

Offering Circular

Federal Home Loan Mortgage Corporation

MORTGAGE PARTICIPATION CERTIFICATES

(Guaranteed)

Mortgage Participation Certificates ("PCs") represent undivided interests in specified fixed rate, first lien conventional residential mortgages purchased by the Federal Home Loan Mortgage Corporation ("Freddie Mac" or the "Corporation"). Freddie Mac guarantees the timely payment of interest at the applicable certificate rate on the unpaid principal balance on the mortgages calculated as described herein and the full collection of principal on the mortgages.

Freddie Mac forms mortgage groups and offers PCs on a continuous basis under two programs: the Standard Program and the Guarantor Program. Mortgage groups formed under either program may differ in certain respects, including original unpaid principal balance, number of mortgages, geographic location of the real properties and the types of dwellings securing the mortgages, number of mortgages purchased from a single institution, made to employees of a single employer or secured by properties which are not occupied by mortgagors as their primary residences, instruments on which the mortgages were originated, coupon rates, original maturities and ages of the mortgages. See "Description of Mortgage Participation Certificates" for a more detailed description of the characteristics of mortgages purchased, the programs under which mortgage groups are formed and the likely differences between mortgage groups formed under the Standard and Guarantor Programs.

Freddie Mac has initiated a program for the purchase of mortgages having a maximum original maturity of 15 years and expects in the near future to sell PCs representing interests in these mortgages under the Standard Program.

The manner in which PCs are sold is described under "PC Sales Programs."

This Offering Circular should be read in conjunction with Freddie Mac's current information statement. See "Availability of Information and Incorporation by Reference."

PCs are exempt from the registration requirements of the Securities Act of 1933 and are "exempted securities" within the meaning of the Securities Exchange Act of 1934.

PCs are not guaranteed by the United States or by any Federal Home Loan Bank and do not constitute debts or obligations of the United States or any Federal Home Loan Bank. Income from the PCs has no exemption from federal, state or local taxation.

OFFERING CIRCULAR DATED MARCH 23, 1983

OFFERING CIRCULAR SUMMARY

The following summary information relating to PCs is qualified in its entirety by the detailed information appearing elsewhere herein.

PCs	PCs represent undivided interests in specified fixed rate, first lien conventional residential mortgages purchased by Freddie Mac. The mortgages are identified to PC groups under the Corporation's Standard and Guarantor Programs. See "The PC Groups," pages 10-13.
Interest	Passed through monthly at the certificate rate on the unpaid principal balance as calculated under the group factor system. See "Interest and Principal Payments," pages 14-15, and "Group Factors," pages 13-14.
Principal	Passed through monthly as collected based upon calculations made under the group factor system. See "Interest and Principal Payments," pages 14-15, and "Group Factors," pages 13-14.
Guarantees	Freddie Mac unconditionally guarantees to each registered PC holder the timely payment of interest at the applicable certificate rate on the unpaid principal balance on the mortgages to the extent of such holder's pro rata share thereof. The unpaid principal balance upon which interest is remitted by the Corporation may be an estimated amount. See "Group Factors," pages 13-14. Freddie Mac also guarantees to each registered PC holder full collection of all principal on the mortgages, without any offset or deduction, to the extent of such holder's pro rata share thereof. See "Guarantees," pages 15-16.
Remittances	One itemized check per month containing principal, interest and prepayment fees, if any, is mailed so as to be received normally by the fifteenth day of each month. A purchaser of a PC will receive its first remittance on or about the fifteenth day of the second month following the month in which the purchaser becomes a registered holder of a PC on the records of Freddie Mac.
Final Payment Date	The month and year stated on the PC certificate in which the last payment on any mortgage in the PC group is scheduled to be paid. See "Final Payment Date," page 16.
Denominations and Registration ...	\$25,000, \$100,000, \$200,000, \$500,000, \$1,000,000 and \$5,000,000 and "odd denomination" PCs; fully registered only.
Secondary Market	Certain securities dealers make a market in PCs. Freddie Mac may also repurchase PCs. See "Secondary Market," page 24.
Offering Procedure	PCs are offered for sale pursuant to Freddie Mac's mandatory and optional delivery sales programs. See "PC Sales Programs," pages 22-24.
Fees	Fees may be paid to purchasers under certain programs. See "PC Sales Programs," pages 22-24.
Price and Yield Information	Daily price and yield information may be obtained from the Corporation (outside Washington, D.C. metropolitan area, telephone 800-424-5401; within Washington, D.C. metropolitan area, telephone 789-4800).

Legality of Investments

PCs described herein:

- are acceptable as security for the deposit of public monies subject to the control of the United States or any of its officers;
- are eligible as collateral for Treasury tax and loan accounts;
- are among those securities which national banks may deal in, underwrite and purchase for their own accounts without limitation;
- are eligible as collateral for advances by Federal Reserve Banks;
- are legal investments for federal savings and loan associations and federal mutual savings banks;
- are eligible as collateral for advances by Federal Home Loan Banks;
- are legal investments for surplus and reserve funds of Federal Home Loan Banks;
- are legal investments for federal credit unions; and
- are considered plan assets for private pension funds (and the underlying mortgages are not considered plan assets).

In addition, under the Federal Home Loan Mortgage Corporation Act (Title III of The Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459, the "FHLMC Act"), until June 30, 1985 any person, trust or organization created pursuant to or existing under the laws of the United States or any state is authorized to purchase, hold or invest in PCs to the same extent that the investor is authorized to purchase, hold or invest in obligations issued or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof. A state may enact legislation which specifically names Freddie Mac and either prohibits or limits an investor's authority to invest in PCs but, to Freddie Mac's knowledge, no state has enacted any such legislation.

For further information regarding eligibility of PCs for investment and the investment authority granted under the FHLMC Act, see "Legality of Investments," page 20.

Tax Status

PCs owned by institutions that qualify as "domestic building and loan associations" constitute "loans secured by an interest in real property" within the meaning of Section 7701(a)(19)(C)(v) of the Internal Revenue Code. PCs also constitute "qualifying real property loans" within the meaning of Section 593(d) of the Internal Revenue Code with respect to certain thrift institutions. Freddie Mac is required to withhold 10% of any interest paid after June 30, 1983 to certain individuals and unincorporated entities. See "Tax Status," pages 18-19.

Group Numbers

Under the Standard Program, mortgage groups composed of mortgages with original maturities of up to 30 years have Group Numbers beginning with the prefixes "16" or "17" and those composed of mortgages with original maturities of 15 years or less have Group Numbers beginning with the prefix "20." Mortgage groups formed under the Guarantor Program have Group Numbers beginning with the prefix "18." See "The PC Groups," pages 10-13.

AVAILABILITY OF INFORMATION AND INCORPORATION BY REFERENCE

The Corporation has prepared an Information Statement dated March 18, 1983 (the "Information Statement") which describes Freddie Mac, its business, operations and financial condition. The Information Statement also contains the Corporation's audited financial statements as of December 31, 1982 and December 31, 1981. The Information Statement is incorporated by reference into this Offering Circular and made a part hereof.

The Information Statement, any subsequent information statement, any supplement to any information statement relating to the Corporation and any quarterly report made available by the Corporation after December 31, 1982 can be obtained by writing or calling the Treasurer's Office of the Corporation at P.O. Box 37248, 1776 G Street, N.W., Washington, D.C. 20013 (202/789-4787).

Any information statement relating to the Corporation dated after the date of the Information Statement and made available by the Corporation is incorporated by reference into this Offering Circular and made a part hereof and shall, at the time of its availability, supersede any prior information statement. Any supplement to the Information Statement or quarterly report made available by the Corporation subsequent to the date of the Information Statement shall, at the time of its availability, be incorporated by reference into this Offering Circular and be made a part hereof.

FEDERAL HOME LOAN MORTGAGE CORPORATION

The Corporation is a corporate instrumentality of the United States created pursuant to the FHLMC Act. The principal activity of the Corporation consists of the purchase of first lien conventional residential mortgages or participation interests in such mortgages from mortgage lending institutions and the resale of the mortgages so purchased in the form of mortgage securities. To minimize interest rate risk the Corporation generally matches its purchases of mortgages and sales of guaranteed mortgage participation securities. Mortgages retained by the Corporation are financed with debt and equity capital.

APPLICATION OF PROCEEDS

The proceeds to be received by Freddie Mac from the sale of the PCs described herein, including commitment fees and management and guarantee income, will provide funds for the Corporation to engage in activities consistent with its statutory purposes, including the purchase of additional mortgages and interests in mortgages, repayment of borrowings and satisfaction of working capital needs.

DESCRIPTION OF MORTGAGE PARTICIPATION CERTIFICATES

PCs are sold under the terms of the Mortgage Participation Certificate Agreement, Series 700 (March, 1983) (the "PC Agreement"), which is included in this Offering Circular as Exhibit A and to which reference is made for a complete description of the holders' and Freddie Mac's rights and obligations with respect to PCs.

PCs described herein represent undivided interests in specified first lien, fixed rate conventional residential mortgages ("Mortgages") purchased by Freddie Mac which comprise mortgage groups ("PC groups") on the records of the Corporation. The general characteristics of these mortgages are summarized below. The requirements applicable to the mortgages purchased by the Corporation are fully described in the Corporation's Purchase Documents, including the Sellers' Guide and program announcements, which qualify this summary in its entirety and which may be obtained from the Corporation.

Mortgage Purchase Requirements

All mortgages purchased by Freddie Mac must meet certain standards set forth in the FHLMC Act. The Corporation is confined to purchasing, so far as practicable, mortgages which it deems to be of such quality, type and class as to meet generally the purchase standards imposed by private institutional mortgage investors. All of the Mortgages are conventional mortgages and therefore do not have the benefit of any guarantee or insurance by, and are not obligations of, the United States or any agency or instrumentality of the United States.

1. Mortgage Standards

Statutory Requirements. Freddie Mac may not purchase a conventional mortgage if the outstanding principal balance at the time of purchase exceeds 80% of the value of the real property securing the mortgage unless one of the following conditions is met: (1) the seller retains a participation interest in the mortgage of not less than 10% of the mortgage; or (2) the seller agrees, for such period and under such circumstances as the Corporation may prescribe, to repurchase or replace the mortgage upon demand by the Corporation in the event that the mortgage is in default; or (3) the portion of the unpaid principal balance of the mortgage which is in excess of 80% is insured by a qualified mortgage insurer as determined by the Corporation.

Maximum Loan-to-Value Ratios and Principal Amounts. At present, Freddie Mac does not purchase a purchase money mortgage having an original loan-to-value ratio exceeding 95% for a one- or two-family dwelling or 90% for a three- or four-family dwelling. The Corporation does not purchase a mortgage on a 1-4 family dwelling (a "home mortgage") which was originated in order to refinance a mortgagor's existing mortgage if the loan-to-value ratio exceeds 90% of the appraised value of the property at origination of the refinance mortgage. The maximum loan-to-value ratio is 80% for a multifamily dwelling.

The FHLMC Act establishes limitations on the maximum principal obligation of any conventional mortgage which may be purchased by Freddie Mac. At present, Freddie Mac purchases mortgages with a maximum principal obligation of \$108,300 for a one-family dwelling, \$138,500 for a two-family dwelling, \$167,200 for a three-family dwelling and \$207,900 for a four-family dwelling. These limitations are increased by 50% for mortgages on properties located in Alaska, Hawaii and Guam. The Corporation's present limitations on the principal obligation of conventional mortgages purchased by it for multifamily structures range from \$24,375 to \$54,697 per unit. In addition, the Corporation presently will not purchase multifamily mortgages having a maximum original principal obligation in excess of \$7,500,000.

Mortgage Insurance. Freddie Mac generally purchases a home mortgage with a loan-to-value ratio exceeding 80% only if the unpaid principal balance in excess of 75% of the appraised value of the property at date of origination is insured by a mortgage insurer which meets the eligibility requirements established by Freddie Mac. Under conditions specified by the Corporation, mortgage insurance may not be required on such a mortgage if the seller retains a participation of at least 10% or agrees to repurchase the mortgage in the event of default.

