance with the Servicing Standard, the master servicer will be obligated, if and to the extent necessary, to advance all such amounts as are necessary to pay, among other things, (i) premiums on insurance policies with respect to the related mortgaged real property; (ii) operating, leasing, managing and liquidation expenses for the mortgaged real property after it has become an REO Property; (iii) the cost of environmental inspections with respect to the mortgaged real property; (iv) real estate taxes, assessments and other items that are or may become a lien on the mortgaged real property; (v) the costs and expenses of any enforcement or judicial proceedings with respect to that underlying mortgage loan, including foreclosure and similar proceedings; (vi) the cost of appraisals with respect to such mortgaged real property and (vii) any other amount required to be paid as a servicing advance or deemed to be a servicing advance under the Pooling Agreement (each, a “Servicing Advance”). The special servicer will not be required to make any Servicing Advances.

With respect to any underlying mortgage loan that has a related subordinate loan and is subject to an intercreditor agreement that allows the lender for the underlying mortgage loan to cure defaults on the related subordinate loan, any advance made by the master servicer or the special servicer to exercise the issuing entity’s rights under such intercreditor agreement to cure any such default on the subordinate loan will be limited to the monthly debt service payments on the subordinate loan and will be deemed to be a Servicing Advance. This monthly debt service payment limitation does not apply to defaults under the related subordinate loan which are also defaults under the senior underlying mortgage loan and as to which the Servicing Advance is being made pursuant to the related underlying mortgage loan documents and not solely to cure the default on the subordinate loan. In addition, with respect to any underlying mortgage loan that has a related subordinate loan, any Servicing Advance that is made or proposed to be made in order to cure a default on such subordinate loan will be subject to the same application, reimbursements and nonrecoverability determinations as any other Servicing Advance under the Pooling Agreement. The master servicer will not be required to make any Servicing Advance that would, if made, constitute a Nonrecoverable Servicing Advance.

Any and all customary, reasonable and necessary out-of-pocket costs and expenses (including for the remediation of any adverse environmental circumstance or condition at any of the mortgaged real properties) incurred by the master servicer or the special servicer in connection with the servicing of an underlying mortgage loan if a default, delinquency or other unanticipated event has occurred or is reasonably foreseeable, or in connection with the administration of any REO Property in the issuing entity, will be Servicing Advances. Servicing Advances will be reimbursable from future payments and other collections, including insurance proceeds, condemnation proceeds and Liquidation Proceeds, received in connection with the related underlying mortgage loan or REO Property, except as described below with respect to Nonrecoverable Servicing Advances.

The special servicer will request the master servicer to make required Servicing Advances with respect to a Specially Serviced Mortgage Loan or REO Property on a monthly basis (except for Servicing Advances required on an emergency basis). The special servicer must make the request not less than five Business Days prior to the date the subject advance is required to be made (except for Servicing Advances required on an emergency basis). The master servicer must make the requested Servicing Advance within a specified number of days following the master servicer’s receipt of the request. The special servicer will be required to provide the master servicer any information in its possession as the master servicer may reasonably request to enable the master servicer to determine whether a requested Servicing Advance would be recoverable from expected collections on the Specially Serviced Mortgage Loan or REO Property.

To the extent that the master servicer fails to make a Servicing Advance that it is required to make under the Pooling Agreement and a responsible officer of the trustee has received written notice or has actual knowledge of such failure, the trustee will be required to make such Servicing Advance pursuant to the Pooling Agreement no later than one Business Day following the master servicer’s failure to make such Servicing Advances by expiration of the applicable cure period as described under “—Events of Default” below.

Despite the foregoing discussion, neither the trustee nor the master servicer will be obligated to make Servicing Advances that, in its judgment (in accordance with the Servicing Standard in the case of the judgment of the master servicer, or in accordance with good faith business judgment in the case of the judgment of the trustee), would not

be ultimately recoverable from expected collections on the related underlying mortgage loan or REO Property. If the master servicer or the trustee makes a Servicing Advance with respect to any underlying mortgage loan or related REO Property (including any such Servicing Advance that is a Workout-Delayed Reimbursement Amount), that the master servicer, the trustee or the special servicer subsequently determines (in accordance with the Servicing Standard in the case of the determination of the master servicer or the special servicer, as applicable, or in accordance with good faith business judgment in the case of the trustee) is not recoverable from expected collections on that underlying mortgage loan or REO Property (or, if such advance becomes a Workout-Delayed Reimbursement Amount, out of collections of principal on all the underlying mortgage loans after the application of those principal payments and collections to reimburse any party for a Nonrecoverable Advance) (any such Servicing Advance, a “Nonrecoverable Servicing Advance”), the master servicer or the trustee, as applicable, may obtain reimbursement for that advance, together with interest on that advance, out of general collections on the mortgage pool. In making such determination, the master servicer, the trustee or the special servicer, as applicable, may take into account a range of relevant factors, including, among other things, (i) the existence of any outstanding Nonrecoverable Advance or Workout-Delayed Reimbursement Amount on any underlying mortgage loan or REO Loan, (ii) the obligations of the borrower under the related underlying mortgage loan, (iii) the related mortgaged real property in its “as is” condition, (iv) future expenses and (v) the timing of recoveries. Any reimbursement of a Nonrecoverable Servicing Advance (including interest accrued on such amount) will be deemed to be reimbursed first from payments and other collections of principal on the underlying mortgage loans (thereby reducing the amount of principal otherwise distributable on the certificates on the related distribution date) prior to the application of any other general collections on the mortgage pool against such reimbursement. The special servicer’s determination that a previously made or proposed Servicing Advance is a Nonrecoverable Servicing Advance will be conclusive and binding on the master servicer and the trustee. Prior to or absent such a determination by the special servicer, each of the master servicer and the trustee will be entitled to make its own determination that a Servicing Advance is a Nonrecoverable Servicing Advance, and neither the special servicer nor any other party may require the master servicer or the trustee to make any Servicing Advance that the master servicer or the trustee has determined to be a Nonrecoverable Servicing Advance. In addition, the trustee will be entitled to conclusively rely on the master servicer’s determination that a Servicing Advance is a Nonrecoverable Servicing Advance.

However, instead of obtaining reimbursement out of general collections on the mortgage pool immediately, the master servicer or the trustee, as applicable, may, in its sole discretion, elect to obtain reimbursement for a Nonrecoverable Servicing Advance over a period of time (not to exceed six months without the consent of the Approved Directing Certificateholder (if any) or 12 months in any event), with interest on such amount at the Prime Rate. At any time after such a determination to obtain reimbursement over time in accordance with the preceding sentence, the master servicer or the trustee, as applicable, may, in its sole discretion, decide to obtain reimbursement from general collections on the mortgage pool immediately. In general, such a reimbursement deferral will only be permitted under the Pooling Agreement if and to the extent that the subject Nonrecoverable Servicing Advance, after taking into account other outstanding Nonrecoverable Advances, could not be reimbursed with interest out of payments and other collections of principal on the mortgage pool during the current Collection Period. The fact that a decision to recover a Nonrecoverable Servicing Advance over time, or not to do so, benefits some classes of certificateholders to the detriment of other classes of certificateholders will not constitute a violation of the Servicing Standard or a breach of the terms of the Pooling Agreement by any party to the Pooling Agreement, or a violation of any duty owed by any party to the Pooling Agreement, to the certificateholder.

In addition, in the event that any Servicing Advance becomes a Workout-Delayed Reimbursement Amount, the master servicer or the trustee, as applicable, will be entitled to reimbursement for such advance and interest accrued on such advance (even though that advance is not deemed a Nonrecoverable Servicing Advance), on a monthly basis, out of – but solely out of – payments and other collections of principal on all the underlying mortgage loans after the application of those principal payments and collections to reimburse any party for any Nonrecoverable Advance, prior to any distributions of principal on the certificates. If any such advance is not reimbursed in whole due to insufficient principal collections during the related Collection Period, the portion of that advance which remains unreimbursed will be carried over (with interest on such amount continuing to accrue) for reimbursement in the following Collection Period (to the extent of principal collections available for that purpose). If any such advance, or any portion of any such advance, is determined, at any time during this reimbursement process, to be a Nonrecoverable Advance, then the master servicer or the trustee, as applicable, will be entitled to immediate reimbursement as a Nonrecoverable Advance from general collections on the mortgage pool in an amount equal to the portion of that advance that remains outstanding, plus accrued interest.

The master servicer is permitted (or is required to, at the direction of the special servicer if a Specially Serviced Mortgage Loan or REO Property is involved) to pay directly out of its collection account any servicing expense that, if advanced by the master servicer, would not be recoverable from expected collections on the related underlying mortgage loan or REO Property. This is only to be done, however, when the master servicer, or the special servicer if a Specially Serviced Mortgage Loan or REO Property is involved, has determined in accordance with the Servicing Standard that making the payment is in the best interests of the certificateholders as a collective whole.

The master servicer, the special servicer and the trustee will be entitled to receive interest on Servicing Advances made by them. The interest will accrue on the amount of each Servicing Advance for so long as the Servicing Advance is outstanding, at a rate *per annum* equal to the Prime Rate. Interest accrued with respect to any Servicing Advance made with respect to any underlying mortgage loan or the related mortgaged real property will be payable in connection with the reimbursement of that Servicing Advance—

- *first*, out of any Default Interest and late payment charges collected on that underlying mortgage loan subsequent to the accrual of that advance interest, and
- *then*, at the time or after the advance has been reimbursed, if and to the extent that the Default Interest and late payment charges referred to in the prior bullet point are insufficient to cover the advance interest, out of any amounts on deposit in the collection account.

### **Enforcement of “Due-on-Sale” and “Due-on-Encumbrance” Clauses**

The special servicer, with respect to the Specially Serviced Mortgage Loans, and the master servicer, with respect to the other underlying mortgage loans, each will be required to determine, in a manner consistent with the Servicing Standard, whether to exercise or waive any right the lender may have under either a due-on-sale or due-on-encumbrance clause to accelerate payment of that underlying mortgage loan. Generally, the master servicer or the special servicer (in the case of any Specially Serviced Mortgage Loan), will be required to enforce such due-on-sale or due-on-encumbrance clause, unless the master servicer or the special servicer, as applicable, determines, in accordance with the Servicing Standard, and subject to the applicable provisions of the Pooling Agreement, that (i) not declaring an event of default (as defined in the related loan documents) or (ii) granting its consent, in its reasonable judgment, would be consistent with the Servicing Standard. In addition, the master servicer or the special servicer, as applicable, may not waive its rights under a due-on-sale or due-on-encumbrance clause unless the related borrower or a third party, but in no event the issuing entity, pays all related expenses with respect to such waiver. Furthermore, neither the master servicer nor the special servicer may waive its rights or grant its consent under any due-on-sale or due-on-encumbrance clause, other than as expressly permitted pursuant to the Pooling Agreement, without the consent of the Approved Directing Certificateholder (if any) (subject to the penultimate paragraph of “—Realization Upon Mortgage Loans—Asset Status Report” below with respect to any Affiliated Borrower Loan), *provided* that the Approved Directing Certificateholder (if any) provides such consent within the time period specified in the Pooling Agreement.

Before the master servicer or the special servicer may waive any rights under a “due-on-sale” or “due-on-encumbrance” clause, the master servicer or the special servicer, as applicable, must have provided notice to the Directing Certificateholder and Freddie Mac in accordance with the Pooling Agreement, and provided the Approved Directing Certificateholder (if any) with its written recommendation and analysis and any other information and documents reasonably requested by such Approved Directing Certificateholder. In addition, with respect to a Requested Transfer discussed under “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Due-on-Sale and Due-on-Encumbrance Provisions,” the master servicer or the special servicer must have included along with its written recommendation and analysis (i) all material documents reviewed to reach such recommendation and analysis that such Requested Transfer is satisfactory from a credit perspective (taking into consideration, among other things, with respect to the existing borrower, any proposed replacement borrower, any proposed replacement designated entity for transfers under the loan documents, any proposed replacement guarantor or any proposed replacement property manager, past performance and management experience, balance sheet, equity at risk, net worth, ownership structure and any credit enhancers) and (ii) any additional information or documents that are reasonably requested by the Approved Directing Certificateholder. The approval of the Approved Directing Certificateholder (if any) must be obtained prior to any such waiver. However, the approval of the Approved Directing Certificateholder (if any) will be deemed to have been obtained if it does not approve or disapprove the request within five Business Days of its

receipt of the documents described in clauses (i) and (ii) above and the recommendation and analysis from the master servicer or the special servicer, as applicable. Such approval is not permitted to be unreasonably withheld in connection with a Requested Transfer.

Subject to the five Business Day period described above, the Pooling Agreement provides that the Approved Directing Certificateholder will be required to, at its own expense, request that the Directing Certificateholder Servicing Consultant prepare and deliver to it a recommendation relating to such waiver request. In providing a recommendation in response to any such request, the Directing Certificateholder Servicing Consultant will be acting as a consultant to such Approved Directing Certificateholder and any such recommendation provided will not be subject to the Servicing Standard. The Directing Certificateholder Servicing Consultant will have no duty or liability to any certificateholder other than such Approved Directing Certificateholder in connection with any recommendation it gives such Approved Directing Certificateholder or actions taken by any party as a result of such consultation services provided to such Approved Directing Certificateholder as contemplated above. In no event will any expenses incurred by the Directing Certificateholder Servicing Consultant be an expense of the issuing entity.

With respect to any non-Specially Serviced Mortgage Loan and in connection with the master servicer's review, consent and/or approval of any Transfer Processing Fee Transaction, the master servicer may as a condition to reviewing any such request by a borrower require that such borrower pay to it as additional servicing compensation, or otherwise, the Transfer Processing Fee. In addition, if the related loan documents require lender consent to a borrower's request for an assumption or waiver of a "due-on-sale" clause with respect to any loan, the master servicer may require that such borrower pay to it as additional servicing compensation, or otherwise, the Transfer Fee; provided that notwithstanding anything to the contrary in the related loan documents, the master servicer may not require a borrower to pay a Transfer Fee in excess of \$250,000 in connection with any single transaction. The master servicer is not permitted to waive any Transfer Fee set forth in the related loan documents without the consent of the Approved Directing Certificateholder (if any) or Affiliated Borrower Loan Directing Certificateholder if the consent or review of the Approved Directing Certificateholder or Affiliated Borrower Loan Directing Certificateholder, as applicable, is required with respect to the related Transfer.

If the loan documents do not expressly permit an assumption of the related underlying mortgage loan or the incurrence of subordinate debt, the master servicer or the special servicer, as applicable, will be required to receive confirmation from the Approved Directing Certificateholder (if any) (which confirmation must be provided within the time periods specified in the Pooling Agreement and, with respect to a requested assumption, which confirmation may not be unreasonably withheld) that the conditions to such assumption or additional subordinate financing of the underlying mortgage loan have been met prior to (i) agreeing to a requested assumption of an underlying mortgage loan or (ii) agreeing to the incurrence of additional subordinate financing (subject to the penultimate paragraph of "—Realization Upon Mortgage Loans—Asset Status Report" below with respect to any Affiliated Borrower Loan).

### **Modifications, Waivers, Amendments and Consents**

The Pooling Agreement will permit the master servicer or the special servicer, as applicable, to modify, waive or amend any term of any underlying mortgage loan if it determines in accordance with the Servicing Standard that it is appropriate to do so. However, no such modification, waiver or amendment of a non-Specially Serviced Mortgage Loan may—

- affect the amount or timing of any scheduled payments of principal, interest or other amounts (including Yield Maintenance Charges and Static Prepayment Premiums) payable under the underlying mortgage loan, with limited exceptions generally involving the waiver of Default Interest and late payment charges;
- affect the obligation of the related borrower to pay a Yield Maintenance Charge or Static Prepayment Premium or permit a principal prepayment during the applicable lockout period;
- result in a release of the lien of the related mortgage on any material portion of such mortgaged real property without a corresponding principal prepayment, except as expressly provided by the related loan documents, in connection with a defeasance, a pending or threatened condemnation or in connection with a material adverse environmental condition at the related mortgaged real property;

- in the judgment of the master servicer or the special servicer, as applicable, materially impair the security for the underlying mortgage loan or reduce the likelihood of timely payment of amounts due on such underlying mortgage loan; or
- violate the terms of any intercreditor agreement;

unless in the reasonable judgment of the master servicer or the special servicer, as applicable, such modification, waiver or amendment is reasonably likely to produce a greater (or equal) recovery to the certificateholders; and either (i) the underlying mortgage loan is in default, default is reasonably foreseeable or the master servicer or the special servicer, as applicable, reasonably determines that a significant risk of default exists within the meaning of the REMIC Provisions, and after such modification, waiver or amendment the underlying mortgage loan does not fail to qualify as a “qualified mortgage” within the meaning of the REMIC Provisions subject to and in accordance with the requirements of applicable REMIC Provisions (and such servicer may rely on an opinion of counsel in making such determination); *provided* that a release of the lien on any portion of a mortgaged real property (whether prior to or following a default) must satisfy the requirements of the following clause (as determined by the master servicer or the special servicer, as applicable) or (ii) the master servicer or the special servicer, as the case may be, has determined (and may rely on an opinion of counsel in making such determination) that such modification, waiver or amendment will not be a “significant modification” of the subject underlying mortgage loan within the meaning of Section 1.860G-2(b) of the regulations promulgated by Treasury (“Treasury Regulations”) and will not cause the applicable Trust REMIC to fail to qualify as a REMIC or subject such Trust REMIC to any tax. In order to meet these requirements, in the case of a release of real property collateral securing an underlying mortgage loan, the master servicer or the special servicer, as applicable, will be required to observe the REMIC requirements pertaining to a required payment of principal if the related loan-to-value ratio (as determined pursuant to the following paragraph) immediately after such release exceeds 125%.

In connection with (i) the release of any portion of the mortgaged real property securing any underlying mortgage loan from the lien of such underlying mortgage loan or (ii) the taking of any portion of the mortgaged real property securing any underlying mortgage loan by exercise of the power of eminent domain or condemnation, if the loan documents require the master servicer or the special servicer, as applicable, to calculate (or to approve the calculation of the related borrower of) the loan-to-value ratio of the remaining mortgaged real property securing such underlying mortgage loan or the fair market value of the real property constituting the remaining mortgaged real property securing such underlying mortgage loan, for purposes of REMIC qualification of the related underlying mortgage loan, then such calculation will be required to include only the value of the real property constituting the remaining mortgaged real property securing such underlying mortgage loan.

However, in no event will any modification, waiver or amendment be permitted unless an opinion from nationally recognized bond counsel reasonably acceptable to the master servicer or special servicer, as applicable, and Freddie Mac, delivered to the effect that any such modification, waiver or amendment would not have an adverse effect on the qualification as a REMIC of the issuing entity relating to the Series ML-02 Certificates.

Despite the limitations on modifications, waivers and amendments described above, but subject to the limitations described below and the terms of any related intercreditor agreement, the special servicer may (or, in some cases, may consent to a request by the master servicer to), in accordance with the Servicing Standard—

- reduce the amounts owing under any Specially Serviced Mortgage Loan by forgiving principal and/or, accrued interest and/or any Yield Maintenance Charge or Static Prepayment Premiums;
- reduce the amount of the monthly payment on any Specially Serviced Mortgage Loan, including by way of a reduction in the related mortgage interest rate;
- forbear in the enforcement of any right granted under any mortgage note or mortgage relating to a Specially Serviced Mortgage Loan;
- extend the maturity of a Specially Serviced Mortgage Loan;
- permit the release or substitution of collateral for a Specially Serviced Mortgage Loan; and/or
- accept a principal prepayment during any lockout period;

*provided* that the related borrower is in default with respect to the Specially Serviced Mortgage Loan or such default is reasonably foreseeable (including, for this purpose, if the special servicer reasonably determines that a significant risk of default exists within the meaning of the REMIC Provisions), and in the case of a release pursuant to the fifth bullet point above, the underlying mortgage loan continues to be a “qualified mortgage” within the meaning of the REMIC Provisions, and in any case, the special servicer has determined (and may rely on an opinion of counsel in making such determination) that the modification, waiver or amendment will not be a “significant modification” of the underlying mortgage loan within the meaning of Treasury Regulations Section 1.860G-2(b) and will not cause the applicable Trust REMIC to fail to qualify as a REMIC or subject such Trust REMIC to any tax.

However, in no event will—

- the master servicer or the special servicer be permitted to extend the scheduled maturity date of any underlying mortgage loan if the interest rate on such underlying mortgage loan is less than the lower of (i) the interest rate in effect prior to such extension or (ii) the then prevailing interest rate for comparable mortgage loans;
- the master servicer be permitted to defer interest due on any underlying mortgage loan in excess of 5% of the Stated Principal Balance of such underlying mortgage loan; or
- the master servicer or the special servicer extend the scheduled maturity date of any underlying mortgage loan beyond the earlier of (i) the date that is five years prior to the Rated Final Distribution Date or (ii) in the case of an underlying mortgage loan secured by a leasehold estate (if any), the date that is 20 years prior to the expiration of the ground lease (after giving effect to the exercise of any extension options).

Neither the master servicer nor the special servicer may permit or modify an underlying mortgage loan that is not a Specially Serviced Mortgage Loan to permit a voluntary prepayment of a mortgage loan on any day other than its due date, unless: (i) the master servicer or the special servicer also collects interest on such underlying mortgage loan through the due date following the date of such prepayment; (ii) that prepayment is otherwise permitted under the related loan documents; (iii) that principal prepayment would not result in a Prepayment Interest Shortfall; (iv) that principal prepayment is accepted by the master servicer or the special servicer at the request of or with the consent of the Approved Directing Certificateholder (subject to the penultimate paragraph of “—Realization Upon Mortgage Loans—Asset Status Report” below with respect to any Affiliated Borrower Loan), or if accepted by the master servicer, with the consent of the special servicer; or (v) it is consistent with the Servicing Standard to do so.

To the extent not inconsistent with the limitations to modifications and consents contained in the Pooling Agreement, the master servicer or the special servicer, as applicable, may, consistent with the Servicing Standard, without the consent of any other party, including the Approved Directing Certificateholder (if any) (i) modify, waive or amend the terms of any underlying mortgage loan, in accordance with the Servicing Standard, in order to (a) cure any non-material ambiguity or mistake in the related loan documents, (b) correct or supplement any non-material provisions in any related loan documents which may be inconsistent with any other provisions in the related loan documents or correct any non-material error or (c) waive minor covenant defaults or (ii) effect other non-material waivers, consents, modifications or amendments in the ordinary course of servicing an underlying mortgage loan.

The special servicer or the master servicer, as applicable, will notify the trustee and the certificate administrator among others, of any modification, waiver or amendment of any term of an underlying mortgage loan and must deliver to the custodian (with a copy to the master servicer) for deposit in the related mortgage file an original counterpart of the agreement related to such modification, waiver or amendment, promptly following the execution of any such modification, waiver or amendment (and, in any event, within 30 Business Days). Copies of each agreement whereby any such modification, waiver or amendment of any term of any underlying mortgage loan is effected are required to be available for review during normal business hours, upon prior request, at the offices of the master servicer or the special servicer, as applicable. However, no such notice will be required with respect to any waiver of Default Interest or late payment charges and any such waiver need not be in writing. Neither the master servicer nor the special servicer will have any liability with regard to the 17g-5 information provider’s failure to post information provided by the master servicer or the special servicer in accordance with the terms of the Pooling Agreement or for any malfunction or disabling of the 17g-5 information provider’s website.

In connection with a borrower’s request received by the master servicer for the master servicer to take a Consent Action with respect to non-Specially Serviced Mortgage Loans that are (i) on the most recent CREFC®

servicer watchlist and have a debt service coverage ratio less than 1.10x (calculated in accordance with the terms of the Pooling Agreement) or (ii) with respect to which an event of default has occurred in the last 12 months, the master servicer will be required to obtain the consent of the Approved Directing Certificateholder (if any) prior to taking such Consent Actions and will be required to promptly forward its recommendation and analysis (together with any additional documents and information that such Approved Directing Certificateholder may reasonably request) to such Approved Directing Certificateholder with a copy to the special servicer. Such Approved Directing Certificateholder will be deemed to have approved such recommendation, and the master servicer will be deemed to have obtained such Approved Directing Certificateholder's consent, if not denied within five Business Days after the later of its receipt of the recommendation and analysis or receipt of all additional documents and information that it may reasonably request. Subject to the five Business Day period, the Pooling Agreement provides that the Approved Directing Certificateholder may, at its own expense, request that the Directing Certificateholder Servicing Consultant prepare and deliver a recommendation relating to such Consent Action. In providing a recommendation in response to any such request, the Directing Certificateholder Servicing Consultant will be acting as a consultant to such Approved Directing Certificateholder and any such recommendation provided will not be subject to the Servicing Standard. The Directing Certificateholder Servicing Consultant will have no duty or liability to any certificateholder other than such Approved Directing Certificateholder in connection with any recommendation it gives such Approved Directing Certificateholder or actions taken by any party as a result of such consultation services provided to such Approved Directing Certificateholder as contemplated by the preceding sentence. In no event will any expenses incurred by the Directing Certificateholder Servicing Consultant be an expense of the issuing entity.

To the extent confirmation from any NRSRO is required with respect to any matter other than defeasance pursuant to the terms of any loan document, the master servicer or the special servicer, as applicable, will be required to waive such requirement unless Rating Agency Confirmation is also required with respect to such matter pursuant to the terms of the Pooling Agreement. If confirmation from any NRSRO is required with respect to defeasance pursuant to the terms of any loan document, the master servicer will be required to obtain a Rating Agency Confirmation, which requirement may be deemed to be satisfied under certain circumstances as described in the definition of "Rating Agency Confirmation" in this offering circular supplement. However, at any time during which none of the classes of certificates is rated by any Rating Agency, no confirmation from that Rating Agency will be required under the Pooling Agreement.

The ability of the master servicer or the special servicer to agree to modify, waive or amend any of the terms of any underlying mortgage loan will be subject to the discussions under "—Realization Upon Mortgage Loans—Directing Certificateholder" and "Realization Upon Mortgage Loans—Asset Status Report" below.

Notwithstanding anything to the contrary in the loan documents or the Servicing Standard and except with respect to Transfer Fees, Transfer Processing Fees, defeasance fees, collateral substitution fees, late payment charges, Default Interest, charges for beneficiary statements or demands and amounts collected for checks returned for insufficient funds, the master servicer may not as a condition to granting any request by a borrower for consent, modification, waiver or indulgence or any other matter or thing pursuant to the terms of the related loan documents (including but not limited to any transaction, matter or request involving the full or partial condemnation of the related mortgaged real property or any borrower request for consent to subject the related mortgaged real property to an easement, right of way or similar agreement for utilities, access, parking, public improvements or another purpose, Permitted Transfers and/or permitted subordinate mortgage debt), require that such borrower pay to it, or otherwise accept, as additional servicing compensation or otherwise (i) any transfer, processing, transaction, review or similar fee, (ii) any fee for additional services performed in connection with such request, including expediting or similar fees or (iii) any related costs and expenses incurred by the master servicer, other than attorneys' fees and costs and the fees and expenses of any third-party service and/or title insurance providers and, if applicable, any NRSRO, including, without limitation, any Rating Agency.

The special servicer may, as a condition to granting any request by a borrower for consent, modification, waiver or indulgence or any other matter or thing the granting of which is within its discretion pursuant to the terms of the related loan documents and is permitted by the terms of the Pooling Agreement, require that such borrower pay to it (i) as additional servicing compensation, a reasonable or customary fee for the additional services performed in connection with such request (provided that such fee does not constitute a "significant modification" of such underlying mortgage loan under Treasury Regulations Section 1.860G-2(b)) and (ii) any related costs and expenses

incurred by it. In no event will the special servicer be entitled to payment of such fees or expenses unless such payment is collected from the related borrower.

The Pooling Agreement provides that the Approved Directing Certificateholder may, at its own expense, request that the Directing Certificateholder Servicing Consultant prepare and deliver recommendations relating to certain requests for consent to assumptions, modifications, waivers or amendments. Such Approved Directing Certificateholder will be entitled to certain borrower-paid fees in connection with such assumptions, modifications, waivers, amendments or consents. See “Description of the Certificates—Fees and Expenses” in this offering circular supplement.

### **Required Appraisals**

Within 60 days following the occurrence of any Appraisal Reduction Event with respect to any of the underlying mortgage loans, the special servicer must use reasonable efforts to perform an internal valuation pursuant to the following paragraph or use reasonable efforts to obtain an MAI appraisal of the related mortgaged real property from an independent appraiser meeting the qualifications set forth in the Pooling Agreement. In any event, such appraisal(s) or internal valuation(s) are required to be obtained within 120 days or such other reasonable longer time period as agreed to in writing by the Approved Directing Certificateholder (if any) and Freddie Mac from the occurrence of the event that, with the passage of time, would become such Appraisal Reduction Event, unless—

- an appraisal had previously been obtained within the prior 12 months; and
- there has been no material change in the circumstances surrounding the related mortgaged real property subsequent to that appraisal that would, in the judgment of the special servicer, materially affect the value set forth in that earlier appraisal.

However, if the outstanding principal balance of the subject underlying mortgage loan is less than \$2,000,000, then the special servicer may perform an internal valuation of the related mortgaged real property in lieu of an appraisal.

As a result of any appraisal or internal valuation, the master servicer may determine that an Appraisal Reduction Amount exists with respect to the subject underlying mortgage loan. If such appraisal is not received or an internal valuation is not completed, as applicable, within the time period specified above, the Appraisal Reduction Amount for the related underlying mortgage loan will be 25% of the Stated Principal Balance of such underlying mortgage loan as of the date of the related Appraisal Reduction Event. An Appraisal Reduction Amount is relevant to the determination of the amount of any advances of delinquent interest required to be made with respect to the affected underlying mortgage loan. See “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments” in this offering circular supplement.

If an Appraisal Reduction Event occurs with respect to any underlying mortgage loan, then the special servicer will have an ongoing obligation to obtain or perform, as the case may be, within 30 days of each anniversary of the occurrence of that Appraisal Reduction Event, an update of the prior required appraisal or internal valuation. Based on that update, the master servicer is to redetermine and report to the trustee, the certificate administrator, the Guarantor and the special servicer the new Appraisal Reduction Amount, if any, with respect to the subject underlying mortgage loan. This ongoing obligation will cease if and when—

- the underlying mortgage loan has become a Corrected Mortgage Loan as contemplated under “—Servicing Under the Pooling Agreement” above and has remained current for 12 consecutive monthly payments under the terms of the workout; and
- no other Servicing Transfer Event or Appraisal Reduction Event has occurred with respect to the underlying mortgage loan during the preceding three months.

The cost of each required appraisal, and any update of that appraisal, will be advanced by the master servicer, at the direction of the special servicer, and will be reimbursable to the master servicer as a Servicing Advance.

## Collection Account

*General.* The master servicer will be required to establish and maintain a collection account for purposes of holding payments and other collections that it receives with respect to the underlying mortgage loans. Each collection account must be maintained in a manner and with a depository institution that meets the requirements of the Pooling Agreement.

The funds held in the collection account may be held as cash or invested in Permitted Investments. Subject to the limitations in the Pooling Agreement, any interest or other income earned on funds in the collection account will be paid to the master servicer as additional compensation. See “—Servicing and Other Compensation and Payment of Expenses—Additional Servicing Compensation” above.

*Deposits.* The master servicer must deposit or cause to be deposited in its collection account on a daily basis in the case of payments from the borrowers and other collections on the underlying mortgage loans, or as otherwise required under the Pooling Agreement, the following payments and collections received or made by or on behalf of the master servicer with respect to the underlying mortgage loans for which it is responsible, subsequent to the Closing Date —

- all principal payments collected, including principal prepayments;
- all interest payments collected, including late payment charges and Default Interest (net of master servicing fees, sub-servicing fees, master servicer surveillance fees, special servicing fees, special servicer surveillance fees, and in respect of late payment charges and Default Interest, net of amounts used to offset interest on any advances);
- any Static Prepayment Premiums and Yield Maintenance Charges;
- any proceeds received under any property damage, flood, title or other insurance policy that provides coverage with respect to a mortgaged real property or the related underlying mortgage loan, and all proceeds received in connection with the condemnation or the taking by right of eminent domain of a mortgaged real property, in each case to the extent not required to be applied to the restoration of the related mortgaged real property or released to the related borrower;
- any amounts received and retained in connection with the liquidation of Defaulted Loans by foreclosure, deed-in-lieu of foreclosure or as otherwise contemplated under “—Realization Upon Mortgage Loans” below, in each case to the extent not required to be returned to the related borrower;
- any amounts paid by the depositor in connection with the repurchase or replacement of, or the curing of any breach of a representation and warranty with respect to, an underlying mortgage loan by that party as described under “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this offering circular supplement;
- any amounts paid to purchase or otherwise acquire all the underlying mortgage loans and any REO Properties in connection with the termination of the issuing entity pursuant to the clean-up call as contemplated under “—Termination” below;
- any amounts required to be deposited by the master servicer in connection with losses incurred with respect to Permitted Investments of funds held in its collection account;
- all payments required to be paid by the master servicer or received from the special servicer with respect to any deductible clause in any blanket property damage insurance policy or master lender placed property damage insurance policy, as described under “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Property Damage, Liability and Other Insurance” in this offering circular supplement; and
- any amount transferred by the special servicer from its REO account with respect to the REO Properties.

Upon its receipt of any of the amounts described in the prior paragraph (other than in connection with a clean-up call) with respect to any Specially Serviced Mortgage Loan, the special servicer is required to remit those properly identified amounts within one Business Day to the master servicer for deposit in the collection account.

*Withdrawals.* The master servicer may make withdrawals from its collection account for any of the following purposes (to the extent that each of the following is to be paid from the collection account in accordance with the terms of the Pooling Agreement), which are not listed in any order of priority:

1. to remit to the certificate administrator for deposit in the distribution account, as described under “Description of the Certificates—Distribution Account” in this offering circular supplement, on the Remittance Date, all payments and other collections on the underlying mortgage loans and any REO Properties that are then on deposit in the collection accounts, exclusive of any portion of those payments and other collections that represents one or more of the following—
  - (i) monthly debt service payments due on a due date subsequent to the end of the related Collection Period;
  - (ii) payments and other collections received by or on behalf of the issuing entity after the end of the related Collection Period; and
  - (iii) amounts that are payable or reimbursable from the collection account to any person other than the certificateholders in accordance with any of clauses 2 through 21 below;
2. to reimburse itself or the trustee, as applicable, for any unreimbursed advances made by that party with respect to the mortgage pool, as described under “—Servicing and Other Compensation and Payment of Expenses” above and “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments” in this offering circular supplement, with that reimbursement to be made out of collections on the underlying mortgage loan or REO Property as to which the advance was made;
3. to pay (i) itself and/or any sub-servicer (and/or the holder of the Excess Servicing Fee Right, if different from the master servicer), as applicable, any accrued and unpaid master servicing fees, sub-servicing fees or master servicer surveillance fees with respect to each underlying mortgage loan and (ii) the special servicer accrued and unpaid special servicer surveillance fees, with the payments under clause (i) or clause (ii) to be made out of collections on that underlying mortgage loan or REO Loan, as applicable, that represent payments of interest;
4. to pay itself, any sub-servicer and/or the special servicer, as applicable, any master servicing fees, sub-servicing fees, master servicer surveillance fees or special servicer surveillance fees with respect to each underlying mortgage loan or REO Loan that remain unpaid in accordance with clause 3 above following a final recovery determination made with respect to such underlying mortgage loan or the related REO Property and the deposit into the collection account of all amounts received in connection with such final recovery determination;
5. to pay the special servicer, out of general collections, accrued and unpaid special servicing fees with respect to each underlying mortgage loan that is either a Specially Serviced Mortgage Loan or an REO Loan;
6. to pay the special servicer accrued and unpaid workout fees and liquidation fees to which it is entitled, with that payment to be made from the sources described under “—Servicing and Other Compensation and Payment of Expenses” above;
7. to reimburse itself or the trustee, as applicable, out of general collections on the mortgage pool, for any unreimbursed advance made by that party with respect to the mortgage pool as described under “—Servicing and Other Compensation and Payment of Expenses” above and “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments” in this offering circular supplement, which advance has been determined not to be ultimately recoverable under clause 2 above (or, if the subject underlying mortgage loan has been worked out and returned to performing status, is not recoverable under clause 2 above by the time it is returned to performing status) out of collections on the related underlying mortgage loan or REO Property; *provided* that any such reimbursement is required to be made as and to the extent described under “—Servicing and Other Compensation and Payment of Expenses” above, in the case of a Servicing Advance, or “Description of the Certificates—Advances of

Delinquent Monthly Debt Service Payments” in this offering circular supplement, in the case of a P&I Advance;

8. to pay itself or the trustee, as applicable, out of general collections on the mortgage pool unpaid interest accrued on any advance made by that party with respect to the mortgage pool (generally at or about the time of reimbursement of that advance); *provided* that, in the case of any advance reimbursed as described in clause 7 above, the payment of any interest on such advance is to be made as and to the extent described under “—Servicing and Other Compensation and Payment of Expenses” above, in the case of interest on any such advance that is a Servicing Advance, or “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments” in this offering circular supplement, in the case of interest on any such advance that is a P&I Advance;
9. to pay itself, the special servicer, the Approved Directing Certificateholder or any Affiliated Borrower Loan Directing Certificateholder, as applicable, any items of additional servicing compensation on deposit in the collection account as discussed under “—Servicing and Other Compensation and Payment of Expenses—Additional Servicing Compensation” above;
10. to pay any unpaid liquidation expenses incurred with respect to any liquidated mortgage loan or REO Property in the issuing entity;
11. to pay, out of general collections on the mortgage pool, any servicing expenses that would, if advanced, be nonrecoverable under clause 2 above;
12. to pay, out of general collections on the mortgage pool, for costs and expenses incurred by the issuing entity due to actions taken pursuant to any environmental assessment, in accordance with the Pooling Agreement;
13. to pay Freddie Mac (in its capacity as servicing consultant), itself (and certain indemnified sub-servicers), the special servicer, the trustee, the certificate administrator, the depositor or any of their or our respective affiliates, directors, general or limited partners, members, managers, shareholders, officers, employees, controlling persons and agents, as the case may be, out of general collections on the mortgage pool, any of the reimbursements or indemnities to which we or any of those other persons or entities are entitled, subject to the relevant Aggregate Annual Cap, as described under “—Certain Indemnities” below;
14. to pay, out of general collections on the mortgage pool, for (i) the costs of various opinions of counsel related to the servicing and administration of mortgage loans not paid by the related borrower; (ii) expenses properly incurred by the trustee or the certificate administrator in connection with providing tax-related advice to the special servicer and (iii) the fees of the trustee for confirming a Fair Value determination by the special servicer of a Defaulted Loan;
15. to reimburse any third party master servicer, the special servicer, the depositor, the trustee or the certificate administrator, as the case may be, for any unreimbursed expenses reasonably incurred in respect of any material breach of a representation or warranty or a material document defect in respect of an underlying mortgage loan giving rise to a repurchase obligation of the depositor or the Originator, or the enforcement of such obligation, under the Pooling Agreement;
16. to pay for—
  - (i) the cost of the opinions of counsel for purposes of REMIC administration or amending the Pooling Agreement; and
  - (ii) the cost of obtaining an extension from the IRS for the sale of any REO Property;
17. to pay, out of general collections for any and all U.S. federal, state and local taxes imposed on either of the Trust REMICs or their assets or transactions together with incidental expenses;
18. to pay to the depositor any amounts that represent monthly debt service payments due on the underlying mortgage loans on or prior to the Cut-off Date or, in the case of a replacement mortgage loan, during or before the month in which that loan was added to the issuing entity;
19. to withdraw amounts deposited in the collection account in error, including amounts received on any mortgage loan or REO Property that has been purchased or otherwise removed from the issuing entity;

20. to pay any other items described in this offering circular supplement as being payable from a collection account; and
21. to clear and terminate the collection account upon the termination of the Pooling Agreement.

The master servicer will be required to keep and maintain separate accounting records, on a loan by loan and property by property basis, for the purpose of justifying any withdrawal from the collection account.

### **Realization Upon Mortgage Loans**

*Purchase Option.* The Pooling Agreement grants the directing certificateholder (subject to the last paragraph of this section “—Purchase Option”) and Freddie Mac an assignable option (a “Purchase Option”) to purchase Defaulted Loans from the issuing entity in the manner and at the price described below.

Each of the directing certificateholder and Freddie Mac may assign its Purchase Option to any person.

Promptly after the determination that an underlying mortgage loan has become a Defaulted Loan, the master servicer (if the underlying mortgage loan is not a Specially Serviced Mortgage Loan) or the special servicer (if the underlying mortgage loan is a Specially Serviced Mortgage Loan) will be required to notify the trustee, the certificate administrator, the master servicer or the special servicer, as applicable, Freddie Mac and the directing certificateholder of such determination. Subject to (i) Freddie Mac’s right to offer an increased purchase price, as described below and (ii) the last paragraph of this section “—Purchase Option” in the case of any Affiliated Borrower Loan, the directing certificateholder will then have the right to exercise its Purchase Option at a cash price equal to the Option Price until such right automatically terminates (a) upon the Defaulted Loan becoming a Corrected Mortgage Loan or an REO Loan, (b) upon the modification, waiver or payoff (full, partial or discounted) of the Defaulted Loan in connection with a workout, or (c) upon purchase of the Defaulted Loan by Freddie Mac pursuant to the Pooling Agreement.

Subject to the next paragraph in the case of a Defaulted Loan that is a Defaulted First Lien Loan (as defined below), and subject to the last paragraph of this section “—Purchase Option” in the case of any Affiliated Borrower Loan, within ten Business Days (the “Freddie Mac Increased Offer Notice Period”) after receipt from the directing certificateholder of its notice (the “Fair Value Purchase Notice”) that it will exercise its option to purchase a Defaulted Loan and which specifies a purchase price that equals at least the Fair Value of the Defaulted Loan (the “Defaulted Loan Fair Value Purchase Price”), but is less than 99% of the Purchase Price of such Defaulted Loan, Freddie Mac will have the right to purchase such Defaulted Loan by giving notice (the “Freddie Mac Increased Offer Notice”) to the directing certificateholder, the master servicer, the special servicer, the certificate administrator and the trustee, specifying a purchase price at least 2.5% more than the Defaulted Loan Fair Value Purchase Price offered by the directing certificateholder in the Fair Value Purchase Notice. If the directing certificateholder is willing to purchase the Defaulted Loan after receipt of the Freddie Mac Increased Offer Notice, it will only be permitted to do so at a purchase price equal to the lesser of (i) at least 2.5% more than the purchase price specified by Freddie Mac in the Freddie Mac Increased Offer Notice or (ii) 99% of the Purchase Price, by giving notice (the “Directing Certificateholder Increased Offer Notice”) of the same to Freddie Mac, the master servicer, the special servicer, the certificate administrator and the trustee within ten Business Days of receiving the Freddie Mac Increased Offer Notice (the “Directing Certificateholder Increased Offer Notice Period”). Any person exercising the Purchase Option described in this paragraph will be required to consummate such purchase within 15 Business Days after the expiration of the Freddie Mac Increased Offer Notice Period or the Directing Certificateholder Increased Offer Notice Period, as applicable.

Within 60 days after an underlying mortgage loan becomes a Defaulted Loan (which 60-day period may be extended for an additional 15 days by the special servicer if the special servicer has given notice prior to the end of such 60-day period that it has not received the information it reasonably requires to make its Fair Value determination), the special servicer will be required to determine the Fair Value of such underlying mortgage loan in accordance with the Servicing Standard and consistent with the guidelines contained in the Pooling Agreement. The special servicer will be required to change from time to time thereafter (but before the entry into a binding agreement on behalf of the issuing entity for the consummation of any related purchase) its determination of the Fair Value of a Defaulted Loan if the special servicer obtains knowledge of changed circumstances, new information or otherwise, in accordance with the Servicing Standard. All reasonable costs and expenses of the special servicer in

connection with the determination of the Fair Value of a Defaulted Loan will be paid by the master servicer and be reimbursable as Servicing Advances. The special servicer must give prompt written notice (the “Fair Value Notice”) of its Fair Value determination and any subsequent change to such determination of Fair Value to the trustee, the certificate administrator, the master servicer, Freddie Mac and the directing certificateholder. If, after receiving the Fair Value Notice, and subject to the last paragraph of this section “—Purchase Option,” the directing certificateholder or its assignee elects to purchase such Defaulted Loan from the issuing entity at the Defaulted Loan Fair Value Purchase Price, such party must notify the special servicer, the trustee, the certificate administrator, the master servicer and Freddie Mac of such election and specify the Defaulted Loan Fair Value Purchase Price.

However, if an underlying mortgage loan becomes a Defaulted Loan due to a delinquency in respect of its balloon payment (without giving effect to any permitted grace period), but a Servicing Transfer Event has not occurred with respect to such underlying mortgage loan due to the exception set forth in clause (i) of the definition of Servicing Transfer Event, then the special servicer will have no duty to obtain an appraisal or calculate a Fair Value for such underlying mortgage loan unless and until a Servicing Transfer Event has occurred under clause (i) of the definition of Servicing Transfer Event with respect to such underlying mortgage loan. Further, no Purchase Option will exist with respect to such underlying mortgage loan that became a Defaulted Loan due to a delinquency in respect of its balloon payment (without giving effect to any permitted grace period), unless and until a Servicing Transfer Event has occurred under clause (i) of the definition of Servicing Transfer Event with respect to such underlying mortgage loan.

If the directing certificateholder, or an assignee thereof (as identified to the certificate administrator) that proposes to purchase a Defaulted Loan or Defaulted First Lien Loan, as applicable, is an affiliate of the special servicer, the trustee will be required to determine, prior to the consummation of the related purchase, whether the special servicer’s determination of Fair Value for such Defaulted Loan constitutes a fair price in its reasonable judgment. In doing so, the trustee may conclusively rely on an opinion of an appraiser or other independent expert in real estate matters, in each case, appointed with due care and obtained at the expense of such affiliate of the special servicer proposing to purchase such Defaulted Loan or Defaulted First Lien Loan, as applicable. The trustee, in making a Fair Value determination in accordance with the second preceding sentence, will be entitled to receive from the special servicer all information in the special servicer’s possession relevant to making such determination and will be further entitled to a \$1,500 fee payable by the issuing entity in connection with each such Fair Value determination. All reasonable costs and expenses of the trustee in connection with the determination of the Fair Value of a Defaulted Loan will be paid by the master servicer and be reimbursable as Servicing Advances.

Subject to the discussion above and the last paragraph of this section “—Purchase Option,” each holder of a Purchase Option may, at its option, purchase the subject Defaulted Loan from the issuing entity at a price (the “Option Price”) equal to—

- if the special servicer has not yet determined the Fair Value of that Defaulted Loan, the Purchase Price; or
- if the special servicer has made such Fair Value determination, at least the Defaulted Loan Fair Value Purchase Price.

If the most recent Fair Value calculation was made more than 90 days prior to the exercise date of a Purchase Option, then the special servicer must confirm or revise the Fair Value determination, and the Option Price at which the Defaulted Loan may be purchased will be modified accordingly.

Unless and until the Purchase Option with respect to a Defaulted Loan is exercised, the special servicer will be required to pursue such other resolution strategies available under the Pooling Agreement, including workout and foreclosure, consistent with the Servicing Standard, but it will not be permitted to sell the Defaulted Loan other than pursuant to the exercise of the Purchase Option or in accordance with any applicable intercreditor or co-lender agreement.

If not exercised sooner, the Purchase Option with respect to any Defaulted Loan will automatically terminate upon—

- the cure by the related borrower or a party with cure rights of all defaults that caused the subject underlying mortgage loan to be a Defaulted Loan;

- the acquisition on behalf of the issuing entity of title to the related mortgaged real property by foreclosure or deed-in-lieu of foreclosure; or
- the modification, waiver or payoff (full, partial or discounted) of the Defaulted Loan in connection with a workout.

However, the directing certificateholder (or its assignee) will only be able to purchase an Affiliated Borrower Loan from the issuing entity at a cash price equal to the Purchase Price.

*Foreclosure and Similar Proceedings.* Pursuant to the Pooling Agreement, if an event of default on an underlying mortgage loan has occurred and is continuing, the special servicer, on behalf of the issuing entity, may at any time institute foreclosure proceedings, exercise any power of sale contained in the related mortgage or otherwise acquire title to the related mortgaged real property. The special servicer may not, however, acquire title to any mortgaged real property or take any other action with respect to any mortgaged real property that would cause the trustee, for the benefit of the certificateholders or any other specified person to be considered to hold title to, to be a “mortgagee-in-possession” of or to be an “owner” or an “operator” of such mortgaged real property within the meaning of certain federal environmental laws, unless the special servicer has previously received a report prepared by a person who regularly conducts environmental audits (the cost of which report will be a Servicing Advance) and either—

- such report indicates that (i) the mortgaged real property is in compliance with applicable environmental laws and regulations and (ii) there are no circumstances or conditions present at the mortgaged real property for which investigation, testing, monitoring, containment, clean-up or remediation could be required under any applicable environmental laws and regulations; or
- the special servicer, based solely (as to environmental matters and related costs) on the information set forth in such report, determines that taking such actions as are necessary to bring the mortgaged real property into compliance with applicable environmental laws and regulations and/or taking the actions contemplated by clause (ii) of the preceding bullet, is reasonably likely to increase the net proceeds of the liquidation of such mortgaged real property, than not taking such actions.

A borrower’s failure to make required mortgage loan payments may mean that operating income from the mortgaged real property is insufficient to service the mortgage debt, or may reflect the diversion of that income from the servicing of the mortgage debt. In addition, a borrower that is unable to make mortgage loan payments may also be unable to make timely payments of taxes or otherwise to maintain and insure the mortgaged real property. In general, the special servicer will be required to monitor any Specially Serviced Mortgage Loan serviced by it, evaluate whether the causes of the default can be corrected over a reasonable period without significant impairment of the value of the mortgaged real property, initiate corrective action in cooperation with the borrower if cure is likely, inspect the mortgaged real property and take such other actions as it deems necessary and appropriate. A significant period of time may elapse before the special servicer is able to assess the success of any such corrective action or the need for additional initiatives. The time within which the special servicer can make the initial determination of appropriate action, evaluate the success of corrective action, develop additional initiatives, institute foreclosure proceedings and actually foreclose, or accept a deed to a mortgaged real property in lieu of foreclosure, on behalf of the certificateholders may vary considerably depending on the particular circumstances with respect to the related underlying mortgage loan, the mortgaged real property, the borrower, the presence of an acceptable party to assume the underlying mortgage loan and the laws of the jurisdiction in which the mortgaged real property is located. If a borrower files a bankruptcy petition, the special servicer may not be permitted to accelerate the maturity of the Defaulted Loan or to foreclose on the related mortgaged real property for a considerable period of time and may be required by the court to materially extend the term of the loan paid to the final maturity date, lower significantly the related interest rate and/or reduce the principal balance of the loan.

*REO Properties.* If title to any mortgaged real property is acquired by the special servicer on behalf of the issuing entity, the special servicer will be required to sell that property as soon as practicable, but not later than the end of the third calendar year following the year of acquisition, unless—

- the IRS grants an extension of time to sell the property;

- an extension of time to sell the property has been timely requested from the IRS and (i) the IRS has not denied such request (in which event the property is required to be sold by the end of the extended time period requested, but not more than three additional years), or (ii) if the IRS denies such request (in which event, the property is required to be sold within 30 days after the date of such denial); or
- the special servicer obtains an opinion of independent counsel generally to the effect that the holding of the property subsequent to the end of the third calendar year following the year in which the acquisition occurred will not result in the imposition of a tax on the assets of the issuing entity or cause either Trust REMIC created under the Pooling Agreement to fail to qualify as a REMIC under the Code.

The special servicer will be required to use reasonable efforts to solicit cash offers for any REO Property held in the issuing entity in a manner that will be reasonably likely to realize a fair price for the property within the time periods contemplated by the prior paragraph. Such solicitation will be required to be made in a commercially reasonable manner. The special servicer will be required to accept the highest cash offer received from any entity for such REO Property in an amount at least equal to the Purchase Price for such REO Property. In the absence of any such offer, the special servicer will be required to accept the highest cash offer received from any entity that is determined by the special servicer to be a fair price for such REO Property and whose offer the special servicer reasonably determines is likely to lead to an actual sale and is in compliance with applicable law. If the special servicer reasonably believes that it will be unable to realize a fair price for such REO Property within the time constraints imposed by the prior paragraph, then the special servicer will be required to dispose of such REO Property upon such terms and conditions as the special servicer deems necessary and desirable to maximize the recovery on such REO Property under the circumstances, and will be required to accept the highest outstanding cash offer from any entity that is determined by the special servicer to be a fair price for such REO Property and whose offer the special servicer reasonably determines is likely to lead to an actual sale and is in compliance with applicable law. If the special servicer determines that the offers being made with respect to such REO Property are not in the best interests of the certificateholders taken as a collective whole and that the end of the period referred to in the prior paragraph with respect to such REO Property is approaching, the special servicer will be required to seek an extension of such period in the manner described in the prior paragraph.

Whether any cash offer constitutes a fair price for any REO Property will be determined by the special servicer, if the highest offeror is a person other than the special servicer or an affiliate of the special servicer, and by the trustee, if the highest offeror is the special servicer or an affiliate of the special servicer. In determining whether any offer received from the special servicer or an affiliate of the special servicer represents a fair price for any REO Property, the trustee will be required to obtain, and may conclusively rely on, the opinion of an appraiser (the fees and costs of which will be required to be covered by a servicing advance by the master servicer) retained by the trustee. In determining whether any offer constitutes a fair price for any REO Property, the trustee will be required to request that such appraiser take into account, as applicable, among other factors, the occupancy level and physical condition of the REO Property, the state of the local economy and the obligation to dispose of any REO Property within the time period specified in the second preceding paragraph. The Purchase Price for any REO Property will in all cases be deemed a fair price.

The special servicer, at the expense of the issuing entity, will be required to retain an independent contractor to operate and manage any REO Property within 90 days of its acquisition. The retention of an independent contractor will not relieve the special servicer of its obligations with respect to any REO Property.

In general, the special servicer or an independent contractor employed by the special servicer will be obligated to operate and manage any REO Property held by the issuing entity solely for the purpose of its prompt disposition and sale, in a manner that maintains its status as “foreclosure property” within the meaning of Code Section 860G(a)(8).

Subject to the Servicing Standard and any other limitations imposed by the Pooling Agreement, the special servicer will be permitted, with respect to any REO Property, to incur a tax on net income from foreclosure property, within the meaning of Code Section 857(b)(4)(B).

To the extent that income the issuing entity receives from an REO Property is subject to a tax on net income from foreclosure property, that income would be subject to U.S. federal tax at the highest marginal corporate tax rate, which is currently 35%.

The determination as to whether income from an REO Property held by the issuing entity would be subject to a tax will depend on the specific facts and circumstances relating to the management and operation of each REO Property. Any tax imposed on the issuing entity's income from an REO Property would reduce the amount available for payment to the certificateholders. See "Certain Federal Income Tax Consequences" in this offering circular supplement. The reasonable out-of-pocket costs and expenses of obtaining professional tax advice in connection with the foregoing will be payable out of the collection account.

*REO Account.* The special servicer will be required to segregate and hold all funds collected and received in connection with any REO Property held by the issuing entity separate and apart from its own funds and general assets. If an REO Property is acquired by the issuing entity, the special servicer will be required to establish and maintain an account for the retention of revenues and other proceeds derived from that REO Property. That REO account must be maintained in a manner and with a depository institution that meets the requirements of the Pooling Agreement. The special servicer will be required to deposit, or cause to be deposited, in its REO account, within one Business Day following receipt, all net income, insurance proceeds, condemnation proceeds and Liquidation Proceeds received with respect to each REO Property held by the issuing entity. The funds held in this REO account may be held as cash or invested in Permitted Investments. Any interest or other income earned on funds in the special servicer's REO account will be payable to the special servicer, subject to the limitations described in the Pooling Agreement. See "—Servicing Compensation and Payment Expenses—Additional Servicing Compensation" above.

The special servicer will be permitted to withdraw from its REO account funds necessary for the proper operation, management, leasing, maintenance and disposition of any REO Property administered by it, but only to the extent of amounts on deposit in the account relating to that particular REO Property. Promptly following the end of each Collection Period, the special servicer will be required to withdraw from its REO account and deposit, or deliver to the master servicer for deposit, into the collection account the total of all amounts received in respect of each REO Property administered by it during that Collection Period, net of:

- any withdrawals made out of those amounts, as described in the preceding sentence; and
- any portion of those amounts that may be retained as reserves, as described in the next paragraph.

The special servicer may, subject to the limitations described in the Pooling Agreement, retain in its REO account in accordance with the Servicing Standard such portion of the proceeds and collections on any REO Property administered by it as may be necessary to maintain a reserve of sufficient funds for the proper operation, management, leasing, maintenance and disposition of that property, including the creation of a reasonable reserve for repairs, replacements, necessary capital improvements and other related expenses.

The special servicer will be required to keep and maintain separate records, on a loan-by-loan and a property-by-property basis, for the purpose of accounting for all deposits to, and withdrawals from, its REO account.

*Liquidation Proceeds.* To the extent that Liquidation Proceeds collected with respect to any underlying mortgage loan are less than the sum of—

- the outstanding principal balance of that underlying mortgage loan,
- interest (other than Default Interest) accrued on that underlying mortgage loan,
- interest accrued on any monthly debt service advance made with respect to that underlying mortgage loan,
- the aggregate amount of outstanding reimbursable expenses (including any unreimbursed Servicing Advances and unpaid and accrued interest on such advances) incurred with respect to that underlying mortgage loan, and
- any and all servicing compensation and trustee fees and certificate administrator fees due and payable with respect to that underlying mortgage loan,

then the issuing entity will realize a loss in the amount of such shortfall (although such shortfalls with respect to the offered certificates will be covered under the Freddie Mac Guarantee).

The trustee, the certificate administrator, the master servicer and/or the special servicer will be entitled to reimbursement out of the Liquidation Proceeds recovered on an underlying mortgage loan, prior to the distribution of such Liquidation Proceeds to certificateholders, of any and all amounts that represent unpaid servicing compensation, certificate administrator fees or trustee fees in respect of that underlying mortgage loan, certain unreimbursed expenses incurred with respect to that underlying mortgage loan and any unreimbursed advances made with respect to that underlying mortgage loan. In addition, amounts otherwise distributable on the certificates will be further reduced by interest payable to the master servicer or the trustee, as applicable, on any such advances.

If any mortgaged real property suffers damage such that the proceeds, if any, of the related property damage insurance policies or flood insurance are insufficient to restore fully the damaged property, the master servicer will not be required to make Servicing Advances to effect such restoration unless—

- the special servicer determines that such restoration will increase the proceeds to the certificateholders (as a collective whole) on liquidation of the underlying mortgage loan after reimbursement of the master servicer for its expenses and the special servicer receives the consent of the Approved Directing Certificateholder (if any); and
- the master servicer determines that such expenses will be recoverable by it from related Liquidation Proceeds.

*Specially Serviced Mortgage Loans.* With respect to any underlying mortgage loan as to which a Servicing Transfer Event has occurred, the master servicer will transfer its servicing responsibilities to the special servicer, but will continue to receive payments on such underlying mortgage loan (including amounts collected by the special servicer), to make certain calculations with respect to such underlying mortgage loan and to make remittances and prepare and deliver certain reports to the certificate administrator with respect to such underlying mortgage loan.

The special servicer will continue to be responsible for the operation and management of an REO Property. The master servicer will have no responsibility for the performance by the special servicer of its duties under the Pooling Agreement.

The special servicer will return the full servicing of a Specially Serviced Mortgage Loan to the master servicer when all Servicing Transfer Events with respect to that underlying mortgage loan have ceased to exist and that underlying mortgage loan has become a Corrected Mortgage Loan.

*Directing Certificateholder.* The “directing certificateholder” will be the Controlling Class Majority Holder (or its designee) as further discussed below. For the avoidance of doubt, all references to the “directing certificateholder” in this offering circular supplement will be deemed to include the Approved Directing Certificateholder (if any).

A directing certificateholder who is not an Approved Directing Certificateholder may exercise the Controlling Class Majority Holder Rights discussed below but will not have any other rights of an Approved Directing Certificateholder or be entitled to any fees otherwise payable to the Approved Directing Certificateholder under the Pooling Agreement.

The “Controlling Class Majority Holder” will be either (i) the holder (or a designee acting on its behalf) of the majority of the percentage interests in the Controlling Class (as defined below) or (ii) if no single holder owns the majority of the percentage interests in the Controlling Class, the designee appointed by the holders of a majority of the percentage interests in the Controlling Class acting on behalf of such holders, in each case solely to the extent that such person is identified in writing to the trustee, the certificate administrator, the master servicer and the special servicer along with contact information.

“Controlling Class” means, as of the Closing Date, the class B certificates, until the outstanding principal balance of such class is less than 25% of the initial principal balance of such class; thereafter the class A certificates. However, if the class B certificates are the only class with an outstanding principal balance, the class B certificates will be the Controlling Class.

Any directing certificateholder that is not an Approved Directing Certificateholder will have only the following limited rights, in each case to the extent described in this offering circular supplement (the “Controlling Class Majority Holder Rights”):

- the right to remove and replace the special servicer;
- the right to exercise the directing certificateholder’s option to purchase any Defaulted Loans from the issuing entity; and
- the right to access certain information and receive certain notices under the Pooling Agreement.

A directing certificateholder that is an Approved Directing Certificateholder may exercise all rights of a directing certificateholder, including the Controlling Class Majority Holder Rights, and will be entitled to receive fees payable to the Approved Directing Certificateholder under the Pooling Agreement.

The “Approved Directing Certificateholder” will be the Initial Directing Certificateholder (or any of its affiliates) for so long as either (i) the Initial Directing Certificateholder (or any of its affiliates) or (ii) the holder or holders that designated such Initial Directing Certificateholder as the directing certificateholder on the Closing Date is the holder or are the holders, as applicable, of the majority of the percentage interests in the Controlling Class, and thereafter, either (a) a directing certificateholder that either (1) has not been rejected by Freddie Mac as an Approved Directing Certificateholder during the Directing Certificateholder Approval Period as described in this offering circular supplement or (2) satisfies the Approved Directing Certificateholder Criteria and, in each case, delivers written evidence of such approval or pre-approval as described in this offering circular supplement, or (b) if the class A certificates are the Controlling Class, Freddie Mac or its designee.

“Approved Directing Certificateholder Criteria” means, with respect to any person or entity, the criteria used by Freddie Mac to determine (in Freddie Mac’s reasonable discretion) if such person or entity has significant multifamily real estate experience, including, without limitation, whether such person or entity:

- (a) owns and/or has invested in at least \$250 million (in original principal amount) of multifamily real estate related mezzanine level or subordinate securities and/or multifamily real estate properties;
- (b) has significant multifamily management expertise and experience; and/or
- (c) has comparable multifamily real estate ownership, investment or management expertise and experience, each as determined in Freddie Mac’s reasonable discretion.

A finding that such person or entity meets the dollar value requirements of clause (a) above does not in itself bind Freddie Mac to a determination that such person or entity has significant multifamily real estate experience.

In order to exercise the rights of the Approved Directing Certificateholder, the directing certificateholder must be an Approved Directing Certificateholder. To initiate the process of becoming or designating an Approved Directing Certificateholder, the Controlling Class Majority Holder will be required to provide notice to Freddie Mac, the master servicer, the special servicer, the trustee and the certificate administrator indicating which certificates that such Controlling Class Majority Holder or the certificateholder(s) designating such Controlling Class Majority Holder, as applicable, has or have purchased. In addition, such Controlling Class Majority Holder will also be required to provide a notice in writing to Freddie Mac, the master servicer, the special servicer, the trustee and the certificate administrator that includes the name and contact information of the proposed directing certificateholder (delivery of which may be satisfied by delivery of a notice substantially in the form attached to the Pooling Agreement (such notice, the “Directing Certificateholder Notice”). Within 5 Business Days of the date of receipt of such notice (such 5 Business Day period, the “Directing Certificateholder Approval Period”), Freddie Mac may elect not to respond to such notice or may countersign and return the notice to the Controlling Class Majority Holder, indicating thereon whether Freddie Mac has approved or rejected the proposed directing certificateholder as an Approved Directing Certificateholder, and may (in Freddie Mac’s sole discretion) also provide such notice to the master servicer, the special servicer, the trustee and the certificate administrator; *provided*, that Freddie Mac may, within any Directing Certificateholder Approval Period, request additional information that Freddie Mac deems necessary to complete its review and render its final approval or rejection. Any request from Freddie Mac to the

submitting Controlling Class Majority Holder for additional information will be deemed a rejection by Freddie Mac of the directing certificateholder as an Approved Directing Certificateholder and the Controlling Class Majority holder will be required to resubmit the Directing Certificateholder Notice (including the updated information) to Freddie Mac, the master servicer, the special servicer, the trustee and the certificate administrator to reinstate the Directing Certificateholder Approval Period.

During the Directing Certificateholder Approval Period (so long as Freddie Mac (i) has not responded to the Directing Certificateholder Notice rejecting the proposed directing certificateholder as an Approved Directing Certificateholder and (ii) has not requested additional information from the submitting Controlling Class Majority Holder pursuant to the immediately preceding paragraph), (1) the proposed directing certificateholder will be deemed to be an Approved Directing Certificateholder and (2) the master servicer, the special servicer, the certificate administrator and the trustee will be entitled to conclusively treat such directing certificateholder as an Approved Directing Certificateholder for the duration of the Directing Certificateholder Approval Period.

If Freddie Mac (i) countersigns the Directing Certificateholder Notice approving the directing certificateholder as an Approved Directing Certificateholder or (ii) fails to respond to the Controlling Class Majority Holder within the Directing Certificateholder Approval Period, the Controlling Class Majority Holder will be required to provide written notice to the master servicer, the special servicer, the certificate administrator, the trustee and Freddie Mac including either (a) a copy of the approved Directing Certificateholder Notice countersigned by Freddie Mac or (b) a certification stating that Freddie Mac failed to respond and did not request any additional information within the Directing Certificateholder Approval Period (attaching the original Directing Certificateholder Notice) and such directing certificateholder will be deemed to be an Approved Directing Certificateholder. Upon receipt of such notice, the master servicer, the special servicer, the certificate administrator and the trustee may conclusively rely thereon and treat the directing certificateholder as an Approved Directing Certificateholder. For the avoidance of doubt, following the Directing Certificateholder Approval Period, if the Controlling Class Majority Holder fails to provide the notice required by the second preceding sentence, the directing certificateholder will be deemed not to be an Approved Directing Certificateholder and will retain only the Controlling Class Majority Holder Rights; and the master servicer, the special servicer, the certificate administrator and the trustee will conclusively be entitled to treat such directing certificateholder as retaining only the Controlling Class Majority Holder Rights.

If Freddie Mac provides in the Directing Certificateholder Notice within the Directing Certificateholder Approval Period that the proposed directing certificateholder is not an Approved Directing Certificateholder, the Controlling Class Majority Holder will be required to provide written notice to the master servicer, the special servicer, the certificate administrator and the trustee and each such party will be conclusively entitled to rely on such Directing Certificateholder Notice and treat such directing certificateholder as retaining only the Controlling Class Majority Holder Rights. The rights of an Approved Directing Certificateholder (other than the Controlling Class Majority Holder Rights) will not be exercisable by any directing certificateholder that is not an Approved Directing Certificateholder, and any provision of the Pooling Agreement requiring the Approved Directing Certificateholder's consent or approval will not require consent or approval by any directing certificateholder that is not an Approved Directing Certificateholder. If there is no Approved Directing Certificateholder, the portion of any Transfer Fees or collateral substitution fees payable to the Approved Directing Certificateholder will instead be payable to the master servicer.

The Controlling Class Majority Holder may obtain a written pre-approval from Freddie Mac indicating that a proposed directing certificateholder qualifies as an Approved Directing Certificateholder (a "DCH Pre-Approval") in accordance with the approval provisions set forth above in this section "The Pooling Agreement—Realization Upon Mortgage Loans—Directing Certificateholder."

Notwithstanding the foregoing, (i) for each Controlling Class Majority Holder, there can be no more than three requests for a DCH Pre-Approval made per calendar year and (ii) any Freddie Mac confirmed DCH Pre-Approval will expire and can no longer be presented with the notice delivered pursuant to the terms of the Pooling Agreement upon the later of (a) six months after the date that Freddie Mac countersigns and delivers notice of such confirmed DCH Pre-Approval and (b) if Freddie Mac failed to respond or request additional information within the Directing Certificateholder Approval Period, six months after the date that the Controlling Class Majority Holder dated and delivered the original Directing Certificateholder Notice to Freddie Mac.

For the purpose of determining whether the directing certificateholder is an affiliate of any borrower (or any proposed replacement borrower) with respect to any underlying mortgage loan, the term directing certificateholder will include the directing certificateholder (and any affiliate thereof), any of its managing members or general partners and any party directing or controlling the directing certificateholder (or any such affiliate thereof), including, for example, in connection with any re-securitization of the Controlling Class.

By its acceptance of a certificate, each certificateholder confirms its understanding that (i) the directing certificateholder may take actions, and the Directing Certificateholder Servicing Consultant may provide recommendations, that favor the interests of one or more classes of certificates over other classes of certificates, (ii) the directing certificateholder and the Directing Certificateholder Servicing Consultant may have special relationships and interests that conflict with those of holders of some classes of certificates, (iii) the directing certificateholder and the Directing Certificateholder Servicing Consultant will have no liability to any certificateholder for any action taken or not taken, or any recommendation provided, as applicable, and (iv) each certificateholder agrees to take no action against the directing certificateholder or the Directing Certificateholder Servicing Consultant as a result of any such action or omission, recommendation or special relationship or conflict. See “Risk Factors—Risks Related to the Offered Certificates—The Interests of the Directing Certificateholder or Freddie Mac May Be in Conflict with the Interests of the Offered Certificateholders” in this offering circular supplement.

It is anticipated that Fundamental Partners III LP, or an affiliate thereof will be designated to serve as the initial directing certificateholder (the “Initial Directing Certificateholder”).

As and to the extent described under “—Asset Status Report” below, during the Directing Certificateholder Approval Period or if Freddie Mac has approved a directing certificateholder as an Approved Directing Certificateholder, such Approved Directing Certificateholder may direct the master servicer or the special servicer with respect to various servicing matters involving each of the underlying mortgage loans. A directing certificateholder who is not an Approved Directing Certificateholder will not have such rights with respect to such servicing matters, but will be entitled to exercise the Controlling Class Majority Holder Rights described in this offering circular supplement.

Upon the occurrence and during the continuance of any Affiliated Borrower Loan Event with respect to any underlying mortgage loan, any right of the directing certificateholder to (i) approve and consent to certain actions with respect to such underlying mortgage loan, (ii) purchase any such Defaulted Loan from the issuing entity and (iii) access certain information and reports regarding such underlying mortgage loan will be restricted as described in “—Asset Status Report” below and “—Purchase Option” above, as applicable. Upon the occurrence and during the continuance of an Affiliated Borrower Loan Event, the special servicer, as the Affiliated Borrower Loan Directing Certificateholder, will be required to exercise any approval, consent, consultation or other rights with respect to any matters related to an Affiliated Borrower Loan as described in as described in “—Asset Status Report” below.

*Asset Status Report.* The special servicer is required to prepare and deliver a report to the master servicer, the directing certificateholder and Freddie Mac (the “Asset Status Report”) with respect to any underlying mortgage loan that becomes a Specially Serviced Mortgage Loan within 60 days of the special servicer’s receipt of the information it reasonably requires after a Servicing Transfer Event.

Any Asset Status Report prepared by the special servicer will set forth the following information, to the extent reasonably determinable:

- a summary of the status of the Specially Serviced Mortgage Loan;
- a discussion of the legal and environmental considerations reasonably known to the special servicer, consistent with the Servicing Standard, that are applicable to the exercise of remedies and whether outside legal counsel has been retained;
- a current rent roll and income or operating statement available for the related mortgaged real property;
- the appraised value of the mortgaged real property, together with the assumptions used in the calculation if the appraisal is less than 12 months old;

- a recommendation by the special servicer as to how the Specially Serviced Mortgage Loan might be returned to performing status, returned to the master servicer for regular servicing or otherwise realized upon;
- a summary of any proposed actions and a discussion of whether or not taking such action is reasonably likely to produce a greater recovery on a present value basis than not taking such action;
- a status report on any foreclosure actions or other proceedings undertaken with respect to the related mortgaged real property, any proposed workouts with respect to the Specially Serviced Mortgage Loan and the status of any negotiations with respect to those workouts and an assessment of the likelihood of additional events of default on such underlying mortgage loan; and
- such other information as the special servicer deems relevant in light of the Servicing Standard.

If, within ten Business Days following delivery of the Asset Status Report, the Approved Directing Certificateholder (if any) does not disapprove in writing of any action proposed to be taken in that Asset Status Report or, upon delivery of a finalized Asset Status Report as described below, the special servicer will be required to implement the recommended action as outlined in such Asset Status Report. If the Approved Directing Certificateholder (if any) disapproves in writing such Asset Status Report within such ten Business Days, the special servicer is required to revise and deliver a new Asset Status Report within 30 days after such disapproval.

The special servicer must continue to revise that Asset Status Report until either (i) the Approved Directing Certificateholder (if any) fails to disapprove the revised Asset Status Report within ten Business Days of receipt, (ii) the special servicer determines that an extraordinary event has occurred with respect to the mortgaged real property as described below or (iii) the passage of 60 days from the date of preparation of the first Asset Status Report. The special servicer will be required to deliver the finalized Asset Status Report to the directing certificateholder, Freddie Mac, the master servicer, the certificate administrator and the trustee. However, the special servicer (a) may, following the occurrence of an extraordinary event with respect to the related mortgaged real property, take any action set forth in such Asset Status Report before the expiration of a ten Business Day approval period if the special servicer has reasonably determined that failure to take such action would materially and adversely affect the interests of the certificateholders and it has made a reasonable effort to contact the Approved Directing Certificateholder (if any) and (b) in any case, must determine whether any affirmative disapproval by the Approved Directing Certificateholder (if any) described in this paragraph is not in the best interest of all of the certificateholders pursuant to the Servicing Standard.

The special servicer in its capacity as special servicer (and not in its capacity as Directing Certificateholder Servicing Consultant, if selected to serve in such capacity) may not take any action inconsistent with an Asset Status Report, unless that action would be required in order to act in accordance with the Servicing Standard. The special servicer may, from time to time, modify any Asset Status Report it has previously delivered and implement that report, *provided* that the revised report has been prepared, reviewed and not rejected pursuant to the terms described above.

In addition to the foregoing, with respect to a Specially Serviced Mortgage Loan, the special servicer is required to, subject to the Servicing Standard and the terms of the Pooling Agreement, obtain the consent of the Approved Directing Certificateholder (if any) and respond to any reasonable request for information from Freddie Mac prior to the taking by the special servicer of the following actions (the “Consent Actions”)—

- any proposed or actual foreclosure upon or comparable conversion of (which may include acquisitions of an REO Property) the ownership of the property or properties securing any Specially Serviced Mortgage Loans as come into and continue in default;
- any modification, amendment or waiver of a monetary term (including any change in the timing of payments but excluding the waiver of Default Interest and late payment charges), any material non-monetary term or any waiver of a due-on-sale or due-on-encumbrance clause of an underlying mortgage loan (other than any easement, right of way or similar agreement);
- any acceptance of a discounted payoff with respect to a Specially Serviced Mortgage Loan;

- any proposed or actual sale of an REO Property out of the issuing entity for less than the outstanding principal balance of, and accrued interest (other than Default Interest) on, the related underlying mortgage loan, except in connection with a termination of the issuing entity as described under “—Termination” below;
- any determination to bring an REO Property held by the issuing entity into compliance with applicable environmental laws or to otherwise address hazardous material located at the REO Property;
- any release of real property collateral for an underlying mortgage loan, other than in accordance with the specific terms of, or upon satisfaction of, that underlying mortgage loan; *provided, however*, that the consent of the Approved Directing Certificateholder (if any) to any release of non-material parcels of the mortgaged real property may not be unreasonably withheld;
- any acceptance of substitute or additional real property collateral for an underlying mortgage loan, other than in accordance with the specific terms of that underlying mortgage loan;
- any approval of releases of earn-out reserves or related letters of credit with respect to a mortgaged real property securing an underlying mortgage loan other than in accordance with the specific terms of that underlying mortgage loan;
- the release of any reserves in excess of the threshold set forth in the Pooling Agreement; and
- any approval of a borrower request for consent to a replacement property manager for Specially Serviced Mortgage Loans (which approval may not be unreasonably withheld), other than in connection with any pre-approved servicing request with respect to an underlying mortgage loan set forth in the Pooling Agreement.

However, no direction of the Approved Directing Certificateholder (if any), and no failure to consent to any action requiring the consent of the Approved Directing Certificateholder (if any) under the Pooling Agreement, may (i) require or cause the master servicer or the special servicer to violate the terms of the subject Specially Serviced Mortgage Loan, applicable law or any provision of the Pooling Agreement or any related intercreditor agreement; (ii) result in the imposition of a “prohibited transaction” or “prohibited contribution” tax under the REMIC Provisions; (iii) expose the master servicer, the special servicer, the trustee, the certificate administrator, the custodian, the depositor, Freddie Mac, the issuing entity or any of various other parties to any claim, suit or liability or (iv) materially expand the scope of the special servicer’s or the master servicer’s responsibilities under the Pooling Agreement. The master servicer or the special servicer, as the case may be, will not (x) follow any such direction of the Approved Directing Certificateholder, (y) initiate any such actions having any of the effects set out above, or (z) take or refrain from taking any action, if following such directions, taking such action or refraining from taking such action would violate the Servicing Standard.

Upon the occurrence of an Affiliated Borrower Loan Event (except with respect to any Affiliated Borrower Loan Event that exists on the Closing Date and is described in the definition of Affiliated Borrower Loan Event), the directing certificateholder will be required to provide written notice of the same to the trustee, the certificate administrator, the master servicer, the special servicer and Freddie Mac within two Business Days after the occurrence of such Affiliated Borrower Loan Event. In addition, the directing certificateholder will be required to provide written notice to the trustee, the certificate administrator, the master servicer, the special servicer and Freddie Mac of the termination of any Affiliated Borrower Loan Event within two Business Days after the termination of such Affiliated Borrower Loan Event. Except with respect to any Affiliated Borrower Loan Event that exists on the Closing Date and is described in the definition of Affiliated Borrower Loan Event, prior to its receipt of any notice from the directing certificateholder of the occurrence of an Affiliated Borrower Loan Event (or, following its receipt, if any, of the termination of any Affiliated Borrower Loan Event, prior to its receipt of any notice of the occurrence of another Affiliated Borrower Loan Event), the master servicer, the special servicer, the trustee, the certificate administrator and Freddie Mac may conclusively assume that no Affiliated Borrower Loan Event exists, unless a responsible officer of the trustee or certificate administrator, as applicable, or a servicing officer of the master servicer or the special servicer, as applicable, has actual knowledge of any Affiliated Borrower Loan Event. The master servicer, the special servicer, the trustee, the certificate administrator and Freddie Mac may rely on any such notice of the occurrence or the termination of an Affiliated Borrower Loan Event without making any independent investigation.

Upon the occurrence and during the continuance of an Affiliated Borrower Loan Event, the directing certificateholder will not have any approval, consent, consultation or other rights under the Pooling Agreement with respect to any matters related to any Affiliated Borrower Loan, and the Affiliated Borrower Loan Directing Certificateholder, upon receipt of written notice from the directing certificateholder, or any party on its behalf, of the occurrence of any Affiliated Borrower Loan Event and prior to receipt of written notice from the directing certificateholder, or any party on its behalf, of the termination of such Affiliated Borrower Loan Event (i) will be required to exercise any such rights in its sole discretion and in accordance with the Servicing Standard and on behalf of the certificateholders as a collective whole, without seeking the consent or consultation of any other party, except that the Affiliated Borrower Loan Directing Certificateholder may consult with Freddie Mac with respect to any matters related to the Affiliated Borrower Loan, but will not be bound by any such consultation with Freddie Mac and (ii) will be entitled to any fees that would otherwise be payable to the Approved Directing Certificateholder under “Description of the Certificates—Fees and Expenses” in this offering circular supplement but for the occurrence of such Affiliated Borrower Loan Event.

Upon receipt of written notice from the directing certificateholder, or any party on its behalf, of the occurrence of any Affiliated Borrower Loan Event and prior to receipt of written notice from the directing certificateholder, or any party on its behalf, of the termination of such Affiliated Borrower Loan Event, none of the trustee, the certificate administrator, the master servicer or the special servicer will be permitted under the Pooling Agreement to seek, accept or take any action based on the approval, consent or consultation of the Approved Directing Certificateholder with respect to any matters related to any Affiliated Borrower Loan. In addition, for so long as an Affiliated Borrower Loan Event exists with respect to any Affiliated Borrower Loan, and to the extent the certificate administrator has actual knowledge of such Affiliated Borrower Loan Event, the certificate administrator may not provide to the directing certificateholder any asset status report, inspection report, appraisal or internal valuation related to such Affiliated Borrower Loan. In addition, for so long as an Affiliated Borrower Loan Event exists with respect to any underlying mortgage loan, the trustee, the certificate administrator, the master servicer and the special servicer may withhold from the directing certificateholder any information with respect to such underlying mortgage loan that the trustee, the certificate administrator, the master servicer or the special servicer, as applicable, determines, in its sole discretion, is related to the workout of such underlying mortgage loan.

### **Inspections; Collection of Operating Information**

The special servicer will be required, at the expense of the issuing entity, to physically inspect or cause a physical inspection of the related mortgaged real property as soon as practicable after any underlying mortgage loan becomes a Specially Serviced Mortgage Loan and annually thereafter for so long as that underlying mortgage loan remains a Specially Serviced Mortgage Loan (or at such lesser frequency as confirmed by Rating Agency Confirmation). The master servicer will be required, at its own expense, to physically inspect or cause a physical inspection of each mortgaged real property securing an underlying mortgage loan for which it acts as master servicer at least once per 12-month period or, in the case of each underlying mortgage loan with an outstanding principal balance (or allocated loan amount) less than \$2,000,000, once every 24-month period (or at such lesser frequency as confirmed by Rating Agency Confirmation), if the special servicer has not already done so in that period as contemplated by the preceding sentence. For each underlying mortgage loan, such 12-month period or 24-month period, as applicable, will begin on such date as is consistent with the Guide. The master servicer and the special servicer will be required to prepare or cause the preparation of a written report of each inspection performed by it that generally describes the condition of the particular mortgaged real property and, upon request, deliver such written report in electronic format to (i) the certificate administrator and (ii) the master servicer (if such written report was prepared by the special servicer).

Most of the loan documents obligate the related borrower to deliver quarterly, and substantially all loan documents require annual, property operating statements. However, we cannot assure you that any operating statements required to be delivered will in fact be delivered, nor is the special servicer or the master servicer likely to have any practical means of compelling such delivery in the case of an otherwise performing mortgage loan.

### **Servicer Reports**

As set forth in the Pooling Agreement, on a date preceding the applicable distribution date, the master servicer is required to deliver to the certificate administrator, the directing certificateholder and Freddie Mac a servicer

remittance report setting forth the information necessary for the certificate administrator to make the distributions set forth under “Description of the Certificates—Distributions” in this offering circular supplement and containing the information to be included in the distribution report for that distribution date delivered by the certificate administrator as described under “Description of the Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this offering circular supplement.