Credit, Appraisal and Underwriting Guidelines. All mortgages purchased by Freddie Mac must conform to the credit, appraisal and underwriting guidelines established by the Corporation. These guidelines are designed to evaluate the credit standing of the mortgagor and the value of the real property securing the mortgage. Administration of these guidelines by Freddie Mac, including the required documentation and the extent of pre- and post-purchase audits of documentation provided by the seller, may differ based on the Corporation's evaluation of and experience with the eligible seller and the loan-to-value ratio and age of the mortgages. Any of the Corporation's credit, appraisal and underwriting guidelines and procedures are subject to change at any time and at the Corporation's sole discretion so long as the guidelines and procedures as modified continue to be prudent.

Permissible Financing Arrangements. Under conditions specified in the Sellers' Guide Freddie Mac purchases first lien mortgages as to which the mortgagor has obtained secondary or individualized financing arrangements. These arrangements include junior lien mortgages containing features such as the absence of regular amortization of principal and deferred interest and/or principal payments. The Corporation may also purchase a first lien mortgage securing a property on which the mortgagor has placed a subordinate lien for an amount which includes the unpaid principal balance of the first lien where the holder of the subordinate lien may repay the first lien if market interest rates decline or at any other time.

Freddie Mac also purchases mortgages as to which an individual third party makes contributions to the downpayment of the home purchaser-occupant and shares in the equity in the property. The third party may also contribute to the purchaser-occupant's monthly payments. Any agreement for sharing of equity cannot require sale of the property or buyout of the third party's interest prior to seven years following mortgage origination. Individualized payment arrangements in which funds are placed in an account by a third party or the borrower and are used to pay a portion of the monthly payment on the mortgage for a specified period, commonly referred to as "buydown" arrangements, are permitted under certain conditions. In all circumstances where individualized financing arrangements are involved Freddie Mac purchases only the first mortgage, and the entire arrangement must meet the Corporation's credit, appraisal and underwriting guidelines.

Variations in Programs. Consistent with the standards imposed by the FHLMC Act, Freddie Mac purchase programs have differed and may differ with regard to such matters as the percent retained by sellers (in participation purchase programs), loan-to-value ratios and maximum unpaid principal amounts for individual mortgages (not to exceed those described above), required documentation, payment of interest in advance or in arrears, owner-occupancy and primary residence requirements and the particular requirements of the Corporation's credit, appraisal and underwriting guidelines. The Corporation believes that these variations have had and will have no material impact upon the quality of the mortgages purchased in the various programs.

2. Eligible sellers

Substantially all of the mortgages purchased by Freddie Mac are purchased from financial institutions the deposits or accounts of which are insured by the Federal Savings and Loan Insurance Corporation ("FSLIC") or the Federal Deposit Insurance Corporation ("FDIC") or from mortgagees approved by the Secretary of Housing and Urban Development ("HUD") for participation in any mortgage insurance program under the National Housing Act. In some instances the Mortgage Corporation may purchase from an eligible seller mortgages which were not originated by that seller or by any eligible seller.

All FSLIC-insured institutions are eligible sellers. In the case of other sellers, such as savings banks, commercial banks and HUD-approved mortgagees, the Corporation approves the institution on an individual basis after consideration of such factors as financial condition, facilities and mortgage origination and servicing experience.

3. Warranties of sellers

A seller is required to give certain warranties to Freddie Mac for the benefit of the Corporation and purchasers from the Corporation. These warranties cover such matters as validity of the mortgage as a first lien, proper recordation of the mortgage, compliance by the originator with the requirements of all state and federal laws including those relating to settlement procedures, truth-in-lending and usury, and validity of title, hazard and private mortgage insurance policies. Sellers also warrant that each mortgage complies with all the terms and conditions of the Freddie Mac purchase program pursuant to which the mortgage is being purchased and with such requirements as are generally imposed by private institutional mortgage investors in the area in which the mortgaged property is located. These warranties are made even if the seller is not the originator of the mortgage.

4. Servicing

Sellers agree, subject to Freddie Mac's general supervision, to perform diligently all services and duties customary to the servicing of mortgages. Sellers must retain a minimum servicing fee on whole loan home mortgages and on multifamily mortgages. Sellers are not required to retain a servicing fee on participation interests. The duties performed by servicers include collection and remittance of principal and interest payments, administration of escrow accounts, collection of insurance claims and, if necessary, foreclosure. Subject to Freddie Mac's approval, sellers may contract to have servicing performed by other servicers acceptable to the Corporation.

Freddie Mac supervises the servicing of the mortgages it has purchased, including those mortgages which it has sold in the form of PCs, in a manner consistent with prudent servicing standards. The Corporation monitors servicers' performance through periodic and special reports and has developed detailed servicing policies and procedures as an aid to the efficient and uniform servicing of mortgages. Any of Freddie Mac's servicing policies and procedures are subject to change at any time and at Freddie Mac's sole discretion so long as the policies and procedures as modified continue to be prudent. Such changes may occur formally, *i.e.*, by amendment of the Corporation's Servicers' Guide, or informally in connection with the servicing of a particular mortgage.

Set forth below is a brief description of certain aspects of Freddie Mac's current servicing policies and procedures concerning assumptions, repayments of principal, delinquencies, foreclosures and liquidations. This description is not intended to be complete and is qualified in its entirety by the Corporation's Servicers' Guide (as amended from time to time), a copy of which may be obtained from the Corporation. Further, in view of the highly individualized nature of many servicing situations, informal adaptation of the policies and procedures in the Servicers' Guide to fit particular situations can be expected to occur with some frequency.

Assumptions. Freddie Mac's current assumption policy requires a credit review of the assuming borrower by either Freddie Mac or the servicer if such review is permitted under the mortgage documents. Mortgage assumptions frequently involve a change in the mortgage coupon rate in jurisdictions where such changes are legal. Under its current policy, Freddie Mac does not permit coupon rate or payment term modifications in connection with assumptions of mortgages which it has purchased. See "PC Principal Repayment Experience" below. If the assuming borrower and the servicer agree on a coupon rate increase, the Corporation requires such mortgage to be repurchased by the servicer. The proceeds of any such repurchase will be passed through to PC holders as a repayment of principal. See "Interest and Principal Payments" below.

Effective July 1, 1983 Freddie Mac will change its current policy with respect to assumptions by requiring servicers to enforce due-on-sale clauses contained in mortgages purchased by the Corporation. Under the new policy, the Corporation will require its servicers to demand full payment of the remaining principal balance of a mortgage upon sale or transfer of the property securing the mortgage, irrespective of the creditworthiness of the transferee. This policy (referred to herein as a policy of "automatic acceleration") will apply to all mortgages which contain enforceable due-on-sale clauses to the extent permitted under federal and state law as described below.

The extent to which Freddie Mac will be able to require automatic acceleration with respect to the mortgages in any PC group will depend initially upon whether the mortgage documents contain a due-on-sale clause that can be enforced in accordance with this new policy. The FNMA/FHLMC uniform instruments for home mortgages permit automatic acceleration. The FNMA/FHLMC uniform instruments for multifamily mortgages do not; however, for any multifamily mortgage originated after July 1, 1983, Freddie Mac will require that the mortgage documentation include a due-on-transfer rider which will provide for a right of automatic acceleration substantially equivalent to that conferred by the due-on-sale clause in the FNMA/FHLMC uniform instruments for home mortgages. Home and multifamily mortgages on non-uniform instruments may or may not permit automatic acceleration. See "The PC Groups" below for a description of the mortgage instruments permissible under various programs. Freddie Mac accordingly makes no representation concerning the extent to which the mortgages in any PC group having a PC Group Number with any prefix other than "20" will contain due-on-sale clauses permitting automatic acceleration.

The extent to which Freddie Mac will be able to require automatic acceleration as of July 1, 1983 will also depend upon whether the mortgages are subject to state laws prohibiting automatic acceleration. The Depository Institutions Amendments of 1982, as signed into law on October 15, 1982 (the "DIA"), provides for federal preemption of state laws and judicial decisions which restrict the exercise of due-on-sale clauses. Except as described below, under the DIA the Corporation will be permitted to require automatic acceleration subject to certain specified transactions excluded by the DIA and if permitted under the mortgage documents.

Under the DIA any mortgage originated by a lender other than a federal savings and loan association or a federal savings bank or any such mortgage assumed during the period beginning on the date a state adopted (whether by statute, constitutional provision or specified judicial decision) a restriction on the enforcement of due-on-sale clauses and ending on October 15, 1982 ("window period" mortgages) would remain subject to any applicable state law restriction until October 15, 1985. However, prior to that date: (1) the state may enact legislation applicable to the enforcement of the due-on-sale clauses in window period mortgages originated by lenders other than national banks, federal savings and loan associations, federal savings banks and federal credit unions, and (2) the Comptroller of the Currency and the National Credit Union Administration may promulgate regulations applicable to enforcement of due-on-sale clauses in window period mortgages originated by national banks and federal credit unions. Such state legislation or federal regulations may affect the extent to which the Corporation can implement its new policy as to window period mortgages.

According to the report of the U.S. Senate Committee on Banking, Housing and Urban Affairs, window period mortgages exist in approximately 12 states. However, the DIA does not identify the states in which window period mortgages exist nor does the DIA specify which statutes, constitutional provisions or judicial decisions fix the date on which a particular state adopted a restriction on the enforcement of due-on-sale clauses. The Corporation has not yet determined the identity of the states in which it believes window period mortgages exist or the date on which each such state adopted a due-on-sale clause enforcement restriction. Freddie Mac makes no representation concerning the extent to which the mortgages in any PC group will be window period mortgages. The Corporation will permit a window period mortgage to be assumed by a transferee at the existing coupon rate once the transferee's credit has been reviewed and found acceptable by either the Corporation or the servicer.

All home mortgages included in PC groups with Group Numbers having the prefix "20" will not be window period mortgages and will contain a due-on-sale clause. As a result, these mortgages will not be subject to state laws prohibiting automatic acceleration. Multifamily mortgages included in these PC Groups must include a due-on-transfer rider as described above.

Repayments of Principal. A full repayment of principal to the PC holder may occur as a result of a transfer of the real property securing the mortgage or a refinancing of the mortgage by the mortgagor. A mortgagor may repay a mortgage in full at any time subject to the payment of any prepayment fee required by the mortgage instruments and permitted by federal and state law. Freddie Mac does not permit the collection of a prepayment fee on any home mortgage purchased by Freddie Mac after December 31, 1979. A full repayment of principal may also occur as a result of the Corporation's requiring a seller to repurchase a mortgage having a material breach of warranty or defect in documentation.

A mortgagor may also make a partial repayment of principal at any time. A servicer may approve a request from a mortgagor who has made a partial repayment of principal to reduce subsequent scheduled monthly payments of principal and interest provided that payment on the mortgage is current and that the reduction will not result in an extension of the term of the mortgage or a change in the coupon rate.

Effective November 1, 1980, the Sellers' Guide permits mortgage originators to add a call option rider to the mortgage or deed of trust allowing the lender to demand payment of all principal at a specified date. The seller of such a mortgage warrants that the call option rider will not be exercised without Freddie Mac's prior written approval. Freddie Mac has not yet formulated any policy with respect to the exercise of call option riders included as a result of the November 1, 1980 Sellers' Guide revision and accordingly makes no representation regarding whether it might approve the exercise of such call option riders at some future date.

Delinquencies. A servicer is required to report to Freddie Mac any mortgage which is delinquent 60 days or more and, when applicable, to make a recommendation for corrective action. The Corporation requires that effective servicing include individual knowledge of the borrower, the location and type of property securing the mortgage and the extent of any delinquency, and Freddie Mac expects such recommendations to reflect familiarity with such matters.