### **Evidence as to Compliance**

No later than the date specified below of each year, commencing in 2018, each of the master servicer and the special servicer must deliver or cause to be delivered, as applicable, to the depositor, the trustee, the certificate administrator and Freddie Mac, among others:

- by March 15th of each year, a statement of compliance signed by an officer of the master servicer or the special servicer, as the case may be, to the effect that, among other things, (i) a review of the activities of the master servicer or the special servicer, as the case may be, during the preceding calendar year—or, in the case of the first such certification, during the period from the Closing Date through December 31, 2017 inclusive—and of its performance under the Pooling Agreement, has been made under such officer’s supervision; (ii) to the best of such officer’s knowledge, based on such review, the master servicer or the special servicer, as the case may be, has fulfilled its obligations under the Pooling Agreement in all material respects throughout the preceding calendar year or the portion of that year during which the certificates were outstanding (or, if there has been a failure to fulfill any such obligation in any material respect, specifying each such failure known to such officer and the nature and status of each such failure); (iii) that the master servicer or the special servicer, as the case may be, has maintained an effective internal control system over the servicing of mortgage loans, including the underlying mortgage loans; (iv) whether the master servicer or the special servicer has received any notice regarding qualification of or challenge to the status of, either Trust REMIC as a REMIC from the IRS or any other governmental agency or body; and (v) in the case of the master servicer only, to the best of such officer’s knowledge, each sub-servicer, if any, has fulfilled its obligations under its Sub-Servicing Agreement in all material respects (or, if there has been a failure to fulfill any such obligation in any material respect, specifying each such failure known to such officer and the nature and status of each such failure and proposed actions with respect to the default); *provided, however*, that the master servicer will be entitled to conclusively rely on a review of the activities of such sub-servicer conducted by Freddie Mac, so long as the master servicer does not have any actual knowledge of such sub-servicer’s material non-fulfillment or material default (Freddie Mac will provide any third party master servicer access to such sub-servicer reviews by March 1 of each year beginning with March 1, 2018), and
- as to each annual statement of compliance delivered by the master servicer or the special servicer, as the case may be, as described in the preceding bullet, by April 15th of each year, an accountant’s statement from a registered public accounting firm to the effect that the asserting party complied with the minimum servicing standards identified in (i) Item 1122 of Regulation AB or (ii) the Uniform Single Attestation Program for Mortgage Bankers. For purposes of determining compliance with the minimum standards identified in clauses (i) or (ii) above, the master servicer and its accountants will be entitled to rely on the sub-servicer reviews delivered by Freddie Mac pursuant to the preceding bullet point, subject to the limitations set forth in the preceding bullet point.

As long as one party is performing the duties of both the master servicer and the special servicer, that party will be required to deliver only one report, certificate or statement satisfying the requirements listed immediately above. Copies of such statement will be provided to any certificateholder, upon written request of any certificateholder, by the certificate administrator.

### **Events of Default**

Each of the following events, circumstances and conditions will be considered events of default with respect to the master servicer or the special servicer under the Pooling Agreement:

22. any failure by the master servicer to make (i) any required deposit into its collection account or any other account created under the Pooling Agreement, which failure continues unremedied for two Business

Days, or any required remittance to the certificate administrator for deposit in the distribution account by the time required under the Pooling Agreement on the Business Day prior to the related distribution date, which failure continues unremedied until 11:00 a.m. (New York City time) on the related distribution date; or (ii) any required Servicing Advance within the time specified in the Pooling Agreement, which failure remains uncured for 15 days (or such shorter time as is necessary to avoid the lapse of any required insurance policy for any mortgaged real property or the foreclosure of any tax lien on the related mortgaged real property);

23. any failure by the special servicer to deposit into the REO account, or to remit to the master servicer for deposit in the collection account, any such deposit or remittance required to be made by the special servicer, when so required under the Pooling Agreement, which failure continues unremedied for two Business Days;
24. any failure by the master servicer or the special servicer duly to observe or perform in any material respect any of its other covenants or obligations under the Pooling Agreement, which failure continues unremedied for 30 days (15 days in the case of a failure to pay the premium for any required insurance policy for any mortgaged real property) after written notice of such failure has been given to the master servicer or the special servicer, as the case may be, by any other party to the Pooling Agreement, or to the master servicer or the special servicer, as applicable, the depositor and the trustee (with a copy to the certificate administrator) by the holders of 25% of the percentage interests of any class of certificates; *provided, however*, if such failure (other than a failure to pay insurance policy premiums for any mortgaged real property) is not capable of being cured within such 30-day period and the master servicer or the special servicer, as applicable, is diligently pursuing such cure, then such 30-day period will be extended for an additional 30 days;
25. any breach by the master servicer or the special servicer of a representation or warranty contained in the Pooling Agreement that materially and adversely affects the interests of the certificateholders and continues unremedied for 30 days after the date on which notice of such breach is given to the master servicer or the special servicer, as the case may be, by any other party to the Pooling Agreement, or to the master servicer or the special servicer, as applicable, the depositor and the trustee (with a copy to the certificate administrator) by the holders of 25% of the percentage interests of any class of certificates; *provided, however*, if such breach is not capable of being cured within such 30-day period and the master servicer or the special servicer, as applicable, is diligently pursuing such cure, then such 30-day period will be extended for an additional 30 days;
26. certain events of insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings in respect of or relating to the master servicer or the special servicer, as applicable, and certain actions by or on behalf of the master servicer or the special servicer, as applicable indicating its insolvency or inability to pay its obligations and such decree or order remains in force for 60 days;
27. a consent by the master servicer or the special servicer to the appointment of a conservator, receiver, liquidator, trustee or similar official in any bankruptcy, insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings of or relating to such master servicer or special servicer or relating to all or substantially all of its property;
28. an admission by the master servicer or the special servicer in writing of its inability to pay its debts generally as they become due, the filing of a petition to take advantage of any applicable bankruptcy, insolvency or reorganization statute, the making of an assignment for the benefit of its creditors, the voluntary suspension of payment of its obligations or the taking of any corporate action in furtherance of the foregoing;
29. a Ratings Trigger Event occurs with respect to a third party master servicer or the special servicer;
30. failure of the third party master servicer to provide the certificate administrator with certain periodic information pertaining to the underlying mortgage loans as required under the Pooling Agreement more than three times in a rolling 12-month period within one Business Day of the date on which the relevant report is due, unless such failure is due to force majeure or an act of God or such failure is waived by Freddie Mac; *provided* that Freddie Mac is not permitted to grant more than one waiver in such rolling 12-month period without the consent of the Approved Directing Certificateholder (if any), which consent may not be unreasonably withheld or delayed; *provided further*, that a report will not be considered late

unless Freddie Mac provides the third party master servicer with written notice, with a copy to the certificate administrator, that the report was late within five days after the related distribution date; or

31. S&P places the rating of any class of rated certificates on “Watchlist” status in contemplation of a ratings downgrade or withdrawal (or a Rating Agency has downgraded or withdrawn its rating for any class of rated certificates) citing servicing concerns with respect to the third party master servicer or the special servicer, as applicable, as the sole or material factor in such rating action and such “Watchlist” status, downgrade or withdrawal is not withdrawn, reversed or revoked, as applicable, by such Rating Agency within 60 days of such rating action.

If the third party master servicer is terminated solely due to an event described in clauses 8 or 10 above, the third party master servicer will have 45 days to solicit bids and complete the sale of the servicing rights with respect to the underlying mortgage loans to a servicer acceptable under the Pooling Agreement, during which time period the third party master servicer will continue to service the underlying mortgage loans.

### **Rights Upon Event of Default**

If an event of default described under “—Events of Default” above occurs with respect to the master servicer or the special servicer and remains unremedied, the trustee will be authorized, and at the direction of the directing certificateholder (but with respect to the master servicer, only if such directing certificateholder is an Approved Directing Certificateholder) or Freddie Mac, the trustee will be required, to terminate all of the obligations and all of the rights of the defaulting party pursuant to the Pooling Agreement in and to the underlying mortgage loans and proceeds of the underlying mortgage loans, other than any rights the defaulting party may have (i) as a certificateholder, or (ii) in respect of compensation, indemnities and reimbursements accrued by or owing to such defaulting party on or prior to the date of termination or due to such defaulting party thereafter for services rendered and expenses incurred. Upon any such termination, the trustee must either:

- succeed to all of the responsibilities, duties and liabilities of the defaulting party under the Pooling Agreement; or
- appoint an established mortgage loan servicing institution to act as successor to the defaulting party under the Pooling Agreement that meets the Successor Servicer Requirements;

subject, in both cases, to (i) the right of the master servicer to sell its servicing rights with respect to the underlying mortgage loans as described in “—Events of Default” above, (ii) the right of the directing certificateholder to appoint a successor special servicer as described under “—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties” above and (iii) the right of certificateholders entitled to at least  $66\frac{2}{3}\%$  of the voting rights allocated to each class of certificates affected by any event of default to waive such event of default as described below.

If the trustee is unwilling or unable to act as the permanent successor master servicer or special servicer or does not satisfy the Successor Servicer Requirements, it may (or, at the written request of certificateholders entitled to not less than 25% of the voting rights will be required to), promptly appoint, or petition a court of competent jurisdiction to appoint as successor to the master servicer or the special servicer, as applicable, an established mortgage loan servicing institution, which satisfies the Successor Servicer Requirements.

In general, certificateholders entitled to at least  $66\frac{2}{3}\%$  of the voting rights allocated to each class of certificates affected by any event of default may waive the event of default. However, the events of default described in clauses 1 and 2 under “—Events of Default” above may only be waived by all of the holders of the affected classes of certificates, the trustee and Freddie Mac. Furthermore, if the certificate administrator or the trustee is required to spend any monies in connection with any event of default or any waiver of that event of default, then that event of default may not be waived unless and until the certificate administrator or the trustee has been reimbursed for such amounts by the party requesting the waiver. Upon any waiver of an event of default, the event of default will cease to exist and will be deemed to have been remedied for every purpose under the Pooling Agreement.

No certificateholder will have the right under the Pooling Agreement to institute any proceeding with respect to the Pooling Agreement or the certificates unless:

- that holder previously has given to the trustee written notice of default;

- except in the case of a default by the trustee, certificateholders representing at least 25% of a class have made written request upon the trustee to institute that proceeding in its own name as trustee under the Pooling Agreement and have offered to the trustee reasonable security or indemnity; and
- the trustee for 60 days has neglected or refused to institute any such proceeding.

Each certificateholder will be deemed under the Pooling Agreement to have expressly covenanted with every other certificateholder and the trustee, that no one or more certificateholders will have any right in any manner whatsoever by virtue of any provision of the Pooling Agreement or the certificates to affect, disturb or prejudice the rights of the holders of any other certificates, or to obtain or seek to obtain priority over or preference to any other certificateholder, or to enforce any right under the Pooling Agreement or the certificates, except in the manner provided in the Pooling Agreement or the certificates and for the equal, ratable and common benefit of all certificateholders.

Neither the trustee nor the certificate administrator, however, will be under any obligation to exercise any of the trusts or powers vested in it by the Pooling Agreement or the certificates or to make any investigation of matters arising thereunder or under the certificates or to institute, conduct or defend any litigation under or in relation to the Pooling Agreement or the certificates at the request, order or direction of any of the certificateholders, unless in the certificate administrator's or the trustee's opinion, as applicable, those certificateholders have offered to the certificate administrator or the trustee, as applicable, reasonable security or indemnity against the costs, expenses and liabilities which may be incurred by the certificate administrator or the trustee as a result.

#### **Matters Regarding the Trustee, the Certificate Administrator and the Custodian**

Each of the trustee and the certificate administrator is at all times required to be a corporation, national bank, trust company or national banking association organized and doing business under the laws of the U.S. or any State of the U.S. or the District of Columbia. Furthermore, the trustee and the certificate administrator must at all times, among other things—

- be authorized under those laws to exercise corporate trust powers;
- have a combined capital and surplus of at least \$50,000,000; and
- be subject to supervision or examination by federal or state authority.

If the corporation, national bank, trust company or national banking association publishes reports of condition at least annually, in accordance with law or the requirements of the supervising or examining authority, then the combined capital and surplus of that corporation, national bank, trust company or national banking association will be deemed to be its combined capital and surplus as described in its most recent published report of condition.

We, the master servicer, the special servicer, Freddie Mac and our and their respective affiliates, may from time to time enter into normal banking and trustee relationships with the trustee, the certificate administrator and their affiliates. The trustee, the certificate administrator and any of their respective affiliates may hold certificates in its own name. In addition, for purposes of meeting the legal requirements of some local jurisdictions, the trustee will have the power to appoint a co-trustee or separate trustee of all or any part of the assets of the issuing entity. All rights, powers, duties and obligations conferred or imposed upon the trustee will be conferred or imposed upon the trustee and the separate trustee or co-trustee jointly or, in any jurisdiction in which the trustee is incompetent or unqualified to perform some acts, singly upon the separate trustee or co-trustee, who may exercise and perform its rights, powers, duties and obligations solely at the direction of the trustee.

The trustee and the certificate administrator will be entitled to a monthly fee for their services as trustee, certificate administrator and custodian, as applicable. This fee will accrue with respect to each and every underlying mortgage loan. The trustee fee will accrue at 0.0100% *per annum* on the Stated Principal Balance of each underlying mortgage loan outstanding from time to time and will be calculated on the same basis as interest on each underlying mortgage loan. The certificate administrator fee will accrue at 0.0300% *per annum* on the Stated Principal Balance of each underlying mortgage loan outstanding from time to time and will be calculated on the same basis as interest on each underlying mortgage loan. The trustee fee and the certificate administrator fee are payable out of general collections on the mortgage pool in the issuing entity.

The certificate administrator will initially be the custodian of the mortgage files. The certificate administrator may appoint, at the certificate administrator's own expense, one or more custodians to hold all or a portion of the mortgage files on behalf of the trustee; however the certificate administrator will be required to inform the master servicer, the trustee and Freddie Mac of such appointment and the appointment of any custodian will require the approval of Freddie Mac. Each custodian will be required to (i) be a depository institution supervised and regulated by a federal or state banking authority, (ii) have combined capital and surplus of at least \$10,000,000, (iii) be qualified to do business in the jurisdiction in which it holds any mortgage file, (iv) not be the depositor or any affiliate of the depositor, and (v) have in place Fidelity Insurance and errors and omissions insurance, each in such form and amount as is customarily required of custodians acting on behalf of Freddie Mac or Fannie Mae. Each custodian will be subject to the same obligations, standard of care, protections and indemnities as would be imposed on, or would protect, the certificate administrator under the Pooling Agreement in connection with the retention of mortgage files directly by the certificate administrator. The appointment of one or more custodians will not relieve the certificate administrator from any of its obligations under the Pooling Agreement, and the certificate administrator will remain responsible for all acts and omissions of any custodian.

### **Certain Indemnities**

The depositor, the master servicer (either in its own right or on behalf of an indemnified sub-servicer), the servicing consultant and the special servicer (including in its capacity as the Affiliated Borrower Loan Directing Certificateholder) and any officer, director, general or limited partner, shareholder, member, manager, employee, agent, affiliate or controlling person of the depositor, the master servicer, the special servicer or the servicing consultant will be entitled to be indemnified and held harmless by the issuing entity against any and all losses, liabilities, damages, claims, judgments, costs, fees, penalties, fines, forfeitures or other expenses (including reasonable legal fees and expenses) that may be imposed on, incurred by or asserted against them in connection with, related to, or arising out of, the Pooling Agreement, the transactions contemplated by the Pooling Agreement or the certificates, other than any loss, liability, damage, claim, judgment, cost, fee, penalty, fine, forfeiture or other expense (including reasonable legal fees and expenses) (i) that is specifically required to be borne by the party seeking indemnification, without right of reimbursement pursuant to the terms of the Pooling Agreement or (ii) incurred by reason of a breach of any representation or warranty by the depositor, the master servicer or the special servicer, as applicable, under the Pooling Agreement, or by reason of the willful misconduct, bad faith, fraud or negligence of the depositor, the servicing consultant, the master servicer or the special servicer, as applicable, in the performance of its respective duties under the Pooling Agreement or negligent disregard of its respective obligations or duties under the Pooling Agreement. For the avoidance of doubt, the indemnification provided by the issuing entity pursuant to the preceding sentence will not entitle the servicing consultant, the master servicer or the special servicer, as applicable, to reimbursement for ordinary costs or expenses incurred by the servicing consultant, the master servicer or the special servicer, as applicable, in connection with its usual and customary performance of its duties and obligations under the Pooling Agreement that are not expressly payable or reimbursable to the servicing consultant, the master servicer or the special servicer, as applicable, under the Pooling Agreement. The master servicer, on behalf of an indemnified sub-servicer, will be entitled to pursue the issuing entity under the Pooling Agreement for any indemnification due to an indemnified sub-servicer under the terms of the related Sub-Servicing Agreement. The master servicer will be required to promptly upon receipt and identification remit such indemnification amounts to the affected indemnified sub-servicer upon reimbursement of such amounts from the collection account or (upon receipt from the trustee) the distribution account, as applicable. If the master servicer determines that a claim for indemnification submitted by a sub-servicer should not be pursued under the terms of the related Sub-Servicing Agreement or the Pooling Agreement, the master servicer will be required to promptly notify Freddie Mac in writing of the nature of such claim and a summary explanation of the master servicer's reason for denying such claim.

The trustee (in each of its capacities under the Pooling Agreement), the certificate administrator (in each of its capacities under the Pooling Agreement), the custodian and their respective officers, directors, general or limited partners, shareholders, members, managers, employees, agents, affiliates and controlling persons will be entitled to be indemnified and held harmless by the issuing entity against any and all losses, liabilities, damages, claims, judgments, costs, fees, penalties, fines, forfeitures or other expenses (including reasonable legal fees and expenses) that may be imposed on, incurred by or asserted against the trustee, the certificate administrator or the custodian, as applicable, in connection with, related to, or arising out of the Pooling Agreement, the transactions contemplated by the Pooling Agreement or the certificates other than any loss, liability, damage, claim, judgment, cost, fee, penalty,

fine, forfeiture or other expense (including reasonable legal fees and expenses) (i) that constitutes a specific liability of the trustee, the certificate administrator or the custodian, as applicable, under the Pooling Agreement, (ii) incurred by reason of any breach of any representation or warranty by the trustee, the certificate administrator or the custodian, as applicable, under the Pooling Agreement or by reason of the willful misconduct, bad faith, fraud or negligence of the trustee, the certificate administrator or the custodian, as applicable, in the performance of its duties under the Pooling Agreement or negligent disregard of its obligations or duties under the Pooling Agreement or (iii) that would not constitute “unanticipated expenses incurred by the REMIC” within the meaning of Treasury Regulations Section 1.860G-1(b)(3)(iii).

However, subject to the last two sentences of this paragraph, in any calendar year, indemnification to us, the trustee, the certificate administrator, the custodian, the third party master servicer (for itself or certain indemnified sub-servicers, as applicable), the special servicer and their respective general or limited partners, members, managers, shareholders, affiliates, directors, officers, employees, agents and controlling persons will not exceed an amount equal to the Depositor Aggregate Annual Cap, the Trustee Aggregate Annual Cap or the Certificate Administrator/Custodian Aggregate Annual Cap (if different persons or entities are the trustee and the certificate administrator/custodian), the Trustee/Certificate Administrator/Custodian Aggregate Annual Cap (if the same person or entity is the trustee and the certificate administrator/custodian), the Master Servicer Aggregate Annual Cap or the Special Servicer Aggregate Annual Cap, as applicable. Any amounts payable in excess of the relevant Aggregate Annual Cap will be required to be paid, to the extent the funds are available, in the subsequent calendar year or years (subject to the applicable Aggregate Annual Cap for each such calendar year) until paid in full. Any indemnification amounts unpaid as a result of the relevant Aggregate Annual Cap will accrue interest at a rate equal to the Prime Rate from the date on which such amounts would have otherwise been paid had such Aggregate Annual Cap not applied to the date on which such amount is paid. The foregoing Aggregate Annual Caps will not apply after the Aggregate Annual Cap Termination Date. Freddie Mac and the Approved Directing Certificateholder (if any) will have the right, in their sole and absolute discretion, to waive (as evidenced by a waiver signed by both Freddie Mac and such Approved Directing Certificateholder (if any)) the Depositor Aggregate Annual Cap, the Master Servicer Aggregate Annual Cap, the Trustee Aggregate Annual Cap, the Certificate Administrator/Custodian Aggregate Annual Cap, the Trustee/Certificate Administrator/Custodian Aggregate Annual Cap or the Special Servicer Aggregate Annual Cap upon the written request (which request, in the case of certain indemnified sub-servicers, is required to be accompanied by notice to the master servicer) of the depositor, the trustee, the certificate administrator, the third party master servicer, certain indemnified sub-servicers or the special servicer, as applicable.

## **Termination**

The obligations created by the Pooling Agreement will terminate following the earliest of—

1. the final payment or advance on, or other liquidation of, the last underlying mortgage loan or related REO Property remaining in the issuing entity;
2. the purchase of all of the underlying mortgage loans and REO Properties remaining in the issuing entity by (1) the Controlling Class Majority Holder, but excluding Freddie Mac, (2) the special servicer or (3) the third party master servicer, in that order.

Written notice of termination of the Pooling Agreement will be given to each certificateholder and Freddie Mac. The final distribution with respect to each certificate will be made only upon surrender and cancellation of that certificate at the office of the certificate registrar or at any other location specified in the notice of termination.

The following parties will each in turn, according to the order listed below, have the option to purchase all of the underlying mortgage loans and all other property remaining in the issuing entity on any distribution date on which the total Stated Principal Balance of the mortgage pool is less than 1.0% of the initial mortgage pool balance, upon written notice to the trustee and the other parties to the Pooling Agreement:

- the Controlling Class Majority Holder, but excluding Freddie Mac;
- the special servicer; and
- the third party master servicer.

Any purchase by the Controlling Class Majority Holder (excluding Freddie Mac), a master servicer or a special servicer of all the underlying mortgage loans and REO Properties remaining in the issuing entity is required to be made at a price equal to:

- the sum of—
  1. the Purchase Price of all the underlying mortgage loans then included in the issuing entity, exclusive of REO Loans;
  2. the appraised value of all REO Properties then in the issuing entity, as determined by an appraiser mutually agreed upon by the master servicer and the special servicer;
  3. without duplication, any unreimbursed Additional Issuing Entity Expenses; and
  4. any Unreimbursed Indemnification Expenses; minus
- solely in the case of a purchase by the third party master servicer or the special servicer, the total of all amounts payable or reimbursable to the purchaser under the Pooling Agreement.

The purchase will result in early retirement of the then outstanding certificates. However, the right of the Controlling Class Majority Holder, but excluding Freddie Mac, the special servicer or the third party master servicer to make the purchase is subject to the requirement that the total Stated Principal Balance of the mortgage pool be less than 1.0% of the initial mortgage pool balance. The termination price, exclusive of any portion of the termination price payable or reimbursable to any person other than the certificateholders, will constitute part of the Available Distribution Amount for the final distribution date. Any person or entity making the purchase will be responsible for reimbursing the parties to the Pooling Agreement for all reasonable out-of-pocket costs and expenses incurred by those parties in connection with the purchase.

#### **Amendment**

In general, the Pooling Agreement may be amended by mutual agreement of the parties to the Pooling Agreement without the consent of any of the holders of the certificates (except as set forth in item 9 below with respect to the consent of the Approved Directing Certificateholder (if any)) for the following reasons—

1. to cure any ambiguity;
2. to correct, modify or supplement any provision in the Pooling Agreement which may be inconsistent with this offering circular supplement;
3. to correct, modify or supplement any provision in the Pooling Agreement which may be inconsistent with any other provision in that document or to correct any error;
4. to make any other provisions with respect to matters or questions arising under the Pooling Agreement that are not inconsistent with the existing provisions of that document;
5. to modify, supplement or make any other provision with regard to the resignation of the trustee in connection with defeasance of 20% or more of the mortgage pool when the trustee is an affiliate of any of the sub-servicers;
6. with an opinion of counsel delivered to the trustee, the certificate administrator, the master servicer and the special servicer, to relax or eliminate (i) any requirement under the Pooling Agreement imposed by the REMIC Provisions or (ii) any transfer restriction imposed on the certificates, in each case, if such laws are amended or clarified such that any such restriction may be relaxed or eliminated;
7. with an opinion of counsel delivered to the trustee, the certificate administrator, the master servicer and the special servicer, to comply with the Code, avoid the occurrence of a prohibited transaction or reduce any tax that would arise from any actions taken with respect to the operation of either Trust REMIC;
8. if necessary to maintain a rating assigned by any Rating Agency to any class of rated certificates;
9. with the consent of the Approved Directing Certificateholder (if any), to allow the mortgage loan seller and its affiliates to obtain accounting “sale” treatment for the underlying mortgage loans sold by the mortgage loan seller to the depositor under applicable accounting standards;

10. to modify the procedures in the Pooling Agreement relating to Rule 17g-5 or Rule 15Ga-1 under the Exchange Act; or
11. with prior written notice to the Rating Agencies of any material amendment, to modify, alter, amend, add to or rescind any of the provisions contained in the Pooling Agreement to comply with any rules or regulations promulgated by the SEC from time to time.

No amendment described in clauses (3), (4), (8) or (9) may adversely affect in any material respect the interests of any certificateholder or any third party beneficiary to the Pooling Agreement or any provision of the Pooling Agreement, as evidenced by the receipt by the trustee and the certificate administrator of an opinion of counsel to that effect or, alternatively, in the case of any particular certificateholder or third party beneficiary, an acknowledgment to that effect from such person, or, alternatively, in the case of any class of rated certificates, receipt of Rating Agency Confirmation.

In addition, the Pooling Agreement may be amended by the parties to the Pooling Agreement with the consent of the holders of not less than 51% of the voting rights that are materially affected by the amendment, to (i) add to, change or eliminate any of the provisions of the Pooling Agreement or (ii) modify the rights of the holders of the certificates. However, no such amendment may:

1. reduce the amount of, or delay the timing of, payments received or advanced on the underlying mortgage loans and/or REO Properties which are required to be distributed on any certificate, without the consent of the holder of such certificate;
2. adversely affect in any material respect the interests of the holders of any class of certificates in a manner other than as described in clause (1) above, without the consent of the holders of all certificates of such class;
3. modify the amendment provisions of the Pooling Agreement or the definitions of Accepted Servicing Practices, Freddie Mac Servicing Practices or Servicing Standard without the consent of the holders of all certificates then outstanding;
4. modify the obligation of the Guarantor to guarantee the Guaranteed Certificates;
5. significantly change the activities of the issuing entity, without the consent of holders of certificates entitled to not less than 66<sup>2</sup>/<sub>3</sub>% of the voting rights (not taking into account certificates held by the depositor or any of its affiliates or agents or Freddie Mac); or
6. adversely affect in any material respect the interests of any third party beneficiary to the Pooling Agreement without the consent of such third party beneficiary.

The Pooling Agreement provides that any amendments made to it must be accompanied by an opinion of counsel stating that the amendment will not adversely affect the REMIC status of either Trust REMIC created under the Pooling Agreement.

## **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

### **General**

The following is a general discussion of the anticipated material federal income tax consequences of the purchase, ownership and disposition of the offered certificates. The discussion below does not purport to address all federal income tax consequences that may be applicable to particular categories of investors, some of which (such as banks, insurance companies and foreign investors) may be subject to special rules. The authorities on which this discussion is based are subject to change or differing interpretations, and any such change or interpretation could apply retroactively. This discussion reflects the applicable provisions of the Code and Treasury Regulations. Investors should consult their own tax advisors in determining the federal, state, local or any other tax consequences to them of the purchase, ownership and disposition of certificates.

Elections will be made to treat applicable portions of the issuing entity as REMICs within the meaning of Code Section 860D (in each case, a "Trust REMIC"). The Lower-Tier REMIC Pool will hold the underlying mortgage

loans, the proceeds of the related underlying mortgage loans, the related portion of the collection account, the related portion of the distribution account and other related accounts, and the issuing entity's interest in the portion of any property that secured a related underlying mortgage loan that was acquired by foreclosure or deed-in-lieu of foreclosure, and will issue uncertificated classes of regular interests. The Upper-Tier REMIC Pool will hold the regular interests in the Lower-Tier REMIC Pool and will issue the uncertificated regular interests corresponding to the class A certificates ("Uncertificated Class A Regular Interest") and the remaining offered certificates and non-offered certificates (other than the class R and RS certificates, the "Regular Certificates") as "regular interests" in the Upper-Tier REMIC Pool. The sole class of "residual interests" in the Upper-Tier REMIC Pool and Lower-Tier REMIC Pool will be represented by the class R and RS certificates, respectively. See "Description of the Certificates—Structure of Transaction" in this offering circular supplement. The portion of the issuing entity consisting of the Uncertificated Class A Regular Interest and the right of the class A certificates to receive Additional Amounts from Freddie Mac pursuant to its guarantee and the related amounts held from time to time in the distribution account will be treated as a grantor trust under subpart E, part I of subchapter J of the Code (the "Grantor Trust") and class A certificates will represent undivided beneficial interests in their respective portions of the Grantor Trust.

Qualification as a REMIC requires ongoing compliance with certain conditions. Assuming (i) the making of appropriate elections, (ii) compliance with the Pooling Agreement, and (iii) compliance with any changes in the law, including any amendments to the Code or applicable Treasury Regulations thereunder, in the opinion of Shearman & Sterling LLP, counsel to the depositor, each REMIC Pool will qualify as a REMIC for U.S. federal income tax purposes on the Closing Date and thereafter. References to "Holder" or "Certificateholder" in this discussion are to the beneficial owner of a certificate as specified in this offering circular supplement.

### **Taxation of Regular Certificates**

*General.* The Regular Certificates are treated as debt instruments for U.S. federal income tax purposes and may be issued with original issue discount ("OID") or at a premium. Based on information regarding the initial prices at which substantial portions of the Regular Certificates are expected to be sold, we expect to report income to the Internal Revenue Service ("IRS") and to Holders of the Regular Certificates assuming that (i) the class A certificates are issued at par and (ii) the class X certificates are issued with OID. OID generally results in recognition of taxable income in advance of the receipt of cash attributable to that income. The Pricing Speed used for OID and premium calculations will be specified in the final offering circular supplement. See "Certain Federal Income Tax Consequences—Taxation of Regular Classes—Original Issue Discount" and "—Premium" in the Offering Circular. Prepayment rates on the Mortgage Loans will differ, perhaps significantly, from the Pricing Speed shown above. We intend to apply the OID and premium rules to the class A certificates by assuming that the rate is a fixed rate equal to the value of the rate as of the date of this offering circular supplement. Further, we intend to apply the rules of the Code relating to market discount based on these assumptions.

It is not entirely clear that an interest-only certificate, such as the class X certificate, would be issued with OID or how taxable income with respect to such certificate should be reported where its yield to maturity, determined based on its Pricing Speed, is negative (*i.e.*, the sum of all projected payments on the certificate determined based on its Pricing Speed is less than your purchase price for the certificate). For purposes of computing the amount of OID that accrues in each accrual period on an interest-only certificate, such as the class X certificate, that has a negative yield based on its Pricing Speed, we intend to use a yield to maturity of 0.0%. You should consult your tax advisors regarding a certificate that has a negative yield as of the issue date.

*Sale or Exchange of Regular Certificates.* You generally will recognize gain or loss upon sale or exchange of a Regular Certificate equal to the difference between the amount received and your adjusted basis in the Regular Certificate (except to the extent such amount received relates to the sale or exchange of the right to receive Additional Amounts, as described below). The adjusted basis in a Regular Certificate generally will equal the cost of the Regular Certificate, increased by income previously included and reduced (but not below zero) by previous distributions and by any amortized premium.

Except as described below, any gain or loss on the sale or exchange of a Regular Certificate held as a capital asset will be capital gain or loss and will be long-term or short-term depending on whether the interest has been held for the long-term capital gain holding period (more than one year). Capital gains of individuals with respect to

capital assets held for more than one year may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Such gain or loss will be ordinary income or loss (1) for a bank or thrift institution; and (2)(a) to the extent of any accrued, but unrecognized, market discount or (b) to the extent income recognized by you is less than the income that you would have recognized if the yield on such interest were 110% of the applicable federal rate under Code Section 1274(d).

### **Taxation of the Rights to Receive Additional Amounts**

Pursuant to Freddie Mac's guarantee of the class A certificates, Freddie Mac will obligate itself to pay Additional Amounts. The Pooling Agreement will provide that each holder of a class A certificate is intended to be treated, for U.S. federal income tax purposes, as having entered into its proportionate share of the rights of the class A certificates under a notional principal contract. Each holder of a class A certificate, by purchasing such certificate, will have agreed to that characterization and to treat the right as a notional principal contract under applicable Treasury Regulations, beneficially owned by the holder of the class A certificate through the Grantor Trust and which is not an asset of any REMIC created under the Pooling Agreement.

The beneficial owners of the class A certificates must allocate the price they pay for their certificates between their interests in the Uncertificated Class A Regular Interest and their rights to receive Additional Amounts based on their relative fair market values. The portion, if any, allocated to the right will be treated as a cap premium ("Cap Premium") paid by the holders of the class A certificates to Freddie Mac. Such Cap Premium will reduce the purchase price allocable to the related Uncertificated Class A Regular Interest. The initial amount of such Cap Premium will be furnished by the mortgage loan seller to the Trustee for federal income tax reporting purposes, but such amounts may differ for purchasers after the initial issuance of the class A certificates. A beneficial owner of a class A certificate 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 notional principal contract (adjusted to take into account decreases in notional principal amount), discounted at a rate equal to the rate used to determine the amount of the Cap Premium (or some other reasonable rate). Prospective purchasers of class A certificates should consult their own tax advisors regarding the appropriate method of amortizing any related Cap Premium. 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 class A 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. Investors should consult their own tax advisors regarding the application of these temporary Treasury Regulations.

Under applicable Treasury Regulations, (i) all taxpayers must recognize periodic payments with respect to a notional principal contract under the accrual method of accounting, and (ii) any Additional Amounts must be netted against payments deemed made to the related counterparty as a result of the related Cap Premium over the recipient's taxable year, rather than accounted for on a gross basis. Net income or deduction with respect to net payments under a notional principal contract for a taxable year should constitute ordinary income or ordinary deduction. The IRS could contend the amount is capital gain or loss, but such treatment is unlikely, at least in the absence of further regulations. Any regulations requiring capital gain or loss treatment presumably would apply only prospectively. Individuals, trusts and estates may be limited in their ability to deduct any such net deduction and should consult their tax advisors prior to investing in the class A certificates.

Under certain Treasury Regulations, any amount of proceeds from the sale, redemption or retirement of a class A certificate that is attributable to the beneficial owner's rights to receive Additional Amounts would be treated as a payment in termination of such notional principal contract. A beneficial owner of a class A certificate 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 beneficial owner of such Certificate.

The class A certificates, representing a beneficial ownership in the related Uncertificated Class A Regular Interest and the right to receive Additional Amounts, may constitute positions in a straddle, in which case the

straddle rules of Code Section 1092 would apply. A selling beneficial owner's capital gain or loss with respect to such Uncertificated Class A Regular 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 beneficial owner of a class A certificate incurred or continued to incur indebtedness to acquire or hold such certificate, the beneficial owner generally would be required to capitalize a portion of the interest paid on such indebtedness until termination of the right to receive Additional Amounts.

### **Taxation of Static Prepayment Premiums and Yield Maintenance Charges**

A portion of certain Static Prepayment Premiums and Yield Maintenance Charges actually collected on the underlying mortgage loans will be paid to the offered certificates as and to the extent described in this offering circular supplement. It is not entirely clear under the Code when the amount of Static Prepayment Premiums or Yield Maintenance Charges should be taxed to the holder entitled to that amount. For federal income tax reporting purposes, the certificate administrator will report the applicable Static Prepayment Premiums or Yield Maintenance Charges as income to the holders of the offered certificates entitled to such amounts only after the master servicer's actual receipt of those amounts. The IRS may nevertheless seek to require that an assumed amount of such Static Prepayment Premiums or Yield Maintenance Charges be included in payments projected to be made on the offered certificates and that the taxable income be reported based on a projected constant yield to maturity. Therefore, the projected Static Prepayment Premiums or Yield Maintenance Charges would be included prior to their actual receipt by holders of the offered certificates. If the projected Static Prepayment Premiums or Yield Maintenance Charges were not actually received, presumably the holder of an offered certificate would be allowed to claim a deduction or reduction in gross income at the time the unpaid Static Prepayment Premiums or Yield Maintenance Charges had been projected to be received. Moreover, it appears that Static Prepayment Premiums and Yield Maintenance Charges are to be treated as ordinary income rather than capital gain. However, the correct characterization of the income is not entirely clear. We recommend that holders of offered certificates consult their own tax advisors concerning the treatment of Static Prepayment Premiums and Yield Maintenance Charges.

### **Taxation of Certain Foreign Investors**

Interest, including original issue discount, distributable to an investor in a Regular Certificate that is a non-U.S. person not engaged in a U.S. trade or business will be considered "portfolio interest" and, therefore, will not be subject to the 30% United States withholding tax provided that the non-U.S. person provides Internal Revenue Service Form W-8BEN or W-8BEN-E (or similar substitute forms), signed under penalties of perjury, identifying the investor and stating, among other things, that the investor in the Regular Certificate is a non-U.S. person. In the case of a Regular Certificate held by a foreign partnership or foreign trust, the form described in the preceding sentence must be provided by the partners or beneficiaries, as the case may be, rather than by the foreign partnership or foreign trust. If this form is not provided, the 30% United States withholding tax may apply unless an income tax treaty reduces or eliminates such tax. If the interest is effectively connected with the conduct of a trade or business within the United States (or, if an income tax treaty applies, is attributable to a U.S. permanent establishment) by a non-U.S. person and the non-U.S. person provides an Internal Revenue Service Form W-8ECI (or an acceptable substitute form), the interest payments will not be subject to the 30% United States withholding tax. The non-U.S. person, however, will be subject to United States federal income tax at regular rates.

Any portion of a pass-through rate payment that represents Additional Amounts received by an investor that is a non-U.S. person not engaged in a U.S. trade or business will not be subject to federal withholding tax. If you are an investor in a guaranteed certificate and are a non-U.S. person, you should consult your tax advisors.

### **FATCA**

Under the "Foreign Account Tax Compliance Act" ("**FATCA**") provisions of the Hiring Incentives to Restore Employment Act, a 30% withholding tax is generally imposed on certain payments, including U.S.-source interest, and, on or after January 1, 2019, gross proceeds from the sale or other disposition of debt obligations that give rise to U.S.-source interest, to "foreign financial institutions" and certain other foreign financial entities if those foreign entities fail to comply with the requirements of FATCA. The certificate administrator will be required to withhold amounts under FATCA on payments made to Certificateholders who are subject to the FATCA requirements and who fail to provide the certificate administrator with proof that they have complied with such requirements.

Prospective investors should consult their tax advisors regarding the applicability of FATCA to their Regular Certificates.

### **Backup Withholding**

Distributions made on the Regular Certificates, and proceeds from the sale of the Regular Certificates to or through certain brokers may be subject to a “backup” withholding tax at the current rate of 28% on “reportable payments” (including interest distributions, OID, and, under certain circumstances, principal distributions) unless the Certificateholder is a U.S. Person and provides IRS Form W-9 with the correct taxpayer identification number; is a non-U.S. Person and provides IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, identifying the non-U.S. Person and stating that the beneficial owner is not a U.S. Person; or can be treated as an exempt recipient within the meaning of applicable Treasury Regulations. Any amounts withheld from distribution on the Regular Certificates would be refunded by the IRS or allowed as a credit against the Certificateholder’s federal income tax liability. Information reporting requirements may also apply regardless of whether withholding is required. Investors are urged to contact their own tax advisors regarding the application to them of backup withholding and information reporting.

### **Reporting and Administrative Requirements**

Reports of accrued interest, OID, if any, and information necessary to compute the accrual of any market discount on the Regular Certificates will be made annually to the IRS and to individuals, estates, non-exempt and non-charitable trusts, and partnerships who are either Holders of record of Regular Certificates or beneficial owners who own Regular Certificates through a broker or middleman as nominee. All brokers, nominees and all other non-exempt Holders of record of Regular Certificates (including corporations, non-calendar year taxpayers, securities or commodities dealers, real estate investment trusts, investment companies, common trust funds, thrift institutions and charitable trusts) may request such information for any calendar quarter by telephone or in writing by contacting the person designated in IRS Publication 938 with respect to the related REMIC. Holders through nominees must request such information from the nominee.

Treasury Regulations require that information be furnished annually to Holders of Regular Certificates and filed annually with the IRS concerning the percentage of each Trust REMIC’s assets meeting the qualified asset tests described in the Offering Circular under “Certain Federal Income Tax Consequences—Status of Regular Certificates.”

Treasury Regulations require the Securities Administrator to file an annual information return with the IRS and to furnish to holders of the class A certificates their respective shares of income and expenses with respect to their interests in the Grantor Trust. The IRS has published final regulations that establish a reporting framework for interests in “widely held fixed investment trusts” and place the responsibility of reporting on the person in the ownership chain who holds an interest for a beneficial owner. A widely-held fixed investment trust is defined as an arrangement classified as an “investment trust” under Treasury Regulations Section 301.7701-4(c), in which any interest is held by a middleman, which includes, but is not limited to (i) a custodian of a person’s account, (ii) a nominee and (iii) a broker holding an interest for a customer in street name. Under these regulations, the Securities Administrator will be required to file IRS Form 1099 (or any successor form) with the IRS with respect to holders of the certificates who are not “exempt recipients” (a term that includes corporations, trusts, securities dealers, middlemen and certain other non-individuals) and do not hold such certificates through a middleman, to report the trust’s gross income and, in certain circumstances, unless the Securities Administrator reports under the safe harbor as described in the last sentence of this paragraph, if any trust assets were disposed of or certificates are sold in secondary market sales, the portion of the gross proceeds relating to the trust assets that are attributable to such holder. The same requirements would be imposed on middlemen holding such certificates on behalf of the related holders. Under certain circumstances, the Securities Administrator may report under the safe harbor for widely-held mortgage trusts, as such term is defined under Treasury Regulations Section 1.671-5. These regulations also require that the Securities Administrator make available information regarding interest income and information necessary to compute any OID to (i) exempt recipients (including middlemen) and non-calendar year taxpayers, upon request, in accordance with the requirements of the regulations and (ii) applicable holders who do not hold their certificates through a middleman. The information must be provided to parties specified in clause (i) on or before the later of the 44th day after the close of the calendar year to which the request relates and 28 days after the receipt of the request.