Freddie Mac encourages a servicer to resolve a delinquency through a variety of measures, including repayment plans which do not exceed six months without the Corporation's approval and longer repayment plans with the Corporation's approval, reduction or suspension of regular mortgage payments for a period up to 12 months and modification of mortgage terms. While Freddie Mac does not insist upon the use of any one particular method, the use of repayment plans is a common technique. When repayment plans are employed, the Corporation's general policy is that mortgages subject to such plans should be amortizing on a current basis within one year of the commencement of the plan. Any one or more of these measures may be implemented before Freddie Mac authorizes foreclosure. No repayment plan or period of forbearance with respect to the Mortgages will affect Freddie Mac's guarantee of timely payment of interest, but any repayment plan or period of forbearance may result in a delay in the remittance of principal to a PC holder.

Freddie Mac requires that a servicer take all reasonable steps, including the measures described above, to resolve any delinquency prior to the Corporation authorizing a servicer to make demand upon a mortgagor for accelerated payment of principal. A demand is authorized when the Corporation believes that no reasonable prospect exists for payment of delinquent amounts within a reasonable period of time. The length of time necessary for the Corporation to determine that a mortgage should be accelerated varies with the particular circumstances of each mortgagor, and the Corporation has not adopted servicing standards which require that the demand be made within any specified period.

Freddie Mac's servicing discretion may be limited by a court in connection with a mortgagor's bankruptcy. When a bankruptcy proceeding is instituted prior to demand for accelerated payment of principal, no demand for acceleration is permitted to be made without court approval. A bankruptcy court has broad powers to delay or deny such approval. Both prior and subsequent to a demand for accelerated payment of principal, a bankruptcy court may impose repayment plans on any terms which it considers appropriate over a period of up to five years. Similarly, pursuant to the Soldiers' and Sailors' Civil Relief Act of 1940, a mortgagor who has entered the military service may, upon application to the appropriate court, be granted relief from the payment of mortgage obligations for the term of the mortgagor's military service and a period of three months thereafter.

Federal and state legislation has been proposed to assist defaulting mortgagors. The legislation provides either for rendering financial assistance to such a mortgagor or limiting the ability of a mortgagee to institute foreclosure proceedings. If enacted, such legislation may preclude foreclosures which would otherwise have occurred.

Foreclosures and Liquidations. Demand for accelerated payment of principal is the typical initial step in the foreclosure process. Freddie Mac's Servicers' Guide sets forth policies and procedures for instituting and monitoring foreclosure proceedings, including demand upon the mortgagor for accelerated payment of principal. Freddie Mac may accept a voluntary deed in lieu of foreclosure in those jurisdictions in which this practice is authorized. If a mortgagor pays all delinquent amounts, foreclosure proceedings are terminated. If the mortgagor thereafter becomes delinquent, a new demand for accelerated payment of principal must generally be made and new foreclosure proceedings commenced. If a mortgagor does not pay all delinquent amounts within one year after the demand for acceleration, payment to the PC holders is made pursuant to Freddie Mac's guarantee of full collection of principal.

The length of the foreclosure process varies significantly from state to state. Many state laws provide mortgagors with an equity of redemption following foreclosure, and the foreclosure process typically is not final until the expiration of any such right. However, payment pursuant to the Corporation's guarantee of collection of principal is made no later than one year following demand upon the mortgagor for accelerated payment of principal. See "Guarantees" below.

The PC Groups

Freddie Mac forms PC groups under the Standard and Guarantor Programs as described below. The first two digits ("prefix") of the unique number established for each PC group ("Group Number") identifies whether the PC group was formed under the Standard or Guarantor Program and, within the Standard Program, whether the maximum original maturity of any mortgage is 15 or 30 years. PC groups formed under the Standard Program have Group Numbers with the prefixes "16," "17" and "20." PC groups formed under the Guarantor Program have Group Numbers with the prefix "18."

Under both the Standard and Guarantor Programs 5% of the original unpaid principal balance of a PC Group may consist of multifamily mortgages. The home mortgages in any PC group may be secured by any combination of detached and semi-detached dwellings, town houses, condominium units, dwellings in a planned unit development, and on-site or factory-built units which are treated as real property under state law.

Home mortgages in any PC group may be secured by properties which are not occupied by mortgagors as primary residences. These mortgages will be underwritten in accordance with the guidelines established for mortgages secured by properties which are occupied by the mortgagors as primary residences and also must meet such additional requirements as Freddie Mac may establish from time to time. When the property is not occupied as a primary residence, the property must be suitable for year-round occupancy as a primary residence. When the property is a vacation or second home, no income derived from the property will be considered for underwriting purposes.

Home and multifamily mortgages in PC groups having Group Numbers with the prefixes "16" and "17" and in all PC groups formed under the Guarantor Program must have original maturities of not less than 10 nor more than 30 years. Generally the original maturities of home mortgages in these groups are between 25 and 30 years and multifamily mortgages are between 10 and 15 years. The home and multifamily mortgages in PC groups having Group Numbers with the prefix "20" must have original maturities of not less than 10 nor more than 15 years. The original maturity is calculated from the date of origination of a mortgage or, in the event the mortgage was refinanced or modified prior to delivery to Freddie Mac, from the date of refinancing or modification.

The mortgages must bear a fixed rate of interest. Substantially all of the home mortgages in PC groups having the prefixes "16," "17" or "18" and all of the home and multifamily mortgages in PC groups having the prefix "20" provide for level payments of principal and interest with principal payment based on an amortization schedule which results in the repayment of the original principal balance of the mortgage in full over the term of the mortgage. PC groups having the prefixes "16," "17" and "18" may include flexible payment home mortgages in which amortization of principal may not be required through the first five years; however, no more than 2.5% of the original unpaid principal balance of the home mortgages in these PC groups may be flexible payment mortgages which have not yet begun to pay the principal balance. Multifamily mortgages in PC groups having Group Numbers with the prefixes "16," "17" and "18" generally provide for the monthly payment of principal based on an amortization schedule which is substantially longer than the term of the mortgage. As a result a large unpaid principal balance may be due on the maturity date of the mortgage. No growing equity mortgages, adjustable rate mortgages or home improvement loans are included in PC groups.

A PC group may include whole loans, participation interests in whole loans ("participations") and, under the Standard Program, undivided interests in whole loans and/or participations comprising another PC group ("residual participations"). The participations vary from 50% to 95% on home mortgages and from 50% to 85% on multifamily mortgages.

Except as otherwise specifically set forth in this Offering Circular, Freddie Mac makes no representation as to the characteristics of the mortgages which comprise any PC group. The composition of mortgages in any PC group may vary with respect to original unpaid principal balance, number of mortgages, geographic location of the real properties and types of dwellings securing the mortgages, number of mortgages purchased from a single institution, made to employees of a single employer or secured by properties which are not occupied by mortgagors as their primary residences, instruments on which the mortgages were originated, coupon rates, original maturities and ages of the mortgages.

Once the Corporation has identified the mortgages which will comprise a PC group, mortgages are not removed from or added to the PC group except by reason of repayments or liquidations or as a result of material breaches of warranty by a seller or defect in documentation. Freddie Mac may require a seller to repurchase any mortgage as to which a material breach of warranty or defect in documentation has occurred or, within two years of the date the Corporation purchased such mortgage, the Corporation may require the seller to substitute another mortgage of comparable type, unpaid principal balance, remaining term and minimum acceptable yield.

1. PC Groups Formed under the Standard Program

Under the Standard Program Freddie Mac purchases groups of whole loans from sellers at specified percentages of their unpaid principal balances, adjusted for accrued or prepaid interest, which, when applied to the coupon rate of the mortgages purchased, results in the yield (expressed as a percentage) required by the Corporation. The required yield, which includes a minimum servicing fee retained by the servicer, is calculated using the outstanding principal balance of the mortgages, an assumed term and a prepayment period as determined by Freddie Mac. No whole loan is purchased at greater than 100% of the outstanding principal balance.

Freddie Mac purchases groups of participations at their face amount (par) to produce a required yield. To the extent that the coupon rate on a mortgage exceeds the yield required by the Corporation, the seller retains the excess interest. To the extent that the coupon rate is less than the

required yield, the seller makes up the difference from interest payments attributable to its retained interest in a mortgage. Freddie Mac will not purchase participations which would require more than 100% of the income from the seller's retained interest to be paid to the Corporation.

Freddie Mac forms PC groups from the groups of mortgages which it holds pending sale. The PC groups formed under the Standard Program each currently have unpaid principal balances of at least \$50 million and normally consist of between 500 and 1,500 mortgages.

Under the Standard Program, a home mortgage originated after January 1, 1976 must have been originated on FNMA/FHLMC uniform instruments. See "Mortgage Purchase Requirements—Servicing—Assumptions" above. A multifamily mortgage originated after October 1, 1977 must have been originated on FNMA/FHLMC uniform instruments.

The range of coupon rates on the mortgages in a PC group will vary since mortgages are purchased and identified to a PC group based on their yield to Freddie Mac rather than on the coupon rate on the mortgages. However, the interest remittable on the Mortgages to the Corporation will, except as described in this paragraph, be equal to or greater than the interest remittable to PC holders at the certificate rate of the PC. The interest remittable to the Corporation on certain groups of whole loans, participations or residual participations included in the Mortgages may be less than the certificate rate of the PC. In that event, the Corporation will retain a sufficient ownership interest in such groups so that the interest payments attributable to the Corporation's retained ownership in each whole loan or participation group will be sufficient for the Corporation to pay to PC holders any difference between the interest remittable to PC holders at the certificate rate of the PC and the interest to which the Corporation is entitled on the Mortgages.

Historically, Freddie Mac has purchased mortgages in significantly heavier volumes from areas of the United States that are mortgage capital deficit areas. The extent to which the Corporation purchases mortgages in any particular capital deficit area is affected by the size of the deficit in that area, the extent to which mortgage originators in the area determine to rely on secondary mortgage market financing and their choice of sources of that financing, and the yields at which particular mortgage originators offer to sell mortgages to the Corporation as compared to other yields offered to the Corporation. The area of geographic concentration may change as national or regional economic developments cause changes in areas of capital deficit and surplus. Accordingly, the Mortgages may reflect a significant degree of geographic concentration. A particular PC may represent undivided interests in Mortgages which are located in a single geographic area or in a single state.

2. PC Groups Formed under the Guarantor Program

Under the Guarantor Program, Freddie Mac purchases mortgages generally from one seller and, in exchange for the mortgages purchased, sells to the same seller PCs representing interests in the mortgages purchased. The size and composition of PC groups formed under the Guarantor Program may differ in several respects from PC groups formed under the Standard Program.

The original unpaid principal balance of and the number of mortgages in a PC group formed under the Guarantor Program are dependent on the minimum dollar amount a seller may offer for sale to Freddie Mac as well as the dollar amount and number of mortgages accepted for purchase by the Corporation. The minimum delivery amount currently accepted by the Corporation is \$1 million. The minimum purchase amount and minimum PC group balance is currently \$1 million. The minimum delivery and purchase amounts are subject to change from time to time. There is no maximum delivery or purchase amount.

Because a PC group formed under the Guarantor Program is comprised of mortgages purchased by Freddie Mac generally from one seller, the real properties securing the mortgages may be concentrated in one geographic area. Where a PC group is comprised solely of mortgages purchased from one seller, the seller will be identified on the list of group factors for PC groups. See "Group Factors" below. However, the seller need not be the originator of the mortgages, and the real property securing the mortgages need not be located in the same state as the principal office or any office of the seller.

The documentation requirements and the range of original maturities, coupon rates and ages of the mortgages comprising PC groups formed under the Guarantor Program may differ from those of PC groups formed under the Standard Program. To date a substantial majority of the mortgages purchased under the Guarantor Program were originated more than one year prior to purchase.

Mortgages originated more than two years prior to delivery under the Guarantor Program need not be on FNMA/FHLMC uniform instruments and, as a result, may not contain provisions comparable to those in the uniform instruments, such as the provision permitting automatic acceleration of the unpaid principal balance upon transfer of the real property securing the mortgage.

Under the Guarantor Program both whole loans and participations are purchased at par and the certificate rate of a PC is based upon the lowest coupon rate on any mortgage in the PC group. See "PC Sales Programs—PCs Sold under the Guarantor Program." Since the certificate rate of a PC will always be lower than the lowest coupon rate on any mortgage in the PC group, interest remittable by the servicer on the mortgages comprising the PC group will always be greater than the interest remittable to PC holders at the applicable PC certificate rate. For PC Group Numbers beginning with 18-012, the range between the lowest and highest coupon rates on the mortgages in a PC group may not exceed 2.00%.

The original unpaid principal balance of a PC group sold to a seller under the Guarantor Program is equal to the unpaid principal balance of the Mortgages as of the date of their delivery to Freddie Mac. Principal repayments on the Mortgages made during the period between delivery and settlement dates are reflected in the group factor of the PC group for the month following the month of initial issue of the PC group and are remitted to the PC holder accordingly. See "Group Factors" below.

Under the Guarantor Program Freddie Mac may also purchase mortgages from a seller or group of sellers participating in programs designed to assist in the relocation of employees ("relocation programs"). Such mortgages could be any combination of: (1) the mortgages of transferred employees of a corporation at their new locations, including the refinancing of mortgages previously made to such employees, and (2) the mortgages of purchasers of the former residences of the transferred corporate employees. Such mortgages would generally be originated or refinanced no more than two years prior to their purchase by the Corporation at coupon rates below current market rates. These PC groups may be comprised of a large number of mortgages made to employees of one or a small number of employers, and the mortgages may be concentrated in one geographic area. The seller of such mortgages to Freddie Mac is generally not the originator or the servicer of the mortgages. PC groups formed under relocation programs will be identified on the list of group factors. See "Group Factors" below.

Group Factors

The group factor is a seven digit decimal used by Freddie Mac to calculate the amount which Freddie Mac determines to be the unpaid principal balance of the Mortgages with respect to each PC group as of the end of any given month. The amount of a holder's pro rata share of the unpaid principal balance of the Mortgages for a given month can be determined by multiplying the face amount, *i.e.*, the original unpaid principal balance, of the PC certificate by the group factor for that month. The group factor for each PC group for a given month is published on or about the first business day of the month by The Bond Buyer, One State Street Plaza, New York, New York 10004.

As permitted by the PC Agreement, Freddie Mac may make remittances to PC holders of principal and interest based on the unpaid principal balance of the Mortgages as determined by the group factor. Any difference between the amount of principal paid to a PC holder for a particular month based upon the group factor for that month and the amount of principal actually received by the Corporation with respect to the Mortgages for that month, as determined by the Corporation during the month following the month of the group factor, will be accounted for by adjustment to

subsequent group factors and, as a result, to subsequent principal payments made to the PC holder. The use of the group factor does not affect the Corporation's guarantees of timely payment of interest at the applicable certificate rate and collection of all principal on the Mortgages.

With respect to PC groups formed under the Standard Program and PC groups bearing PC Group Numbers 18-001 through 18-011 under the Guarantor Program, the group factor estimate is currently based upon a moving average of repayment experience of a PC group over a period of time, typically 3 months, which is then adjusted for seasonal and cyclical variations and Freddie Mac's assessment of the then-current economic environment.

With respect to the group factors of PC groups sold under the Guarantor Program beginning with Group Number 18-012, the group factor for a PC group for a particular month reflects the unpaid principal balance of the Mortgages as of the end of the preceding month as reported by servicers rather than the Corporation's estimate of the unpaid principal balance based on servicer-reported collections on the Mortgages for prior months. Because the group factors which apply to these PC groups reflect servicer-reported principal collections for a particular month, the month-to-month variation in the amount of principal paid on such PC groups may differ from the Corporation's estimation procedure described above. If a servicer fails to file a timely report of its principal collections for a particular month, the group factor will reflect the Corporation's estimate of the principal collections on the Mortgages. Any difference between actual and estimated principal payments on the Mortgages will be accounted for by adjustment to subsequent group factors and, as a result, to subsequent principal payments made to PC holders.

Interest and Principal Payments

Freddie Mac normally will mail to each registered holder of PCs one check per month regardless of the date of purchase or the number of PCs held. PCs duly presented for registration of ownership on or before the last business day of a month are registered effective as of the first day of that month. See "Transfers and Exchanges" below. The first remittance check to a registered holder of a PC will be mailed so as to be received normally by the fifteenth day of the second month following the month in which the purchaser became a registered holder of the PC. Thereafter, checks will be mailed monthly to the registered holder so as to be received normally by the fifteenth day of each month. See "PC Sales Programs—Price and Yield Information." Principal payments, interest at the certificate rate and prepayment fees (if any) attributable to each PC are itemized on a statement accompanying the monthly remittance check. Checks will be mailed to the addresses of the registered holders as recorded in the register of holders of PCs.

Record ownership as of the last day of the month of purchase entitles a PC holder to interest from the first day of the month in which settlement for the PC purchase is made; accordingly, the first PC remittance check will include interest for the entire month. As a result, under the Standard Program a purchaser of a PC from the Corporation pays to the Corporation on the settlement date interest computed at the certificate rate on the PC for the period between the first day of the month of settlement and the date of settlement. Under the Guarantor Program Freddie Mac pays to the seller of mortgages on the settlement date an amount of interest equal to the difference between (1) the amount of interest at the required net yield on the Mortgages, and (2) the amount of interest at the certificate rate on the PC for the period between the first day of the month of settlement and the date of settlement.

PC holders are entitled to receive their pro rata share of the interest received by Freddie Mac on the Mortgages at the certificate rate on the unpaid principal balance of the Mortgages. Interest received with respect to the Mortgages in excess of the certificate rate will be retained by Freddie Mac as management and guarantee income. For purposes of computing remittances of interest, the Mortgages are deemed to have scheduled payment dates on the first day of a calendar month, and all principal payments which occur during a given Corporation monthly reporting period are deemed

to be made on the first day of the calendar month in which such monthly reporting period ends. The monthly reporting period is a fiscal period which runs from the sixteenth of the month to the fifteenth of the following month. Under the group factor system interest to the extent of the certificate rate is remitted to PC holders based on the unpaid principal balance of the Mortgages as determined by the group factor for the second month prior to the month in which such remittance to PC holders is made. Interest at the certificate rate is computed on the basis of a 360 day year, each month being assumed to have 30 days.

Holders of PCs are entitled to receive their pro rata share of all principal payments on the Mortgages received by Freddie Mac, including any scheduled principal payments, full and partial repayments of principal and principal received by the Corporation by virtue of condemnation, insurance, liquidation or foreclosure, including repayments of principal resulting from acquisition by the Corporation of the real property securing the mortgage. Principal payments are remitted to PC holders by the Corporation in an amount based on the difference between the group factor for the month prior to the month in which remittance is made to PC holders and the group factor for the second month prior to the month in which remittance is made. See "Group Factors" above.

PC holders are also entitled to receive their pro rata share of any prepayment fees collected by Freddie Mac with respect to the Mortgages. Any such prepayment fees represent additional income to holders over and above interest at the certificate rate. Late payment fees are retained by the servicers and are not passed through to the Corporation or to the holders of PCs.

The PC Agreement provides that Freddie Mac shall remit each registered PC holder's pro rata share of principal payments on the Mortgages, interest at the certificate rate and any other sums such as prepayment fees, within 60 days of the date on which such payments are received by the Corporation. Under the group factor procedure, certain adjustments may occur more than 60 days after the related principal amounts are received by the Corporation. See "Group Factors" above.

Freddie Mac's servicers report the receipt of interest and principal payments and actions taken with respect to the Mortgages on a fiscal month reporting cycle. Freddie Mac will normally receive from servicers scheduled principal and interest payments and partial repayments of principal made with respect to the Mortgages during the first week of the month following the fiscal month in which the payments were made and full repayments of principal within five business days of the date on which payments were made. Pending remittance to PC holders as described above, the Corporation may invest these funds at its own risk and for its own benefit.

If Freddie Mac acquires any PCs, it shares the payments of principal and interest on a pro rata basis with the holders of all other PCs included in the same PC group.

Guarantees

Freddie Mac guarantees to each registered holder of a PC the timely payment of interest by each mortgagor to the extent of the applicable certificate rate on the registered holder's pro rata share of the unpaid principal balance outstanding on the Mortgages as determined by the applicable group factor. Freddie Mac also guarantees to each registered holder of a PC collection by such holder of all principal on the Mortgages, without any offset or deduction, to the extent of such holder's pro rata share thereof, but does not guarantee the timely payment of scheduled principal. Pursuant to its guarantees, the Corporation indemnifies holders of PCs against any diminution in principal by reason of charges for property repairs, maintenance and foreclosure.

Freddie Mac may remit the amount due on account of its guarantee of collection of principal at any time after default on an underlying mortgage, but not later than (i) thirty days following foreclosure sale, (ii) thirty days following payment of the claim by any mortgage insurer, or (iii) thirty days following the expiration of any right of redemption, whichever occurs later, but in any event no later than one year after demand has been made upon the mortgagor for accelerated payment of principal.

In taking actions regarding the collection of principal after default on mortgages in a PC group, including the timing of the demand for acceleration, Freddie Mac will exercise its servicing judgment with respect to the Mortgages in the same manner as for mortgages which it has purchased but has not sold. The effect that Freddie Mac's servicing policies may have on the timing of the demand for accelerated payment of principal and on payment pursuant to Freddie Mac's guarantee of full collection of principal is described in "Mortgage Purchase Requirements—Servicing" above.

PCs are not guaranteed by the United States or by any Federal Home Loan Bank and do not constitute debts or obligations of the United States or any Federal Home Loan Bank.

Final Payment Date

The Final Payment Date specified on the PC certificate corresponds to the month and year in which the last monthly payment on any mortgage in the PC group is scheduled to be paid. PC holders may, however, receive principal and interest payments after the Final Payment Date as a result of the 75-day delay in the remittance of principal and interest described in "Interest and Principal Payments" above or as a result of repayment plans or periods of forbearance which have occurred with respect to the Mortgages as described in "Mortgage Purchase Requirements—Servicing" above. Because the mortgages in a PC group are not required to have scheduled maturity dates within a limited range of years, the Final Payment Date of a PC group may reflect the maturity date of only a single mortgage within that PC group.

Weighted Average Life

The weighted average life of an investment is dependent upon the amount of principal returned periodically. With respect to PCs having PC Group Numbers with the prefixes "16," "17" and "18" representing interests in mortgages having original maturities in excess of 15 years, Freddie Mac uses a 12-year prepayment assumption as the basis for yield quotations. With respect to PCs having Group Numbers with the prefix "20" representing interests in mortgages which have maximum original maturities of 15 years, Freddie Mac uses a 7-year prepayment assumption as the basis for yield quotations.

The 12 and 7 year prepayment assumptions are based on the premise that only scheduled amortization will occur in a group of mortgages until the end of the twelfth and seventh year at which time all mortgages included in the group are assumed to prepay. Although the 12 and 7 year prepayment assumptions are the industry conventions for quoting yields on mortgage pass-through securities representing interests in mortgages having original terms of approximately 30 and 15 years, respectively, the actual yield associated with a PC purchased at a given price will be determined by the actual timing of mortgage repayments.

General economic conditions, mortgage market interest rates, the types of dwellings securing the mortgages, the ages of the mortgages, the geographic location of the real property security and other factors may influence repayments of mortgages. See "The PC Groups" above and "PC Principal Repayment Experience" below. Since the actual life of the Mortgages is influenced by such factors, the actual repayment pattern of the mortgages included in a PC group is likely to be different than the mortgage repayment pattern associated with the 12 and 7 year prepayment assumptions described above.

The experience of Freddie Mac suggests that the repayment patterns of mortgages included in PC groups having Group Numbers with the prefixes "16," "17" and "18" will produce a weighted average life that is less than the weighted average life resulting from the 12 year prepayment assumption. Freddie Mac has no experience with respect to the weighted average life of the mortgages comprising PC groups having Group Numbers with the prefix "20."