The information must be provided to parties specified in clause (ii) on or before March 15 of the calendar year following the year for which the statement is being furnished.

DUE TO THE COMPLEXITY OF THESE RULES AND THE CURRENT UNCERTAINTY AS TO THE MANNER OF THEIR APPLICATION TO THE ISSUING ENTITY AND CERTIFICATEHOLDERS, IT IS PARTICULARLY IMPORTANT THAT POTENTIAL INVESTORS CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX TREATMENT OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE CERTIFICATES.

### **STATE AND OTHER TAX CONSIDERATIONS**

In addition to the federal income tax consequences described in “Certain Federal Income Tax Consequences” in this offering circular supplement, potential investors should consider the state, local and other income tax consequences of the acquisition, ownership, and disposition of the certificates. State and local income tax law may differ substantially from the corresponding federal law, and this discussion does not purport to describe any aspect of the income tax laws of any state, local or other jurisdiction. Therefore, potential investors should consult their own tax advisors with respect to the various tax consequences of investments in the certificates.

### **ERISA CONSIDERATIONS**

#### **General**

Section 406 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) prohibits, and Section 4975 of the Code imposes adverse tax consequences on, certain transactions between a pension, profit-sharing or other employee benefit plan or other retirement plan or arrangement that is subject to Section 406 of ERISA or Section 4975 of the Code, including a so-called “Keogh” plan, or an individual retirement account, educational savings account or any entity deemed to hold the assets of the foregoing, including insurance company general and separate accounts (each a “Plan”). ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA, including the requirements of investment prudence and diversification, and the requirement that investments of any such Plan be made in accordance with the documents governing the Plan. Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of a Plan is considered to be a fiduciary of the Plan.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), and certain church plans (as defined in Section 3(33) of ERISA) if no election has been made under Section 410(d) of the Code, are not subject to ERISA requirements. Accordingly, assets of those plans may be invested in the offered certificates, subject to the provisions of applicable federal law, and in the case of any plan that is qualified under Section 401(a) of the Code and exempt from taxation under Section 501(a) of the Code, the restrictions imposed under Section 503 of the Code.

In addition to imposing general fiduciary standards, ERISA and Section 4975 of the Code prohibit a broad range of “prohibited transactions” involving assets of Plans and, as relevant here, the acquisition, holding and disposition of certificates between a Plan and persons that are “parties in interest” as described in Section 3(14) of ERISA or “disqualified persons” as described in Section 4975 of the Code with respect to such Plan and impose taxes and/or other penalties under ERISA and/or Section 4975 of the Code on such transactions, unless a statutory or regulatory exception or administrative exemption applies.

In addition, certain transactions involving the assets of a trust might be deemed to constitute prohibited transactions under ERISA and the Code with respect to a Plan that purchases certificates issued by that trust if assets of the trust were deemed to be assets of the Plan. Under a regulation (the “Plan Assets Regulation”) issued by the United States Department of Labor (the “DOL”), the assets of a trust would be treated as plan assets of the Plan for the purposes of ERISA and Section 4975 of the Code if the Plan acquired an “equity interest” in the trust and none of the exceptions contained in the Plan Assets Regulation was applicable. An equity interest is defined under the Plan Assets Regulation as an interest other than an interest which is treated as indebtedness under applicable local law and which has no substantial equity features. The offered certificates will normally be treated as equity interests for these purposes.

It is anticipated that the class A and class X certificates will qualify as “guaranteed governmental mortgage pool certificates” as such term is defined in the Plan Assets Regulation. To the extent so qualified, where a Plan acquires such a certificate, the Plan’s assets include the certificate and all of its rights with respect to such certificate under applicable law, but do not, solely by reason of the Plan’s holding of such certificate, include any of the underlying mortgage loans or other trust assets underlying such certificate. As such, the Plan Assets Regulation provides that the depositor and other persons, in providing services for the underlying mortgage loans, would not be subject to the fiduciary responsibility provisions of Title I of ERISA, or the prohibited transaction provisions of Section 406 of ERISA or Code Section 4975, merely by reason of a Plan’s investment in the qualifying offered certificates.

#### **Purchases of Offered Certificates Based Upon the Underwriter’s Exemption and PTCE 95-60**

The DOL has granted substantially identical individual prohibited transaction exemptions to predecessors of Citigroup Global Markets Inc., Prohibited Transaction Exemption (“PTE”) 91-23, and Wells Fargo Securities, LLC, PTE 96-22, (both as most recently amended and restated by PTE 2013-08) (the “Underwriter’s Exemption” or the “Exemption”) from certain of the prohibited transaction rules of ERISA and the related excise tax provisions of Section 4975 of the Code with respect to the initial purchase, holding and subsequent resale by Plans of asset-backed and mortgage-backed securities issued by entities, such as the issuing entity, that hold certain fixed pools of receivables, and other obligations of the types held by the trust and the servicing, operation and management of the trust and its assets, provided that the conditions and requirements of the Exemption are met. The Exemption applies to the placement agents when they or their affiliates act as the sole underwriters, managers or co-managers of an underwriting syndicate or are the selling or placement agents of offered certificates that meet the terms and conditions generally described below.

It is anticipated that the general conditions of Section II of the Exemption will be met with respect to the class A certificates, including the requirement that at the time of the acquisition such class of offered certificates have a rating in one of the four highest generic rating categories by a qualifying ratings agency (the “Minimum ERISA Rating”). Therefore, the Exemption is available to cover the purchase or holding of the class A certificates.

While it is expected that most of the conditions of the Exemption will generally be met with respect to the class X certificates, the requirement that at the time of the acquisition both this class of offered certificates and the underlying loans relating thereto receive a Minimum ERISA Rating will not be satisfied. Therefore, the Exemption is not available to cover the purchase or holding of class X certificates. Consequently, under current law, the acquisition or holding of the class X certificates by a Plan may result in non-exempt prohibited transactions and the imposition of excise taxes or civil penalties.

Notwithstanding the availability of the Exemption, investors that are insurance company general accounts in which a Plan has an interest may be able to purchase the offered certificates pursuant to Sections I and III of Prohibited Transaction Class Exemption (“PTCE”) 95-60, which covers both the acquisition and holding of offered certificates and the servicing of the underlying mortgage loans.

Under PTCE 95-60, the offered certificates may be acquired by an investor, provided the Trustee receives the following:

- a representation from the transferee of the offered certificates, acceptable to and in form and substance satisfactory to the Trustee, to the effect that such transferee is not a Plan, nor a person acting on behalf of a Plan or using the assets of a Plan to effect the transfer; or
- if the purchaser is an insurance company, a representation that the purchaser is an insurance company which is purchasing the offered certificates with funds contained in an “insurance company general account,” as that term is defined in Section V(e) of PTCE 95-60, and the purchase and holding of the offered certificates (and the related underlying mortgage loans) are covered under Sections I and III of PTCE 95-60; or
- an opinion of counsel satisfactory to the Trustee that the purchase or holding of the offered certificates by a Plan, any person acting on behalf of a Plan or using a Plan’s assets, will not result in prohibited transactions under Section 406 of ERISA and/or Section 4975 of the Code and will not subject the Trustee, the Depositor, the Master Servicer, the Special Servicer, the Certificate Administrator, the Custodian or the

transferor, if any, to any obligation in addition to those undertaken in the Pooling Agreement, such as by reason of the application of the Plan Assets Regulation.

In the event that the representation is violated or is false, or any attempt to transfer to a Plan or person acting on behalf of a Plan or using a Plan's assets is attempted without the requisite opinion of counsel, the attempted transfer or acquisition will be void and of no effect. The purchaser of an offered certificate in book-entry form will be deemed to have made the first two representations set forth above.

### **Other Considerations**

Insurance companies contemplating the investment of general account assets in the offered certificates should also consult with their legal advisors with respect to the applicability of Section 401(c) of ERISA, and the DOL regulations issued thereunder regarding the potential application to, and exemption from, the fiduciary and prohibited transaction provisions of ERISA and/or Section 4975 of the Code to such accounts.

The sale of any offered certificates to a Plan will not constitute a representation by the Depositor, the Master Servicer, the Special Servicer, the Certificate Administrator, the Custodian, the Placement Agents, or the Trustee that such an investment meets all relevant legal requirements relating to investments by Plans generally or by any particular Plan, or that such an investment is appropriate for Plans generally or for any particular Plan.

Prospective Plan investors should consult with their legal advisors concerning the impact of ERISA and Section 4975 of the Code, the effect of the assets of the Trust being deemed "plan assets" and the applicability of the Exemption, PTCE 95-60 or any other applicable exemption prior to making an investment in the offered certificates. Each Plan fiduciary should determine whether under the fiduciary standards of investment prudence and diversification, an investment in the offered certificates is appropriate for the Plan, also taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

If an offered certificate has not been placed by the placement agents, it will not be eligible to be purchased by Plans under the Exemption or PTCE 95-60. However, in the event that such offered certificate is subsequently underwritten or placed by a placement agent, or another underwriter that has obtained an individual exemption similar to the Exemption, such offered certificate may be acquired under the same conditions as are described above for other offered certificates.

### **Governmental Plans**

Although federal, State and local governmental pension plans are not subject to ERISA, applicable provisions of federal and State law may restrict the type of investments such a plan may make or otherwise have an impact on such a plan's ability to acquire the offered certificates. Accordingly, State and local governmental pension plans considering an investment in the certificates should consult with their counsel regarding their proposed investment in the offered certificates.

*The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that Plan fiduciaries, or other persons considering acquiring certificates on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Sections 503 or 4975 of the Code and any similar laws to such investment and whether an exemption would be applicable to the acquisition and holding of the certificates.*

### **USE OF PROCEEDS**

We will use the net proceeds from the sale of the offered certificates to pay part of the purchase price of the underlying mortgage loans.

## PLAN OF DISTRIBUTION

Under an agreement with the placement agents, they have agreed to purchase all of the offered certificates not placed with third parties for resale to us. Our agreement with the placement agents provides that we will indemnify them against certain liabilities.

## LEGAL MATTERS

The validity of the offered certificates will be passed upon for us by Locke Lord LLP, New York, New York. Certain federal income tax matters will be passed on for us by Shearman & Sterling LLP, New York, New York.

## RATINGS

It is a condition to the issuance of the certificates that the class A certificates (referred to in this offering circular supplement as the “rated certificates”) receive the following ratings from Fitch and Moody’s:

<u>Class of Certificates</u>	<u>Ratings Fitch* / Moody’s</u>
Class A .....	AAAsf / Aaa(sf)

\* Fitch has informed us that the “sf” designation in the ratings represents an identifier of structured finance product ratings. For additional information about this identifier, prospective investors can go to [www.fitchratings.com](http://www.fitchratings.com). Freddie Mac has not verified and does not adopt or accept responsibility for any statements made by the Rating Agencies on their websites.

The ratings of the rated certificates should be evaluated independently from similar ratings on other types of securities. The ratings are not a recommendation to buy, sell or hold securities, a measure of asset value or an indication of the suitability of an investment and may be subject to revision or withdrawal at any time by Fitch and/or Moody’s.

In addition, these ratings do not address: (i) the likelihood, timing, or frequency of prepayments (both voluntary and involuntary) and their impact on interest payments or the degree to which such prepayments might differ from those originally anticipated, (ii) the possibility that a certificateholder might suffer a lower than anticipated yield, (iii) the likelihood of receipt of prepayment charges, assumption fees, prepayment premiums, yield maintenance charges, prepayment fees or penalties, Default Interest or post-anticipated redistribution date additional interest, (iv) the likelihood of experiencing prepayment interest shortfalls, an assessment of whether or to what extent the interest payable on any class of rated certificates may be reduced in connection with any prepayment interest shortfalls, or of receiving compensating interest payments, (v) the tax treatment of the rated certificates or the effect of taxes on the payments received, (vi) the likelihood or willingness of the parties to the respective documents to meet their contractual obligations or the likelihood or willingness of any party or court to enforce, or hold enforceable, the documents in whole or in part, (vii) an assessment of the yield to maturity that investors may experience, (viii) the likelihood, timing or receipt of any payments of interest to the holders of the rated certificates resulting from an increase in the interest rate on any underlying mortgage loan in connection with a mortgage loan modification, waiver or amendment or (ix) other non-credit risks, including, without limitation, market risks or liquidity.

The ratings do not take into consideration the credit quality of the mortgaged real properties and the underlying mortgage loans, structural and legal aspects associated with the rated certificates, certain credit risks and the extent to which payments on the underlying mortgage loans are adequate to make payments required with respect to the rated certificates. Additionally, as noted above, the ratings do not represent an assessment of the likelihood, timing or frequency of principal prepayments (both voluntary and involuntary) by underlying mortgage loan borrowers or the underlying mortgagors, or the degree to which such prepayments might differ from those originally anticipated. In general, the ratings do not address credit risk, prepayment risk nor an assessment of the yield to maturity that investors may experience.

Freddie Mac has not verified, adopted nor accepts responsibility for any statements made by the Rating Agencies on their websites.

Other NRSROs that we have not engaged to rate the rated certificates may issue unsolicited credit ratings on one or more classes of certificates, relying on information they receive pursuant to Rule 17g-5 or otherwise. If any such unsolicited ratings are issued, we cannot assure you that they will not be different from the ratings assigned by S&P, and if lower than S&P's ratings, whether such unsolicited ratings will have an adverse impact on the liquidity, market value and regulatory characteristics of such certificates. In addition, a rating of any class of the rated certificates below an investment grade by either Rating Agency or another NRSRO, whether initially or as a result of a ratings downgrade, could affect the ability of a benefit plan or other investor to purchase or retain that class. Further, a determination by the SEC that S&P no longer qualifies as an NRSRO or is no longer qualified to rate the rated certificates, could adversely impact the liquidity, market value and regulatory characteristics of the rated certificates. See "Risk Factors—Risks Related to the Offered Certificates—Future Events Could Have an Adverse Impact on the Ratings Assigned to the Rated Certificates" and "Risk Factors—Risks Related to the Offered Certificates—Rating Agency Feedback" in this offering circular supplement.

## GLOSSARY

The following capitalized terms will have the respective meanings assigned to them in this “Glossary” section whenever they are used in this offering circular supplement, including in any of the exhibits to this offering circular supplement.

“30/360 Basis” means the accrual of interest based on a 360-day year consisting of 12 months each consisting of 30 days.

“Accepted Servicing Practices” means servicing and administering the underlying mortgage loans and/or REO Properties:

- (i) (a) in the same manner in which, and with the same care, skill, prudence and diligence with which the master servicer or the special servicer, as the case may be, services and administers similar mortgage loans for other third party portfolios, giving due consideration to the customary and usual standards of practice of prudent institutional commercial and multifamily mortgage loan servicers servicing mortgage loans for third parties, which includes for purposes of this clause (a), Freddie Mac Servicing Practices and (b) with the same care, skill, prudence and diligence with which the master servicer or the special servicer, as the case may be, services and administers similar commercial and multifamily mortgage loans owned by it, whichever is higher;
- (ii) with a view to the timely collection of all scheduled payments of principal and interest under the underlying mortgage loans and, in the case of the special servicer, if an underlying mortgage loan comes into and continues in default and if, in the judgment of the special servicer, no satisfactory arrangements can be made for the collection of the delinquent payments, the maximization of the recovery on that underlying mortgage loan to the certificateholders (as a collective whole), on a net present value basis; but
- (iii) without regard to—
  - (a) any relationship that the master servicer or the special servicer, as the case may be, or any of their affiliates may have with the related borrower, the Originator or any other party to the Pooling Agreement,
  - (b) the ownership of any certificate or any subordinate debt by the master servicer or the special servicer, as the case may be, or by any of their affiliates,
  - (c) the master servicer’s obligation to make advances,
  - (d) the special servicer’s obligation to request that the master servicer make Servicing Advances,
  - (e) the right of the master servicer or the special servicer, as the case may be, or any of their affiliates, to receive reimbursement of costs, or the sufficiency of any compensation payable to it, or with respect to any particular transaction,
  - (f) any potential conflict of interest arising from the ownership, servicing or management for others of any other mortgage loans or mortgaged real properties by the master servicer or the special servicer, as the case may be, or any affiliate of the master servicer or the special servicer, as applicable,
  - (g) any obligation of the master servicer (in its capacity as a mortgage loan originator, if applicable) to cure a breach of a representation or warranty or repurchase the underlying mortgage loan,
  - (h) any debt extended to the borrower or any of its affiliates by the master servicer or the special servicer, as the case may be, or any of their affiliates, or
  - (i) the right of the master servicer or the special servicer, as the case may be, to exercise any purchase option as described in “The Pooling Agreement—Termination” in this offering circular supplement.

Unless otherwise specified in the Pooling Agreement, all net present value calculations and determinations made pursuant to the Pooling Agreement with respect to the underlying mortgage loans or a mortgaged real property or REO Property (including for purposes of the definition of Accepted Servicing Practices) will be made in accordance with the loan documents or, in the event the loan documents are silent, using a discount rate appropriate

for the type of cash flows being discounted, namely (a) for principal and interest payments on an underlying mortgage loan or the sale of a Defaulted Loan, the applicable mortgage interest rate and (b) for all other cash flows, including property cash flow, the “discount rate” set forth in the most recent related appraisal (or update of such appraisal).

“Actual/360 Basis” means the accrual of interest based on the actual number of days elapsed during each one-month accrual period in a year assumed to consist of 360 days.

“Additional Issuing Entity Expense” means an expense (other than master servicer surveillance fees, special servicer surveillance fees, master servicing fees, sub-servicing fees, certificate administrator fees, trustee fees, the Guarantee Fee and CREFC<sup>®</sup> Intellectual Property Royalty License Fees) of the issuing entity that—

- (i) arises out of a default on an underlying mortgage loan or an otherwise unanticipated event affecting the issuing entity, whether or not related to a particular underlying mortgage loan;
- (ii) is not covered by a Servicing Advance, a corresponding collection from the related borrower or indemnification from another person; and
- (iii) to the extent that it is allocable to a particular underlying mortgage loan, is not covered by late payment charges or Default Interest collected on that mortgage loan.

We provide some examples of Additional Issuing Entity Expenses under “Description of the Certificates—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” in this offering circular supplement.

“Affiliated Borrower Loan” means any underlying mortgage loan with respect to which the directing certificateholder, any of its managing members or any of its affiliates becomes or is the related borrower (or any proposed replacement borrower) or any such party becomes aware that the directing certificateholder, any of its managing members or any of its affiliates is an affiliate of any borrower (or any proposed replacement borrower).

“Affiliated Borrower Loan Directing Certificateholder” means, with respect to each Affiliated Borrower Loan, the special servicer or, if the related Affiliated Borrower Loan is also an Affiliated Borrower Special Servicer Loan, the Affiliated Borrower Special Servicer.

“Affiliated Borrower Loan Event” means an event that will exist with respect to any underlying mortgage loan if at any time the directing certificateholder, any of its managing members or any of its affiliates becomes or is the related borrower (or any proposed replacement borrower) or becomes aware that the directing certificateholder any of its managing members or any of its affiliates is an affiliate of the related borrower (or any proposed replacement borrower). As of the Closing Date, no Affiliated Borrower Loan Event is expected to exist with respect to the Initial Directing Certificateholder.

“Affiliated Borrower Special Servicer” means the successor to the resigning special servicer for the related Affiliated Borrower Special Servicer Loan, which successor is appointed in accordance with the requirements set forth in the Pooling Agreement.

“Affiliated Borrower Special Servicer Loan” means any underlying mortgage loan with respect to which an Affiliated Borrower Special Servicer Loan Event has occurred and is continuing (except with respect to any Affiliated Borrower Special Servicer Loan Event that exists on the Closing Date and that is described in the definition of Affiliated Borrower Special Servicer Loan Event). As of the Closing Date, no Affiliated Borrower Special Servicer Loan is expected to exist.

“Affiliated Borrower Special Servicer Loan Event” means an event that will exist with respect to any underlying mortgage loan if at any time the special servicer obtains knowledge that the special servicer, any of its managing members or any of its affiliates (i) becomes, intends to become or is the related borrower (or any proposed replacement borrower), (ii) becomes aware that the special servicer, any of its managing members or any of its affiliates is or intends to become an affiliate of the related borrower (or any proposed replacement borrower) or (iii) becomes or intends to become the owner of a direct or indirect interest in the related borrower (including a security

interest or preferred equity or participation interest) or in the related mortgaged real property (including any lien on such mortgaged real property). As of the Closing Date, no Affiliated Borrower Special Servicer Loan Event is expected to exist.

“Aggregate Annual Cap” means, with respect to the third party master servicer and certain indemnified sub-servicers, the Master Servicer Aggregate Annual Cap; with respect to the special servicer, the Special Servicer Aggregate Annual Cap; with respect to the trustee, the Trustee Aggregate Annual Cap; with respect to the certificate administrator and the custodian, the Certificate Administrator/Custodian Aggregate Annual Cap; and with respect to the depositor, the Depositor Aggregate Annual Cap; *provided*, that if the same person or entity is the trustee and the certificate administrator/custodian, Aggregate Annual Cap will refer to the Trustee/Certificate Administrator/Custodian Aggregate Annual Cap, and not the Trustee Aggregate Annual Cap or the Certificate Administrator/Custodian Aggregate Annual Cap.

“Aggregate Annual Cap Termination Date” means the earlier to occur of (i) the determination date in February 2026 and (ii) any determination date on which the master servicer determines that the aggregate amount of Unreimbursed Indemnification Expenses (with interest on such amounts) and other outstanding Servicing Advances (with interest on such amounts), debt service advances (with interest on such amounts), nonrecoverable advances (with interest on such amounts), Workout-Delayed Reimbursement Amounts (with interest on such amounts) and Additional Issuing Entity Expenses (excluding special servicing fees, liquidation fees and workout fees) equals or exceeds an amount equal to 50% of the outstanding principal balance of the mortgage pool on such determination date (after the application of all payments of principal and/or interest collected during the related Collection Period).

“Appraisal Reduction Amount” means, for any distribution date and for any underlying mortgage loan as to which any Appraisal Reduction Event has occurred, subject to the discussion under “The Pooling Agreement—Required Appraisals” in this offering circular supplement, an amount equal to the excess, if any, of (i) the Stated Principal Balance of the underlying mortgage loan over (ii) the excess, if any, of (a) the sum of (1) 90% of the appraised value of the related mortgaged real property as determined (A) by one or more independent MAI appraisals with respect to any underlying mortgage loan with an outstanding principal balance greater than or equal to \$2,000,000 (the costs of which will be required to be paid by the master servicer as a Servicing Advance) or (B) by an independent MAI appraisal (or an update of a prior appraisal) or an internal valuation performed by the special servicer with respect to any underlying mortgage loan with an outstanding principal balance less than \$2,000,000, in the case of either (A) or (B), as such appraisal or internal valuation may be adjusted downward by the special servicer in accordance with the Servicing Standard, without implying any duty to do so, based on the special servicer’s review of such appraisal, internal valuation or such other information as the special servicer deems relevant, plus (2) any letter of credit, reserve, escrow or similar amount held by the master servicer which may be applied to payments on the underlying mortgage loan over (b) the sum of (1) to the extent not previously advanced by the master servicer or the trustee, all unpaid interest on the underlying mortgage loan at a *per annum* rate equal to its mortgage interest rate, (2) all unreimbursed advances in respect of the underlying mortgage loan and interest on such amounts at the Prime Rate and (3) all currently due and unpaid real estate taxes and assessments, insurance policy premiums, ground rents and all other amounts due and unpaid with respect to the underlying mortgage loan (which taxes, assessments, premiums, ground rents and other amounts have not been subject to an advance by the master servicer or the trustee and/or for which funds have not been escrowed).

“Appraisal Reduction Event” means, with respect to any underlying mortgage loan, the earliest of any of the following events—

- (i) 120 days after an uncured delinquency (without regard to the application of any grace period) occurs in respect of an underlying mortgage loan (except that with respect to a balloon payment delinquency, an Appraisal Reduction Event will not be deemed to occur until the underlying mortgage loan becomes a Specially Serviced Mortgage Loan);
- (ii) the date on which a reduction in the amount of monthly payments on an underlying mortgage loan, or a change in any other material economic term of the underlying mortgage loan (other than an extension of its scheduled maturity date for a period of six months or less), becomes effective as a result of a modification of such underlying mortgage loan by the special servicer;
- (iii) 60 days after a receiver or liquidator has been appointed for the related borrower or immediately after a receiver has been appointed for the related mortgaged real property;

- (iv) 30 days after a borrower declares bankruptcy;
- (v) 60 days after the borrower becomes the subject of an undischarged and unstayed decree or order for a bankruptcy proceeding; and
- (vi) immediately after a mortgaged real property becomes an REO Property;

*provided, however*, that there will be no reduction in any advance for delinquent monthly debt service payments if an Appraisal Reduction Event occurs at any time after the outstanding certificate balance of the class B certificates has been reduced to zero.

“Appraised Value” means, for any mortgaged real property securing an underlying mortgage loan, the value estimate reflected in the most recent appraisal obtained by or otherwise in the possession of the depositor. In certain cases, appraisals may reflect “as-is” or other values which may contain certain assumptions, such as future construction completion, projected re-tenanting or increased tenant occupation.

In general, the amount of costs assumed by the appraiser for these purposes is based on—

- (i) an estimate by the individual appraiser;
- (ii) an estimate by the related borrower;
- (iii) the estimate set forth in the property condition assessment conducted in connection with the origination of the related underlying mortgage loan; or
- (iv) a combination of these estimates.

“Approved Directing Certificateholder” has the meaning assigned to such term under “Summary of Offering Circular Supplement—Relevant Parties/Entities—Directing Certificateholder” in this offering circular supplement.

“Approved Directing Certificateholder Criteria” has the meaning assigned to such term under “Summary of Offering Circular Supplement—Relevant Parties/Entities—Directing Certificateholder” in this offering circular supplement.

“Asset Status Report” means the report designated as such and described under, “The Pooling Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this offering circular supplement.

“Assumed Final Distribution Date”: means, with respect to any class of certificates, the date set forth for such class in the table on page 5 of this offering circular supplement.

“Available Distribution Amount” means, with respect to any distribution date, amounts on deposit in the distribution account available to make distributions on the certificates on that date, generally equal to (i) the sum of (a) the aggregate amount received on or with respect to the underlying mortgage loans and any related REO Properties on or prior to the related determination date, (b) the aggregate amount of revenues and other proceeds derived from REO Properties (net of amounts necessary for the proper operation, management, leasing, maintenance and disposition of such REO Properties) for such distribution date, (c) the aggregate amount of any P&I Advances, which P&I Advances will not include any master servicing fees, sub-servicing fees, master servicer surveillance fees and special servicer surveillance fees, made by the master servicer and/or the trustee, as applicable, for such distribution date, (d) any payments made by the master servicer to cover Prepayment Interest Shortfalls incurred during the related Collection Period, and (e) excess liquidation proceeds (but only to the extent that the Available Distribution Amount for such distribution date would be less than the amount distributable to the certificateholders on such distribution date), minus (ii)(a) all collected monthly payments due after the end of the related Collection Period, (b) all amounts payable or reimbursable from the collection account and the distribution account pursuant to the terms of the Pooling Agreement for the payment of certain expenses, fees and indemnities, (c) all Yield Maintenance Charges and Static Prepayment Premiums, (d) all amounts deposited in the collection account in error, (e) any net interest or net investment income on funds in the collection account, any REO account or Permitted Investments, and (f) excess liquidation proceeds.

The certificate administrator will apply the Available Distribution Amount as described under “Description of the Certificates—Distributions” in this offering circular supplement to pay principal and accrued interest on the certificates on that date.

“B-Piece Buyer” means any anticipated initial investor in the class B certificates.

“Balloon Guarantor Payment” means, with respect to any distribution date and any class of Offered Principal Balance Certificates, the amount of additional principal that would have been distributed to such class of Offered Principal Balance Certificates if the Principal Distribution Amount had been increased by an amount equal to the aggregate amount of the Stated Principal Balance of each underlying Balloon Loan that reached its scheduled maturity date (without giving effect to any acceleration of principal of such underlying Balloon Loan by reason of a default and without regard to any grace period permitted by the related note or any modifications, waivers or amendments granted by the master servicer or the special servicer after the Closing Date) during the related Collection Period but as to which the related borrower failed to pay the entire outstanding principal balance of the underlying Balloon Loan, including the balloon payment by the end of such Collection Period (and with respect to which no final recovery determination has been made prior to its scheduled maturity date); such aggregate amount not to exceed the total outstanding principal balance of the Offered Principal Balance Certificates, as reduced by the Principal Distribution Amount to be applied in reduction of the outstanding principal balance of each class of Offered Principal Balance Certificates on such distribution date.

“Balloon Loan” means any underlying mortgage loan whose principal balance is not scheduled to be fully amortized by the underlying mortgage loan’s scheduled maturity date and thus requires a payment at such scheduled maturity date larger than the regular monthly debt service payment due on such underlying mortgage loan.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

“BBA” means The British Bankers’ Association.

“Business Day” means any day other than a Saturday, a Sunday or any day on which banking institutions in the City and State of New York, the Commonwealth of Virginia, the States of Kansas, North Carolina or Ohio or in the cities in which the principal offices of Freddie Mac, the certificate administrator, the custodian, the master servicer or the special servicer are located or the city in which the corporate trust office of the trustee is located, are authorized or obligated by law, executive order or governmental decree to remain closed.

“Calculation Agent” means, for so long as any of the class A certificates remain outstanding, an agent appointed to calculate LIBOR in respect of each Interest Accrual Period for the class A certificates. The certificate administrator will be the initial Calculation Agent for purposes of determining LIBOR for each Interest Accrual Period for the class A certificates.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

“Certificate Administrator/Custodian Aggregate Annual Cap” means \$300,000 per calendar year in the aggregate with respect to the certificate administrator and the custodian.

“Citibank” means Citibank, N.A., a national banking association, and its successors-in-interest.

“Class Final Guarantor Payment” means any payment made by the Guarantor in respect of clause (iv) of the definition of Deficiency Amount.

“Closing Date” means the date of initial issuance for the certificates, which will be on or about June 29, 2017.

“CMBS” means commercial and multifamily mortgage-backed securities.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collection Period” means, with respect to any distribution date for the certificates, the related period commencing immediately following the determination date in the calendar month preceding the month in which

such distribution date occurs and ending on and including the determination date in the calendar month in which such distribution date occurs, or, with respect to the first distribution date for the certificates, the period commencing from the Cut-off Date and ending on and including the determination date in June 2017.

“Consent Actions” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this offering circular supplement.

“Controlling Class” means, as of the Closing Date, the class B certificates, until the outstanding principal balance of such class is less than 25% of the initial principal balance of such class; and thereafter the class A certificates, collectively. However, if the class B certificates are the only class with an outstanding principal balance, the class B certificates will be the Controlling Class.

“Controlling Class Majority Holder” has the meaning assigned to such term under “Summary of Offering Circular Supplement—Relevant Parties/Entities—Directing Certificateholder” in this offering circular supplement.

“Controlling Class Majority Holder Rights” has the meaning assigned to such term under “Summary of Offering Circular Supplement—Relevant Parties/Entities—Directing Certificateholder” in this offering circular supplement.

“Corrected Mortgage Loan” means any Specially Serviced Mortgage Loan that has become a performing mortgage loan, in accordance with its original term or as modified in accordance with the Pooling Agreement, for three consecutive monthly payments and that no other Servicing Transfer Event is continuing with respect to such Specially Serviced Mortgage Loan and the servicing of which has been returned to the master servicer; *provided* that no additional Servicing Transfer Event is foreseeable in the reasonable judgment of the special servicer. For the avoidance of doubt, upon a Specially Serviced Mortgage Loan becoming a Corrected Mortgage Loan, the servicing of the related underlying mortgage loan shall be returned to the Master Servicer.

“Cost Approach” means the determination of the value of a mortgaged real property arrived at by adding the estimated value of the land to an estimate of the current replacement cost of the improvements, and then subtracting depreciation from all sources.

“CPR” means an assumed constant rate of prepayment each month, which is expressed on a *per annum* basis, relative to the then-outstanding principal balance of a pool of mortgage loans for the life of those loans. The CPR model is the prepayment model that we use in this offering circular supplement.

“CREFC<sup>®</sup>” means the Commercial Real Estate Finance Council, an international trade organization for the commercial real estate capital markets.

“CREFC<sup>®</sup> Intellectual Property Royalty License Fee” means the monthly fee to be paid to CREFC<sup>®</sup> pursuant to the Pooling Agreement in an amount equal to the product of the CREFC<sup>®</sup> Intellectual Property Royalty License Fee Rate multiplied by the aggregate of the outstanding class principal balance of the class B certificates.

“CREFC<sup>®</sup> Intellectual Property Royalty License Fee Rate” means the rate equal to 0.0005% *per annum* computed on the same basis and in the same manner as interest is computed on the class B certificates.

“CREFC Investor Reporting Package<sup>®</sup>” means:

- (i) the following seven electronic files: (a) CREFC<sup>®</sup> Loan Setup File, (b) CREFC<sup>®</sup> Loan Periodic Update File, (c) CREFC<sup>®</sup> Property File, (d) CREFC<sup>®</sup> Bond Level File, (e) CREFC<sup>®</sup> Financial File, (f) CREFC<sup>®</sup> Collateral Summary File and (g) CREFC<sup>®</sup> Special Servicer Loan File;
- (ii) the following 11 supplemental reports: (a) CREFC<sup>®</sup> Delinquent Loan Status Report, (b) CREFC<sup>®</sup> Historical Loan Modification/Forbearance and Corrected Mortgage Loan Report, (c) CREFC<sup>®</sup> Historical Liquidation Loss Report, (d) CREFC<sup>®</sup> REO Status Report, (e) CREFC<sup>®</sup> Loan Level Reserve/LOC Report, (f) CREFC<sup>®</sup> Comparative Financial Status Report, (g) CREFC<sup>®</sup> Servicer Watchlist, (h) CREFC<sup>®</sup> Operating Statement Analysis Report, (i) CREFC<sup>®</sup> NOI Adjustment Worksheet, (j) CREFC<sup>®</sup> Reconciliation of Funds Report and (k) the CREFC<sup>®</sup> Advance Recovery Report; and

(iii) such other reports as CREFC<sup>®</sup> may designate as part of the “CREFC Investor Reporting Package<sup>®</sup>” from time to time generally; or

(iv) in lieu of (i), (ii) and (iii), such new CREFC Investor Reporting Package<sup>®</sup> as published by the CREFC<sup>®</sup> and consented to by the Approved Directing Certificateholder (if any), Freddie Mac and the master servicer.

“CREFC<sup>®</sup> Website” means the website located at “www.crefc.org” or such other primary website as the CREFC<sup>®</sup> may establish for dissemination of its report forms.

“Cut-off Date” means, with respect to each underlying mortgage loan, the applicable due date in June 2017 (which will be June 1, 2017, subject, in some cases, to a next succeeding business day convention).

“Cut-off Date Balance/Unit” means, with respect to any underlying mortgage loan, the ratio of—

- (i) the Cut-off Date Principal Balance of the underlying mortgage loan and the related senior tax-exempt loan that is not in this issuing entity, to
- (ii) the Total Units at the related mortgaged real property (or, in the case of an underlying mortgage loan secured by multiple mortgaged real properties, the sum of the Total Units at the related mortgaged real properties).

“Cut-off Date Loan-to-Value Ratio” or “Cut-off Date LTV” means, with respect to any underlying mortgage loan, the ratio of (i) the Cut-off Date Principal Balance of the underlying mortgage loan and the related senior tax-exempt mortgage loan that is not in this issuing entity, to (ii) the most recent Appraised Value of the related mortgaged real property (or, in the case of an underlying mortgage loan secured by multiple mortgaged real properties, the sum of the Appraised Values of the related mortgaged real properties).

“Cut-off Date Principal Balance” or “Cut-off Date Loan Amount” means, with respect to any underlying mortgage loan, the outstanding principal balance of such underlying mortgage loan as of the Cut-off Date.

“DBRS” means DBRS, Inc., and its successors in interest.

“DCH Pre-Approval” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Directing Certificateholder” in this offering circular supplement.

“Default Interest” means any interest that (i) accrues on a Defaulted Loan solely by reason of the subject default; and (ii) is in excess of all interest at the regular mortgage interest rate for the underlying mortgage loan.

“Defaulted First Lien Loan” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Purchase Option” in this offering circular supplement.

“Defaulted Loan” means any underlying mortgage loan (i) that is at least 60 days delinquent in respect of its monthly payments, without giving effect to any grace period permitted by the related mortgage, loan agreement or mortgage note, (ii) that is delinquent in respect of its balloon payment, if any, without giving effect to any grace period permitted by the related mortgage, loan agreement or mortgage note or (iii) as to which any non-monetary event of default occurs that results in the underlying mortgage loan becoming a Specially Serviced Mortgage Loan, *provided, however*, that no monthly payment (other than a balloon payment) will be deemed delinquent if less than \$10 of all amounts due and payable on such underlying mortgage loan has not been received.

“Defaulted Loan Fair Value Purchase Price” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Purchase Option” in this offering circular supplement.

“Deficiency Amount” means, with respect to any distribution date and any class of Guaranteed Certificates, the sum of (i) the amount, if any, by which the interest payable on such class of Guaranteed Certificates exceeds the amount of interest actually distributed to the holders of such Guaranteed Certificates on such distribution date, (ii) any Balloon Guarantor Payment for such class of Guaranteed Certificates, (iii) the amount, if any, of Realized Losses and Additional Issuing Entity Expenses allocated to such class of Offered Principal Balance Certificates, and (iv) on the Assumed Final Distribution Date for any class of Offered Principal Balance Certificates, the outstanding

principal balance of such class on such Assumed Final Distribution Date (after giving effect to all amounts distributable and allocable to principal on such class but prior to giving effect to any Guarantor Payment including any Balloon Guarantor Payment for such class on such final distribution date).

“Depositor Aggregate Annual Cap” means \$300,000 per calendar year.

“Directing Certificateholder Approval Period” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Directing Certificateholder” in this offering circular supplement.

“Directing Certificateholder Increased Offer Notice” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Purchase Option” in this offering circular supplement.

“Directing Certificateholder Increased Offer Notice Period” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Purchase Option” in this offering circular supplement.

“Directing Certificateholder Notice” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Directing Certificateholder” in this offering circular supplement.

“Directing Certificateholder Servicing Consultant” has the meaning assigned to such term under “Summary of Offering Circular Supplement—Relevant Parties/Entities—Special Servicer” in this offering circular supplement.

“Dodd-Frank Act” means The Dodd-Frank Wall Street Reform and Consumer Protection Act.

“EEA” means the European Economic Area.

“Estimated Annual Operating Expenses” means, for each of the mortgaged real properties securing an underlying mortgage loan, the historical annual operating expenses for the property, adjusted upward or downward, as appropriate, to reflect, among other things, any expense modifications made as discussed below.

For purposes of calculating the Estimated Annual Operating Expenses for any mortgaged real property securing an underlying mortgage loan:

- (i) the “historical annual operating expenses” for that property normally consist of historical expenses that were generally obtained/estimated—
  - (a) from operating statements relating to a complete fiscal year of the borrower for the prior three calendar years or a trailing 12-month period ended in one such year,
  - (b) by annualizing the most recent partial calendar year amount of operating expenses for which operating statements were available, with adjustments for some items deemed inappropriate for annualization,
  - (c) by calculating a stabilized estimate of operating expenses which takes into consideration historical financial statements and material changes in the operating position of the property, such as newly signed leases and market data, or
  - (d) if the property was recently constructed, by calculating an estimate of operating expenses based on the appraisal of the property or market data; and
- (ii) the “expense modifications” made to the historical annual operating expenses for that property often include—
  - (a) assuming, in most cases, that a management fee, equal to approximately 2.5% to 5.0% of total revenues, was payable to the property manager,
  - (b) adjusting historical expense items upwards or downwards to reflect inflation and/or industry norms for the particular type of property,
  - (c) the underwritten recurring replacement reserve amounts, and
  - (d) adjusting historical expenses downwards by eliminating various items which are considered non-recurring in nature or which are considered capital improvements, including recurring capital improvements.

The amount of any underwritten recurring replacement reserve amounts and/or underwritten leasing commissions and tenant improvements for each of the mortgaged real properties securing an underlying mortgage loan is shown in the table titled “Engineering Reserves and Recurring Replacement Reserves” on Exhibit A-1. The underwritten recurring replacement reserve amounts shown on Exhibit A-1 are expressed as dollars per unit.

By way of example, Estimated Annual Operating Expenses generally include—

- (i) salaries and wages;
- (ii) the costs or fees of—
  - (a) utilities,
  - (b) repairs and maintenance,
  - (c) replacement reserves,
  - (d) marketing,
  - (e) insurance,
  - (f) management,
  - (g) landscaping,
  - (h) security, if provided at the property, and
- (iii) the amount of taxes, general and administrative expenses and other costs.

Estimated Annual Operating Expenses generally do not reflect, however, any deductions for debt service, depreciation and amortization or capital expenditures or reserves for any of those items, except as described above.

Estimated Annual Operating Expenses for each mortgaged real property are calculated on the basis of numerous assumptions and subjective judgments, which, if ultimately proven erroneous, could cause the actual operating expenses for such mortgaged real property to differ materially from the Estimated Annual Operating Expenses set forth in this offering circular supplement. Some assumptions and subjective judgments relate to future events, conditions and circumstances, including future expense levels, which will be affected by a variety of complex factors over which none of the depositor, the master servicer, the special servicer, the certificate administrator or the trustee have control. In some cases, the Estimated Annual Operating Expenses for any mortgaged real property are lower, and may be materially lower, than the annual operating expenses for that mortgaged real property based on historical operating statements. In determining the Estimated Annual Operating Expenses for a mortgaged real property, the depositor in most cases relied on generally unaudited financial information provided by the respective borrowers. No assurance can be given with respect to the accuracy of the information provided by any borrowers, or the adequacy of any procedures used by the depositor in determining the Estimated Annual Operating Expenses.