Freddie Mac currently amortizes purchase and sales discount on its mortgage purchases and PC sales based on the assumptions that the repayment pattern of mortgages included in PC groups having Group Numbers with the prefixes "16," "17" and "18" will produce a weighted average life of

approximately 10 years and of mortgages in PC groups having Group Numbers with the prefix "20" of approximately 7 years. See "PC Principal Repayment Experience" below. The Corporation anticipates that holders of PCs will receive principal payments in excess of scheduled amortization payments applicable to the Mortgages, but that final repayment of all principal may not be received until the maturity of the PC.

PC Principal Repayment Experience

The table included as Exhibit B to this Offering Circular sets forth with respect to 437 PC groups the cumulative percentage of the original principal balances which have been paid to PC holders at the end of various yearly intervals. The table includes all PCs sold by Freddie Mac from December 1, 1972 which have had at least one year of payment experience based upon the group factors applicable through March 31, 1983. The PC groups listed in the table and those offered hereby may differ with respect to a number of mortgage characteristics such that the PC groups listed in the table may not be representative of those offered hereby. See "Mortgage Purchase Requirements" and "The PC Groups" above.

Freddie Mac has formed no definitive view with regard to the factors which account for the variations in repayment experience shown in the table included as Exhibit B. The repayment of a PC group may be influenced by a variety of economic, social, geographic, demographic, financial and other factors. Among these are the age distribution of the mortgages in the PC group, characteristics of the mortgagors including personal income levels and ages, population migration, the availability and cost of mortgage financing, the differential between current mortgage interest rates and coupon rates of the mortgages in the PC group, the extent to which mortgages in the PC group are assumed or are refinanced by mortgagors and the use of second-lien or other individualized financing arrangements as well as economic conditions generally. With respect to PC groups containing multifamily mortgages, repayment may also be affected by such factors as changes in local industry and population as they affect vacancy rates, the attractiveness of other investment alternatives and the tax treatment of investment in multifamily properties. The relative contribution of these factors may vary over time.

The number of foreclosures in a PC group and the number of mortgages which sellers are required to repurchase as a result of material breaches of warranty or defects in documentation will also affect repayment. The extent of a defaulting mortgagor's equity in the real property securing a mortgage may affect the frequency with which foreclosures occur. In addition, servicing decisions made with respect to the Mortgages, including the use of repayment plans and the exercise of forbearance prior to demand for acceleration, may also have an impact upon the principal repayment history of particular PC groups. For a description of the Corporation's servicing policies, see "Mortgage Purchase Requirements—Servicing" above. For certain information concerning foreclosures of conventional mortgages, see "Business—Delinquencies, Defaults and Foreclosures" in the Information Statement. The principal repayment experience of PC groups comprised of relocation mortgages may be affected by the practices of employers in transferring employees and the number of mortgages in a PC group made to such employees.

Freddie Mac makes no representation as to the percentage of the original unpaid principal balance of the PCs described herein which will be paid to holders at any particular point in time. The mortgages in any particular PC group may experience a rate of principal repayment which is greater than or less than the range shown in the table included as Exhibit B.

Transfers and Exchanges

PCs are sold in fully registered form only and are freely transferable. Any sale or transfer of a PC must be evidenced by completion of the form of transfer on the reverse side of the PC or the Form of Detached Assignment (FHLMC Form 548). *Form PD 1832 may not be used to effect transfers.* A charge may be made for any exchange or transfer of a PC and for any tax or other

governmental charge imposed in connection with an exchange or transfer of a PC. Notice with respect to a transfer shall be sent or delivered to the transfer agent at the address stated below or to such other agent as is subsequently designated by the Corporation for receipt of transfers of PCs:

Deliver to:

Chemical Bank
55 Water Street
Corporate Tellers
Window #22
Room #236
New York, New York

Mail to:

Chemical Bank
Corporate Trust Department
Post Office Box 25983
Church Street Station
New York, New York 10249
Attn: MBS Department

Freddie Mac maintains a register of the holders of PCs and makes payments of principal, interest and any other payments with respect to a PC only to the registered holder of a PC, as the holder's name and address appear on the PC register. Transfer of PCs duly presented for registration of transfer on or before the last business day of each month are registered effective as of the opening of business on the first day of that month. A holder who acquires a PC from another holder acquires such PC subject to all the terms and conditions of the PC Agreement. Accordingly, Freddie Mac will make remittances to such subsequent PC holder as provided in "Interest and Principal Payments" above.

Remedies

In the event of Freddie Mac's default in the payment of principal or interest or in the performance of any other covenant in the PC Agreement, all to the extent and as set forth in the PC Agreement, the holders of a majority in aggregate unpaid principal balance of the PCs in any given PC group may, subject to certain notice requirements and the rights of the Corporation and other PC holders, remove the Corporation and nominate a successor under the PC Agreement. Appointment of a successor does not relieve the Corporation of its guarantee obligations as set forth in the PC Agreement. The right of a PC holder to receive payment of interest or principal due in respect of the holder's PC or to institute suit for enforcement of any such payment cannot be impaired without the consent of such holder but is subject to certain notice and indemnity requirements and the rights of other PC holders as set forth in the PC Agreement. For complete information concerning holders' rights and remedies with respect to a PC, see the PC Agreement.

Tax Status

Neither the PCs nor the income derived therefrom is exempt from federal income, estate or gift taxes under the Internal Revenue Code of 1954, as amended (the "Code") by virtue of the status of Freddie Mac as a corporate instrumentality of the United States. Further, neither the Code nor the FHLMC Act contains an exemption from taxation of the PCs or the income derived therefrom by any state, any possession of the United States or any local taxing authority.

Freddie Mac will furnish each PC holder with annual information for federal income tax purposes that will itemize with respect to each PC held the total amount of interest paid by mortgagors at the underlying coupon rates, seller/servicers' fees (if any), the Corporation's management and guarantee fees (if any), the amount of federal income tax withheld (if any), the total amount of interest at the certificate rate on the PCs and prepayment fees (if any) received by that holder for the calendar year.

PCs have the following characteristics for federal income tax purposes:

(A) A PC group formed as described herein will not be classified as an association taxable as a corporation, but rather will be classified as a grantor trust under subpart E, Part I of subchapter J of the Code. Each PC holder will be treated as the owner of a pro rata undivided interest in the ordinary income and the corpus of the grantor trust attributable to that particular

PC group and will be considered the beneficial owner of a pro rata undivided interest in each of the whole loans and/or participations included therein. Accordingly, PC holders will be required to report on their federal income tax returns their pro rata share of the entire income from the Mortgages, including gross interest income at the coupon rate on the Mortgages and incidental fees, if any. PC holders will be entitled to deduct, under Sections 162 or 212 of the Code, their pro rata shares of seller/servicers' fees, including incidental fees retained by seller/servicers, if any, and the Corporation's management and guarantee fees, if any.

(B) A PC held by a "domestic building and loan association" within the meaning of Section 7701(a) (19) of the Code represents "loans secured by an interest in real property" within the meaning of Section 7701(a) (19) (C) (v) of the Code. A PC also represents "qualifying real property loans" within the meaning of Section 593(d) of the Code with respect to certain thrift institutions.

(C) Interest income on PCs is "interest on obligations secured by mortgages on real property" as that phrase is used in Section 856(c) (3) (B) of the Code; ownership of a PC by a real estate investment trust is ownership of "real estate assets" as that phrase is used in Section 856(c) (5) (A) of the Code.

(D) In the case of a PC held by a holder other than the seller of the mortgages under the Guarantor Program, each undivided interest in a mortgage included in the PC group will be treated as bearing discount income or incurring premium expense over the life of such mortgage, as follows. If interest at the certificate rate on the PC plus Freddie Mac's management and guarantee fee exceeds interest at the coupon rate of the mortgage, the amount of such excess will be characterized as "discount." If interest at the certificate rate plus the Corporation's management and guarantee fee is exceeded by interest at the coupon rate of the mortgage, the amount of such excess will be characterized as "premium." The Corporation will report the aggregate of such amounts to PC holders, as well as the gross interest income at the coupon rate on the Mortgages, as a part of the annual information furnished for federal income tax purposes. A market discount or premium incurred upon the purchase of a PC will increase or decrease, respectively, the amount of discount or premium reportable by the holder by virtue of ownership of the PC.

(E) The qualification of an employees' pension or profit-sharing trust under Section 401 of the Code and its exemption under Section 501(a) will not be adversely affected by the purchase of PCs, provided that the purchase meets the investment requisites applicable to such trust.

The Tax Equity and Fiscal Responsibility Act of 1982 established a new system of withholding that will apply to interest payments on PCs made after June 30, 1983. Amounts withheld in respect of interest payments on PCs will be equal to 10% of each interest payment made to a PC holder who is subject to the withholding requirements. Generally, individuals who are citizens or residents of the United States and certain unincorporated entities will be subject to the withholding requirements. Corporations, certain individuals and certain unincorporated entities will be exempt from the withholding requirements if they furnish the Corporation with an exemption certificate. Amounts withheld will be allowed as a credit against the federal income tax liability of the PC holder for the taxable year in which interest payments with respect to the PC are received. Information will be furnished to PC holders and to the Internal Revenue Service regarding the amount of interest paid and tax withheld.

The foregoing is intended to provide general tax information for holders of PCs. Potential investors should consult their own tax advisors regarding the federal tax treatment of the PCs as well as the consequences of state and local tax laws.

Legality of Investments

PCs are lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposits of which are under the authority and control of the United States or any officers thereof. 12 U.S.C. § 1452(f). Accordingly, PCs are acceptable as collateral for Treasury tax and loan accounts pursuant to 31 C.F.R. §203.15(d)(1).

National banks may deal in, underwrite and purchase PCs for their own accounts without regard to limitations generally applicable to investment securities. 12 U.S.C. § 24, seventh paragraph.

PCs are eligible as security for advances for periods not exceeding 90 days by Federal Reserve Banks to member banks. 12 U.S.C. § 347 and 12 C.F.R. § 201.108(b)(16).

Funds of federal savings and loan associations and federal mutual savings banks may be invested in PCs without regard to limitations generally applicable to investments. 12 U.S.C. § 1464(c)(1)(E).

PCs are eligible as security for advances by Federal Home Loan Banks to federal savings and loan associations and other members for which PCs are legal investments. 12 U.S.C. § 1431(g)(3) and 12 C.F.R. § 525.25. The PCs are also eligible as security for advances pursuant to 12 U.S.C. §§ 1430(a) and 1455(e) and 12 C.F.R. § 525.10.

Federal Home Loan Banks may invest their surplus and reserve funds in PCs. 12 U.S.C. §§ 1431(h) and 1436, respectively.

Federal credit unions may purchase PCs without regard to limitations generally applicable to investments. 12 U.S.C. § 1757(7)(E).

For private pension funds subject to the Employee Retirement Income Security Act of 1974 the PCs, and not the mortgages underlying the PCs, are considered to be plan assets. 29 U.S.C. § 1101; 29 C.F.R. § 2550.401b-1.

In addition to the specific authorizations discussed above, pursuant to Section 306(e) of the FHLMC Act, 12 U.S.C. § 1455(e), any person, trust, corporation, partnership, association, business trust or business entity created pursuant to or existing under the laws of the United States or any state (including the District of Columbia and Puerto Rico) is authorized to purchase, hold or invest in PCs to the same extent as the investor is authorized to purchase, hold or invest in obligations issued or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof. A state may enact legislation which specifically names Freddie Mac and either prohibits or limits an investor's authority to invest in PCs. To Freddie Mac's knowledge, no state has enacted any such legislation.

The investment authority of investors authorized to invest in PCs solely pursuant to Section 306(e) of the FHLMC Act will expire on June 30, 1985, and other applicable laws will then govern. However, the expiration of the investment authority granted under Section 306(e) will not affect the validity of any contractual commitment to purchase, hold or invest in PCs made on or prior to June 30, 1985. After that date, authority to continue to hold PCs acquired on or prior to June 30, 1985 will depend upon the state or federal laws applicable to each investor. Freddie Mac has initiated legislative or administrative action in certain states where specific action may be required to ensure the continuation of legal investment status for PCs after June 30, 1985. In the absence of favorable action in a particular state, those investors in that state currently able to purchase PCs solely by reason of Section 306(e) may not be able to do so after June 30, 1985.

Reverse Repurchase Agreements

Certain financial institutions may be willing to enter into reverse repurchase agreements for PCs. A reverse repurchase agreement may provide PC holders with access to short-term funds, possibly at relatively favorable rates. A reverse repurchase agreement is solely between the holder and the institution, and the Corporation is not obligated in any way to either party. There is no assurance that any financial institutions will enter into reverse repurchase agreements for PCs.

Regulatory Constraints

Any financial institution which is subject to the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the FDIC, the Federal Home Loan Bank Board, the Government National Mortgage Association, the National Credit Union Administration or other agencies with similar authority should review any applicable rules, guidelines and regulations prior to purchasing PCs.

FHLBB Regulatory Matters

The staff of the Federal Home Loan Bank Board ("FHLBB") has taken the following positions concerning securities guaranteed by Freddie Mac held by institutions the deposits or accounts of which are insured by the FSLIC or held by federal savings and loan associations which apply to PCs:

- PCs are to be reported in the asset classification "Mortgages, participations, or mortgage-backed securities insured or guaranteed by an agency or instrumentality of the U.S." (Staff Memorandum R-29a).
- No loss need be reported for regulatory accounting purposes on sales of mortgages or interests in mortgages in exchange for PCs backed by the same or substantially identical mortgages (Staff Memoranda R-49 and R-49-1).
- PCs current with respect to guaranteed principal and interest payments, regardless of the performance of any underlying loan, are not "scheduled items" for institutions the deposit or accounts of which are insured by FSLIC (Staff Memorandum R-29a).
- PCs constitute "home mortgage loans" for the purpose of computing a Federal Home Loan Bank member's stock requirement under section 6(c)(4) of the Federal Home Loan Bank Act (General Counsel Opinion—October 30, 1972).
- PCs are eligible collateral for use by savings and loan associations engaging in retail repurchase agreements (Staff Memorandum R-51-1).
- Discounts or premiums in connection with the purchase of PCs should be amortized in the same manner as permitted for mortgage loans (Supervisory Memorandum of the Office of Examinations and Supervision); amortization may be by any "approved method" (12 C.F.R. § 563.23-1).

Accounting Matters

A sale of PCs is treated by Freddie Mac as a sale of assets and accordingly does not affect the Corporation's capitalization. However, the Corporation provides for losses as a consequence of its guarantees of principal and interest.

Federal Securities Laws

The PCs are, in the opinion of Cadwalader, Wickersham & Taft, special counsel to the Corporation, exempt from the registration requirements of the Securities Act of 1933 and the PCs are "exempted securities" within the meaning of the Securities Exchange Act of 1934.

PC SALES PROGRAMS

PCs are issued in fully registered form only, generally in face amounts of \$25,000, \$100,000, \$200,000, \$500,000, \$1,000,000 and \$5,000,000. PCs may also be issued in odd denominations between \$25,000 and \$50,000 in connection with the Guarantor Program.

The face amount of a PC represents the unpaid principal balance of the PC upon formation of the PC group. As used herein, the term "unpaid principal balance of a PC" refers to the PC holder's pro rata share of the unpaid principal balance of the Mortgages represented by that PC.

The certificate rate of the PCs normally is in increments of 0.25 of one percent.

1. *PCs Sold under the Standard Program*

Freddie Mac purchases groups of mortgages, aggregates them to form PC groups and sells PCs representing interests in the PC groups on a continuous basis. The Corporation currently offers PCs formed in this manner pursuant to the various mandatory and optional delivery sales programs described below. The Corporation reserves the right to vary at any time both the terms and the availability of these sales programs.

Mandatory Delivery Program. Purchasers may currently contract for mandatory delivery of PCs for a settlement date of not less than 7 nor more than 150 days from the trade date.

Optional Delivery Program. Purchasers may contract for optional delivery of PCs under any of the optional programs which may, from time to time, be offered by Freddie Mac. Under an optional delivery contract the Corporation may, at its option, complete the sale of PCs by delivering, on the settlement date agreed upon with the purchaser, either the entire principal amount subject to the contract, or any portion thereof. The Corporation may also exercise its option not to deliver any PCs. In the event the Corporation elects to deliver PCs, the purchaser will be notified prior to the date of settlement. Such notice will specify the principal amount of PCs to be delivered by the Corporation and the amount due at settlement from the purchaser. Currently, purchasers may contract for optional delivery by agreeing with the Corporation upon a settlement date not less than 270 days from the trade date. The Corporation will pay the purchaser a fee of not more than 1.0%.

Offer, Acceptance and Settlement. All offers to purchase PCs are subject to acceptance by the Corporation. At the time an offer to purchase is made, a purchaser will be asked to specify the face amount of PCs to be purchased, the delivery program desired, the settlement date proposed, the denominations of the certificates to be purchased and the purchaser's federal taxpayer identification number. Offers to purchase PCs will be considered firm offers. An offer will generally be accepted or rejected by telephone on the day on which the offer is received. The date of acceptance of any offer is the trade date.

Within three business days of the acceptance of an offer to purchase a PC, a confirmation of the order will be mailed to the purchaser. The purchaser must execute and return the confirmation to the Corporation immediately. Neither a mandatory delivery contract nor an optional delivery contract may be assigned or transferred by a purchaser without the prior written consent of the Corporation.

The settlement date will be established on the trade date. Settlements may be held on any business day mutually agreed upon by the purchaser and Freddie Mac within the range of settlement dates applicable to any particular delivery program. Notification of the exact amount due from the purchaser at settlement will be mailed to the purchaser at least 5 business days prior to settlement for all programs other than when settlement is scheduled for not more than 10 days from the trade date. In the latter case, notification of the exact amount due at settlement will be mailed with the confirmation of the purchaser's order. Payment for PCs is due on the date of settlement.

While the face amount of a PC represents the unpaid principal balance of that PC during the month in which the applicable PC group is formed, the unpaid principal balance of a PC as of the trade date may be less than the face amount of the PC certificate as a result of principal payments made on the Mortgages between the date of formation of the PC group and the trade date.

Likewise, the unpaid principal balance of a PC at settlement may be less than the principal balance contracted for as a result of principal payments on the Mortgages made between the trade date and the settlement date. Interest and principal payments made with respect to the Mortgages between the trade date and the settlement date are for the account of and are retained by the Corporation. The purchase amount of a PC to be paid on the settlement date will be based on the group factor for the month of settlement. See "Description of Mortgage Participation Certificates—Group Factors." In addition, the purchase amount of a PC to be paid on the settlement date may be more or less than the unpaid principal balance of the PC on the settlement date due to a premium or discount.

Fees. No fees are currently paid by Freddie Mac in connection with its mandatory delivery program. As described above, fees are paid under the optional delivery program. The specific percentage amount of the fee will be stated in the confirmation of the order mailed to the purchaser. The amount of the fee payable by the Corporation for an optional delivery contract is determined by multiplying the principal balance of the PC as of the trade date by the applicable fee expressed as a percentage. Any fee due the purchaser on an optional delivery contract will be mailed by the Corporation to the purchaser within five business days following receipt of a confirmation duly executed by the purchaser. The Corporation may reduce, eliminate or reinstate at any time the fees paid in connection with any of its programs.

Distribution Arrangements. PCs can be purchased from Freddie Mac or from certain securities dealers selected by the Corporation. The Corporation presently allows a sales concession to such dealers in an amount no greater than .250% of the purchase price of the PCs sold to such dealers. If a PC is purchased from a dealer, such dealer is required to confirm sales to purchasers, to notify purchasers of settlement dates and amounts, to forward any fees, to deliver a copy of the PC Offering Circular to the purchaser and to otherwise communicate and deal with purchasers within the time limits applicable to sales of PCs effected directly by the Corporation.

Special Circumstances. Under special circumstances, Freddie Mac is willing to entertain requests for modification of certain of the terms of the above programs to meet the specific needs of purchasers.

2. PCs Sold under the Guarantor Program

Under the Guarantor Program, Freddie Mac will sell to an eligible seller PCs representing undivided interests in a group of mortgages purchased by the Corporation from that seller at par upon terms set forth in the Agreement to Purchase Conventional Home Mortgages and to Sell Mortgage Participation Certificates ("Purchase and Sale Agreement"), except as otherwise agreed with the seller. The Corporation's commitment to sell PCs to a seller is conditioned on the seller's full compliance with the terms and conditions of the Purchase and Sale Agreement including the seller's timely delivery of acceptable mortgages in a specified amount and the seller's transfer to Freddie Mac of ownership in the mortgages.

Delivery of acceptable mortgages and purchase of PCs is mandatory except as specified below. Settlement date for the sale of the mortgages and purchase of PCs is established by Freddie Mac Corporation in its sole discretion subsequent to the underwriting of the mortgages.

The certificate rate on PCs sold by Freddie Mac under the Guarantor Program is established based on the lowest coupon rate on the mortgages, minus the minimum servicing spread on whole loans, and minus the amount of the Corporation's management and guarantee income as agreed upon by the seller and the Corporation. The management and guarantee fee is the spread between the required yield on the Mortgages paid to the Corporation by the seller and the certificate rate on PCs purchased by the seller.

PCs will be issued in the largest currently available denominations which correspond to the unpaid principal balance of the Mortgages accepted for purchase. In order for Freddie Mac to sell PCs having a face amount corresponding to the unpaid principal balance of mortgages purchased by the Corporation from a seller, one PC in each transaction under the Guarantor Program is likely to be an odd denomination PC.

Freddie Mac currently sells PCs under the Guarantor Program pursuant to the programs described below.

Daily Commitments. Sellers may offer to sell mortgages and purchase PCs in exchange for those mortgages daily in accordance with the terms and procedures of the current Invitation for the Guarantor Program. Under the current program sellers may commit to deliver mortgages for processing either within 90 days or within 180 days after acceptance of a seller's offer.

Negotiated transactions. Sellers may also offer to sell mortgages having an aggregate unpaid principal balance of \$10 million or more upon terms other than those specified above, including offers to sell mortgages on an optional delivery basis. If a seller does not exercise its option to deliver mortgages, Freddie Mac is under no obligation to sell PCs to that seller. In addition, if a Seller owns all of the PCs sold to it in a Guarantor Program transaction, under specified conditions Freddie Mac is willing to consider offers to terminate the PC group represented by such PCs.

Freddie Mac reserves the right at any time to alter both the terms and availability of the Guarantor Program.

Price and Yield Information

The price at which PCs are offered by Freddie Mac under the Standard Program may be at a discount, at par, or at a premium depending upon current market conditions, the certificate rate of the PC and the delivery program selected. The net price of a PC, after subtracting any fees which are paid by Freddie Mac, may vary from program to program. The yield quoted by the Mortgage Corporation includes the increase in yield resulting from the payment of any fee to the PC purchaser.

The yields quoted by the Mortgage Corporation at various certificate rates and price levels for PCs having Group Numbers with the prefix "16" or "17" are based upon a thirty year maturity, 12 year prepayment assumption and for PCs having Group Numbers with the prefix "20" are based on a fifteen year maturity, 7 year prepayment assumption. See "Description of Mortgage Participation Certificates—Weighted Average Life." Yields also are quoted based on the assumption that there will be a 75 day delay in the receipt by a PC holder of the first remittance check. See "Description of Mortgage Participation Certificates—Interest and Principal Payments."