“Estimated Annual Revenues” generally means, for each of the mortgaged real properties securing an underlying mortgage loan, the base estimated annual revenues for the property, adjusted upward or downward, as appropriate, to reflect any revenue modifications made as discussed below.

For purposes of calculating the Estimated Annual Revenues for any mortgaged real property securing an underlying mortgage loan:

- (i) the “base estimated annual revenues” for that property were generally assumed to equal the annualized amounts of gross potential rents; and
- (ii) the “revenue modifications” made to the base estimated annual revenues for that property often include—
  - (a) adjusting the revenues downwards by applying a combined vacancy and rent loss, including concessions, adjustment that reflected then current occupancy or, in some cases, a stabilized occupancy or, in some cases, an occupancy that was itself adjusted for historical trends or market rates of occupancy with consideration to competitive properties,
  - (b) adjusting the revenues upwards to reflect, in the case of some tenants, increases in base rents scheduled to occur during the following 12 months,

- (c) adjusting the revenues upwards for estimated income consisting of, among other items, late fees, laundry income, application fees, cable television fees, storage charges, electrical pass throughs, pet charges, janitorial services, furniture rental and parking fees, and
- (d) adjusting the revenues downwards in some instances where rental rates were determined to be significantly above market rates and the subject space was then currently leased to tenants that did not have long-term leases or were believed to be unlikely to renew their leases.

Estimated Annual Revenues for each mortgaged real property are calculated on the basis of numerous assumptions and subjective judgments, which, if ultimately proven erroneous, could cause the actual revenues for such mortgaged real property to differ materially from the Estimated Annual Revenues set forth in this offering circular supplement. Some assumptions and subjective judgments relate to future events, conditions and circumstances, including the re-leasing of vacant space and the continued leasing of occupied spaces, which will be affected by a variety of complex factors over which none of the depositor, the master servicer, the special servicer, the certificate administrator or the trustee have control. In some cases, the Estimated Annual Revenues for any mortgaged real property are higher, and may be materially higher, than the annual revenues for that mortgaged real property based on historical operating statements. In determining the Estimated Annual Revenues for a mortgaged real property, the depositor in most cases relied on rent rolls and/or generally unaudited financial information provided by the respective borrowers. No assurance can be given with respect to the accuracy of the information provided by any borrowers, or the adequacy of any procedures used by the depositor in determining the Estimated Annual Revenues.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Fair Value” means the amount that, in the special servicer’s judgment, exercised in accordance with the Servicing Standard, and taking into account the factors specified in the Pooling Agreement, is the fair value of a Defaulted Loan.

“Fair Value Notice” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Purchase Option” in this offering circular supplement.

“Fair Value Purchase Notice” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Purchase Option” in this offering circular supplement.

“Fannie Mae” means the Federal National Mortgage Association.

“FHFA” means the Federal Housing Finance Agency.

“Fidelity Insurance” has the meaning assigned to such term under “The Pooling Agreement—Liability of the Servicers” in this offering circular supplement.

“First Offeror” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Purchase Option” in this offering circular supplement.

“Fitch” means Fitch Ratings, Inc., and its successors-in-interest.

“Freddie Mac” means Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created and existing under Title III of the Emergency Home Finance Act of 1970, as amended, or any successor to it (“FHLMC”), or certain of its affiliates, if any, who assume certain obligations or are assigned certain rights under the Pooling Agreement, as described under “Description of the Depositor and Guarantor—Proposed Operation of Multifamily Mortgage Business on a Stand-Alone Basis” in this offering circular supplement; *provided, however*, that “Freddie Mac” means FHLMC with respect to its obligations as (i) depositor pursuant to the Pooling Agreement and (ii) Guarantor pursuant to the Freddie Mac Guarantee.

“Freddie Mac Act” means Title III of the Emergency Home Finance Act of 1970, as amended.

“Freddie Mac Guarantee” means obligations of the Guarantor as described under “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this offering circular supplement.

“Freddie Mac Increased Offer Notice” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Purchase Option” in this offering circular supplement.

“Freddie Mac Increased Offer Notice Period” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Purchase Option” in this offering circular supplement.

“Freddie Mac Servicing Practices” means, with regard to the servicing of the underlying mortgage loans and/or REO Properties by the master servicer, any sub-servicer or the special servicer, and only to the extent such practices have been made available in writing or communicated in writing by Freddie Mac to the master servicer, such sub-servicer or the special servicer, as applicable, servicing and administering the underlying mortgage loans and/or REO Properties in the same manner in which, and with the same care, skill, prudence and diligence with which, Freddie Mac services and administers multifamily mortgage loans owned by it, which will include, without limitation, servicing and administering the underlying mortgage loans and/or REO Properties in accordance with the Guide and any Freddie Mac written policies, procedures or other communications made available in writing by Freddie Mac to the master servicer, such sub-servicer or special servicer, as applicable, including written communications from Freddie Mac as servicing consultant, pursuant to the Pooling Agreement.

“GAAP” means generally accepted accounting principles.

“Guarantee Cap Payment” means, with respect to any distribution date, a payment under the Freddie Mac Guarantee covering a deficiency of interest in the event interest accruing on the class A certificates exceeds interest accruing on the underlying mortgage loans (net of all required fees).

“Guarantee Fee” means, for any distribution date and with respect to the Guaranteed Certificates, the fee payable to the Guarantor in respect of its services as Guarantor, which fee accrues at the Guarantee Fee Rate on a balance equal to the total outstanding principal balance of the Offered Principal Balance Certificates immediately prior to such distribution date. The Guarantee Fee with respect to the Guaranteed Certificates will accrue on an Actual/360 Basis.

“Guarantee Fee Rate” means a *per annum* rate equal to 0.45000%.

“Guaranteed Certificates” means the class A and class X certificates.

“Guarantor” means Freddie Mac, in its capacity as the guarantor of the Guaranteed Certificates.

“Guarantor Payment” means any payment made by the Guarantor in respect of a Deficiency Amount.

“Guarantor Reimbursement Amount” means, with respect to any distribution date and any class of Guaranteed Certificates, the sum of all amounts paid by the Guarantor in respect of Deficiency Amounts for such class of Guaranteed Certificates on such distribution date and on all prior distribution dates, to the extent not previously reimbursed (including from collections in respect of any mortgage loan on which a Balloon Guarantor Payment was made).

“Guarantor Reimbursement Interest Amount” means, with respect to any distribution date and any class of Guaranteed Certificates, interest on any Guarantor Reimbursement Amount (other than with respect to a Timing Guarantor Payment) for such class of Guaranteed Certificates at a *per annum* rate for each day (calculated on a daily basis) equal to the Prime Rate for such day plus 2.00%.

“Guarantor Timing Reimbursement Amount” means, with respect to any distribution date and the Offered Principal Balance Certificates, the portion of any Guarantor Reimbursement Amount related to any Timing Guarantor Payment for the Offered Principal Balance Certificates, together with any related Timing Guarantor Interest.

“Guide” means the Freddie Mac Multifamily Seller/Servicer Guide, as amended or supplemented from time to time. To the extent the Freddie Mac Multifamily Seller/Servicer Guide is no longer published by Freddie Mac, either directly or indirectly, “Guide” will refer to any successor guide as prescribed by Freddie Mac, which will be provided by Freddie Mac upon request if not otherwise reasonably accessible to the parties to the Pooling Agreement; *provided, however*, that in the event that no successor guide is prescribed by Freddie Mac within 90

days of the date on which the Guide is no longer published by Freddie Mac, all references to the “Guide” in the Pooling Agreement will be disregarded and the Guide will no longer be applicable. For purposes of the Pooling Agreement, the term “Guide” will not include any form referenced in the Freddie Mac Multifamily Seller/Servicer Guide. Such forms will be applicable at the option of the master servicer, the special servicer or any sub-servicer.

“IBA” means Intercontinental Exchange Benchmark Administration Limited, or any successor to it.

“Income Approach” means the determination of the value of a mortgaged real property by using the discounted cash flow method of valuation or by the direct capitalization method. The discounted cash flow analysis is used in order to measure the return on a real estate investment and to determine the present value of the future income stream expected to be generated by the mortgaged real property. The future income of the mortgaged real property, as projected over an anticipated holding period, and the resulting net operating incomes or cash flows are then discounted to present value using an appropriate discount rate. The direct capitalization method generally converts an estimate of a single year’s income expectancy, or, in some cases, a hypothetical stabilized single year’s income expectancy, into an indication of value by dividing the income estimate by an appropriate capitalization rate. An applicable capitalization method and appropriate capitalization rates are developed for use in computations that lead to an indication of value. In utilizing the Income Approach, the appraiser’s method of determination of gross income, gross expense and net operating income for the subject property may vary from the method of determining Underwritten Net Operating Income for that property, resulting in variances in the related net operating income values.

“Increased Offer Notice” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Underlying Mortgage Loans—Purchase Option” in this offering circular supplement.

“Initial Directing Certificateholder” means Fundamental Partners III LP, or an affiliate thereof, and its successors-in-interest.

“Interest Accrual Period” for any Distribution Date means (i) with respect to the first Distribution Date, the period commencing on the Closing Date and ending on July 24, 2017 and (ii) with respect to any Distribution Date thereafter, the period commencing on and including the 25th day of the month preceding the month in which such Distribution Date occurs and ending on and including the 24th day of the month in which such Distribution Date occurs.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“IRS” means the Internal Revenue Service.

“KBRA” means Kroll Bond Rating Agency, Inc. and its successors-in-interest.

“LIBOR” means, for any Interest Accrual Period, the IBA’s one-month London interbank offered rate for United States Dollar deposits, as displayed on the LIBOR Index Page, as determined on the related LIBOR Determination Date; provided, however, that, for purposes of the class A certificates, in the event LIBOR with respect to any Interest Accrual Period is less than zero, LIBOR for such Interest Accrual Period will be deemed to be zero. LIBOR is assumed to be approximately 1.15889% for the Interest Accrual Period relating to the first Distribution Date for the class A certificates. However, no assurance can be given as to the specific LIBOR rate on the first LIBOR Determination Date. With respect to each LIBOR Determination Date, LIBOR for the class A certificates will be determined by the Calculation Agent.

“LIBOR Determination Date” means, with respect to any Interest Accrual Period and the class A certificates, the first day preceding the beginning of such Interest Accrual Period for which LIBOR has been released by the IBA.

“LIBOR Index Page” means the Bloomberg L.P., page “BBAM,” or such other page for LIBOR as may replace page BBAM on that service, or at the option of the Calculation Agent (i) the applicable page for LIBOR on another service which electronically transmits or displays IBA LIBOR rates, or (ii) any publication of LIBOR rates available from the IBA. In the event the IBA ceases to set or publish a rate for LIBOR, the Calculation Agent will designate an alternative index, and such alternative index will constitute the LIBOR Index Page.

“Liquidation Proceeds” means cash amounts (other than income, rents and profits derived from the ownership, operation or leasing of an REO Property) actually received, net of expenses, in connection with (i) the liquidation of a mortgaged real property or other collateral constituting security for a Defaulted Loan, through trustee’s sale, foreclosure sale, REO disposition or otherwise, exclusive of any portion of cash amounts required to be released to the related borrower; (ii) the realization upon any deficiency judgment obtained against a borrower with respect to a Defaulted Loan; (iii) the purchase of a Defaulted Loan by the directing certificateholder (or any assignee or affiliate), Freddie Mac (or any assignee) in accordance with the Pooling Agreement; (iv) the repurchase or replacement of an underlying mortgage loan by or on behalf of the depositor in connection with a defect in any mortgage file or a breach of any of its representations and warranties; or (v) the purchase of all of the underlying mortgage loans and REO Properties remaining in the issuing entity by the holders of a majority interest of the Controlling Class (excluding Freddie Mac), the master servicer or the special servicer pursuant to the terms of the Pooling Agreement.

“Lower-Tier REMIC” means the REMIC identified as such and described under “Certain Federal Income Tax Consequences” in this offering circular supplement.

“Master Servicer Aggregate Annual Cap” means \$300,000 per calendar year with respect to the master servicer and certain indemnified sub-servicers under the Pooling Agreement, collectively.

“Maturity Balance” means, with respect to any underlying mortgage loan, the outstanding principal balance of the underlying mortgage loan immediately prior to its maturity, according to the payment schedule for the underlying mortgage loan and otherwise assuming no prepayments, defaults or extensions.

“Maturity Loan-to-Value Ratio” or “Maturity LTV” means, with respect to any underlying mortgage loan, the ratio of (i) the Maturity Balance of the underlying mortgage loan and the related senior tax-exempt mortgage loan that is not in the issuing entity, to (ii) the most recent Appraised Value of the related mortgaged real property (or, in the case of an underlying mortgage loan secured by multiple mortgaged real properties, the sum of the Appraised Values of the related mortgaged real properties).

“Maximum Guarantor Timing Reimbursement” has the meaning assigned to such term in priority 8th of the chart in “Description of the Certificates—Distributions—Priority of Distributions” in this offering circular supplement.

“Midland” means Midland Loan Services, A Division of PNC Bank, National Association, a national banking association, and its successors in interest.

“Modeling Assumptions” means, collectively, the following assumptions regarding the certificates and the underlying mortgage loans:

- (i) the underlying mortgage loans have the characteristics set forth on Exhibit A-1 and the initial mortgage pool balance is approximately \$20,569,852;
- (ii) the initial principal balance or notional amount, as the case may be, of each class of certificates is as described in this offering circular supplement;
- (iii) the pass-through rate for each interest-bearing class of certificates is as described in this offering circular supplement;
- (iv) LIBOR remains constant at 1.0500%
- (v) there are no delinquencies, modifications or losses with respect to the underlying mortgage loans;
- (vi) no underlying mortgage loan is a Specially Serviced Mortgage Loan;
- (vii) there are no modifications, extensions, waivers or amendments affecting the monthly debt service or balloon payments by the borrowers on the underlying mortgage loans;
- (viii) there are no Appraisal Reduction Amounts with respect to the underlying mortgage loans;
- (ix) there are no casualties or condemnations affecting the corresponding mortgaged real properties;

- (x) each of the underlying mortgage loans provides monthly debt service payments to be due on the first day of each month, regardless of whether the subject date is a business day or not;
- (xi) monthly debt service payments on the underlying mortgage loans are timely received on their respective due dates in each month, regardless of whether the subject date is a business day or not;
- (xii) no voluntary or involuntary prepayments are received as to any underlying mortgage loan during that underlying mortgage loan's prepayment lockout period, including any contemporaneous defeasance period, Yield Maintenance Period or Static Prepayment Premium Period;
- (xiii) except as otherwise assumed in assumption (xii) above, prepayments are made on each of the underlying mortgage loans at the indicated CPRs set forth in the subject tables or other relevant part of this offering circular supplement, without regard to any limitations in those underlying mortgage loans on partial voluntary principal prepayments;
- (xiv) all prepayments on the underlying mortgage loans are assumed to be—
  - (a) accompanied by a full month's interest, and
  - (b) received on the applicable due date of the relevant month;
- (xv) no person or entity entitled under the Pooling Agreement exercises its right of optional termination as described under "The Pooling Agreement—Termination" in this offering circular supplement;
- (xvi) none of the underlying mortgage loans is required to be repurchased or replaced by the depositor or any other person, as described under "Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions" in this offering circular supplement;
- (xvii) the Administration Fee Rate is as set forth on Exhibit A-1 and the only other issuing entity expenses are the Guarantee Fee and the CREFC<sup>®</sup> Intellectual Property Royalty License Fee;
- (xviii) there are no Additional Issuing Entity Expenses;
- (xvii) distributions on the offered certificates are made on the 25th day of each month, commencing in July 2017; and
- (xx) the offered certificates are settled on an assumed settlement date of June 29, 2017.

"Moody's" means Moody's Investors Service, Inc., and its successors-in-interest.

"Morningstar" means Morningstar Credit Ratings, LLC, and its successors-in-interest.

"Most Recent EGI" generally means, for any mortgaged real property that secures an underlying mortgage loan, the revenues received (effective gross income), or annualized or estimated in some cases, in respect of the property for the 12-month period ended as of the Most Recent Financial End Date, based on the latest available annual or, in some cases, partial-year operating statement and other information furnished by the related borrower. For purposes of the foregoing, revenues generally consist of all revenues received in respect of the property, including rental and other revenues.

In determining the Most Recent EGI for any property, the depositor may have made adjustments to the financial information provided by the related borrower similar to those used in calculating the Estimated Annual Revenues for that property.

Most Recent EGI for each mortgaged real property are calculated on the basis of numerous assumptions and subjective judgments, which, if ultimately proven erroneous, could cause the actual revenues for such mortgaged real property to differ materially from the Most Recent EGI set forth in this offering circular supplement. Some assumptions and subjective judgments relate to future events, conditions and circumstances, including the re-leasing of vacant space and the continued leasing of occupied spaces, which will be affected by a variety of complex factors over which none of the depositor, the master servicer, the special servicer, the certificate administrator or the trustee have control. In some cases, the Most Recent EGI for any mortgaged real property are higher, and may be materially higher, than the annual revenues for that mortgaged real property based on historical operating statements. In determining the Most Recent EGI for a mortgaged real property, the depositor in most cases relied on rent rolls

and/or generally unaudited financial information provided by the respective borrowers. No assurance can be given with respect to the accuracy of the information provided by any borrowers, or the adequacy of any procedures used by the depositor in determining the Most Recent EGI.

“Most Recent Expenses” means, for any mortgaged real property that secures an underlying mortgage loan, the expenses incurred, or annualized or estimated in some cases, for the property for the 12-month period ended as of the most recent operating statement date, based on the latest available annual or, in some cases, partial-year operating statement and other information furnished by the related borrower.

Expenses generally consist of all expenses incurred for the property, including—

- (i) salaries and wages,
- (ii) the costs or fees of—
  - (a) utilities,
  - (b) repairs and maintenance,
  - (c) marketing,
  - (d) insurance,
  - (e) management,
  - (f) landscaping,
  - (g) security, if provided at the property, and
- (iii) the amount of—
  - (a) real estate taxes,
  - (b) general and administrative expenses, and
  - (c) other costs.

For purposes of the foregoing, expenses do not reflect, however, any deductions for debt service, depreciation, amortization or capital expenditures.

In determining the Most Recent Expenses for any property, the depositor may have made adjustments to the financial information provided by the related borrower similar to those used in calculating the Estimated Annual Operating Expenses for that property. Most Recent Expenses for each mortgaged real property are calculated on the basis of numerous assumptions and subjective judgments, which, if ultimately proven erroneous, could cause the actual operating expenses for such mortgaged real property to differ materially from the Most Recent Expenses set forth in this offering circular supplement. Some assumptions and subjective judgments relate to future events, conditions and circumstances, including future expense levels, which will be affected by a variety of complex factors over which none of the depositor, the master servicer, the special servicer, the certificate administrator or the trustee have control. In some cases, the Most Recent Expenses for any mortgaged real property are lower, and may be materially lower, than the annual operating expenses for that mortgaged real property based on historical operating statements. In determining the Most Recent Expenses for a mortgaged real property, the depositor in most cases relied on generally unaudited financial information provided by the respective borrowers. No assurance can be given with respect to the accuracy of the information provided by any borrowers, or the adequacy of any procedures used by the depositor in determining the Most Recent Expenses.

“Most Recent Financial End Date” means, with respect to each of the underlying mortgage loans, the date indicated on Exhibit A-1 as the Most Recent Financial End Date with respect to that mortgage loan. In general, this date is the end date of the period covered by the latest available annual or, in some cases, partial-year operating statement for the related mortgaged real property.

“Most Recent NCF” or “Most Recent Net Cash Flow” means, with respect to each mortgaged real property that secures an underlying mortgage loan, the Most Recent Net Operating Income, less the most recent replacement reserve amounts.

“Most Recent NOI” or “Most Recent Net Operating Income” means, with respect to each of the mortgaged real properties that secures an underlying mortgage loan, the total cash flow derived from the property that was available for annual debt service on the related underlying mortgage loan, calculated as the Most Recent EGI less Most Recent Expenses for that property.

“Net Aggregate Prepayment Interest Shortfall” means, with respect to any distribution date, the excess, if any, of—

- (i) the total Prepayment Interest Shortfalls incurred with respect to the mortgage pool during the related Collection Period, over
- (ii) the sum of (a) the total payments made by the master servicer to cover any Prepayment Interest Shortfalls incurred during the related Collection Period; and (b) the total Prepayment Interest Excesses collected during the related Collection Period that are applied to offset Prepayment Interest Shortfalls incurred during the related Collection Period.

The master servicer will not make payments to cover, or apply Prepayment Interest Excesses received on the underlying mortgage loans to offset, Prepayment Interest Shortfalls incurred with respect to the underlying mortgage loans.

“Nonrecoverable Advance” means any Nonrecoverable P&I Advance or Nonrecoverable Servicing Advance or any portion of such Nonrecoverable P&I Advance or Nonrecoverable Servicing Advance.

“Nonrecoverable P&I Advance” has the meaning assigned to such term under “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments” in this offering circular supplement.

“Nonrecoverable Servicing Advance” has the meaning assigned to such term under “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses—Servicing Advances” in this offering circular supplement.

“NRSRO” means a nationally recognized statistical rating organization as defined in Section 3(a)(62) of the Exchange Act.

“Offered Certificates” means the class A and class X certificates.

“Offered Principal Balance Certificates” means the class A certificates.

“Option Price” means the cash price at which any Defaulted Loan may be purchased under the related Purchase Option, as described under “The Pooling Agreement—Realization Upon Mortgage Loans” in this offering circular supplement.

“Original Net Mortgage Interest Rate” means, with respect to any underlying mortgage loan, the Net Mortgage Interest Rate in effect for such underlying mortgage loan as of the Cut-off Date (or, in the case of any underlying mortgage loan substituted in replacement of another underlying mortgage loan pursuant to or as contemplated by the Pooling Agreement, as of the date of substitution).

“Originator” or collectively “Originators” means Citibank, N.A. and SunTrust Bank (as successor-in-interest to Pillar Multifamily, LLC).

“P&I Advance” has the meaning assigned to such term under “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments” in this offering circular supplement.

“Par Purchase Notice Period” has the meaning assigned to such term under “The Pooling Agreement—Realization Upon Mortgage Loans—Purchase Option” in this offering circular supplement.

“Permitted Encumbrances” means, with respect to any mortgaged real property securing an underlying mortgage loan, any and all of the following—

- (i) the lien of current real property taxes, water charges, sewer rents and assessments not yet delinquent or accruing interest or penalties,

- (ii) covenants, conditions and restrictions, rights of way, easements and other matters that are of public record,
- (iii) exceptions and exclusions specifically referred to in the related lender's title insurance policy or, if that policy has not yet been issued, referred to in a *pro forma* title policy or marked-up commitment, which in either case is binding on the subject title insurance company,
- (iv) other matters to which like properties are commonly subject,
- (v) the rights of tenants, as tenants only, under leases, including subleases, pertaining to the related mortgaged real property, and
- (vi) if the subject mortgaged real property is a unit in a condominium, the related condominium declaration.

“Permitted Investments” means the U.S. government securities and other obligations specified in the Pooling Agreement.

“Permitted Transfer” means any Requested Transfer as to which the related borrower satisfies (without modification or waiver) all the applicable requirements in the related loan documents, provided that such satisfaction is determined without requiring the exercise of discretion by the master servicer or the special servicer.

“Placement Agent Entities” means the placement agents for the SPCs and their respective affiliates.

“PNC Bank” means PNC Bank, National Association, a national banking association and its successors in interest.

“Pooling Agreement” means the pooling and servicing agreement, to be dated as of June 1, 2017, among Freddie Mac, as depositor, master servicer and guarantor, Midland Loan Services, a Division of PNC Bank, National Association, as special servicer, and U.S. Bank National Association, as trustee, certificate administrator and custodian.

“Prepayment Assumption” means an assumption that there are no prepayments and no extensions of the underlying mortgage loans.

“Prepayment Interest Excess” means, with respect to any full or partial prepayment of an underlying mortgage loan made by the related borrower or otherwise in connection with a casualty or condemnation during any Collection Period after the due date for that underlying mortgage loan, the amount of any interest collected on that prepayment for the period from and after that due date, less the amount of master servicer surveillance fees (if any), special servicer surveillance fees (if any), master servicing fees and sub-servicing fees payable from that interest collection, and exclusive of any Default Interest included in that interest collection.

“Prepayment Interest Shortfall” means, with respect to any full or partial prepayment of an underlying mortgage loan made by the related borrower that is not accompanied by an amount of interest representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment or otherwise in connection with a casualty or condemnation during any Collection Period prior to the due date for that underlying mortgage loan, the amount of any uncollected interest that would have accrued on that prepayment to, but not including, such due date, less the amount of master servicer surveillance fees (if any), special servicer surveillance fees (if any), master servicing fees and sub-servicing fees that would have been payable from that uncollected interest, and exclusive of any portion of that uncollected interest that would have been Default Interest.

“Prime Rate” means an annual rate equal to the “prime rate” as published in the “Money Rates” section of The Wall Street Journal (or, if such section or publication is no longer available, such other comparable publication as is determined by the certificate administrator in its sole discretion, in consultation with the master servicer) as may be in effect from time to time (or if the “Prime Rate” is not published on any calculation date, then the “Prime Rate” for such day will be the most recently published “Prime Rate” prior to such calculation date), or if the “Prime Rate” no longer exists, such other comparable rate (as determined by the certificate administrator, in its reasonable discretion, in consultation with the master servicer) as may be in effect from time to time. If the certificate administrator and the master servicer cannot agree on a comparable publication or comparable rate, the certificate administrator will have the sole right to determine such publication or rate.

“Principal Balance Certificates” means the class A and class B certificates.

“Principal Distribution Adjustment Amount” means, with respect to any distribution date, the sum of (i) the amount of any Nonrecoverable Advance that was reimbursed to the master servicer or the trustee since the preceding distribution date (or since the Closing Date, in the case of the first distribution date), and that was deemed to have been so reimbursed out of any collections of principal that would otherwise constitute part of the Principal Distribution Amount for such distribution date (as described in this offering circular supplement under “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses” or “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments,” as applicable), (ii) any Workout-Delayed Reimbursement Amount that was reimbursed to the master servicer or the trustee since the preceding distribution date (or since the Closing Date, in the case of the first distribution date) and that was deemed to have been so reimbursed out of any collections of principal that would otherwise constitute part of the Principal Distribution Amount for such distribution date (as described in this offering circular supplement under “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses” or “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments,” as applicable) and (iii) any principal collections for the related Collection Period used to reimburse Balloon Guarantor Payments or other unreimbursed Guarantor Reimbursement Amounts since the preceding distribution date pursuant to the terms of the Pooling Agreement.

“Principal Distribution Amount” means:

- (i) for any distribution date prior to the final distribution date, an amount equal to the total, without duplication, of the following—
  - (a) all payments of principal, including voluntary principal prepayments, received by or on behalf of the issuing entity with respect to the underlying mortgage loans during the related Collection Period, exclusive of any of those payments that represents a late collection of principal for which an advance was previously made for a prior distribution date or that represents a monthly payment of principal due on or before the Cut-off Date or on a due date for the related underlying mortgage loan subsequent to the end of the related Collection Period,
  - (b) all monthly payments of principal received by or on behalf of the issuing entity with respect to the underlying mortgage loans prior to, but that are due during, the related Collection Period,
  - (c) all other collections, including Liquidation Proceeds, condemnation proceeds and insurance proceeds that were received by or on behalf of the issuing entity with respect to any of the underlying mortgage loans or any related REO Properties during the related Collection Period and that were identified and applied as recoveries of principal of the subject underlying mortgage loan or, in the case of an REO Property, of the related underlying mortgage loan, in each case net of any portion of the particular collection that represents a late collection of principal for which an advance of principal was previously made for a prior distribution date or that represents a monthly payment of principal due on or before the Cut-off Date, and
  - (d) all advances of principal made with respect to the underlying mortgage loans for that distribution date; and
- (ii) for the final distribution date, an amount equal to the total Stated Principal Balance of the mortgage pool outstanding immediately prior to that final distribution date.

However, the Principal Distribution Amount will be reduced on any distribution date by an amount equal to the Principal Distribution Adjustment Amount calculated with respect to such distribution date. The Principal Distribution Amount will be increased on any distribution date by the amount of any recovery occurring during the related Collection Period of an amount that was previously advanced with respect to any underlying mortgage loan, but only if and to the extent such advance was previously reimbursed from principal collections that would otherwise have constituted part of the Principal Distribution Amount for a prior distribution date in a manner that resulted in a Principal Distribution Adjustment Amount for such prior distribution date. In addition, if any insurance proceeds, condemnation proceeds or Liquidation Proceeds were received and/or a final recovery determination were made with respect to any underlying mortgage loan during any particular Collection Period, then the portion of the Principal Distribution Amount for the related distribution date that is otherwise allocable to that underlying

mortgage loan will be reduced (to not less than zero) by any special servicing fees or liquidation fees payable in connection therewith.

“Privileged Person” means each party to the Pooling Agreement, each initial purchaser of the certificates, the Rating Agencies, any NRSRO that delivers an NRSRO certification to the 17g-5 information provider in the form required by the Pooling Agreement and, upon receipt by the certificate administrator of an investor certification in the form required by the Pooling Agreement, each holder, beneficial owner or prospective purchaser of a certificate or an SPC. Any Privileged Person that is a borrower or an affiliate of a borrower, as evidenced by the information set forth in the investor certification, will only be entitled to limited information as described in “Description of the Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this offering circular supplement.

“Purchase Agreement” means the senior preferred stock purchase agreement between FHFA, as conservator of Freddie Mac, and Treasury.

“Purchase Option” means, with respect to any Defaulted Loan, the purchase option described under “The Pooling Agreement—Realization Upon Mortgage Loans” in this offering circular supplement.

“Purchase Price” means, with respect to any underlying mortgage loan if it is to be purchased as contemplated under the Pooling Agreement, a price equal to the outstanding principal balance of such underlying mortgage loan, plus (i) accrued and unpaid interest on such underlying mortgage loan through and including the end of the related mortgage interest accrual period in which such purchase is made (which would include accrued and unpaid master servicer surveillance fees, special servicer surveillance fees, master servicing fees and sub-servicing fees), (ii) related special servicing fees and, if applicable, liquidation fees payable to the special servicer (to the extent accrued and unpaid or previously paid by the issuing entity), (iii) all related unreimbursed Servicing Advances or Additional Issuing Entity Expenses, (iv) all related Servicing Advances that were previously reimbursed from general collections on the mortgage pool, (v) all accrued and unpaid interest on related Servicing Advances and P&I Advances, (vi) all interest on related Servicing Advances and P&I Advances that was previously reimbursed from general collections on the mortgage pool, and (vii) solely if such underlying mortgage loan is being purchased by the related borrower or an affiliate of such borrower, all Default Interest, late payment fees, extension fees and similar fees or charges incurred with respect to such underlying mortgage loan and all out-of-pocket expenses reasonably incurred (whether paid or then owing) by the third party master servicer, the special servicer, the depositor, the custodian, the certificate administrator and the trustee in respect of such purchase, including, without duplication of any amounts described above in this definition, any expenses incurred prior to such purchase date with respect to such underlying mortgage loan, and (viii) solely if such underlying mortgage loan is being purchased by or on behalf of the depositor pursuant to or as contemplated by the Pooling Agreement, all out-of-pocket expenses reasonably incurred (whether paid or then owing) by the master servicer, the special servicer, the depositor, the certificate administrator, the custodian and the trustee in respect of the breach or defect giving rise to the repurchase obligation, including any expenses arising out of the enforcement of the repurchase obligation and, without duplication of any amounts described above in this definition, any expenses incurred prior to such purchase date with respect to such underlying mortgage loan; provided that if a Fair Value determination has been made, the Purchase Price must at least equal the Fair Value.

“Qualified Substitute Mortgage Loan” means a mortgage loan in the same lien position as the deleted underlying mortgage loan that must, on the date of substitution: (i) have an outstanding principal balance, after application of all scheduled payments of principal and/or interest due during or prior to the month of substitution not in excess of the Stated Principal Balance of the deleted underlying mortgage loan as of the due date in the calendar month during which the substitution occurs; (ii) have a mortgage interest rate not less than the mortgage interest rate of the deleted underlying mortgage loan; (iii) have the same due date as the deleted underlying mortgage loan; (iv) accrue interest on the same basis as the deleted underlying mortgage loan (for example, on the basis of a 360-day year and the actual number of days elapsed); (v) have a remaining term to stated maturity not greater than, and not more than two years less than, the remaining term to stated maturity of the deleted underlying mortgage loan; (vi) have an original loan-to-value ratio not higher than that of the deleted underlying mortgage loan and a current loan-to-value ratio not higher than the then current loan-to-value ratio of the deleted underlying mortgage loan; (vii) materially comply (without waiver or exception) as of the date of substitution with all of the representations and warranties set forth in the applicable purchase agreement; (viii) have an environmental report with respect to the related mortgaged real property that indicates no material adverse environmental conditions with

respect to the related mortgaged real property and which will be delivered as a part of the related mortgage file; (ix) have an original debt service coverage ratio not less than the original debt service coverage ratio of the deleted underlying mortgage loan and a current debt service coverage ratio not less than the current debt service coverage ratio of the deleted underlying mortgage loan; (x) be determined by an opinion of counsel to be a “qualified replacement mortgage” within the meaning of Code Section 860G(a)(4); (xi) have been approved by the Approved Directing Certificateholder (if any) and Freddie Mac, each in its sole discretion; (xii) prohibit defeasance within two years of the Closing Date; (xiii) not be substituted for a deleted underlying mortgage loan if it would result in the termination of the REMIC status of either Trust REMIC created under the Pooling Agreement or the imposition of tax on either Trust REMIC created under the Pooling Agreement other than a tax on income expressly permitted or contemplated to be received by the terms of the Pooling Agreement; and (xiv) not be substituted for a deleted underlying mortgage loan unless the trustee and the certificate administrator have received prior written consent of the Guarantor. In the event that one or more mortgage loans are substituted for one or more deleted underlying mortgage loans simultaneously, then the amounts described in clause (i) above are required to be determined on the basis of aggregate outstanding principal balances and the rates described in clause (ii) above and the remaining term to stated maturity referred to in clause (v) above will be determined on a weighted average basis. When a Qualified Substitute Mortgage Loan is substituted for a deleted underlying mortgage loan, the depositor will be required to certify that the mortgage loan meets all of the requirements of the above definition and send the certification to the trustee and the certificate administrator, which may conclusively rely upon such certification.

“Rated Final Distribution Date” means the distribution date occurring in July 2031.

“Rating Agency” means each of Fitch and Moody’s, or their successors-in-interest.

“Rating Agency Confirmation” means, with respect to any matter and only for so long as any class of rated certificates is then rated by any Rating Agency (i) confirmation in writing by each applicable Rating Agency that a proposed action, failure to act or other event specified in the Pooling Agreement will not in and of itself result in the downgrade, withdrawal or qualification of the then-current rating assigned to each such class of rated certificates (if then rated by such Rating Agency) or (ii) a written waiver or other acknowledgment from each applicable Rating Agency indicating its decision not to review the matter for which such confirmation is sought. For the purposes of this definition, any confirmation, waiver, request, acknowledgment or approval which is required to be in writing may be in the form of e-mail, facsimile, press release, posting to its website or other such means then considered industry standard. If a request for a Rating Agency Confirmation has been made to any Rating Agency in accordance with the provisions of the Trust Agreement and, within ten Business Days of such request being sent to such Rating Agency, such Rating Agency has not replied to such request, then the person requesting such Rating Agency Confirmation will be required to (a) confirm that such Rating Agency has received the request for Rating Agency Confirmation, and, if such Rating Agency has received such request, will be required to promptly request the Rating Agency Confirmation again and (b) if there is no response to either such Rating Agency Confirmation request within 5 Business Days of the request made in clause (a) above, or if such Rating Agency has responded in a manner that indicates such Rating Agency is neither reviewing such request nor waiving the requirement for Rating Agency Confirmation, the requirement to obtain a Rating Agency Confirmation with respect to such Rating Agency will be deemed to have been satisfied for purposes of the provisions of the Pooling Agreement. If a request for a Rating Agency Confirmation has been made to a Rating Agency in accordance with the provisions of the Pooling Agreement and such Rating Agency has responded in a manner that indicates that such Rating Agency is not waiving the requirement for Rating Agency Confirmation, but is also not reviewing such request, then the requirement to obtain Rating Agency Confirmation with respect to such Rating Agency will be deemed to have been satisfied for purposes of the provisions of the Trust Agreement. However, at any time during which none of the classes of certificates is rated by a Rating Agency, no Rating Agency Confirmation will be required from any Rating Agency under the Pooling Agreement.

“Ratings Trigger Event” means, with respect to the master servicer or the special servicer, as applicable, (a) if on the Closing Date (or in the case of any successor master servicer or special servicer, the date of appointment), such party is listed on S&P’s Select Servicer List as a U.S. Commercial Mortgage Master Servicer (in the case of the master servicer) or a U.S. Commercial Mortgage Special Servicer (in the case of the special servicer), and at any time after the Closing Date (or in the case of any successor master servicer or special servicer, the date of appointment) such party loses its status on such list and such status is not restored within 60 days, (b) if on the Closing Date (or in the case of any successor master servicer or special servicer, the date of appointment) such party

has a rating by Fitch higher than or equal to “CMS3” or “CSS3,” as applicable, and at any time after the Closing Date (or in the case of any successor master servicer or special servicer, the date of appointment) such rating drops to a level lower than “CMS3” or “CSS3,” as applicable, and such party is not reinstated to at least “CMS3” or “CSS3,” as applicable, within 60 days or (c) either (i) if on the Closing Date (or in the case of any successor master servicer or special servicer, the date of appointment) such party has a ranking by Morningstar higher than or equal to “MOR CS3” as a master servicer or a special servicer, as applicable, and at any time after the Closing Date (or in the case of any successor master servicer or special servicer, the date of appointment) such ranking drops to a level lower than “MOR CS3” as a master servicer or a special servicer, as applicable, and such party is not reinstated to at least “MOR CS3” as a master servicer or a special servicer, as applicable, within 60 days of such ranking drop or (ii) if the master servicer or the special servicer, as the case may be, has not been ranked by Morningstar on the Closing Date, and Morningstar has qualified, downgraded or withdrawn its then-current rating or ratings on any class of rated certificates or any class of rated SPCs and publicly cited servicing concerns with the master servicer or the special servicer, as applicable, as the sole or material factor in such rating action, and such qualification, downgrade or withdrawal has not been withdrawn by Morningstar within 60 days of such rating action.

“Realized Losses” means losses on or with respect to the underlying mortgage loans arising from the inability of the master servicer and/or the special servicer to collect all amounts due and owing under those underlying mortgage loans, including by reason of the fraud or bankruptcy of a borrower or, to the extent not covered by insurance, a casualty of any nature at a mortgaged real property. We discuss the calculation of Realized Losses under “Description of the Certificates—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” in this offering circular supplement.

“Reform Act” means the Federal Housing Finance Regulatory Reform Act.

“Regular Certificates” has the meaning assigned to such term under “Certain Federal Income Tax Consequences—General” in this offering circular supplement.

“Regulation AB” means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§ 229.1100-229.1125, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the SEC or by the staff of the SEC, or as may be provided by the SEC or its staff from time to time, in each case, effective as of the compliance dates specified therein.

“REMIC” means a “real estate mortgage investment conduit” as defined in Code Section 860D.

“REMIC Provisions” means the provisions of the federal income tax law relating to real estate mortgage investment conduits, which appear at Sections 860A through 860G of subchapter M of chapter 1 of subtitle A of the Code, and related provisions, and temporary and final regulations and, to the extent not inconsistent with such temporary and final regulations, proposed regulations, and published rulings, notices and announcements promulgated thereunder, as may be in effect from time to time.

“Remittance Date” means, with respect to each distribution date, the Business Day prior to such distribution date.

“REO Loan” means an underlying mortgage loan deemed to be outstanding with respect to an REO Property.

“REO Property” means any mortgaged real property that is acquired on behalf of and in the name of the trustee for the benefit of the certificateholders through foreclosure, acceptance of a deed-in-lieu of foreclosure or otherwise in accordance with applicable law in connection with the default or imminent default of the related underlying mortgage loan.

“Requested Transfer” means, with respect to any underlying mortgage loan, a request for the transfer of an interest in the related mortgaged real property, the related borrower or any designated entity for transfers, as permitted under the loan documents under certain conditions, but not including the creation of any additional lien or other encumbrance on the mortgaged real property or interests in the borrower or any designated entity for transfers.

“Rule” has the meaning assigned to such term under “Description of the Depositor and Guarantor—Credit Risk Retention” in this offering circular supplement.

“Rule 17g-5” means Rule 17g-5 under the Exchange Act.

“S&P” means S&P Global Ratings, and its successors-in-interest.

“Sales Comparison Approach” means a determination of the value of a mortgaged real property based on a comparison of that property to similar properties that have been sold recently or for which listing prices or offering figures are known. In connection with that determination, data for generally comparable properties are used and comparisons are made to demonstrate a probable price at which the subject mortgaged real property would sell if offered on the market.

“SEC” means the U.S. Securities and Exchange Commission.

“Section 8” means the Section 8 Tenant-Based Assistance Rental Certificate Program of the United States Department of Housing and Urban Development.

“Servicing Advance” has the meaning assigned to such term under “The Pooling Agreement—Servicing and Other Compensation and Payment of Expenses—Servicing Advances” in this offering circular supplement.