Yield tables for PCs having Group Numbers with the prefix "16" or "17" are available from Financial Publishing Co., 82 Brookline Avenue, Boston, Massachusetts 02215, and show yields at various certificate rates and price levels under various payment assumptions. Yield tables for PCs having PC Group Numbers with the prefix "20" are expected to be available in the next few months.

Price and yield quotations are available from the Mortgage Corporation (outside Washington, D.C. metropolitan area, telephone 800-424-5401; within Washington, D.C. metropolitan area, telephone 789-4800).

Secondary Market

Certain securities dealers make a market in PCs. Freddie Mac may also sell and repurchase PCs in the secondary market. No PCs having PC Group Numbers with the prefix "20" have been sold to date. The secondary market in such PCs may differ from that in other PCs. The Corporation makes no representation, however, as to the nature of secondary market trading in any PCs.

Information concerning the repurchase of PCs by Freddie Mac is available from the Corporation (outside Washington, D.C. metropolitan area, telephone 800-424-5401; within the Washington, D.C. metropolitan area, telephone 789-4800). There may be a spread between the Corporation's bid price for the repurchase of PCs and its offering price for currently issued PCs as well as a differential between the Corporation's bid price for the repurchase of PCs and bid prices of securities dealers making a market in PCs. Prospective PC purchasers and PC holders wishing to obtain prices may contact the Corporation and the securities dealers selling and making a market in PCs.

Federal Home Loan Mortgage Corporation

MORTGAGE PARTICIPATION CERTIFICATE AGREEMENT

(Guaranteed)

Series 700

AGREEMENT among the Federal Home Loan Mortgage Corporation ("Freddie Mac" or "the Corporation") and purchasers ("Holders") of undivided interests in certain mortgages (and/or interests therein) which are owned by and identified in the records maintained by the Corporation and which are represented by Mortgage Participation Certificates (the "PCs").

Whereas:

(a) Freddie Mac is a corporation duly organized and existing under and by virtue of the laws of the United States (Title III of the Emergency Home Finance Act of 1970, as amended (the "Act")) and has full corporate power and authority to enter into this Agreement and to undertake the obligations undertaken by it herein; and

(b) Pursuant to Section 305 of the Act, the Corporation owns certain conventional residential mortgages (as defined in Section 302 of the Act), including Whole Loans, Participations and Residual Participations, all of which are identified in the records maintained by the Corporation; and

(c) Pursuant to Section 305 of the Act, the Corporation wishes to create and sell undivided interests in certain Whole Loans, Participations, and/or Residual Participations acquired as set forth above, and to guarantee timely payment of interest and ultimate collection of principal, for the benefit of Holders; and

(d) The Corporation intends to transfer said undivided interests to Holders by sale of the PCs.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereby agree that the following terms and conditions of this Agreement shall govern the creation by the Corporation of undivided interests in specified Whole Loans, Participations, and/or Residual Participations and the transfer, sale and assignment of such interests as are represented by the PCs:

ARTICLE I

Definitions

Whenever used in this Agreement, the following words and phrases shall have the following meanings, unless the context otherwise requires:

Certificate Rate : The annual rate of interest payable to Holders and set forth on the face of a PC. Interest at the Certificate Rate shall be computed on the basis of a 360 day year, each month being assumed to have 30 days.

Group Factor : A seven digit decimal calculated by Freddie Mac with respect to a calendar month which, when multiplied by the face amount of the PC which reflects the Holder's pro rata share of the Initial Unpaid Principal Balance of the Mortgages, represents the amount determined by the Corporation to be the Holder's pro rata share of the aggregate unpaid principal balance of the Mortgages with respect to that calendar month.

Guarantor Program: Any one or more of the programs offered by Freddie Mac from time to time pursuant to which all of the Mortgages comprising a PC Group are acquired by the Corporation from the person or persons to which the PCs with respect to such PC Group are sold by the Corporation.

Holder : The person in whose name a PC is registered in the register maintained for such purpose described in Section 5.03.

Initial Unpaid Principal Balance : In the case of PCs representing undivided interests in a PC Group formed pursuant to the Standard Program, the Initial Unpaid Principal Balance shall be the aggregate unpaid principal balance of the Mortgages as of the last day of the Month of Initial Issue after the identity of all the Mortgages has been finally determined pursuant to Section 2.02. In the case of PCs representing undivided interests in a PC Group formed pursuant to a Guarantor Program, the Initial Unpaid Principal Balance shall be the aggregate unpaid principal balance of the Mortgages as of the date the Whole Loans and/or Participations included in the Mortgages are purchased by the Corporation, which shall be equal to the aggregate face amount of such PCs.

Month of Initial Issue : The month in which occurs the first settlement of a PC against a PC Group bearing the group number set forth on the face of that PC.

Mortgages : The Whole Loans, Participations, and/or Residual Participations identified in the records maintained by the Corporation as comprising a PC Group.

PC : A Mortgage Participation Certificate executed by the Corporation and issued pursuant to this Agreement, representing undivided interests in the Mortgages identified by the PC Group number on the face of such PC.

PC Group : A discrete group of Whole Loans, Participations and/or Residual Participations identified in records maintained by the Mortgage Corporation and bearing a unique group number.

Participation : A percentage undivided interest in one or more conventional residential mortgages purchased and owned by the Corporation and represented by a participation certificate held by the Corporation.

Residual Participation: An undivided interest in Whole Loans and/or Participations identified to a PC Group where an undivided interest in the same Whole Loans and/or Participations is identified to a different PC Group.

Standard Program: The program pursuant to which Freddie Mac purchases Whole Loans and Participations from eligible sellers, holds them and periodically forms PC Groups and sells PCs.

Whole Loan : A conventional residential mortgage purchased and owned by the Corporation and as to which the Corporation holds the mortgage note.

ARTICLE II

Conveyance of Undivided Interests in Mortgages

Section 2.01. Sale of PCs. Sale of a PC by Freddie Mac pursuant to this Agreement shall be deemed to occur upon the date of settlement and payment for such PC and shall constitute a sale, assignment, transfer, and conveyance by the Mortgage Corporation to the Holder of the Holder's pro rata undivided interest in the Mortgages determined in accordance with Section 4.02. The Corporation shall be bound by all of the terms and conditions of this Agreement at such time as a PC is sold to such Holder. Upon settlement of and payment for a PC, a Holder shall, by virtue thereof, acknowledge, accept and agree to be bound by all of the terms and conditions of this Agreement.

Section 2.02. Identity of the Mortgages; Substitution and Repurchase. In the case of a PC Group formed under Freddie Mac's Standard Program, the Corporation shall have power and authority to determine the amount and identity of the Whole Loans, Participations and/or Residual Participations which comprise the Mortgages up to the day prior to the date the first remittance of principal and interest is payable to Holders pursuant to Section 4.05. Whole Loans, Participations or Residual Participations added to or withdrawn from such a PC Group after the Month of Initial Issue shall be added or withdrawn at their unpaid principal balances as of the last day of the Month of Initial Issue. A PC Group formed under the Guarantor Program shall be comprised of only those Whole Loans and/or Participations transferred to the Corporation under such Guarantor Program. Once the identity of the Mortgages has been so determined, it shall not thereafter be changed; provided, however, that the Corporation may, in the exercise of its judgment in performing its servicing responsibilities pursuant to Section 3.02, agree to a repurchase by the seller of any Whole Loan or of any Participation included in the Mortgages at its then unpaid principal balance, and, in the case of a material breach of warranty by a seller of any such Whole Loan or Participation, or a material defect in documentation, the Corporation may require such a repurchase or may, within two years of the settlement for the first PC representing an undivided interest in such Whole Loan or Participation, permit a substitution for such Whole Loan or Participation of another Whole Loan or Participation of comparable type, unpaid principal balance, remaining term and yield.

Section 2.03. Post-Settlement Purchase Adjustments. Freddie Mac shall make such post-settlement purchase adjustments with respect to the unpaid principal balances of the Whole Loans and/or Participations included in the Mortgages as may be necessary to reflect the actual unpaid principal balances of such Whole Loans and/or Participations as of the date of their purchase by the Corporation. The Corporation shall also make such post-settlement purchase adjustments with respect to PCs issued pursuant to a Guarantor Program as may be necessary to reflect the difference between the aggregate face amount of such PCs and the actual unpaid principal balance of the Whole Loans and/or Participations included in the Mortgages as of the last day of the Month of Initial Issue. The foregoing adjustments shall not affect the Holder's entitlement to interest at the Certificate Rate and to receipt of the Holder's pro rata share of principal payments made with respect to the Mortgages.

Section 2.04. Custody of Mortgage Documents. In the case of multifamily mortgages and Whole Loan home mortgages, the original mortgage notes are endorsed to and held by the Corporation. Where local law or practice requires, assignments of the original mortgages are recorded in the Corporation's name. Participations on home mortgages are evidenced by participation certificates conveyed by the sellers of the Participations to the Corporation and represent undivided interests in mortgages. The participation certificates are held by the Corporation; the original mortgage notes and original mortgages with respect to Participations are held by the sellers and the original mortgages are recorded in the names of the sellers.

Section 2.05. Retention of Undivided Interest by Freddie Mac. In the event that the interest to be received by Freddie Mac on any group of Whole Loans, Participations or Residual Participations included in the Mortgages shall be less than the Certificate Rate, the Corporation shall retain ownership in a sufficient undivided interest in each Whole Loan and in each mortgage underlying a Participation in such group so that the interest payments attributable to the Corporation's retained undivided interest shall be sufficient to remit to Holders pro rata any difference between the interest received by the Corporation with respect to the undivided interests in each such Whole Loan or in each such mortgage underlying a Participation sold to such Holders and interest payable to Holders pro rata at the Certificate Rate with respect to such undivided interests. Any Residual Participations are evidenced by the Corporation's internal accounting entries which indicate the percentage of undivided ownership in those mortgages which are included in each of the PC groups.

Section 2.06. PCs Acquired by Freddie Mac. PCs acquired by Freddie Mac from time to time shall have an equal and proportionate benefit to PCs owned by Holders, without preference, priority or distinction. Except as provided in Section 2.05, in the event that the Corporation retains any

interest in the Mortgages not represented by a PC, the Corporation and Holders shall share pro rata, without preference, priority or distinction. No Holder shall have any priority over any other Holder.

ARTICLE III

Administration and Servicing of the Mortgages

Section 3.01. Freddie Mac to Act as Principal Servicer. Freddie Mac shall service or supervise servicing of the Mortgages, including management of any property acquired through foreclosure or otherwise, for the benefit of Holders and shall have full power and authority to do or cause to be done any and all things in connection with such servicing which it deems necessary or desirable. The Corporation shall act as the representative of Holders in the control, management, and servicing of the Mortgages or property acquired in realization or liquidation of the Mortgages.

Section 3.02. Servicing Responsibilities. Freddie Mac shall service or supervise servicing of the Mortgages in a manner consistent with and to the extent required by prudent servicing standards and in the same manner as for unsold mortgages in its own portfolio. In performing its servicing responsibilities hereunder, the Corporation may employ servicer agents or independent contractors. The Corporation shall be entitled to discharge its responsibility to supervise servicing of the Mortgages by monitoring servicers' performance on a reporting and exception basis. In discharging its responsibility pursuant to this Article III, the Corporation shall not be subject to the control of Holders in any manner whatsoever. Except with regard to its guarantee obligations pursuant to Section 4.09, the Corporation shall have no liability to any Holder other than for any direct damage resulting from the Corporation's failure to exercise that degree of ordinary care which it exercises in the conduct and management of its own affairs. The Corporation shall have no liability of whatever nature for consequential damages.

Section 3.03. Realization Upon Defaulted Mortgages. Freddie Mac shall foreclose upon or otherwise comparably convert, or cause to be foreclosed upon or comparably converted, the ownership of any real property securing a mortgage included in the Mortgages which comes into and continues in default and as to which no satisfactory arrangements can be made for collection of delinquent payments. In connection with such foreclosure or other conversion, the Corporation shall cause to be followed such practices or procedures as it shall deem necessary or advisable and as shall be normal and usual in general mortgage servicing activities.