“Servicing Standard” means:

- (i) with respect to the underlying mortgage loans other than REO Loans, REO Properties and Specially Serviced Mortgage Loans, to the extent not inconsistent with applicable law, the terms of the Pooling Agreement or the terms of the respective underlying mortgage loans or any applicable intercreditor or co-lender and/or similar agreement(s), servicing and administering such underlying mortgage loans in accordance with (a) Freddie Mac Servicing Practices or (b) to the extent Freddie Mac Servicing Practices do not provide sufficient guidance or Freddie Mac Servicing Practices have not been made available in writing or communicated in writing by Freddie Mac to the master servicer, the special servicer or the related sub-servicer, as applicable, Accepted Servicing Practices; and
- (ii) with respect to REO Loans, REO Properties and Specially Serviced Mortgage Loans, to the extent not inconsistent with applicable law, the terms of the Pooling Agreement or the terms of the respective underlying mortgage loans or any applicable intercreditor or co-lender and/or similar agreement(s), servicing and administering such underlying mortgage loans in accordance with Accepted Servicing Practices; *provided, however*, that for Specially Serviced Mortgage Loans, to the extent consistent with applicable law, the terms of the Pooling Agreement and the terms of the respective underlying mortgage loans and any applicable intercreditor or co-lender and/or similar agreement(s), the special servicer or the master servicer may, in its sole discretion, require the applicable borrower to maintain insurance consistent with either (a) Accepted Servicing Practices or (b) Freddie Mac Servicing Practices.

To the extent of any conflict under clause (i) of this definition (1) between Freddie Mac Servicing Practices and Accepted Servicing Practices, the terms of Freddie Mac Servicing Practices will govern and be applicable and (2) between Freddie Mac Servicing Practices or Accepted Servicing Practices and the express written terms of the Pooling Agreement, the terms of the Pooling Agreement will govern and be applicable.

“Servicing Transfer Event” means, with respect to any underlying mortgage loan, any of the following events, among others:

- (i) a payment default has occurred at its scheduled maturity date (except, if the borrower is making its normal monthly payment and is diligently pursuing a refinancing or sale of the mortgaged real property to a party that is not a borrower affiliate and in connection therewith delivers within 45 days after the scheduled maturity date a firm commitment to refinance or a fully executed purchase and sale contract for the related mortgaged real property, as applicable, which is acceptable to the master servicer in accordance with the Servicing Standard in which case a Servicing Transfer Event would not occur as to such underlying mortgage loan until 60 days after such payment default, which may be extended to 120 days at the discretion of the special servicer and with the consent of the Approved Directing Certificateholder (if any) (subject to the penultimate paragraph of “The Pooling Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this offering circular supplement with respect to any Affiliated Borrower Loan));

- (ii) any monthly principal and/or interest payment (other than a balloon payment) is 60 days or more delinquent;
- (iii) the related borrower has—
  - (a) filed for, or consented to, bankruptcy, appointment of a receiver or conservator or a similar insolvency proceeding;
  - (b) become the subject of a decree or order for such a proceeding which is not stayed or discharged within 60 days; or
  - (c) has admitted in writing its inability to pay its debts generally as they become due;
- (iv) the master servicer or the special servicer has received notice of the foreclosure or proposed foreclosure of any lien on the mortgaged real property;
- (v) in the judgment of (a) the master servicer (with the approval of Freddie Mac in the case of a third party master servicer) or (b) the special servicer (with the approval of Freddie Mac and the Approved Directing Certificateholder (if any), subject to the penultimate paragraph of “The Pooling Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this offering circular supplement with respect to any Affiliated Borrower Loan), (1) a default under any underlying mortgage loan is reasonably foreseeable, (2) such default will materially impair the value of the related mortgaged real property as security for such underlying mortgage loan or otherwise materially adversely affect the interests of certificateholders, and (3) the default either would give rise to the immediate right to accelerate the underlying mortgage loan or such default is likely to continue unremedied for the applicable cure period under the terms of such underlying mortgage loan or, if no cure period is specified and the default is capable of being cured, for 30 days, *provided* that if Freddie Mac’s approval is sought by any third party master servicer and not provided (and/or during the period that any third party master servicer is waiting for Freddie Mac’s approval), any third party master servicer’s servicing obligations with respect to such underlying mortgage loan will be to service such underlying mortgage loan as a non-Specially Serviced Mortgage Loan; or
- (vi) any other default has occurred under the loan documents that, in the reasonable judgment of (a) the master servicer, or (b) with the approval of the Approved Directing Certificateholder (if any) (subject to the penultimate paragraph of “The Pooling Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this offering circular supplement with respect to any Affiliated Borrower Loan), the special servicer, has materially and adversely affected the value of the related underlying mortgage loan or otherwise materially and adversely affected the interests of the certificateholders and has continued unremedied for 30 days (irrespective of any grace period specified in the related mortgage note) and, *provided* that failure of the related borrower to obtain all-risk casualty insurance which does not contain any carveout for terrorist or similar act (other than such amounts as are specifically required under the related underlying mortgage loan) will not apply with respect to this clause if the special servicer has determined in accordance with the Servicing Standard that either (1) such insurance is not available at commercially reasonable rates and that such hazards are not commonly insured against for properties similar to the mortgaged real property and located in or around the region in which such mortgaged real property is located, or (2) such insurance is not available at any rate.

A Servicing Transfer Event will cease to exist, if and when a Specially Serviced Mortgage Loan becomes a Corrected Mortgage Loan.

“Significant Loan” means, at any time, any underlying mortgage loan (i) whose outstanding principal balance is \$25,000,000 or more at such time or (ii) that is (a) an underlying mortgage loan or (b) part of a group of underlying mortgage loans made to affiliated borrowers that, in each case, in the aggregate, represents 5% or more of the aggregate outstanding principal balance of the mortgage pool at such time and in any event has an outstanding principal balance or aggregate outstanding principal balance of at least \$10,000,000.

“Special Servicer Aggregate Annual Cap” means \$300,000 per calendar year.

“Specially Serviced Mortgage Loan” means any underlying mortgage loan as to which a Servicing Transfer Event has occurred and is continuing, including any REO Loan or Defaulted Loan.

“Stated Principal Balance” means, with respect to any underlying mortgage loan (except with respect to any REO Loan), as of any date of determination, an amount equal to (i) the Cut-off Date Principal Balance of such underlying mortgage loan or with respect to a Qualified Substitute Mortgage Loan, the outstanding principal balance of such Qualified Substitute Mortgage Loan after application of all scheduled payments of principal and interest due during or prior to the month of substitution, whether or not received, minus (ii) the sum of:

- (a) the principal portion of each monthly payment due on such underlying mortgage loan after the Cut-off Date (or, with respect to a Qualified Substitute Mortgage Loan, the applicable due date during the month of substitution), to the extent received from the related borrower or advanced by the master servicer or the trustee, as applicable, and distributed to the certificateholders, on or before such date of determination;
- (b) all principal prepayments received with respect to such underlying mortgage loan after the Cut-off Date (or, with respect to a Qualified Substitute Mortgage Loan, the applicable due date during the month of substitution), to the extent distributed to the certificateholders, on or before such date of determination;
- (c) the principal portion of all insurance and condemnation proceeds and Liquidation Proceeds received with respect to such underlying mortgage loan after the Cut-off Date (or, with respect to a Qualified Substitute Mortgage Loan, the applicable due date during the month of substitution), to the extent distributed to the certificateholders, on or before such date of determination;
- (d) any reduction in the outstanding principal balance of such underlying mortgage loan resulting from a valuation of the related mortgaged real property in an amount less than the then outstanding principal balance of such underlying mortgage loan by a court of competent jurisdiction, initiated by a bankruptcy proceeding and that occurred prior to the determination date for the most recent distribution date; and
- (e) any reduction in the outstanding principal balance of such underlying mortgage loan due to a modification by the special servicer pursuant to the Pooling Agreement, which reduction occurred prior to the determination date for the most recent distribution date.

However, the “Stated Principal Balance” of any underlying mortgage loan will, in all cases, be zero as of the distribution date following the Collection Period in which it is determined that all amounts ultimately collectible with respect to that underlying mortgage loan or any related REO Property have been received.

With respect to any REO Loan, as of any date of determination, “Stated Principal Balance” means an amount equal to (i) the Stated Principal Balance of the predecessor underlying mortgage loan (determined as set forth above), as of the date the related REO Property is acquired by the issuing entity, minus (ii) the sum of:

- (a) the principal portion of any P&I Advance made with respect to such REO Loan on or after the date the related REO Property is acquired by the issuing entity, to the extent distributed to certificateholders on or before such date of determination; and
- (b) the principal portion of all insurance and condemnation proceeds, Liquidation Proceeds and all income, rents and profits derived from the ownership, operation or leasing of the related REO Property received with respect to such REO Loan, to the extent distributed to certificateholders, on or before such date of determination.

Any payment or other collection of principal on or with respect to any underlying mortgage loan (or any related successor REO Loan) that constitutes part of the Principal Distribution Amount for any distribution date, without regard to the last sentence of the definition of Principal Distribution Amount, and further without regard to any Principal Distribution Adjustment Amount for such distribution date, will be deemed to be distributed to certificateholders on such distribution date for purposes of this definition.

“Static Prepayment Premium” means a form of prepayment consideration payable in connection with any voluntary or involuntary principal prepayment that is calculated solely as a specified percentage of the amount prepaid, which percentage may change over time.

“Static Prepayment Premium Period” means, with respect to any underlying mortgage loan that at any time permits voluntary prepayments of principal if accompanied by a Static Prepayment Premium, the period during the loan term when such voluntary principal prepayments may be made if accompanied by such Static Prepayment Premium.

“Sub-Servicing Agreement” means each sub-servicing agreement between the master servicer and the related sub-servicer relating to servicing and administration of underlying mortgage loans by such sub-servicer as provided in the Pooling Agreement.

“Successor Servicer Requirements” has the meaning assigned to such term under “The Pooling Agreement—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties—Resignation of the Master Servicer or the Special Servicer” in this offering circular supplement.

“Surveillance Fee Mortgage Loan” means any underlying mortgage loan other than (i) an underlying mortgage loan, or portion of an underlying mortgage loan, that has been defeased, (ii) a Specially Serviced Mortgage Loan or (iii) an REO Loan.

“Timing Guarantor Interest” means, with respect to any distribution date and any class of Offered Principal Balance Certificates, the sum of (i) (a) with respect to Balloon Guarantor Payments made as a result of a forbearance of a payment default on an underlying mortgage loan permitted under clause (i) of the definition of “Servicing Transfer Event” during the time of such forbearance, an amount equal to interest at the lesser of (1) the Weighted Average Net Mortgage Pass-Through Rate for the related Interest Accrual Period or (2) the Net Mortgage Pass-Through Rate for the underlying mortgage loan requiring the Balloon Guarantor Payment for the related Interest Accrual Period, or (b) otherwise an amount equal to interest at the Weighted Average Net Mortgage Pass-Through Rate for the related Interest Accrual Period, in each case on any unreimbursed Timing Guarantor Payment for such class and (ii) any such amount set forth in clause (i) for prior distribution dates that remains unreimbursed.

“Timing Guarantor Payment” means, with respect to any distribution date and any class of Offered Principal Balance Certificates, any Balloon Guarantor Payment or Class Final Guarantor Payment.

“Total Units” means the estimated number of apartments at the particular mortgaged real property, regardless of the number or size of rooms in the apartments as reflected in information provided by the borrower or in the appraisal on which the most recent Appraised Value is based.

“Transfer” generally means, with respect to any underlying mortgage loan, the sale, assignment, transfer or other disposition or divestment of any interest in, change of ownership of, or encumbrance of, the related borrower or the related mortgaged real property, as set forth in the related loan documents.

“Transfer Fee” means, with respect to any underlying mortgage loan, a fee payable under the related loan documents when a Transfer is completed.

“Transfer Processing Fee” means, with respect to any underlying mortgage loan and any Transfer Processing Fee Transaction, a fee equal to the lesser of (i) the fee required to be paid by the related borrower under the terms of the related loan documents for the review or processing of the Transfer Processing Fee Transaction (which may also be referred to in the loan documents as a “Transfer Review Fee”) and (ii) \$15,000.

“Transfer Processing Fee Transaction” means, with respect to any underlying mortgage loan, any transaction or matter involving (i) the transfer of an interest in the related mortgaged real property, the related borrower, any person that controls the borrower or any person that executes a guaranty pursuant to the terms of the related loan documents, which transfer requires the master servicer’s review, consent and/or approval, including, without limitation, a borrower’s request for an assumption or waiver of a “due-on-sale” clause with respect to any loan pursuant to the Pooling Agreement and/or (ii) a borrower’s request for a waiver of a “due-on-encumbrance” clause with respect to any underlying mortgage loan pursuant to the Pooling Agreement, *provided, however*, that any transaction or matter involving (a) defeasance of such underlying mortgage loan, (b) the full or partial condemnation of the mortgaged real property or any borrower request for consent to subject the related mortgaged real property to an easement, right of way or similar agreement for utilities, access, parking, public improvements or another

purpose, (c) Permitted Transfers, unless the related loan documents specifically provide for payment of a Transfer Processing Fee, and/or (d) permitted subordinate mortgage debt, will not be a Transfer Processing Fee Transaction.

“Treasury” means the U.S. Department of the Treasury.

“Trust REMIC” means either one of two separate REMICs referred to in this offering circular supplement as the “Lower-Tier REMIC Pool” and the “Upper-Tier REMIC Pool.”

“Trustee Aggregate Annual Cap” means \$150,000 per calendar year.

“Trustee/Certificate Administrator/Custodian Aggregate Annual Cap” means if the same person or entity is acting as the trustee, the certificate administrator and the custodian, \$300,000 per calendar year with respect to such person or entity.

“U.S. Person” means a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States, any State in the United States or the District of Columbia, including an entity treated as a corporation or partnership for federal income tax purposes, an estate whose income is subject to U.S. federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of such trust, and one more such U.S. Persons have the authority to control all substantial decisions of such trust (or, to the extent provided in applicable Treasury Regulations, certain trusts in existence on August 20, 1996 that have elected to be treated as U.S. Persons).

“Underwriter’s Exemption” has the meaning assigned to such term under “ERISA Considerations—Purchases of Offered Certificates Based Upon the Underwriter’s Exemption and PTCE 95-60” in this offering circular supplement.

“Underwritten Debt Service Coverage Ratio” means, with respect to any underlying mortgage loan, the ratio of

- (i) the Underwritten Net Cash Flow for the related mortgaged real property (or, in the case of an underlying mortgage loan secured by multiple mortgaged real properties, the sum of the Underwritten Net Cash Flow for the related mortgaged real properties), to
- (ii) 12 times the monthly debt service payment for that underlying mortgage loan and the related senior tax-exempt mortgage loan that is not in the issuing entity due on the related due date in June 2017;

*provided* that, if the underlying mortgage loan is currently in an interest-only period, then the amount in clause (ii) of this definition with respect to such underlying mortgage loan will be either (a) if that interest-only period extends to maturity, the aggregate of the first 12 monthly debt service payments to be due on such underlying mortgage loan or (b) if that interest-only period ends prior to maturity, 12 times the monthly debt service payment to be due on such underlying mortgage loan on the first due date after amortization begins.

“Underwritten Debt Service Coverage Ratio (IO)” means, with respect to any underlying mortgage loan that is currently in an interest-only period, the ratio of (i) the Underwritten Net Cash Flow for the related mortgaged real property (or, in the case of an underlying mortgage loan secured by multiple mortgaged real properties, the sum of the Underwritten Net Cash Flow for the related mortgaged real properties), to (ii) an amount equal to the aggregate of the first 12 monthly debt service payments due on such underlying mortgage loan and the related senior tax-exempt mortgage loan that is not in the issuing entity.

“Underwritten Net Cash Flow” means, with respect to each of the mortgaged real properties securing an underlying mortgage loan, the estimated total cash flow from that property expected to be available for annual debt service on the related underlying mortgage loan. In general, that estimate:

- (i) was made at the time of origination of the related underlying mortgage loan or in connection with the transactions described in this offering circular supplement; and

- (ii) is equal to the excess of (a) the Estimated Annual Revenues for the property, over (b) the Estimated Annual Operating Expenses for the mortgaged real property.

The management fees and reserves assumed in calculating Underwritten Net Cash Flow differ in many cases from actual management fees and reserves actually required under the loan documents for the related underlying mortgage loans. In addition, actual conditions at the mortgaged real properties will differ, and may differ substantially, from the conditions assumed in calculating Underwritten Net Cash Flow. Furthermore, the Underwritten Net Cash Flow for each of the mortgaged real properties does not reflect the effects of future competition or economic cycles. Accordingly, we cannot assure you that the Underwritten Net Cash Flow for any of the mortgaged real properties shown on Exhibit A-1 will be representative of the actual future net cash flow for the particular mortgaged real property.

Underwritten Net Cash Flow and the revenues and expenditures used to determine Underwritten Net Cash Flow for each of the mortgaged real properties are derived from generally unaudited information furnished by the related borrower. However, in some cases, an accounting firm performed agreed upon procedures, or employees of the applicable Originator performed cash flow verification procedures, that were intended to identify any errors in the information provided by the related borrower. Audits of information furnished by borrowers could result in changes to the information. These changes could, in turn, result in the Underwritten Net Cash Flow shown on Exhibit A-1 being overstated. Net income for any of the mortgaged real properties as determined under GAAP would not be the same as the Underwritten Net Cash Flow for the property shown on Exhibit A-1. In addition, Underwritten Net Cash Flow is not a substitute for or comparable to operating income as determined in accordance with GAAP as a measure of the results of the property's operations nor a substitute for cash flows from operating activities determined in accordance with GAAP as a measure of liquidity.

“Underwritten Net Operating Income” means, with respect to each of the mortgaged real properties securing an underlying mortgage loan, the Underwritten Net Cash Flow for the property, increased by any and all of the following items that were included in the Estimated Annual Operating Expenses for the property for purposes of calculating that Underwritten Net Cash Flow (i) underwritten recurring replacement reserve amounts, and (ii) capital improvements, including recurring capital improvements.

“United States” or “U.S.” means the United States of America.

“Unreimbursed Indemnification Expenses” means indemnification amounts payable by the issuing entity to the depositor, the master servicer, the special servicer, the custodian, the certificate administrator or trustee in excess of the Depositor Aggregate Annual Cap, the Trustee Aggregate Annual Cap or the Certificate Administrator/Custodian Aggregate Annual Cap (if different persons or entities are the trustee and certificate administrator/custodian), the Trustee/Certificate Administrator/Custodian Aggregate Annual Cap (if the same person or entity is the trustee and certificate administrator/custodian), the Master Servicer Aggregate Annual Cap and the Special Servicer Aggregate Annual Cap, together with any accrued and unpaid interest on such amounts, which have not been previously reimbursed.

“Upper-Tier REMIC” means the REMIC identified as such and described under “Certain Federal Income Tax Consequences” in this offering circular supplement.

“UST” means an underground storage tank.

“Workout-Delayed Reimbursement Amount” has the meaning assigned to such term under “Description of the Certificates—Advances of Delinquent Monthly Debt Service Payments” in this offering circular supplement.

“Year Built” means, with respect to any mortgaged real property securing an underlying mortgage loan, the year when construction of the property was principally completed, as reflected in information provided by the borrower or in the appraisal on which the most recent Appraised Value of the property is based or the engineering report.

“Year Renovated” means, with respect to any mortgaged real property securing an underlying mortgage loan, the year when the most recent substantial renovation of the property, if any, was principally completed, as reflected in information provided by the borrower or in the appraisal on which the most recent Appraised Value of the property is based or the engineering report.

“Yield Maintenance Charge” means a form of prepayment consideration payable in connection with any voluntary or involuntary principal prepayment that is calculated pursuant to a yield maintenance formula, including any minimum amount equal to a specified percentage of the amount prepaid.

“Yield Maintenance Period” means, with respect to any applicable underlying mortgage loan that at any time permits voluntary prepayments of principal if accompanied by a Yield Maintenance Charge, the period during the loan term when such voluntary principal prepayments may be made if accompanied by such Yield Maintenance Charge.

**EXHIBIT A-1**

**CERTAIN CHARACTERISTICS OF THE UNDERLYING  
MORTGAGE LOANS AND THE RELATED MORTGAGED REAL PROPERTIES**

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Exhibit A-1

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Originator	Street Address	Property City	Property State	Zip Code	County	Property Type	Property Subtype	Year Built	Year Renovated	Total Units	Low Income Units(1)	Very Low Income Units(1)	Cut-Off Date Balance/Unit(2)
1	7	1	The Aspire (Taxable Tail)	Citibank, N.A.	135 Somerset Street	New Brunswick	NJ	08901	Middlesex	Multifamily	High Rise	2015	N/A	238	N/A	N/A	279,357
2		1	Huntington Villa Yorba (Taxable Tail)	Citibank, N.A.	16000 Villa Yorba Lane	Huntington Beach	CA	92647	Orange	Multifamily	Garden	1971	2015	198	N/A	N/A	212,857
3	7	1	Penn Street Tower (Taxable Tail)	Pillar Multifamily, LLC	115 North Pennsylvania Street	Indianapolis	IN	46204	Marion	Multifamily	High Rise	1909	2015	98	N/A	N/A	140,268

Exhibit A-1

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Unit of Measure	Occupancy %	Occupancy As of Date	Loan Purpose (Acquisition, Refinance)	Single Purpose Borrowing Entity / Single Asset Borrowing Entity	Crossed Loans	Related Borrower Loans	Payment Date	Late Charge Grace Period	Note Date	First Payment Date	Maturity Date	Original Loan Amount	Cut-Off Date Loan Amount	% of Cut-Off Date Pool Balance
1	7	1	The Aspire (Taxable Tail)	Units	93.3%	12/31/2016	Supplemental	SPE	N/A	N/A	1	10	5/24/2016	7/1/2016	6/1/2026	17,472,000	16,552,032	80.5%
2		1	Huntington Villa Yorba (Taxable Tail)	Units	100.0%	12/31/2016	Supplemental	SPE	N/A	N/A	1	10	11/30/2015	1/1/2016	4/1/2030	3,047,948	3,003,558	14.6%
3	7	1	Penn Street Tower (Taxable Tail)	Units	94.9%	3/31/2017	Supplemental	SPE	N/A	N/A	1	10	6/30/2016	8/1/2016	7/1/2031	1,025,000	1,014,262	4.9%

Exhibit A-1

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Maturity Balance	Note Rate	Administration Fee Rate(3)	Net Mortgage Interest Rate	Accrual Basis	Loan Amortization Type	Monthly Debt Service Amount (Amortizing)	Monthly Debt Service (IO)	Amortization		Loan Term (Original)	Loan Term (Remaining)	IO Period	Seasoning
												Term (Original)	Term (Remaining)				
1	7	1	The Aspire (Taxable Tail)	6,175,876	4.3400%	0.15950%	4.18050%	Actual/360	Balloon	139,202.99	N/A	168	156	120	108	0	12
2		1	Huntington Villa Yorba (Taxable Tail)	2,438,794	5.1900%	0.17950%	5.01050%	Actual/360	Balloon	15,753.92	N/A	420	402	172	154	0	18
3	7	1	Penn Street Tower (Taxable Tail)	778,209	4.4600%	0.33950%	4.12050%	Actual/360	Balloon	4,825.52	N/A	420	409	180	169	0	11

Exhibit A-1

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Prepayment Provision(4)	Appraisal Valuation Date	Appraised Value	Appraised Value Type	Cut-Off Date LTV(2)	Maturity LTV(2)	UW NCF DSCR(2)	UW NCF DSCR (IO)(2)	UW EGI	UW Expenses	UW NOI	UW NCF	Most Recent Financial End Date	Most Recent EGI
1	7	1	The Aspire (Taxable Tail)	YM1%(113) 1%(3) O(4)	10/22/2015	95,400,000	As-Stabilized (Rent Restrictions)	69.7%	58.8%	1.15x	1.15x	6,015,580	1,892,761	4,122,819	4,045,945	12/31/2016	5,993,939
2		1	Huntington Villa Yorba (Taxable Tail)	YM1%(159) 1%(9) O(4)	10/9/2015	60,480,000	As-Is (Rent Restrictions)	69.7%	55.2%	1.16x	N/A	3,903,965	842,347	3,061,619	3,002,219	12/31/2016	4,018,339
3	7	1	Penn Street Tower (Taxable Tail)	YM1%(113) 1%(63) O(4)	5/17/2016	17,500,000	As-Is (Rent Restrictions)	78.6%	60.7%	1.19x	1.56x	1,372,016	480,228	891,788	864,425	12/31/2016	1,380,837

Exhibit A-1

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Most Recent Expenses	Most Recent NOI	Most Recent NCF	2nd Most Recent Financial End Date	2nd Most Recent EGI	2nd Most Recent Expenses	2nd Most Recent NOI	2nd Most Recent NCF	3rd Most Recent Financial End Date	3rd Most Recent EGI	3rd Most Recent Expenses	3rd Most Recent NOI	3rd Most Recent NCF
1	7	1	The Aspire (Taxable Tail)	2,477,347	3,516,592	3,516,592	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2		1	Huntington Villa Yorba (Taxable Tail)	720,540	3,297,799	3,290,235	12/31/2015	4,409,726	859,783	3,549,943	3,485,655	12/31/2014	3,889,413	783,613	3,105,800	3,105,800
3	7	1	Penn Street Tower (Taxable Tail)	522,891	857,946	833,442	12/31/2015	512,667	375,363	137,304	137,304	N/A	N/A	N/A	N/A	N/A

Exhibit A-1

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Lien Position	Title Vesting (Fee/Leasehold/Both)	Ground Lease Maturity Date	Cash Management (Description or N/A)	Engineering Escrow/Deferred Maintenance	Tax Escrow (Initial)	Tax Escrow (Monthly)	Insurance Escrow (Initial)	Insurance Escrow (Monthly)	Replacement Reserve (Initial)	Replacement Reserve (Monthly)
1	7	1	The Aspire (Taxable Tail)	Second Mortgage	Fee Simple	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2		1	Huntington Villa Yorba (Taxable Tail)	Second Mortgage	Fee Simple	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	7	1	Penn Street Tower (Taxable Tail)	Second Mortgage	Fee Simple	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Exhibit A-1

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Replacement Reserve - Contractual - Cap (\$ or N/A)	Environmental Escrow	Other Escrow (Initial)	Other Escrow (Monthly)	Other Escrow Reserve Description	Springing Reserve Type	Springing Reserve Amount	Seismic Insurance if PML >= 20% (Y/N)	Monthly Rent Per Unit	Additional Financing In Place (existing) (Y/N)
1	7	1	The Aspire (Taxable Tail)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	No	2,029	Yes
2		1	Huntington Villa Yorba (Taxable Tail)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	No	1,698	Yes
3	7	1	Penn Street Tower (Taxable Tail)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	No	1,124	Yes

Exhibit A-1

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Additional Financing Amount (existing)(5)	Additional Financing Description (existing)	Future Supplemental Financing (Y/N)
1	7	1	The Aspire (Taxable Tail)	49,935,000; 22,272,000; 4,800,000	Tax Exempt Senior Mortgage Loan; Grant; Subordinate Loan from New Jersey Housing and Mortgage Finance Agency	Yes
2		1	Huntington Villa Yorba (Taxable Tail)	39,804,084	Tax Exempt Senior Mortgage Loan	Yes
3	7	1	Penn Street Tower (Taxable Tail)	12,732,000	Tax Exempt Senior Mortgage Loan	Yes

Exhibit A-1

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Future Supplemental Financing Description(s)	Type of Regulatory Agreement(s)	Description of Regulatory Agreement(s)
1	7	1	The Aspire (Taxable Tail)	(i) Max combined LTV of 52.56% (ii) Min combined DSCR of 1.25x	LIHTC; PILOT; Tax Abatement	LIHTC - 48 units at 50% of the area median gross income
2		1	Huntington Villa Yorba (Taxable Tail)	(i) Max combined LTV of 79.0% (ii) Min combined DSCR of 1.25x	LIHTC; HAP; Tax Abatement	LIHTC - 28 units at 50% of the area median gross income and 167 units at 50% of the area median gross income; HAP - 192 units
3	7	1	Penn Street Tower (Taxable Tail)	(i) Max combined LTV of 90.0% (ii) Min combined DSCR of 1.25x	LIHTC	LIHTC - 100% of the total units at the property at 50% of the area median gross income

Exhibit A-1

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Number of LIHTC Units	Tax Credit Syndicator Name	Rental/Income/ Age Restrictions (Y/N)	Issuer	Fiscal Agent Name	Sponsor Name	Annual Governmental Lender Fee	Annual Fiscal Agent Fee (\$)	Annual Fiscal Agent Fee Payment Date	First Annual Fiscal Agent Fee Payment Date
1	7	1	The Aspire (Taxable Tail)	48	N/A	Yes	N/A	N/A	Omar Boraie	N/A	N/A	N/A	N/A
2		1	Huntington Villa Yorba (Taxable Tail)	195	N/A	Yes	N/A	N/A	Preservation Partners Development III L.P.; William E. Szymczak	N/A	N/A	N/A	N/A
3	7	1	Penn Street Tower (Taxable Tail)	98	N/A	Yes	N/A	N/A	Joseph E. Whitsett; Louis A. Knoble	N/A	N/A	N/A	N/A

## Footnotes to Exhibit A-1

- (1) Low Income Units are affordable to families with incomes no greater than 80.0% of AMI in multifamily rental properties.  
Very Low Income Units are affordable to families with incomes no greater than 50.0% of AMI in multifamily rental properties.  
Low Income Units and Very Low Income Units are not reported for supplemental mortgages.
- (2) With respect to Cut-Off Date Balance/Unit, Cut-Off Date LTV, Maturity LTV, UW NCF DSCR and UW NCF DSCR (IO), the calculations include the underlying mortgage loan and the related senior tax-exempt mortgage loan (which is not included in the trust). The underlying mortgage loans are calculated based on an Accrual Basis of Actual / 360 whereas the related senior tax-exempt mortgage loans, which are not included in the trust, have an Accrual Basis of 30 / 360.
- (3) The Administration Fee Rate includes the master servicing fee rate, sub-servicing fee rate, master servicer surveillance fee rate, special servicer surveillance fee rate, trustee fee rate and certificate administrator fee rate applicable to each underlying mortgage loan.
- (4) Prepayment Provision is shown from the respective underlying mortgage loan origination date.
- (5) See "*Permitted Additional Debt - Subordinate Liens*" in the Offering Circular Supplement for details on additional financing.
- (6) With respect to Future Supplemental Financing Description, other than the required maximum combined LTV and minimum combined DSCR, the underlying mortgage loan documents also require (i) Freddie Mac approval, (ii) at least 12 months after the origination of the first mortgage loan and (iii) certain other conditions of the security instrument or the underlying mortgage loan agreement, where applicable.
- (7) With respect to UW NCF DSCR (IO) for The Aspire (Taxable Tail) and Penn Street Tower (Taxable Tail), the calculation is based on the amortizing debt service payment for the underlying mortgage loan and the interest only debt service payment for the related senior tax-exempt mortgage loan (which is not included in this trust).

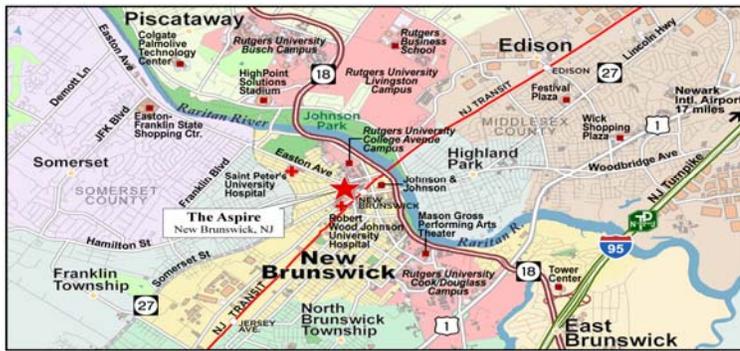
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**EXHIBIT A-2**

**DESCRIPTION OF THE UNDERLYING MORTGAGE LOANS**

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**1. The Aspire (Taxable Tail) <sup>(1)</sup>**



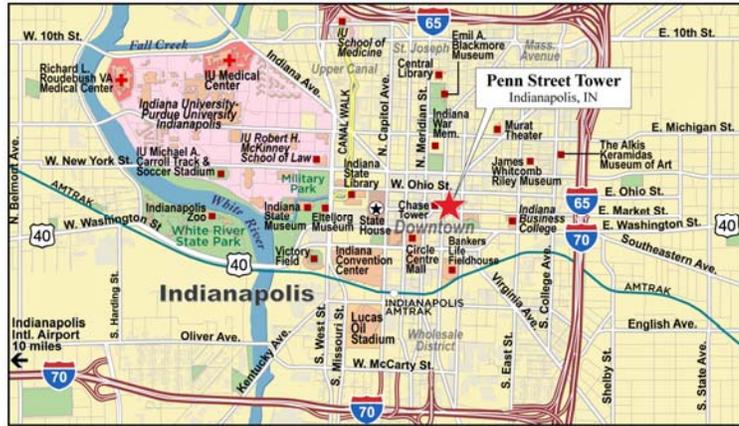
Original Principal Balance:	\$17,472,000
Cut-off Date Principal Balance:	\$16,552,032
Maturity Date Principal Balance:	\$6,175,876
% of Initial TEL Pool Balance:	80.5%
Loan Purpose:	Supplemental
Interest Rate:	4.340%
First Payment Date:	July 1, 2016
Maturity Date:	June 1, 2026
Amortization:	14-year schedule
Call Protection:	YM1%(113) 1%(3) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$279,357
Maturity Date Principal Balance / Unit:	\$235,760
Cut-off Date LTV:	69.7%
Maturity Date LTV:	58.8%
Underwritten DSCR:	1.15x
# of Units:	238
Collateral:	Fee Simple
Location:	New Brunswick, NJ
Property Sub-type:	High Rise
Year Built / Renovated:	2015 / N/A
Occupancy:	93.3% (12/31/2016)
Underwritten / Most Recent NCF:	\$4,045,945 / \$3,516,592

**2. Huntington Villa Yorba (Taxable Tail) <sup>(1)</sup>**



Original Principal Balance:	\$3,047,948
Cut-off Date Principal Balance:	\$3,003,558
Maturity Date Principal Balance:	\$2,438,794
% of Initial TEL Pool Balance:	14.6%
Loan Purpose:	Supplemental
Interest Rate:	5.190%
First Payment Date:	January 1, 2016
Maturity Date:	April 1, 2030
Amortization:	35-year schedule
Call Protection:	YM1%(159) 1%(9) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$212,857
Maturity Date Principal Balance / Unit:	\$168,607
Cut-off Date LTV:	69.7%
Maturity Date LTV:	55.2%
Underwritten DSCR:	1.16x
# of Units:	198
Collateral:	Fee Simple
Location:	Huntington Beach, CA
Property Sub-type:	Garden
Year Built / Renovated:	1971 / 2015
Occupancy:	100.0% (12/31/2016)
Underwritten / Most Recent NCF:	\$3,002,219 / \$3,290,235

**3. Penn Street Tower (Taxable Tail)<sup>(1)</sup>**



Original Principal Balance:	\$1,025,000
Cut-off Date Principal Balance:	\$1,014,262
Maturity Date Principal Balance:	\$778,209
% of Initial TEL Pool Balance:	4.9%
Loan Purpose:	Supplement
Interest Rate:	4.460%
First Payment Date:	August 1, 2016
Maturity Date:	July 1, 2031
Amortization:	35-year schedule
Call Protection:	YM1%(113) 1%(63) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$140,268
Maturity Date Principal Balance / Unit:	\$108,453
Cut-off Date LTV:	78.6%
Maturity Date LTV:	60.7%
Underwritten DSCR:	1.19x
# of Units:	98
Collateral:	Fee Simple
Location:	Indianapolis, IN
Property Sub-type:	High Rise
Year Built / Renovated:	1909 / 2015
Occupancy:	94.9% (3/31/2017)
Underwritten / Most Recent NCF:	\$864,425 / \$833,442

(1) With respect to Cut-Off Date Principal Balance/Unit, Maturity Date Principal Balance/Unit, Cut-Off Date LTV, Maturity Date LTV and Underwritten DSCR, the calculations include the underlying mortgage loan and the related senior tax-exempt mortgage loan (which is not included in the trust). The interest on the underlying mortgage loan is calculated based on an Interest Accrual Basis of Actual / 360 whereas the interest on the related senior tax-exempt mortgage loan, which is not included in the ML-02 trust, is calculated based on an Interest Accrual Basis of 30 / 360.

**EXHIBIT B**

**FORM OF CERTIFICATE ADMINISTRATOR'S STATEMENT TO CERTIFICATEHOLDERS**

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**DATES**

Payment Date:	Jul 25, 2017	First Payment Date:	Jul 25, 2017
Prior Payment:		Closing Date:	Jun 29, 2017
Next Payment:	Aug 25, 2017	Cut-off Date:	Jun 1, 2017
Record Date:	Jun 30, 2017	Final Distribution Date:	
Determination Date:	Jul 11, 2017		

**ADMINISTRATOR**

Name:  
Title:

Address:

Phone:  
Email:  
Website:

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**PARTIES TO THE TRANSACTION**

**Guarantor:** Federal Home Loan Mortgage Corporation

**Depositor:** Federal Home Loan Mortgage Corporation

**Trustee:** U.S. Bank National Association

**Certificate Administrator:** U.S. Bank National Association

**Custodian:** U.S. Bank National Association

**Master Servicer:** Federal Home Loan Mortgage Corporation

**Special Servicer:** Midland Loan Services, a Division of PNC Bank, National Association

\* This report contains, or is based on, information furnished to U.S. Bank Global Corporate Trust Services ("U.S. Bank") by one or more third parties (e.g. Servicers, Master Servicer, etc.), and U.S. Bank has not independently verified information received from any such third party.





PAYMENT DETAIL

Class	Pass-Through Rate	Next Pass-Through Rate	Original Balance	Beginning Balance	Principal Distribution	Interest Distribution	Total Distribution	Negative Amortization	Realized Loss	Ending Balance
A										
B										
X										
R										
RS										
Totals:										



FACTOR DETAIL

Class	Cusip	Beginning Balance	Principal Distribution	Interest Distribution	Total Distribution	Realized Loss	Ending Balance
A							
B							
X							
R							
RS							

Totals:

-



PRINCIPAL DETAIL

Class	Beginning Balance	Scheduled Principal	Unscheduled Principal	Realized Loss	Ending Balance	Deficiency Prin Amount Paid	Credit Support	
							Original	Current
A								
B								
Totals:								



INTEREST DETAIL

Class	Accrued Certificate Interest	Net Prepay Interest Shortfall	Current Interest Shortfall	Deficiency Int Amount Paid	Prepayment Premium	Total Interest Distribution Amount	Cumul Unpaid Interest Shortfall
A							
X							
<b>Totals:</b>							



RECONCILIATION OF FUNDS

Funds Collection		Funds Distribution	
<u>Interest</u>		<u>Fees</u>	
Scheduled Interest		Master Servicing Fee	
Interest Adjustments		Trustee Fee	
Deferred Interest		Certificate Administrator Fee	
Net Prepayment Shortfall		Master Servicer Surveillance Fee	
Net Prepayment Interest Excess		Special Servicer Surveillance Fee	
Current REO Interest Advances		CREFC® Intellectual Property Royalty	
Interest Reserve (Deposit)/Withdrawal	_____	License Fee	
Interest Collections		Guarantee Fee	
		Miscellaneous Fee	_____
		Fee Distributions	
		<u>Additional Trust Fund Expenses</u>	
		Reimbursed for Interest on Advances	
<u>Principal</u>		Net ASER Amount	
Scheduled Principal		Special Servicing Fee	
Unscheduled Principal		Workout Fee	
Principal Adjustments		Liquidation Fee	
Current REO Principal Advances	_____	Special Serv Fee plus Adj.	
Principal Collections		Non-Recoverable Advances	
		Other Expenses or Shortfalls	_____
		Additional Trust Fund Expenses	
<u>Other</u>		Guarantor Reimb/ Reimb Int/ Timing Reimb	_____
Static Prepayment Premium/Yield Maintenance		<u>Payments to Certificateholders</u>	
Deficiency Amount	_____	Interest Distribution	
Guarantor Payment		Principal Distribution	
Other Collections		Static Prepayment Premium/Yield Maintenance	
		Payments to Certificateholders	_____
Total Collection	=====	Total Distribution	=====

**ADDITIONAL RECONCILIATION DETAIL**

**Current Deficiency Detail:**

Class	Unpaid Accrued Interest	Balloon Guarantor Payment	Realized Loss and Additional Trust Fund Exp	Unpaid Prin on Assum'd Final Distrib Date	Deficiency Amount	Unpaid End Deficiency Amount
A	0.00	0.00	0.00	0.00	0.00	0.00
X	0.00	N/A	N/A	N/A	0.00	0.00
<b>Totals:</b>	0.00	0.00	0.00	0.00	0.00	0.00

**Cumulative Deficiency Detail:**

Class	Unpaid Accrued Interest	Balloon Guarantor Payment	Realized Loss and Additional Trust Fund Exp	Unpaid Prin on Assum'd Final Distrib Date	Paid Deficiency Amount
A	0.00	0.00	0.00	0.00	0.00
X	0.00	N/A	N/A	N/A	0.00
<b>Totals:</b>	0.00	0.00	0.00	0.00	0.00

**Advances:**

	Master Servicer	Special Servicer	Trustee
Principal	0.00	0.00	0.00
Interest	0.00	0.00	0.00
<b>Current Net Adv</b>	0.00	0.00	0.00
<b>Cumul Net Adv</b>	0.00	0.00	0.00
<b>Interest on Adv</b>	0.00		

**Unreimbursed Indemnification Expenses:**

Party	Curr Accrued Indemn Exp	Curr Paid Indemn Exp	Cumul Unreimb Indemn Exp
Master Servicer	0.00	0.00	0.00
Special Servicer	0.00	0.00	0.00
Trustee/Certificate Admin/Custodian	0.00	0.00	0.00
Depositor	0.00	0.00	0.00
<b>Total:</b>	0.00	0.00	0.00

**Interest Reserve Account:**

	Beg Bal	(Withdraw)/Dep	End Bal
Reserve Activity			



ADDITIONAL RECONCILIATION DETAIL

Mortgage Loan Activity

Group	Number of Loans Remaining	Beginning Scheduled Balance	Principal Remittance	Current Realized Losses	Interest Remittance	Available Distribution Amount	Ending Scheduled Balance	Realized Losses Since Cutoff	Ending Actual Balance



HISTORICAL BOND/COLLATERAL REALIZED LOSS RECONCILIATION

Distribution Date	Loan ID	Curr Beg Sch Bal of Loan at Liquidation	Aggregate Realized Loss on Loans	Prior Real'd Loss Appl'd to Cert A	Amt Covered by OC/other Credit Support B	Int (Shortages) / Excesses appl'd to Real'd Loss C	Mod Adj/ Appraisal Reduction Adj D	Add'l (Recov) Exp appl'd to Real'd Loss E	Real'd Loss Appl'd to Cert to Date	Recov of Real'd Loss paid as Cash	(Recov)/Real'd Loss Appl'd to Cert Int
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Loan Count:                      Totals:

Description of Fields

\*In the Initial Period the Current Realized Loss Applied to Certificates will equal Aggregate Realized Loss on Loans - B - C - D + E instead of A - C - D + E

- A                      Prior Realized Loss Applied to Certificates
- B                      Reduction to Realized Loss applied to bonds (could represent OC, insurance policies, reserve accounts, etc)
- C                      Amounts classified by the Master as interest adjustments from general collections on a loan with a Realized Loss
- D                      Adjustments that are based on principal haircut or future interest foregone due to modification
- E                      Realized Loss Adjustments, Supplemental Recoveries or Expenses on a previously liquidated loan



HISTORICAL DELINQUENCY & LIQUIDATION SUMMARY

Month	30 Days Delinq <sup>(1)</sup>		60 Days Delinq <sup>(1)</sup>		90+ Days Delinq <sup>(1)</sup>		Bankruptcy		Foreclosure		REO		Prepayments	
	Count	Balance	Count	Balance	Count	Balance	Count	Balance	Count	Balance	Count	Balance	Count	Balance
(1) Exclusive of loans in Bankruptcy, Foreclosure and REO														



REO STATUS REPORT

Loan ID	State	Ending Scheduled Loan Amount	REO Date	Total Exposure	Most Recent Value	Appraisal Reduction Amount	Date Asset Expected to be Resolved or Foreclosed	Net Proceed on Liquidation	Other Revenue Collected	Liquidation/ Prepayment Date
<b>Count:</b>										
<b>Totals:</b>										



HISTORICAL LIQUIDATION LOSS LOAN DETAIL

Loan ID	Current Beginning Scheduled Balance	Most Recent Value	Liquidation Sales Price	Net Proceeds Received on Liquidation	Liquidation Expense	Net Proceeds Available for Distribution	Realized Loss to Trust	Current Period Adjustment to Trust	Date of Current Period Adjustment to Trust	Loss to Loan with Cumulative Adjustment to Trust
<b>Count:</b>										
<b>Totals:</b>										



INTEREST SHORTFALL RECONCILIATION

Loan ID	Current Ending Scheduled Balance	Special Servicing Fee Amount plus Adjustments	Liquidation Fee Amount	Workout Fee Amount	Most Recent Net ASER Amount	Prepayment Interest (Excess)/ Shortfall *	Non-Recoverable (Scheduled Interest)**	Reimbursed Interest on Advances	Modified Interest Rate Reduction/ (Excess)	Reimbursement of Advances to Servicer Current Month	Outstanding	Other Shortfalls/ (Refunds)
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Count:

Totals:

Total Interest Shortfall hitting the Trust: 0.00

\*Total shortfall may not match impact to bonds due to, but not limited to, the net effect of PPIE and Master Servicing fees received as per the governing documents.

\*\*In some cases, the Servicer does not withhold their Servicing Fees on Non-Recoverable loans.



NOI LOAN DETAIL

Loan ID	ODCR	Property Type	City	State	End Schedule Balance	Most Recent Fiscal NOI	Most Recent NOI	Most Recent NOI Start Dt	Most Recent NOI End Dt	Occupancy %	Occupancy as of Date
<b>Count:</b>											
<b>Totals:</b>											



APPRAISAL REDUCTION REPORT

Loan ID	Property Name	Paid Through Date	ARA (Appraisal Reduction Amount)	ARA Date	Most Recent Value	Most Recent Valuation Date	Most Recent Net ASER Amount	Cumulative ASER Amount
<b>Count:</b>	<b>Totals:</b>							



LOAN LEVEL DETAIL

Loan ID	Property Type	Transfer Date	State*	Maturity Date	Neg Am	End Schedule Balance	Note Rate	Sched P&I	Prepay Adj	Prepay Date	Paid Thru	Prepay Premium	Loan Status **	Interest Payment	Yield Maint Charges
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Count: Totals:

\* If State field is blank or 'XX', loan has properties in multiple states.

\*\* Loan Status: A = Payment not received but still in grace period; B = Late Payment but less than 30 days delinquent; 0 = Current; 1 = 30-59 Days Delinquent; 2 = 60-89 Days Delinquent; 3 = 90-120 Days Delinquent; 4 = Performing Matured Balloon; 5 = Non-Performing Matured Balloon; 6 = 121+ Days Delinquent; R = Repurchased.



**HISTORICAL LOAN MODIFICATION REPORT**

Loan ID	Date of Last Modification	Balance When Sent to Special Servicer	Modified Balance	Old Note Rate	Modified Note Rate	Old P&I	Modified Payment Amount	Old Maturity Date	Maturity Date	Total Months for Change of Modification	Modification Code*
<p>*Modification Code: 1 = Maturity Date Extension; 2 = Amortization Change; 3 = Principal Write-Off; 4 =Not Used; 5 = Temporary Rate Reduction; 6 = Capitalization on Interest; 7 = Capitalization on Taxes; 8 = Other; 9 = RCombination; 10 = Forbearance.</p>											



**MATERIAL BREACHES AND DOCUMENT DEFECTS**

Loan ID	Ending Principal Balance	Material Breach Date	Date Received Notice	Description
<b>Count:</b>	<b>Totals:</b>			

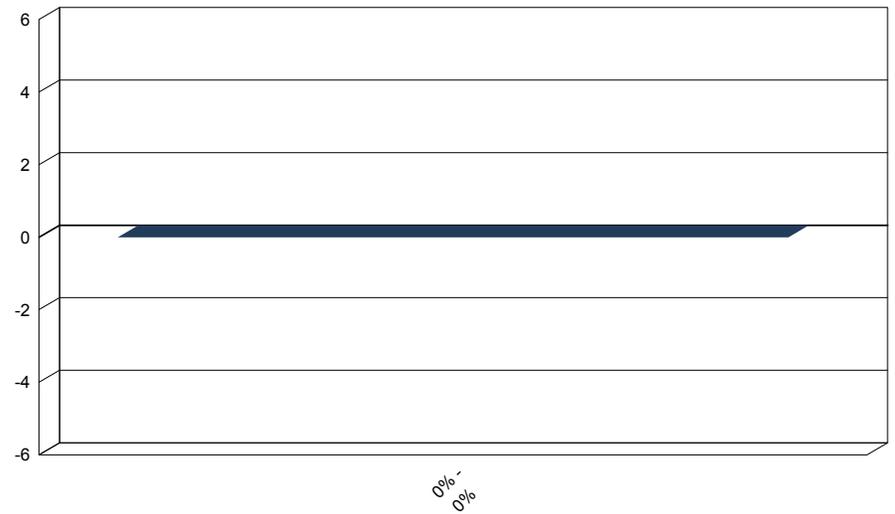
MORTGAGE LOAN CHARACTERISTICS

Remaining Principal Balance

Gross Rate

	Count	Balance (\$)	%
0% - 0%	0	\$0.00	0.00%
<b>Total</b>	<b>0</b>	<b>\$0.00</b>	<b>0.00%</b>

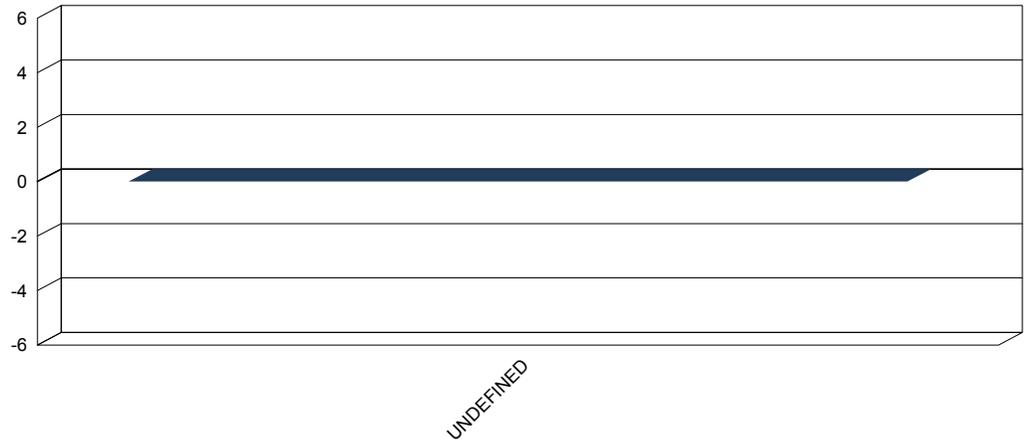
Total Weighted Average Rate: 0.00%



MORTGAGE LOAN CHARACTERISTICS

Geographic Distribution by State

	Count	Balance (\$)	%
UNDEFINED	0	\$0.00	0.00%
<b>Total</b>	<b>0</b>	<b>\$0.00</b>	<b>0.00%</b>



Property Type

	Count	Balance (\$)	%
UNDEFINED	0	\$0.00	0.00%
<b>Total</b>	<b>0</b>	<b>\$0.00</b>	<b>0.00%</b>

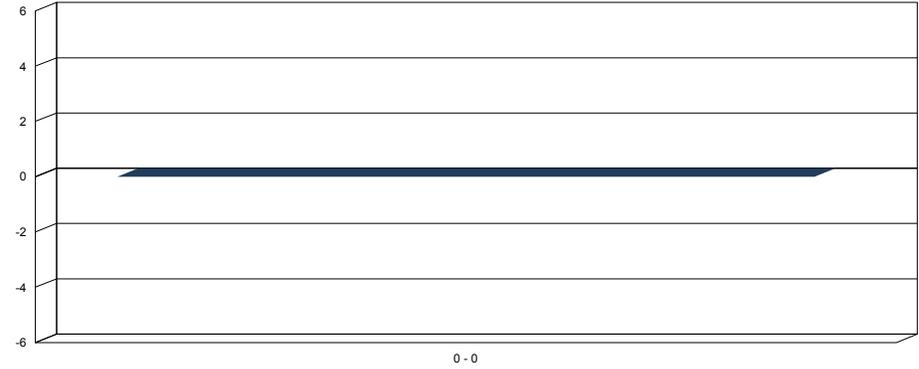
UNDEFINED	0.0%
<b>Total:</b>	<b>100.0%</b>

MORTGAGE LOAN CHARACTERISTICS

Seasoning

Months	Count	Balance (\$)	%
0 - 0	0	\$0.00	0.00%
<b>Total</b>	<b>0</b>	<b>\$0.00</b>	<b>0.00%</b>

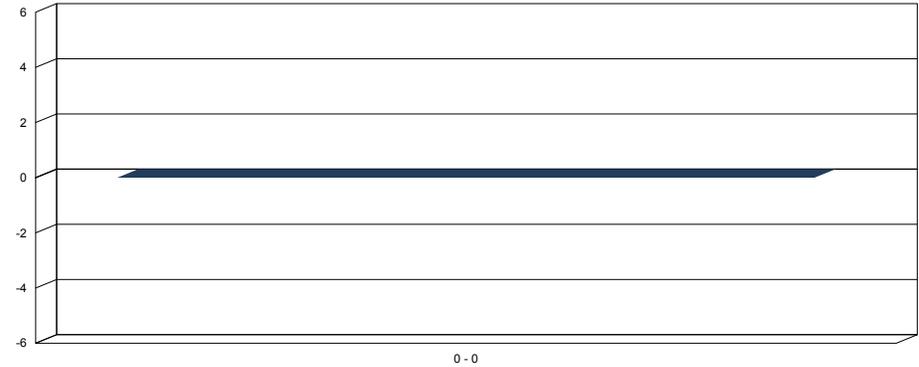
Total Weighted Average Seasoning: 0



Remaining Term to Maturity

Months	Count	Balance (\$)	%
0 - 0	0	\$0.00	0.00%
<b>Total</b>	<b>0</b>	<b>\$0.00</b>	<b>0.00%</b>

Total Weighted Average Remaining Months: 0



MORTGAGE LOAN CHARACTERISTICS

DSCR

	Count	Balance (\$)	%
0.000 (N/A)	0	\$0.00	0.00%
<b>Total</b>	<b>0</b>	<b>\$0.00</b>	<b>0.00%</b>

Total Weighted Average DSCR: 0.00



Amortization Type

	Count	Balance (\$)	%
UNDEFINED	0	\$0.00	0.00%
<b>Total</b>	<b>0</b>	<b>\$0.00</b>	<b>0.00%</b>

UNDEFINED	0.00%
Total:	100.00%



**DELINQUENT LOAN DETAIL**

Loan ID	Paid Thru Date	Current P&I Advances**	Outstanding P&I Advances***	Outstanding Servicing Advances	Loan Status Code*	Special Servicer Transfer Date	Foreclosure Date	Bankruptcy Date	Reo Date
<b>Count:</b>		<b>Totals:</b>							
<p>* Loan Status: A = Payment not received but still in grace period; B = Late Payment but less than 30 days delinquent; 0 = Current; 1 = 30-59 Days Delinquent; 2 = 60-89 Days Delinquent; 3 = 90-120 Days Delinquent; 4 = Performing Matured Balloon; 5 = Non-Performing Matured Balloon; 6 = 121+ Days Delinquent.</p> <p>** Current advances are not provided but are derived from information received from the Servicer</p> <p>***Outstanding P&amp;I Advances include the current period P&amp;I Advances and may include Servicer Advances.</p>									



**SPECIALLY SERVICED (PART I) - LOAN DETAIL**

Loan ID	Servicing Xfer Date	Loan Status	Schedule Balance	Actual Balance	Note Rate	Maturity Date	Remaining Life	Property Type	Geo. Location	NOI	DSCR	NOI Date
<b>Count:</b>		<b>Totals:</b>										

(1) Legend: A (Payment not received but still in grace period), B (Late Payment but less than 30 days delinq), 0 (Current), 1 (30-59 Days Delinq), 2 (60-89 Days Delinq), 3 (90-120 Days Delinq), 4 (Performing Matured Balloon), 5 (Non-Performing Matured Balloon), 6 (121+ Days Delinq).



**SPECIALLY SERVICED (PART II) - SERVICER COMMENTS**

Loan ID	Resolution Strategy	Comments

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## EXHIBIT C-1

### DEPOSITOR'S REPRESENTATIONS AND WARRANTIES

As of the Closing Date, the depositor will make, with respect to each underlying mortgage loan sold by it that we include in the issuing entity, representations and warranties that are expected to be generally in the form set forth below. The exceptions to those representations and warranties are expected to be generally in the form set forth on Exhibit C-2 to this offering circular supplement. Capitalized terms used but not otherwise defined in this Exhibit C-1 will have the meanings set forth in this offering circular supplement or, if not defined in this offering circular supplement, in the Pooling Agreement.

The Pooling Agreement, together with the representations and warranties, serves to contractually allocate risk between the depositor, on the one hand, and the issuing entity, on the other. We present the representations and warranties set forth below for the sole purpose of describing some of the expected terms and conditions of that risk allocation. The presentation of representations and warranties below is not intended as statements regarding the actual characteristics of the underlying mortgage loans, the mortgaged real properties or other matters. We cannot assure you that the underlying mortgage loans actually conform to the statements made in the representations and warranties that we present below.

For purposes of these representations and warranties, the phrase “to the knowledge of Freddie Mac” or “to Freddie Mac’s knowledge” will mean, except where otherwise expressly set forth below, the actual state of knowledge of the depositor or any servicer acting on its behalf with respect to the Loans regarding the matters referred to (but expressly excluding the knowledge of the holder of the related first lien (the “Fiscal Agent”), or any servicer acting with respect to such related first lien (any back-to-back loans secured by any such related first lien being collectively referred to herein as a “Senior Loan”), unless in either case such servicer is also the servicer for such Senior Loan), (a) after the depositor’s having conducted such inquiry and due diligence into such matters as would be customarily required by the depositor’s underwriting standards represented in the Multifamily Seller/Servicer Guide (the “Guide”) and the depositor’s credit policies and procedures, at the time of the depositor’s acquisition of the particular Loan; and (b) subsequent to such acquisition, utilizing the monitoring practices customarily utilized by the depositor and its servicer pursuant to the Guide, except as otherwise set forth herein. All information contained in documents which are part of or required to be part of a Mortgage File will be deemed to be within the knowledge of the depositor. Wherever there is a reference to receipt by, or possession of, the depositor of any information or documents, or to any action taken by the depositor or not taken by the depositor, such reference will include the receipt or possession of such information or documents by, or the taking of such action or the not taking of such action by, either the depositor or any servicer acting on its behalf. (All capitalized terms used but not defined in these representations and warranties shall have the meanings ascribed thereto in the Pooling Agreement entered into in connection with the securitization of the Loans.)

The depositor represents and warrants, subject to the exceptions set forth in the Exception Report attached as Exhibit C-2, with respect to each Loan, that as of the date specified below or, if no date is specified, as of the Closing Date, the following representations and warranties are true and correct in all material respects:

(1) Fixed Rate.

Each Loan bears interest at a fixed rate.

(2) Cross-Collateralized and/or Cross-Defaulted Loans.

Except with respect to any subordinate mortgage loan identified in paragraph 3 and any Loan cross-collateralized and/or cross-defaulted with a Senior Loan, no Loan is cross-collateralized or cross-defaulted with any other mortgage loan not being transferred to the Taxable Loan Trust.

(3) Subordinate Loans.

As of the Origination Date, there were no subordinate mortgages securing subordinate loans encumbering the related Project and, as of the Closing Date, the related Borrower has not acquired any permitted subordinate debt secured by the related Project from Freddie Mac (other than, if applicable, other Loans being transferred to the Taxable Loan Trust). Freddie Mac has no knowledge of any mezzanine debt related to such Project.

(4) Single Purpose Entity.

- (a) The Loan Documents executed in connection with each Loan with an original principal balance of more than \$5,000,000 require the Borrower to be a Single Purpose Entity (defined below) for at least as long as the Loan is outstanding, except in cases where the related Project is a residential cooperative property.
- (b) To Freddie Mac's knowledge, each such Borrower is a Single Purpose Entity.

For this purpose, a "Single Purpose Entity" will mean an entity (not an individual) which meets all of the following requirements:

- (i) An entity whose organizational documents provide and which entity represented in the related Loan Documents, substantially to the effect that each of the following is true with respect to each Borrower:
  - (A) it was formed or organized solely for the purpose of owning and operating one or more of the Projects securing the Loans, and
  - (B) it is prohibited from engaging in any business unrelated to such Project or Projects.
- (ii) An entity whose organizational documents provide or which entity represented in the related Loan Documents, substantially to the effect that all the following are true with respect to each Borrower:
  - (A) it does not have any assets other than those related to its interest in and operation of such Project or Projects,
  - (B) it does not have any indebtedness other than the Senior Loan(s), other loans being transferred to the Taxable Loan Trust (if applicable), and as otherwise permitted by the related Security Instrument(s) or the other related Loan Documents,
  - (C) it has its own books and records and accounts separate and apart from any other Person (other than a Borrower for a Loan that is cross-collateralized and cross-defaulted with the related Loan or the related Senior Loan), and
  - (D) it holds itself out as a legal entity, separate and apart from any other Person.
- (c) Each Loan with an original principal balance of \$25,000,000 or more has a counsel's opinion regarding non-consolidation of the Borrower in any insolvency proceeding involving any other party.
- (d) To Freddie Mac's actual knowledge, each Borrower has fully complied with the requirements of the related Loan Documents and the Borrower's organizational documents regarding Single Purpose Entity status.

- (e) The Loan Documents executed in connection with each Loan with an original principal balance of \$5,000,000 or less prohibit the related Borrower from doing either of the following:
  - (i) having any assets other than those related to its interest in the related Project or its financing, or
  - (ii) engaging in any business unrelated to such property and the related Loan.

(5) Licenses, Permits and Authorization.

- (a) As of the Origination Date, to Freddie Mac's knowledge, based on the related Borrower's representations and warranties in the related Loan Documents, the Borrower, commercial lessee and/or operator of the Project was in possession of all material licenses, permits, and authorizations required for use of the related Project as it was then operated.
- (b) Each Borrower covenants in the related Loan Documents that it will remain in material compliance with all material licenses, permits and other legal requirements necessary and required to conduct its business.

(6) Condition of Project.

To Freddie Mac's knowledge, as of the Origination Date, based solely upon due diligence customarily performed in connection with the origination of comparable loans, one of the following is applicable:

- (a) each related Project is free of any material damage that would materially and adversely affect the use or value of such Project as security for the Loan (other than normal wear and tear), or
- (b) to the extent a prudent lender would so require, Freddie Mac has required a reserve, letter of credit, guaranty, insurance coverage or other mitigant with respect to the condition of the Project.

(7) Access, Public Utilities and Separate Tax Parcels.

All of the following are true and correct with regard to each Project:

- (a) each Project is located on or adjacent to a dedicated road, or has access to an irrevocable easement permitting ingress and egress,
- (b) each Project is served by public utilities and services generally available in the surrounding community or otherwise appropriate for the use in which the Project is currently being utilized, and
- (c) each Project constitutes one or more separate tax parcels. In certain cases, if such Project is not currently a separate tax parcel, an application has been made to the applicable governing authority for creation of separate tax parcels, in which case the Loan Documents require the Borrower to escrow an amount sufficient to pay taxes for the existing tax parcel of which the Project is a part until the separate tax parcels are created.
- (d) Any requirement described in clauses (a), (b) or (c) will be satisfied if such matter is covered by an endorsement or affirmative insurance under the related Title Policy (defined in paragraph 11).

(8) Taxes and Assessments.

One of the following is applicable:

- (a) there are no delinquent or unpaid taxes, assessments (including assessments payable in future installments) or other outstanding governmental charges affecting any Project that are or may become a lien of priority equal to or higher than the lien of the related Security Instrument, or
- (b) an escrow of funds has been established, in connection with the Senior Loan(s) and/or the Loan, in an amount (including all ongoing escrow payments to be made prior to the date on which taxes and assessments become delinquent) sufficient to cover the payment of such unpaid taxes and assessments.

For purposes of this representation and warranty, real property taxes and assessments will not be considered unpaid until the date on which interest or penalties would be first payable.

(9) Ground Leases.

No Loan is secured in whole or in part by the related Borrower's interest as lessee under a ground lease of the related Project without also being secured by the related fee interest in such Project.

(10) Valid Lien.

- (a) Each related Security Instrument creates a valid and enforceable lien subject and inferior only to the liens created in connection with or as security for the Senior Loan(s) on the related Project (and, if applicable, the liens created in connection with or as security for any other Loans being transferred to the Taxable Loan Trust) and subject to Permitted Encumbrances (defined below) and except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).
- (b) If the related Loan is cross-collateralized with any other Loan(s) or any Senior Loans, the related Security Instrument encumbering the related Project also secures such other Loan(s) and Senior Loans.
- (c) The related Project is free and clear of any mechanics' and materialmen's liens which are prior to or equal with the lien of the related Security Instrument, except those which are bonded over, escrowed for or insured against by a Title Policy.
- (d) A UCC financing statement has been filed and/or recorded (or sent for filing or recording) (or, in the case of fixtures, the Security Instrument constitutes a fixture filing) in all places (if any) necessary at the time of origination of the Loan to perfect a valid security interest (subject and inferior to the perfected security interest(s) created in connection with or as security for the Senior Loan(s) and, if applicable, any other Loans being transferred to the Taxable Loan Trust) in the personal property owned by Borrower and reasonably necessary to operate the related Project in its current use other than for any of the following:
  - (i) non-material personal property,
  - (ii) personal property subject to purchase money security interests, and
  - (iii) personal property that is leased equipment, to the extent a security interest may be created by filing or recording.

Notwithstanding the foregoing, no representation is made as to the perfection of any security interest in rents or other personal property to the extent that possession or control of such items or actions other than the filing of UCC financing statements are required in order to effect such perfection.

- (e) Any Security Instrument or equivalent document related to and delivered in connection with the Loan establishes and creates a valid and enforceable lien on the property described therein (other than on healthcare licenses or on payments to be made under Medicare, Medicaid or similar federal, state or local third party payor programs that are not assignable without governmental approval), subject to the liens created in connection with or as security for the Senior Loan(s) (and, if applicable, any other Loans being transferred to the Taxable Loan Trust) and subject to other Permitted Encumbrances and except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(11) Title Insurance.

- (a) Each Project is covered by an ALTA lender's title insurance policy (or its equivalent as set forth in the applicable jurisdiction), a pro forma policy or a marked-up title insurance commitment (on which the required premium has been paid) that evidences such title insurance policy (collectively, a "Title Policy"), in the original principal amount of the related Loan (or the allocated loan amount of the portions of the Project that are covered by such Title Policy).
- (b) Each Title Policy insures that the related Security Instrument is a valid lien subject and inferior only to the liens created in connection with or as security for the Senior Loan(s) on the related Project (and, if applicable, the liens created in connection with or as security for any other Loans being transferred to the Taxable Loan Trust) and subject only to Permitted Encumbrances.
- (c) Each Title Policy (or, if it has yet to be issued, the coverage to be provided by such Title Policy) is in full force and effect and all premiums have been paid.
- (d) Each Title Policy contains no exclusion for or affirmatively insures (except for any Project located in a jurisdiction where such affirmative insurance is not available) each of the following:
  - (i) there is access to a public road,
  - (ii) the area shown on the survey is the same as the property legally described in the Security Instrument,
  - (iii) unless the property is located in one of the Super Lien States (defined below), the lien of the Security Instrument is superior to a lien created by any applicable statute relating to environmental remediation, and
  - (iv) to the extent that the Project consists of two or more adjoining parcels, such parcels are contiguous.
- (e) No material claims have been made or paid under the Title Policy.
- (f) Freddie Mac has not done, by act or omission, anything that would materially impair or diminish the coverage under the Title Policy, and has no knowledge of any such action or omission.
- (g) Immediately following the transfer and assignment of the related Loan to the Trustee, the Title Policy (or, if it has yet to be issued, the coverage to be provided by such Title Policy) will inure to the benefit of the Trustee without the consent of or notice to the insurer of the Title Policy.
- (h) The applicable Mortgage Loan Originator, Freddie Mac and its successors and assigns are the sole named insureds under the Title Policy.

- (i) To Freddie Mac's knowledge, the insurer of the Title Policy is qualified to do business in the jurisdiction in which the related Project is located.

"Permitted Encumbrances" will mean:

- (i) any lien created in connection with or as security for the Senior Loan(s) and any lien created in connection with or as security for any other Loans being transferred to the Taxable Loan Trust,
- (ii) the lien of current real property taxes, ground rents, water charges, sewer rents and assessments not yet delinquent,
- (iii) covenants, conditions and restrictions, rights of way, easements and other matters of public record specifically identified in the Title Policy, none of which, individually or in the aggregate, materially interferes with any of the following:
  - (A) the current use of the Project,
  - (B) the security in the collateral intended to be provided by the lien of such Security Instrument,
  - (C) the related Borrower's ability to pay its obligations when they become due, or
  - (D) the value of the Project,
- (iv) exceptions (general and specific) and exclusions set forth in such Title Policy, none of which, individually or in the aggregate, materially interferes with any of the following:
  - (A) the current use of the Project,
  - (B) the security in the collateral intended to be provided by the lien of such Security Instrument,
  - (C) the related Borrower's ability to pay its obligations when they become due, or
  - (D) the value of the Project,
- (v) the rights of tenants, as tenants only, under leases, including subleases, pertaining to the related Project,
- (vi) other matters to which similar properties are commonly subject, none of which, individually or in the aggregate, materially interferes with any of the following:
  - (A) the current use of the Project,
  - (B) the security in the collateral intended to be provided by the lien of such Security Instrument,
  - (C) the related Borrower's ability to pay its obligations when they become due, or
  - (D) the value of the Project, and
- (vii) if the related Loan is cross-collateralized with any other Loan(s), the lien of any such cross-collateralized Loan(s).

“Super Lien States” means Alaska, Arizona, Arkansas, Connecticut, Delaware, District of Columbia, Hawaii, Illinois, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, Texas, Washington and/or Wisconsin.

(12) Encroachments.

- (a) To Freddie Mac’s knowledge (based only upon the Title Policy obtained in connection with the origination of the Loan, and upon any written certifications relating to prior-dated surveys that may have been obtained from the related Borrowers in connection with the origination of the Loan), as of the related Origination Date of each Loan, all of the material improvements on the related Project that were considered in determining the appraised value of the Project lay wholly within the boundaries and building restriction lines of such property and there are no encroachments of any part of any building over any easement, except for one or more of the following:
- (i) encroachments onto adjoining parcels that are insured against by the related Title Policy,
  - (ii) encroachments that do not materially and adversely affect the operation, use or value of such Project or the security intended to be provided by the Security Instrument,
  - (iii) violations of the building restriction lines that are covered by ordinance and law coverage in amounts customarily required by prudent multifamily mortgage lenders for similar properties,
  - (iv) violations of the building restriction lines that are insured against by the related Title Policy, or
  - (v) violations of the building restriction lines that do not materially and adversely affect the operation, use or value of such Project or the security intended to be provided by the Security Instrument.
- (b) To Freddie Mac’s knowledge (based only upon the Title Policy obtained in connection with the origination of the Loan, and upon any written certifications relating to prior-dated surveys that may have been obtained from the related Borrowers in connection with the origination of the Loan), as of the related Origination Date of each Loan, no improvements on adjoining properties materially encroached upon such Project so as to materially and adversely affect the operation, use or value of such Project or the security intended to be provided by the Security Instrument, except those encroachments that are insured against by the related Title Policy.

(13) Zoning.

As of the Origination Date, based upon the “Zoning Due Diligence” (defined below) one of the following is applicable to each Project:

- (a) the improvements located on or forming part of each Project materially comply with applicable zoning laws and ordinances, or
- (b) the improvements located on or forming part of each Project constitute a legal non-conforming use or structure and one of the following is true:
  - (i) the non-compliance does not materially and adversely affect the value of the related Project, or
  - (ii) ordinance and law coverage was provided in amounts customarily required by prudent multifamily mortgage lenders for similar properties.

The foregoing may be based upon one or more of the following (“Zoning Due Diligence”):

- (a) a statement of full restoration by a zoning authority, or a zoning classification letter, zoning confirmation letter or similar zoning letter issued by a zoning authority in connection with the origination of the Loan,
- (b) copies of legislation or variance permitting full restoration of the Project,
- (c) a damage restoration statement along with an evaluation of the Project,
- (d) a zoning report prepared by a company acceptable to Freddie Mac,
- (e) an opinion of counsel, and/or
- (f) other due diligence considered reasonable by prudent multifamily mortgage lenders in the lending area where the subject Project is located (such reasonable due diligence includes, but is not limited to, ordinance and law coverage as specified in clause (b)(ii) above).

(14) Environmental Conditions.

- (a) As of the Origination Date, each Borrower represented and warranted in all material respects that to its knowledge, such Borrower has not used, caused or permitted to exist (and will not use, cause or permit to exist) on the related Project any Hazardous Materials in any manner which violates federal, state or local laws, ordinances, regulations, orders, directives or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials or other environmental laws, subject to each of the following:
  - (i) exceptions set forth in certain Environmental Reports, neighborhood hazardous waste activity reports or other updated database searches obtained in connection with the origination of the Loan to such Borrower,
  - (ii) Hazardous Materials that are commonly used in the operation and maintenance of properties of similar kind and nature to the Project,
  - (iii) Hazardous Materials that are commonly used in accordance with prudent management practices and applicable law, and
  - (iv) Hazardous Materials that are commonly used in a manner that does not result in any contamination of the Project that is not permitted by law).
- (b) Each Security Instrument requires the related Borrower to comply, and to cause the related Project to be in compliance, with all Hazardous Materials Laws applicable to the Project.
- (c) Each Borrower (or an affiliate thereof) has agreed to indemnify, defend and hold the lender and its successors and assigns harmless from and against losses, liabilities, damages, injuries, penalties, fines, expenses, and claims of any kind whatsoever (including attorneys’ fees and costs) paid, incurred or suffered by, or asserted against, any such party resulting from a breach of the foregoing representations or warranties given by the Borrower in connection with such Loan.
- (d) A neighborhood hazardous substances activity report or an updated database search was obtained in connection with the origination of the Loan to such Borrower, and, in the case of certain Loans, a Phase I Environmental Report and/or a Phase II Environmental Report (in either case meeting ASTM International standards), was conducted by a reputable environmental consulting firm with respect to the related Project within 12 months of the Origination Date.

- (e) If any material non-compliance or material existence of Hazardous Materials was indicated in any neighborhood hazardous substances activity report or updated database search (or, if applicable, Phase I Environmental Report or Phase II Environmental Report) obtained in connection with the origination of the Loan, then at least one of the following statements is true:
- (i) funds reasonably estimated to be sufficient to cover the cost to cure any material non-compliance with applicable environmental laws or material existence of Hazardous Materials have been escrowed, or a letter of credit in such amount has been provided, by the related Borrower and held by Freddie Mac or its servicer, subject to any requirements of the Senior Loan(s),
  - (ii) if the neighborhood hazardous substances activity report or updated database search (or, if applicable, Environmental Report) recommended an operations and maintenance plan, but not any material expenditure of funds, the related Borrower has been required to maintain an operations and maintenance plan,
  - (iii) the environmental condition identified in the related neighborhood hazardous substances activity report or updated database search (or, if applicable, Environmental Report) was remediated or abated in all material respects,
  - (iv) a no further action or closure letter was obtained from the applicable governmental regulatory authority (or the environmental issue affecting the related Project was otherwise listed by such governmental authority as “closed”),
  - (v) such conditions or circumstances identified in the neighborhood hazardous substances activity report or updated database search (or, if applicable, Phase I Environmental Report) were investigated further and, based upon such additional investigation, an environmental consultant recommended no further investigation or remediation,
  - (vi) a party with financial resources reasonably estimated to be adequate to cure the condition or circumstance provided a guaranty or indemnity to the related Borrower or lender to cover the costs of any required investigation, testing, monitoring or remediation, or
  - (vii) the reasonably estimated costs of such remediation do not exceed 2% of the outstanding principal balance of the related Loan.
- (f) To the best of Freddie Mac’s knowledge, in reliance on such neighborhood hazardous substances activity reports or updated database searches (or, if applicable, Environmental Reports) and except as set forth in any of the foregoing, each Project is in material compliance with all Hazardous Materials Laws, and to the best of Freddie Mac’s knowledge as of the Origination Date, no notice of violation of such laws has been issued by any governmental agency or authority, except, in all cases, as indicated in such neighborhood hazardous substances activity reports, updated database searches, Environmental Reports (if applicable) or other documents previously provided to the Taxable Loan Trust.
- (g) Freddie Mac has not taken any action that would cause the Project not to be in compliance with all Hazardous Materials Laws.
- (h) All such Environmental Reports or any other environmental assessments including any neighborhood hazardous substances activity reports or updated database searches relied upon by Freddie Mac obtained in connection with the origination of the Loan and of which Freddie Mac has possession have been disclosed to the Taxable Loan Trust.
- (i) [Reserved.]

“Hazardous Materials” means

- (i) petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them,
- (ii) lead and lead-based paint,
- (iii) asbestos or asbestos-containing materials in any form that is or could become friable,
- (iv) underground or above-ground storage tanks that are not subject to a “no further action” letter from the regulatory authority in the related property jurisdiction, whether empty or containing any substance,
- (v) any substance the presence of which on the Project is prohibited by any federal, state or local authority,
- (vi) any substance that requires special handling and any other “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” by or within the meaning of any Hazardous Materials Law, or
- (vii) any substance that is regulated in any way by or within the meaning of any Hazardous Materials Law.

“Hazardous Materials Law” means

- (i) any federal, state, and local law, ordinance and regulation and standard, rule, policy and other governmental requirement, administrative ruling and court judgment and decree in effect now or in the future and including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to the Borrower or to the Project, and
- (ii) Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, et. seq., and their state analogs.

(15) Insurance.

- (a) Each related Project is insured by each of the following:
  - (i) a property damage insurance policy, issued by an insurer meeting the requirements of the Loan Documents and/or the Guide, in an amount not less than
    - (A) the lesser of (1) the outstanding principal amount of the related Loan and (2) the replacement cost (with no deduction for physical depreciation) of the Project, and
    - (B) the amount necessary to avoid the operation of any co-insurance provisions with respect to the related Project,
  - (ii) business income or rental value insurance covering no less than the effective gross income, as determined by Freddie Mac or by the holder of any Senior Loan(s) or its servicer, attributable to the Project for 12 months,

- (iii) comprehensive general liability insurance in amounts generally required by prudent multifamily mortgage lenders for similar properties, and
- (iv) if windstorm and related perils and/or “Named Storm” is excluded from the property damage insurance policy, the Project is insured by a separate windstorm insurance policy or endorsement covering damage from windstorm and related perils and/or “Named Storm” in an amount not less than:
  - (A) the lesser of (1) the outstanding principal amount of the related Loan and (2) the replacement cost (with no deduction for physical depreciation) of the Project, and
  - (B) the amount necessary to avoid the operation of any co-insurance provisions with respect to the related Project.
- (b) All Projects with borrower-owned structures located in (i) seismic zones 3 or 4 or (ii) a geographic location with a horizontal Peak Ground Acceleration (PGA) equal to or greater than 0.15g have had a seismic assessment done for the sole purpose of assessing (A) a scenario expected loss (“SEL”) or (B) a probable maximum loss (“PML”) for the Project in the event of an earthquake. In such instance, the SEL/PML was based upon a 475-year lookback with a 10% probability of exceedance in a 50-year period. If a seismic assessment concluded that the SEL/PML on a Project would exceed 20% of the amount of the replacement costs of the improvements, earthquake insurance was required in an amount not less than 150% of an amount equal to the difference between the projected loss for the Project using the actual SEL/PML and the projected loss for the Project using a 20% SEL/PML.
- (c) Each insurance policy (other than liability policies) requires at least ten days prior notice to the lender of termination or cancellation by the insurer arising because of non-payment of a premium and at least 30 days prior notice to the lender of termination or cancellation by the insurer arising for any reason other than non-payment of a premium, and no such notice has been received by Freddie Mac.
- (d) To Freddie Mac’s knowledge, all premiums on such insurance policies required to be paid have been paid.
- (e) Each insurance policy contains a standard mortgagee clause and loss payee clause in favor of lender and names the mortgagee as an additional insured in the case of liability insurance policies (other than with respect to professional liability policies).
- (f) Based solely on a flood zone determination, if any material portion of the improvements on the Project, exclusive of any parking lots, is located in an area identified by the Federal Emergency Management Agency as a special flood hazard area, then the Borrower is required to maintain flood insurance for such portion of the improvements located in a special flood hazard area in an amount equal to the maximum amount available under the National Flood Insurance Program, plus such additional excess flood coverage in an amount generally required by prudent multifamily mortgage lenders for similar properties.
- (g) The related Loan Documents for each Loan obligate the related Borrower to maintain all such insurance and, if the Borrower fails to do so, authorize the lender, subject to the rights of the lender of any Senior Loan(s), to maintain such insurance at the Borrower’s cost and expense and to seek reimbursement for such insurance from the Borrower.
- (h) None of the Loan Documents contains any provision that expressly excuses the related Borrower from obtaining and maintaining insurance coverage for acts of terrorism.

- (i) The related Loan Documents for each Loan contain customary provisions consistent with the practices of prudent multifamily mortgage lenders for similar properties requiring the related Borrower to obtain such other insurance as the lender may require from time-to-time.

(16) Grace Periods.

For any Loan that provides for a grace period with respect to delinquent Monthly Payments, such grace period is no longer than ten days from the applicable payment date.

(17) Due on Encumbrance.

Each Loan prohibits the related Borrower from doing either of the following:

- (a) from mortgaging or otherwise encumbering the Project without the prior written consent of the lender or the satisfaction of debt service coverage and other criteria specified in the related Loan Documents, and
- (b) from carrying any additional indebtedness other than the Senior Loan(s) and, if applicable, any other loans being transferred to the Taxable Loan Trust, except as set forth in the Loan Documents (including with respect to future permitted subordinate debt) or in connection with trade debt and equipment financings incurred in the ordinary course of Borrower's business.

(18) Carveouts to Non-Recourse.

- (a) The Loan Documents for each Loan provide that:

- (i) the related Borrower will be liable to the lender for any losses incurred by the lender due to any of the following:
  - (A) the misapplication or misappropriation of rents (after a demand is made after an event of default), insurance proceeds or condemnation awards,
  - (B) any breach of the environmental covenants contained in the related Loan Documents,
  - (C) fraud by such Borrower in connection with the application for or creation of the Loan or in connection with any request for any action or consent by the lender, and
- (ii) the Loan will become full recourse in the event of a voluntary bankruptcy filing by the Borrower.

- (b) A natural person is jointly and severally liable with the Borrower with respect to (a)(i) and (a)(ii).

(19) Financial Statements.

Each Loan requires the Borrower to provide the owner or holder of the Security Instrument with quarterly and annual operating statements, rent rolls (or annual maintenance rolls in the case of cooperative associations), and related information and annual financial statements.

(20) Due on Sale.

- (a) Each Loan contains provisions for the acceleration of the payment of the unpaid principal balance of such Loan if, without the consent of the holder of the Mortgage and/or if not in compliance with the requirements of the related Loan Documents, the related Project or a controlling interest in the related Borrower is directly or indirectly transferred or sold, except with respect to any of the following transfers:

- (i) transfers of certain interests in the related Borrower to Persons already holding direct or indirect interests in such Borrower, their family members, affiliated companies and other estate planning related transfers that satisfy certain criteria specified in the related Loan Documents (which criteria are consistent with the practices of prudent multifamily mortgage lenders),
  - (ii) transfers of less than a controlling interest in a Borrower,
  - (iii) transfers of common stock in publicly traded companies, or
  - (iv) if the related Project is a residential cooperative property, transfers of stock of the related Borrower in connection with the assignment of a proprietary lease for a unit in the related Project by a tenant-shareholder of the related Borrower to other Persons who by virtue of such transfers become tenant-shareholders in the related Borrower.
- (b) The Loan Documents require the Borrower to pay all fees and expenses associated with securing the consent or approval of the holder of the Security Instrument for all actions requiring such consent or approval under the Loan Documents including the cost of counsel opinions relating to REMIC or other securitization and tax issues.

(21) Assignment of Leases.

- (a) Each Mortgage File contains an Assignment of Leases that is part of the related Security Instrument.
- (b) Each such Assignment of Leases creates a valid present assignment of, or a valid lien or security interest in (subject and inferior only to the assignments, liens and/or security interests granted in connection with and as security for any Senior Loan(s) and any other Loans being transferred to the Taxable Loan Trust), certain rights under the related lease or leases, subject only to a license granted to the related Borrower to exercise certain rights and to perform certain obligations of the lessor under such lease or leases, including the right to operate the related leased property, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).
- (c) Other than the Fiscal Agent with respect to the Senior Loan, no Person other than the related Borrower owns any interest in any payments due under the related lease or leases that is superior to or of equal priority with the lender's interest.
- (d) The related Security Instrument provides for the appointment of a receiver for rents or allows the holder thereof to enter into possession to collect rents or provides for rents to be paid directly to the mortgagee in the event of a default under the Loan or Security Instrument.

(22) Insurance Proceeds and Condemnation Awards.

- (a) Each Loan provides that, subject to the rights and interests of the lender or holder of the Senior Loan(s), insurance proceeds and condemnation awards will be applied to one of the following:
- (i) restoration or repair of the related Project,
  - (ii) restoration or repair of the related Project, with any excess insurance proceeds or condemnation awards after restoration or repair being paid to the Borrower, or
  - (iii) reduction of the principal amount of the Loan.
- (b) Each Loan provides that, subject to the rights and interests of the lender or holder of the Senior Loan, in the case of all casualty losses or condemnations resulting in proceeds or awards in excess

of a specified dollar amount or percentage of the Loan amount that a prudent multifamily lender would deem satisfactory and acceptable, the lender or a trustee appointed by it (if the lender does not exercise its right to apply the insurance proceeds or condemnation awards, including proceeds from settlement of condemnation actions, to the principal balance of the related Loan in accordance with the Loan Documents) has the right to hold and disburse such proceeds or awards as the repairs or restoration progresses.

- (c) To Freddie Mac's knowledge, there is no proceeding pending for the total or partial condemnation of such Project that would have a material adverse effect on the use or value of the Project.

(23) Customary Provisions.

- (a) The Note or Security Instrument for each Loan, together with applicable state law, contains customary and enforceable provisions so as to render the rights and remedies of the holder of such Note or Security Instrument adequate for the practical realization against the related Project of the principal benefits of the security in the collateral intended to be provided by such Note or the lien of such Security Instrument, including realization by judicial or if applicable, non-judicial foreclosure, except as the enforcement of the Security Instrument may be limited by bankruptcy, insolvency, reorganization, moratorium, redemption or other laws affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).
- (b) No Borrower is a debtor in, and no Project is the subject of, any state or federal bankruptcy or insolvency proceeding, and, as of the Origination Date, no guarantor was a debtor in any state or federal bankruptcy or insolvency proceeding.

(24) Litigation.

To the knowledge of Freddie Mac as of the Origination Date, there are no actions, suits or proceedings before any court, administrative agency or arbitrator concerning any Loan, Borrower or related Project, an adverse outcome of which would reasonably be expected to materially and adversely affect any of the following:

- (a) title to the Project or the validity or enforceability of the related Security Instrument,
- (b) the value of the Project as security for the Loan,
- (c) the use for which the Project was intended, or
- (d) the Borrower's ability to perform under the related Loan.

(25) Escrow Deposits.

- (a) To Freddie Mac's knowledge as of the Origination Date, all escrow deposits and payments relating to each Loan that are required to be deposited or paid to Freddie Mac, if any, have been deposited or paid.
- (b) [Reserved.]
- (c) All such escrow deposits that have not been disbursed pursuant to the Loan Documents are, to the extent held by Freddie Mac, being conveyed by Freddie Mac to the Taxable Loan Trust and identified with appropriate detail.

(26) Valid Assignment.

- (a) Each related assignment of Security Instrument and related assignment of Assignment of Leases, if any, from Freddie Mac to the Taxable Loan Trust is in recordable form and constitutes the legal,

valid and binding assignment from Freddie Mac to the Taxable Loan Trust, except as enforcement may be limited by bankruptcy, insolvency, reorganization, liquidation, receivership, moratorium or other laws relating to or affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

- (b) Each related Security Instrument and Assignment of Leases, if any, is freely assignable without the consent of the related Borrower.

(27) Appraisals.

Each Servicing File (or the Servicing File of a Senior Loan that is secured by the same Project, where the related tax-exempt loan is concurrently being conveyed by Freddie Mac to a tax-exempt securitization trust) contains an appraisal for the related Project with a valuation date that is within 12 months of the Closing Date and that satisfies the guidelines set forth in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

(28) Inspection of Project.

Freddie Mac inspected or caused to be inspected each Project in connection with the origination of the related Loan and within 12 months of the Closing Date.

(29) Qualification To Do Business.

To the extent required under applicable law, as of the Cut-off Date or as of the date that such entity held the Note, each holder of the Note was authorized to transact and do business in the jurisdiction in which the related Project is located, or the failure to be so authorized did not materially and adversely affect the enforceability of such Loan.

(30) Ownership.

- (a) Immediately prior to Freddie Mac's transfer of the Loans to the Taxable Loan Trust, Freddie Mac had good title to, and was the sole owner of, each Loan.
- (b) Freddie Mac has full right, power and authority to transfer and assign each of the Loans to the Taxable Loan Trust and has validly and effectively conveyed (or caused to be conveyed) to the Taxable Loan Trust all of Freddie Mac's legal and beneficial interest in and to the Loans free and clear of any and all liens, pledges, charges, security interests and/or other encumbrances of any kind.

(31) Deed of Trust.

If the Security Instrument is a deed of trust, each of the following is true:

- (a) a trustee, duly qualified under applicable law to serve as trustee, currently serves as trustee and is named in the deed of trust (or has been or may be substituted in accordance with applicable law by the related lender), and
- (b) such deed of trust does not provide for the payment of fees or expenses to such trustee by Freddie Mac, the Taxable Loan Trust or any transferee of Freddie Mac or the Taxable Loan Trust.

(32) Validity of Loan Documents.

- (a) Each Note, Security Instrument or other agreement that evidences or secures the related Loan and was executed by or for the benefit of the related Borrower or any guarantor is the legal, valid and binding obligation of the signatory, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws

affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

- (b) There is no valid offset, defense, counterclaim, or right of rescission, abatement or diminution available to the related Borrower or any guarantor with respect to such Note, Security Instrument or other agreement, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).
- (c) To Freddie Mac's knowledge, no offset, defense, counterclaim or right of rescission, abatement or diminution has been asserted by Borrower or any guarantor.

(33) Compliance with Usury Laws.

As of the Origination Date, the interest rate (exclusive of any default interest, late charges, yield maintenance charge, or prepayment premiums) of each Loan was in compliance with, or was exempt from, applicable state or federal laws, regulations and other requirements pertaining to usury.

(34) No Shared Appreciation.

No Loan has shared appreciation rights with respect to such Loan (it being understood that equity holdings, including without limitation, preferred equity holdings, will not be considered shared appreciation rights with respect to a Loan), any other contingent interest feature or a negative amortization feature.

(35) Whole Loan.

Each Loan is a whole loan and is not a participation interest in such Loan.

(36) Loan Information.

The information set forth in the Mortgage Loan Schedule is true, complete and accurate in all material respects.

(37) Full Disbursement.

The proceeds of the Loan have been fully disbursed and there is no requirement for future advances.

(38) No Advances.

No advance of funds has been made by Freddie Mac to the related Borrower, and no advance of funds have, to Freddie Mac's knowledge, been received (directly or indirectly) by the Borrower from any Person (other than from any mezzanine lender as disclosed in the Mortgage Loan Schedule or any preferred equity interest holder) for or on account of payments due on the Loan.

(39) All Collateral Transferred.

All collateral that secures the Loans is being transferred to the Taxable Loan Trust as part of the Loans (other than healthcare licenses, Medicare, Medicaid or similar federal, state or local third party payor programs, including housing assistance payments contracts, that are not transferable without governmental approval).

(40) Loan Status; Waivers and Modifications.

Since the Origination Date and except pursuant to written instruments set forth in the related Mortgage File or as described in the Servicing Agreement as a Freddie Mac Pre-Approved Servicing Request, all of the following are true and correct:

- (a) the material terms of such Security Instrument, Note and related Loan Documents have not been waived, impaired, modified, altered, satisfied, canceled, subordinated or rescinded in any respect,
- (b) no related Project or any portion thereof has been released from the lien of the related Security Instrument in any manner which materially interferes with the security intended to be provided by such Security Instrument or the use, value or operation of such Project, and
- (c) neither Borrower nor guarantor has been released from its obligations under the Loan.

(41) Defaults.

- (a) There exists no monetary default (other than payments due but not yet more than 30 days past due) or, to Freddie Mac's knowledge, material non-monetary default, breach, violation or event of acceleration under the related Loan.
- (b) To Freddie Mac's knowledge, there exists no event that, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a material default, breach, violation or event of acceleration under such Loan (Freddie Mac expressly disclaiming any requirement, implied or otherwise, to conduct inquiry or due diligence with respect to events, circumstances or conditions existing or threatened with respect to any related Senior Loan(s), which could now or in the future constitute a default, breach, violation or event of acceleration under the related Loan as a result of cross-defaulting with such Senior Loan(s)); provided, however, that the representations and warranties set forth in this paragraph 41 do not address or otherwise cover any default, breach, violation or event of acceleration that specifically pertains to any matter otherwise covered by any other representation or warranty made by Freddie Mac in this Exhibit A; and, provided, further, that a breach by the Borrower of any representation or warranty contained in any Loan Document (each, a "Borrower Representation") will not constitute a material non-monetary default, breach, violation or event of acceleration for purposes of this paragraph 41 if the subject matter of such Borrower Representation is covered by any exception to any representation or warranty made by Freddie Mac in this Exhibit A.
- (c) Since the Origination Date, except as set forth in the related Mortgage File, neither Freddie Mac nor any servicer of the Loan has waived any material default, breach, violation or event of acceleration under any of the Loan Documents.
- (d) Pursuant to the terms of the Loan Documents, no Person or party other than the holder of the Note and Security Instrument may declare an event of default or accelerate the related indebtedness under such Loan Documents.

(42) Payments Current.

No scheduled payment of principal and interest under any Loan was more than 30 days past due as of the Cut-off Date, and no Loan was more than 30 days delinquent in the 12-month period immediately preceding the Cut-off Date.

(43) Qualified Loan.

Each Loan constitutes a "qualified mortgage" within the meaning of Code Section 860G(a)(3) (but without regard to the rule in Treasury Regulation Section 1.860G-2(f)(2) that treats a defective obligation as a "qualified mortgage" or any substantially similar successor provision). Any prepayment premiums and yield maintenance charges payable upon a voluntary prepayment under the terms of such Loan constitute "customary prepayment penalties" within the meaning of Treasury Regulation Section 1.860G-1(b)(2).

(44) [Reserved.]

(45) [Reserved.]

(46) Releases of Project.

- (a) Except as may be required in connection with a partial condemnation or taking of a Project, no Loan permits the release of all or any portion of the related Project from the lien of the related Security Instrument, except as in compliance with the REMIC Provisions and one of the following:
- (i) upon payment in full of all amounts due under the related Loan,
  - (ii) in connection with a full or partial defeasance pursuant to provisions in the related Loan Documents,
  - (iii) if such released portion of the Project was not considered material for purposes of underwriting the Loan, was not included in the appraisal for such Project or does not generate income,
  - (iv) upon the payment of a release price at least equal to the allocated loan amount or, if none, the appraised value of the released parcel and any related prepayment premium due, or
  - (v) with respect to any Loan that is cross-collateralized with any other Loan(s), or any Loan that is secured by multiple Projects, in connection with the release of any cross-collateralization pursuant to provisions in the related Loan Documents.
- (b) With respect to clauses (iii), (iv) and (v) above, for all Loans originated after December 6, 2010, if the fair market value of the real property constituting the remaining Project (reduced by (a) the outstanding principal balance of all Senior Loan(s) secured by the Project and (b) a proportionate amount of all indebtedness secured by the Project that is at the same level of priority as the related Loan) immediately after the release of such portion of the Project from the lien of the related Security Instrument is not equal to at least 80% of the remaining principal amount of the Loan, the related Borrower is required, except with respect to a release required in connection with a partial condemnation or taking of the related Project, to prepay the Loan in an amount equal to or greater than the amount required by the REMIC Provisions.

(47) Origination and Servicing.

The origination, servicing and collection practices used by Freddie Mac or, to Freddie Mac's knowledge, any prior holder or servicer of each Loan have been in compliance with all applicable laws and regulations, and substantially in accordance with the practices of prudent multifamily mortgage lenders with respect to similar mortgage loans and in compliance with the Guide in all material respects.

**EXHIBIT C-2**

**EXCEPTIONS TO THE DEPOSITOR’S REPRESENTATIONS AND WARRANTIES**

<b>Representation and Warranty</b>	<b>Loan Number *</b>	<b>Mortgaged Real Property Name</b>	<b>Issue</b>
2 (Cross-Collateralized and/or Cross-Defaulted Loans )	1 2 3	The Aspire (Taxable Tail) Huntington Villa Yorba (Taxable Tail) Penn Street Tower (Taxable Tail)	Each of the underlying mortgage loans is subordinate cross-collateralized and/or cross-defaulted to related tax exempt mortgage loan secured by the same related mortgaged real property, but which tax exempt mortgage loan is not included in the issuing entity.
3 (Subordinate Loans)	1	The Aspire (Taxable Tail)	As of the Origination Date, a subordinate mortgage existed with respect to the Project.
10 (Valid Lien)	1 2 3	The Aspire (Taxable Tail) Huntington Villa Yorba (Taxable Tail) Penn Street Tower (Taxable Tail)	The Project is subject to a regulatory agreement, declaration of restrictive covenants, land use restriction agreement, extended use agreement or other similar agreement (each, a “Regulatory Agreement”) that may impose certain tenant income and/or rent affordability restrictions and, in some cases, certain other operating restrictions, on all or a portion of the units in the Project and may include remedies beyond those of specific performance and/or injunctive relief. The covenants and restrictions contained in the Regulatory Agreement may run with the land and may be binding on Borrower and its successors and assigns and all others later acquiring right or title to the Project.
10 (Valid Lien)	2	Huntington Villa Yorba (Taxable Tail)	The Project is subject to a purchase option (the “Purchase Option”) under an unrecorded purchase option agreement.

\* As specified on Exhibit A-1.

Representation and Warranty	Loan Number *	Mortgaged Real Property Name	Issue
10 (Valid Lien)	3	Penn Street Tower (Taxable Tail)	The Project is subject to a recorded commercial lease for a portion of the ground floor of the building located on the Project (the "Lobby Lease"). Pursuant to the Lobby Lease, in the event that Borrower, as landlord, terminates the Lobby Lease upon the occurrence of certain casualty events, the tenant has an option to purchase some or all of the leased premises or the real estate lying beneath the leased premises (the "Purchase Option"). The Lobby Lease and Purchase Option are not subordinate to the lien of the Security Instrument. The tenant's leasehold estate under the Lobby Lease is encumbered by a leasehold mortgage. The lien of the Security Instrument is subject to the leasehold mortgage and a landlord consent to leasehold mortgage executed by Borrower in favor of the leasehold mortgagee.
11 (Title Insurance)	1 2 3	The Aspire (Taxable Tail) Huntington Villa Yorba (Taxable Tail) Penn Street Tower (Taxable Tail)	The Project is subject to a Regulatory Agreement that may impose certain tenant income and/or rent affordability restrictions and, in some cases, certain other operating restrictions, on all or a portion of the units in the Project and may include remedies beyond those of specific performance and/or injunctive relief. The covenants and restrictions contained in the Regulatory Agreement may run with the land and may be binding on Borrower and its successors and assigns and all others later acquiring right or title to the Project.
11 (Title Insurance)	2	Huntington Villa Yorba (Taxable Tail)	The Project is subject to a Purchase Option under an unrecorded purchase option agreement.
11 (Title Insurance)	3	Penn Street Tower (Taxable Tail)	The Project is subject to the Lobby Lease. Pursuant to the Lobby Lease, in the event that Borrower, as landlord, terminates the Lobby Lease upon the occurrence of certain casualty events, the tenant has a Purchase Option. The Lobby Lease and Purchase Option are not subordinate to the lien of the Security Instrument. The tenant's leasehold estate under the Lobby Lease is encumbered by a leasehold mortgage. The lien of the Security Instrument is subject to the leasehold mortgage and a landlord consent to leasehold mortgage executed by Borrower in favor of the leasehold mortgagee.

<b>Representation and Warranty</b>	<b>Loan Number *</b>	<b>Mortgaged Real Property Name</b>	<b>Issue</b>
14 (Environmental Conditions)	2	Huntington Villa Yorba (Taxable Tail)	A Phase I Environmental Report was conducted with respect to the project more than 12 months prior to the origination date.
27 (Appraisals)	1 2 3	The Aspire (Taxable Tail) Huntington Villa Yorba (Taxable Tail) Penn Street Tower (Taxable Tail)	The Servicing File for the Project contains an appraisal that is not dated within 12 months of the Closing Date.
28 (Inspection of Project)	1	The Aspire (Taxable Tail)	The Project was inspected more than 12 months prior to the Closing Date.
30 (Ownership)	2	Huntington Villa Yorba (Taxable Tail)	The Project has a Housing Assistance Payment Contract (the "HAP Contract") in place between Borrower and the United States Department of Housing and Urban Development or a state or local housing agency (collectively, "HUD"). HUD has provided a consent (the "HUD Consent") to Borrower and Freddie Mac that permits Borrower to assign a security interest in the HAP Contract to Freddie Mac. The HUD Consent by its terms states that neither the HAP Contract nor the HUD Consent can be assigned to any other parties, including the Taxable Loan Trust, without HUD's consent. Neither the HAP Contract nor the HUD Consent is being assigned or delivered to the Taxable Loan Trust or any other party as a result.

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**EXHIBIT D**

**DECREMENT TABLE FOR THE OFFERED PRINCIPAL BALANCE CERTIFICATES**

**Percentage of Initial Principal Balance Outstanding For:**

**Class A Certificates**

0% CPR During Yield Maintenance and Static Prepayment Premium Periods  
— Otherwise at Indicated CPR

**Prepayments**

<b><u>Following the Distribution Date in—</u></b>	<b><u>0% CPR</u></b>	<b><u>25% CPR</u></b>	<b><u>50% CPR</u></b>	<b><u>75% CPR</u></b>	<b><u>100% CPR</u></b>
Closing Date.....	100	100	100	100	100
June 2018 .....	95	95	95	95	95
June 2019 .....	89	89	89	89	89
June 2020 .....	83	83	83	83	83
June 2021 .....	77	77	77	77	77
June 2022 .....	70	70	70	70	70
June 2023 .....	64	64	64	64	64
June 2024 .....	56	56	56	56	56
June 2025 .....	49	49	49	49	49
June 2026 .....	8	8	8	8	8
June 2027 .....	8	8	8	8	8
June 2028 .....	7	7	7	7	7
June 2029 .....	7	7	7	7	7
June 2030 and thereafter.....	0	0	0	0	0
<b>Weighted average life (in years).....</b>	<b>6.82</b>	<b>6.82</b>	<b>6.81</b>	<b>6.80</b>	<b>6.72</b>

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**EXHIBIT E**

**PRICE/YIELD TABLE FOR THE CLASS X CERTIFICATES**

**Corporate Bond Equivalent (CBE) Yield of the Class X Certificates at Various CPRs\***  
**3.04480%\*\* Per Annum Initial Pass-Through Rate**  
**\$20,569,851 Initial Notional Amount**

0% CPR During Defeasance, Yield Maintenance and Static Prepayment Premium Periods  
 — Otherwise at Indicated CPR

<b>Price (%)***</b>	<b>0% CPR CBE Yield (%)</b>	<b>25% CPR CBE Yield (%)</b>	<b>50% CPR CBE Yield (%)</b>	<b>75% CPR CBE Yield (%)</b>	<b>100% CPR CBE Yield (%)</b>
10.3750	16.57	16.56	16.55	16.53	16.38
10.5000	16.19	16.18	16.18	16.16	16.00
10.6250	15.83	15.82	15.81	15.79	15.63
10.7500	15.47	15.46	15.45	15.44	15.27
10.8750	15.12	15.11	15.10	15.08	14.92
11.0000	14.77	14.77	14.76	14.74	14.57
11.1250	14.44	14.43	14.42	14.40	14.23
11.2500	14.11	14.10	14.09	14.07	13.90
11.3750	13.78	13.77	13.76	13.75	13.57
11.5000	13.46	13.46	13.45	13.43	13.25
11.6250	13.15	13.14	13.13	13.12	12.94
<b>Weighted Average Life (in years)</b>	<b>7.42</b>	<b>7.42</b>	<b>7.41</b>	<b>7.40</b>	<b>7.31</b>

\* Yields presented in the table above are based on an assumed LIBOR of 1.15889% *per annum* and discounting on a 30/360 day count convention. Assumes the exercise of the right to purchase the underlying mortgage loans in the event the total Stated Principal Balance of the mortgage pool is less than 10% of the initial mortgage pool balance, as described under “The Pooling and Servicing Agreement—Termination” in this offering circular supplement.

\*\* Approximate.

\*\*\* Exclusive of accrued interest.

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# Freddie Mac



## Taxable Multifamily ML Certificates

### The Certificates

Freddie Mac issues Taxable Multifamily ML Certificates (“**Certificates**”). The Certificates are securities that represent undivided beneficial ownership interests with specified rights in pools of taxable multifamily residential mortgages, secured by 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 payment on our guarantee and for paying for Guaranteed Certificates tendered to us for purchase.

### 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

These securities are not tax-exempt. 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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The related Supplement defines capitalized terms used but not defined in this Offering Circular.

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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: [InvestorInquiry@freddiemac.com](mailto:InvestorInquiry@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 prospective investors. We do not intend this internet address to be an active link and 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.

**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 Mortgages that we have acquired into various trust funds 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**”). 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** . . . . . The “**Assets**” of each Series include multifamily affordable housing mortgage loans (“**Mortgages**”) secured by multifamily affordable housing projects. Interest on the Assets is not tax-exempt.

**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 owning a regular interest in a real estate mortgage investment conduit (**“REMIC”**). 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 Mortgages (**“Additional Amounts”**). Such amount will be treated as received in respect of a notional principal contract for federal income tax purposes and not as a payment in respect of the REMIC regular interest you own. 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 Assets. Principal payment rates on the underlying Assets will depend upon principal payments from the related multifamily affordable housing properties. Principal payments on the Assets may include scheduled payments and prepayments. Prepayment rates fluctuate continuously and in some market conditions, substantially. We cannot predict the rate of prepayments on the Assets, 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 underlying Assets and the actual characteristics of those Assets.

**Reinvestment of principal payments may produce lower returns.** The Assets 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 legal 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*.

#### **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.

### REMIC POOL STRUCTURES

Each Series may be either a **“Single-Tier Series”** or a **“Double-Tier Series.”**

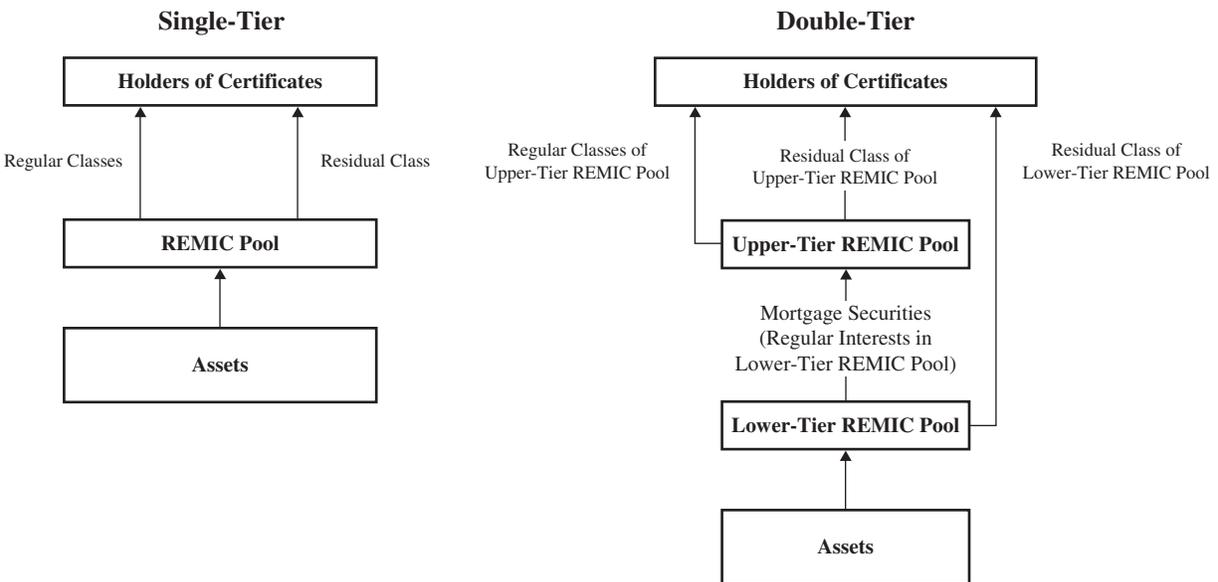
The Certificates of a Single-Tier Series represent beneficial ownership interests in a single Certificate Pool within the related trust fund. The Certificates of a Double-Tier Series represent beneficial ownership interests in an **“Upper-Tier REMIC Pool”** and one or more **“Lower-Tier REMIC Pools”** within the related trust fund.

In a Double-Tier Series:

- The Classes issued from each Lower-Tier REMIC Pool (the **“Lower-Tier Classes”**) represent beneficial ownership interests in that Pool.
- One or more Lower-Tier Classes are included in the Upper-Tier REMIC Pool, where they will constitute the **“Mortgage Securities”** of that Pool.
- The Classes issued from the Upper-Tier REMIC Pool (the **“Upper-Tier Classes”**) represent beneficial ownership interests in that Pool.

The Certificates offered in a Double-Tier Series usually include all of the Upper-Tier Classes plus the Residual Class of each Lower-Tier REMIC Pool.

The following diagrams illustrate the structures for typical Single-Tier and Double-Tier Series. Any particular Series may have a different structure, as described in the related Supplement.



## ASSETS

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

The Mortgages are secured by subordinate liens on multifamily residential properties. The general terms of the specific Assets 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.

The applicable servicer will transfer principal and interest on each Mortgage, and deduct and pay fees due with respect to that Mortgage. If the borrower fails to pay the Mortgage, the servicer will notify the Master Servicer. The Special Servicer may pursue remedies, if any. Freddie Mac will be the Master Servicer for the Assets 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 Asset 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 Assets plus 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**

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 Registrar 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 underlying Assets. 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 whole 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 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 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 Assets.

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 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 5 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 Taxable 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. In other cases, 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 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 Code, as well as final, temporary and proposed 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 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 and persons subject to the alternative minimum tax). 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.**

### REMIC ELECTION

We will elect to treat each Certificate Pool as a REMIC under the Code. Assuming (1) such election, (2) compliance with the Agreement and (3) compliance with changes in the law, each Certificate Pool will qualify as a REMIC. In that case, the Certificate Pool generally will not be subject to tax, the related Guaranteed Certificates will be “regular interests” in a REMIC and the related Residual Class will be the “residual interest” in a REMIC.

A portion of the interest payments on Guaranteed Certificates may represent a payment of Additional Amounts. Such portion will be treated as received in respect of a notional principal contract for federal income tax purposes and not a payment in respect of the REMIC regular interest you own. Holders of Guaranteed Certificates that possess such a right to receive Additional Amounts will be treated as owning, for federal income tax purposes, both (i) a REMIC regular interest and (ii) a right to receive Additional Amounts. See *Taxation of Guaranteed Certificates — Taxation of Rights to Receive Additional Amounts* below.

## STATUS OF GUARANTEED CERTIFICATES

Except as provided below, Guaranteed Certificates will constitute assets described in Code Sections 7701(a)(19)(C) and 856(c)(4)(A). Interest on the Guaranteed Certificates will be “interest on obligations secured by mortgages on real property or on interests in real property” within the meaning of Code Section 856(c)(3)(B) in its entirety if at all times 95% or more of the assets of the related Certificate Pool are treated as “real estate assets” within the meaning of Code Section 856(c)(5)(B). In determining the tax status of an Upper-Tier Certificate Pool, however, we will apply the 95% test assuming the Lower-Tier Classes have the same characteristics as the related Lower-Tier Certificate Pool. We anticipate that the Guaranteed Certificates will qualify for the foregoing treatments unless a Certificate Pool is backed by “high-LTV Mortgages” (*i.e.*, Mortgages with an LTV ratio at origination higher than 105% but not in excess of 125%). Where a Certificate Pool is backed by high-LTV Mortgages, a pro rata portion of the interest income on the related Guaranteed Certificates may not be treated as “interest on obligations secured by mortgages on real property or on interests in real property” within the meaning of Code Section 856(c)(3)(B) if less than 95% of the underlying assets are treated as “real estate assets.” In this circumstance, we will report certain information, pursuant to regulations under Code Section 6049, on such Guaranteed Certificates. The applicable Supplement will identify whether Guaranteed Certificates are backed by high-LTV Mortgages. Guaranteed Certificates will be “qualified mortgages” under Code Section 860G(a)(3) for another REMIC.

The foregoing treatments will not apply to the extent of the portion of the basis of the holder of a Guaranteed Certificate that is allocable to a right to receive Additional Amounts. In addition, because such Guaranteed Certificates also represent the right to receive Additional Amounts, they may not be suitable for inclusion in another REMIC.

## TAXATION OF GUARANTEED CERTIFICATES

### General

To the extent that the Guaranteed Certificates represent ownership of regular interests in a REMIC, the Guaranteed Certificates will be taxed as newly originated debt instruments for federal income tax purposes. Interest, original issue discount and market discount accrued on a Guaranteed Certificate will constitute ordinary income to the beneficial owner (the “**Owner**”). As an investor in a Guaranteed Certificate, you must account for interest income on the accrual method.

As discussed under *REMIC Election* above, certain Guaranteed Certificates will represent ownership in both a REMIC regular interest and a right to receive Additional Amounts. Except as provided below under *Taxation of Rights to Receive Additional Amounts*, the following discussion relates to the portion of the Guaranteed Certificates that represent REMIC regular interests for federal tax purposes.

### Original Issue Discount

The Certificate Pool may issue certain Guaranteed Certificates with “original issue discount.” You must include original issue discount in income as it accrues, without regard to the timing of payments. In the absence of guidance which applies specifically to REMIC regular interests, we will report original issue discount, if any, to the Internal Revenue Service (the “**Service**”) and the Holders of the Guaranteed Certificates based on regulations under Code Sections 1271 through 1275 (the “**OID Regulations**”).

The total amount of original issue discount on a Guaranteed Certificate is the excess of its “stated redemption price” over its “issue price.” The issue price is the price at which a substantial portion of the Guaranteed Certificate is first sold to the public. The issue price generally includes any pre-issuance accrued interest unless you exclude such amount from the issue price and treat a portion of the stated interest payable on the first Payment Date as a return of that accrued interest rather than as an amount payable under the instrument. In general, the stated redemption price is the sum of all payments except for stated interest actually payable at least annually based on a single fixed rate, certain variable rates, or certain combinations of fixed and variable rates. In the case of an interest only class, as described below, however, the stated redemption price will include all payments.

Interest based on certain variable rates or certain combinations of fixed and variable rates which would otherwise be excluded from the stated redemption price will be included in the stated redemption price if the excess, if any, of the issue price of the Guaranteed Certificate over the principal amount of the Guaranteed Certificate is more than 0.015 multiplied by the product of the principal amount and the weighted average maturity (as defined below) or, if the weighted average maturity of the Guaranteed Certificate is more than ten years, 15% of the principal amount.

If the interval between the issue date and the first Payment Date exceeds the interval between subsequent Payment Dates, a portion of the interest payments in all periods is included in the stated redemption price, unless a special rule relating to debt instruments with increasing rates of interest, described below, applies. The portion included in the stated redemption price is equal to the difference between (1) the stated interest rate for subsequent periods and (2) the effective rate of interest for the long first accrual period.

We intend to report income from interest only classes based on the assumption that the stated redemption price is the sum of all payments determined under the Pricing Speed (as defined below). As a result, such Guaranteed Certificates would be issued with original issue discount. The Service might contend, however, that in the case of certain fixed rate interest only classes with a nominal principal amount, the stated redemption price is the principal amount. If such a position prevailed, the rules described below under “Premium” would apply.

Under a *de minimis* rule, original issue discount on a Guaranteed Certificate will be considered zero and all interest payments will be excluded from the stated redemption price if the amount of the original issue discount is less than 0.25% of the Certificate’s stated redemption price multiplied by the Certificate’s weighted average maturity. The weighted average maturity of a Guaranteed Certificate is computed based on the number of full years (*i.e.*, rounding down partial years) each distribution of principal is scheduled to be outstanding. The schedule of such distributions likely should be determined in accordance with the assumed rate of prepayment of the related Mortgages used in pricing the Guaranteed Certificates (the “**Pricing Speed**”), which will be set forth in the related Supplement.

The OID Regulations provide a special application of the *de minimis* rule for certain debt instruments where the interest payable for the first period or periods is at a rate less than that which applies in all other periods. In such cases, the OID Regulations provide that the stated redemption price is equal to the issue price of the Guaranteed Certificate plus the greater of (1) the interest foregone during the first period or periods and (2) the excess, if any, of the debt instrument’s stated principal amount over its issue price.

The Owner of an interest in a Guaranteed Certificate generally must include in income the original issue discount accrued for each day on which the Owner holds such interest, including the date

of purchase, but excluding the date of disposition. The original issue discount accruing on an interest in a Guaranteed Certificate in any period equals:

$$\text{PV End} + \text{Dist} - \text{PV Beg}$$

Where:

PV End = present value of all remaining distributions to be made as of the end of the accrual period;

Dist = distributions made during the accrual period includable in stated redemption price; and

PV Beg = present value of all remaining distributions as of the beginning of the accrual period.

The present value of the remaining distributions is calculated based on (1) the original yield to maturity of the Guaranteed Certificate, (2) events (including actual prepayments) that have occurred prior to the end of the period and (3) the Pricing Speed. For these purposes, the original yield to maturity of an interest in a Guaranteed Certificate will be calculated based on its issue price and assuming that it will be prepaid in all periods in accordance with the Pricing Speed. The original issue discount accruing during any accrual period will then be divided by the number of days in the period to determine the daily portion of original issue discount for each day.

The daily portions of original issue discount generally will increase if prepayments on the underlying Mortgages exceed the Pricing Speed and decrease if prepayments are slower than the Pricing Speed (changes in the rate of prepayments having the opposite effect in the case of an interest only class). If the relative principal payment priorities of the Guaranteed Certificates of a Series change, any increase or decrease in the present value of the remaining payments will affect the computation of original issue discount for the period in which the change in payment priority occurs.

If original issue discount accruing during any accrual period, computed as described above, is negative for any such period, you will be entitled to offset such amount only against future positive original issue discount accruing from your Guaranteed Certificate, and we intend to report income to the Service in all cases in this manner. The treatment of such negative amounts is not entirely clear, however, particularly in the case of an interest only class. For example, you may be entitled to deduct a loss to the extent that your remaining basis would exceed the maximum amount of future payments to which you are entitled, assuming no further prepayments of the Mortgages (or, perhaps, assuming prepayments at a rate equal to the Pricing Speed). While the issue is not clear, all or a portion of such loss may be treated as a capital loss if you treat the Guaranteed Certificate as a capital asset. You should consult your tax advisors regarding a Guaranteed Certificate that has a negative amount of original issue discount during any accrual period.

If you are the initial purchaser of interests in two or more Guaranteed Certificates issued from the same Certificate Pool, you should be aware that the OID Regulations may treat such interests as a single debt instrument for purposes of the original issue discount provisions.

If a subsequent Owner of an interest in a Guaranteed Certificate acquires such interest for a price greater than its "adjusted issue price," but less than its remaining stated redemption price, the daily portion for any day is reduced by an amount equal to the product of (1) such daily portion and (2) a fraction, the numerator of which is the amount by which the price exceeds the adjusted issue price and the denominator of which is the sum of the daily portions for such Guaranteed Certificate interest for all days on and after the date of purchase. The adjusted issue price of an interest in a Guaranteed Certificate on any given day is equal to its issue price, increased by all original issue discount

previously includable with respect to that interest and reduced by the amount of all previous distributions with respect to that interest included in its stated redemption price at maturity.

### **Market Discount**

The market discount rules may also apply to you. Market discount equals the excess of (a) either (1) the stated redemption price (less any prior distributions included in the stated redemption price) or (2) in the case of a Guaranteed Certificate having original issue discount, the adjusted issue price over (b) your initial basis in the Guaranteed Certificate.

The Conference Committee Report accompanying the Tax Reform Act of 1986 (the “**Committee Report**”) provides that, until the Treasury issues regulations, market discount would accrue (a) on the basis of a constant yield (similar to the method described above for accruing original issue discount) or (b) alternatively, either (1) in the case of a Guaranteed Certificate issued without original issue discount, in the ratio of stated interest distributable in the relevant period to the total stated interest remaining to be distributed from the beginning of such period (computed taking into account the Pricing Speed) or (2) in the case of a Guaranteed Certificate issued with original issue discount, in the ratio of original issue discount accrued for the relevant period to the total remaining original issue discount at the beginning of such period.

You generally must recognize accrued market discount as ordinary income to the extent of any distributions includable in the stated redemption price. Moreover, you generally must treat a portion of any gain on a sale or exchange as ordinary income to the extent of the accrued, but unrecognized, market discount to the date of disposition. Alternatively, you may elect to include market discount in income currently as it accrues on all market discount instruments that you acquire in that taxable year or after. You may revoke such an election only with the consent of the Service.

In addition, the deduction for a portion of interest expense on any indebtedness that you incur or maintain in order to purchase or carry an interest in a Guaranteed Certificate purchased with market discount may be required to be deferred. The deferred portion would not exceed the portion of market discount that accrues but is not taken into income currently. Any such deferred interest expense is, in general, allowed as a deduction not later than the year in which the related market discount income is recognized.

Market discount with respect to a Guaranteed Certificate will be considered to be zero if it is *de minimis* under a rule similar to that described above under “Original Issue Discount.” You should consult your tax advisors regarding the application of the market discount rules as well as the advisability of making any election with respect to market discount.

### **Premium**

An interest in a Guaranteed Certificate, other than an interest only class that is purchased at a cost (net of accrued interest) greater than its principal amount generally is considered to be purchased at a premium. You may elect under Code Section 171 to amortize such premium under the constant yield method, using the Pricing Speed. Such premium is an offset to interest income from an interest in a Guaranteed Certificate, rather than a separate interest deduction. In addition, the Committee Report indicates Congress intended that the methods for determining the accrual of market discount described above which are alternatives to accrual on the basis of a constant yield also will apply for purposes of amortizing bond premium on obligations such as Guaranteed Certificates. An election made by you generally would apply to all your debt instruments, unless the election is revoked with the Service’s

consent. If your election to amortize bond premium was effective as of October 22, 1986, you may choose to have such election apply to obligations issued after September 27, 1985.

### **Constant Yield Election**

The OID Regulations allow you to elect to include in gross income all interest that accrues on a debt instrument by using the constant yield method. For purposes of this election, interest includes stated interest, *de minimis* original issue discount, original issue discount, *de minimis* market discount and market discount, as adjusted by any premium. You should consult your tax advisors regarding the advisability of making this election.

### **Taxation of Rights to Receive Additional Amounts**

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 REMIC 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 notional principal contract 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 REMIC regular interest and, if applicable, the notional principal contract. The portion, if any, allocated to the notional principal contract will be treated as cap premium. 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 notional principal contract (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 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.

Prospective purchasers of Certificates should consult their own tax advisors regarding the appropriate method of amortizing any cap premium and the character of net income or loss with respect a notional principal contract, if applicable to a Series.

### **CERTAIN STATE AND LOCAL TAXATION MATTERS**

Prospective Holders of Guaranteed Certificates should consider, in addition to the federal income tax consequences described above, the potential state and local tax considerations that may be relevant to an investment in the Series.

State and local laws often differ from federal income tax laws with respect to the treatment of specific items of taxable income, gain, loss, deduction and other tax items. There can be no assurance that the treatment of any particular tax item for state or local tax purposes will not differ from the reported federal income tax treatment.

THE FOREGOING DISCUSSION OF FEDERAL, STATE AND LOCAL INCOME TAX CONSIDERATIONS IS INTENDED AS GENERAL INFORMATION ONLY, AND SHOULD NOT BE REGARDED AS TAX ADVICE OR AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. ACCORDINGLY, EACH PERSON CONTEMPLATING AN INVESTMENT IN THE SERIES SHOULD CONSULT SUCH PERSON'S TAX COUNSEL OR OTHER ADVISORS WITH SPECIFIC REFERENCE TO SUCH PERSON'S OWN TAX SITUATION.

### **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.