Section 3.04. Assumptions. Currently, if permitted by the underlying mortgage documents, Freddie Mac may allow assumption by a new mortgagor of a mortgage included in the Mortgages only if the assuming borrower is found by the servicer or by the Corporation to meet credit requirements established by the Corporation. If permitted by the underlying mortgage documents, the Corporation may require that the unpaid principal balance of any mortgage included in the Mortgages be paid in full in the event of a sale of any interest in the real property securing the mortgage. While the Corporation currently requires, in connection with any assumption of a mortgage, that no change be made in the rate of interest or the terms of payment applicable to the mortgage, the Corporation reserves the right to amend its policy as it shall deem necessary or advisable. Effective July 1, 1983, the Corporation will enforce due-on-sale clauses contained in the Mortgages to the extent permitted by law and will require the full payment of the principal balance of a mortgage upon the sale or the transfer of the property securing the mortgage.

Section 3.05. Mortgage Insurance. To the extent that a mortgage included in the Mortgages may be insured by a mortgage insurer, such insurer shall have no obligation to recognize or deal with any person with respect to such mortgage, other than Freddie Mac, with regard to the rights, benefits and obligations of the mortgagee under the respective contracts of insurance relating to each such mortgage insured by such insurer.

ARTICLE IV
Remittances to Holders and Guarantees

Section 4.01. Monthly Reporting Period. For purposes of this Agreement, the payments of principal, interest or any other sums, including insurance proceeds, liquidation proceeds and repurchase proceeds, with respect to the Mortgages and the occurrence of any event with respect to any mortgage included in the Mortgages, including foreclosure sale, payment by any insurer and expiration of any redemption period, reported to Freddie Mac by servicers for a monthly reporting period employed by the Corporation for the purpose of accounting for such payments and of reporting such occurrences, shall be deemed to be received or to occur within the calendar month within which such monthly reporting period ends, and the last day of such monthly reporting period shall be deemed to correspond to the last day of such calendar month. For purposes of Section 4.04, scheduled payment dates on all mortgages included in the Mortgages shall be deemed to be the first day of the calendar month within which such a monthly reporting period ends, and all scheduled principal payments and full and partial repayments of principal, including amounts treated as full prepayments under Section 4.03, with respect to the Mortgages made within such a monthly reporting period shall be deemed to be made on the first day of the calendar month within which such monthly reporting period ends.

Section 4.02. Holder's Undivided Interest. A person registered as a Holder of a PC on the last day of a month pursuant to Section 5.03 shall be the owner of a pro rata share of the aggregate unpaid principal balance outstanding on the Mortgages as of such date and shall be entitled to interest at the Certificate Rate on such pro rata undivided interest from the first day of that month. Such pro rata undivided interest in the Mortgages will change if Whole Loans, Participations and/or Residual Participations are added to or removed from the PC Group in accordance with Section 2.02. For purposes of determining a Holder's pro rata undivided interest in the Mortgages evidenced by a PC, the original unpaid principal balance stated on the face of the PC shall be divided by the Initial Unpaid Principal Balance of the Mortgages.

Section 4.03. Pass-Through of Principal. Freddie Mac shall pass through to each Holder such Holder's pro rata share of principal payments made in respect of the Mortgages, such Holder's pro rata share of any net income, net profits or proceeds of the Mortgages, and such Holder's pro rata share of the net proceeds realized from any property of whatever character received or acquired in substitution or realization thereof, whether through insurance, condemnation, foreclosure, or otherwise; provided, however, that the Corporation's obligations herein shall be subject to the Corporation's rights pursuant to Section 4.10 with respect to payments made pursuant to the Corporation's guarantees. Insurance proceeds, the proceeds of any liquidation of a mortgage included in the Mortgages, including proceeds resulting from acquisition by the Corporation of the real property securing the mortgage, and the proceeds of any repurchase of a mortgage included in the Mortgages as described in Section 2.02 shall be treated in the same manner as a full prepayment of principal and shall be passed through to Holders in accordance with this Article IV.

Section 4.04. Pass-Through of Interest. Freddie Mac shall pass through to each Holder such Holder's pro rata share of the interest paid by mortgagors and passed through to the Corporation by servicers with respect to each Whole Loan and with respect to each mortgage underlying a Participation or Residual Participation included in the Mortgages in an amount sufficient to produce the Certificate Rate, including, if necessary for such purpose, interest received by servicers attributable to their retained undivided interest in any Participation or interest received by the Corporation attributable to its retained undivided interest in accordance with Section 2.05. A partial month's interest retained by Freddie Mac or remitted to each Holder with respect to full and partial repayments of principal deemed to have been made on the first day of a calendar month in accordance with Section 4.01 shall constitute an adjustment to Freddie Mac's management and guarantee fee.

Section 4.05. Remittances of Principal and Interest. A Holder shall receive the first remittance of principal and interest payments with respect to the Mortgages on or about the fifteenth day of the second month following the month in which the Holder becomes registered as such pursuant to Section 5.03. Thereafter, a Holder shall receive on or about the fifteenth day of each month remittances with respect to the Mortgages. Subject to the provisions of this Article IV, the Corporation shall remit to each Holder such Holder's pro rata share of principal received by the Corporation, interest to the extent of the Certificate Rate and any other sums due to Holders under this Agreement within sixty days of the date on which such payments are received by the Corporation from servicers of the Mortgages. The Corporation requires that a servicer remit all funds received for mortgages paid in full within five business days of the date of payment in full. All other principal payments must be remitted to the Corporation not later than the first week of the second month following the month of the mortgagor's payment. The Corporation reserves the right to change the period during which a servicer may hold funds prior to remittance to the Corporation, provided, however, that any such change shall not delay the time of payments to Holders as otherwise provided in this Section 4.05. Pending remittance to Holders of funds received by the Corporation from servicers, Freddie Mac shall be entitled to invest and reinvest such funds for the Corporation's sole risk and benefit. Freddie Mac's guarantees as set forth in Section 4.09 shall continue to be effective or shall be reinstated in the event that any payment of principal or interest with respect to a mortgage remitted under this Agreement to a Holder is, for any reason, returned by the Holder pursuant to an order, decree or judgment of any court of competent jurisdiction that the Holder was not entitled to retain such payment pursuant to this Agreement.

Section 4.06. Group Factors. On or about the first business day of each month, Freddie Mac may publish a Group Factor with respect to the PC Group identified on the face of the Holder's PC. Interest at the Certificate Rate may be remitted by the Corporation on the Holder's pro rata share of the unpaid principal balance of the Mortgages as determined by the Group Factor for the second month prior to the month in which payment to Holders is made. Principal payments may be remitted to Holders by the Corporation in an amount equal to the difference between the Holder's pro rata share of the unpaid principal balance of the Mortgages as determined by the Group Factor for the month prior to the month in which payment is made to Holders and such pro rata share as determined by the Group Factor for the second month prior to the month in which payment is made to Holders. To the extent a given Group Factor does not reflect the monthly principal payments actually received by the Corporation in respect of the Mortgages, the Corporation shall correct any difference as soon as practicable by adjustment of subsequent Group Factors. The Group Factor method of determining principal payments shall not affect Freddie Mac's guarantee of collection of principal as set forth in Section 4.09.

Section 4.07. Amounts Retained by Servicers. Pursuant to their contractual arrangements with Freddie Mac, servicers shall be entitled to retain an amount equal to the excess, if any, of interest at the mortgage coupon rate on each mortgage serviced by them which is included in the Mortgages and interest at the contractual net yield which they are obligated to remit monthly to the Corporation. Each servicer shall be required to pay all expenses incurred by it in connection with its servicing activities and shall not be entitled to reimbursement therefor, except as provided in Section 4.08. Servicers shall be entitled to retain all incidental fees with respect to the Mortgages other than prepayment fees, if any.

Section 4.08. Amounts Retained by Freddie Mac. Freddie Mac shall retain as a management and guarantee fee an amount equal to the excess, if any, of interest payments received by the Corporation from servicers at its contractual net yield on each Whole Loan or Participation included in the Mortgages over the amount of such interest remitted to Holders at the Certificate Rate; provided, however, that the amounts retained by the Corporation hereunder shall be automatically adjusted, to the extent a Group Factor does not reflect the monthly principal payments actually received by the Corporation in respect of the Mortgages. Any such adjustment shall be equal to the

difference between (i) interest at the Certificate Rate computed on the unpaid principal balance of the Mortgages for such month based on monthly principal payments actually received by the Corporation and (ii) interest at the Certificate Rate computed on such principal balance derived from the Group Factor based on the Corporation's determination of monthly principal payments. The Corporation shall pay all expenses incurred by it in connection with administration of the PC Group and the Mortgages; provided, however, that any amounts expended by the Corporation or on the Corporation's behalf by servicers for the protection, preservation or maintenance of the Mortgages, or property received in liquidation or realization thereof, shall be deemed expenses to be borne pro rata by the Corporation and the Holders in accordance with their interests in each of the Mortgages. Such expenses borne pro rata by Holders may be paid by the Corporation from remittances otherwise due to Holders. In no event shall the Corporation's guarantee of principal or interest at the Certificate Rate as set forth in Section 4.09 be affected by fees deducted by the Corporation or servicers or by amounts expended by the gages.

Section 4.09. Freddie Mac Guarantees. Freddie Mac hereby guarantees to each Holder of a PC:

(a) Timely payment of interest by each mortgagor at the applicable Certificate Rate on the Holder's pro rata share of the unpaid principal balance outstanding on the Mortgages as determined pursuant to this Agreement.

(b) Collection of principal, without offset or deduction of any fees due the Mortgage Corporation or servicers hereunder. For purposes of this guarantee, principal shall include the Holder's pro rata share of the unpaid principal plus the Holder's pro rata share of amounts expended by any servicer of the Mortgages or by Freddie Mac under Section 4.08. The Corporation shall remit the amount due on account of its guarantee of collection of principal at any time after default on an underlying mortgage, but not later than: (i) thirty days following foreclosure sale, (ii) thirty days following payment of a claim by any mortgage insurer, if applicable, or (iii) thirty days following the expiration of any redemption period, whichever occurs later, but in any event no later than one year after demand upon the mortgagor for accelerated payment of principal.

Section 4.10. Freddie Mac Subrogation. Freddie Mac shall be subrogated to all the rights, interests, remedies, powers and privileges of each Holder in respect of any Whole Loans or Participations included in the Mortgages on which guarantee payments have been made by Freddie Mac of principal and/or interest.

Section 4.11. Termination Upon Final Payment. Except as provided in Section 4.05, Freddie Mac's obligations and responsibilities to a Holder created by this Agreement shall terminate upon: (i) the payment to the Holder of all principal and interest due the Holder pursuant to the Group Factor procedure or by reason of the Corporation's guarantee of collection of principal and payment of interest, or (ii) the payment to the Holder of all amounts held by the Corporation and required to be paid hereunder or required to be paid under Freddie Mac's guarantee of collection of principal and payment of interest.

Section 4.12. Modification of Final Payment Date. The final payment date specified in a PC may be accelerated by virtue of prepayments of principal or extended by virtue of (i) forbearance or repayment plans affecting any of the Whole Loans, Participations or Residual Participations comprising the Mortgages, or (ii) payment under the Corporation's guarantee of collection of principal after a mortgage default as described in Section 4.09(b).

ARTICLE V

The PCs

Section 5.01. Denominations; Execution. PCs shall be issued in denominations of \$25,000, \$100,000, \$200,000, \$500,000, \$1,000,000 and \$5,000,000; provided, however, that in connection with a Guarantor Program PCs may be issued in denominations between \$25,000 and \$50,000 as may be necessary to correspond to the Initial Unpaid Principal Balance. PCs shall be executed by manual or facsimile signature on behalf of Freddie Mac by its Chairman of the Board of Directors, its President, or one of its Executive Vice Presidents or Vice Presidents under its seal imprinted thereon and attested by the manual or facsimile signature of its Secretary or one of its Assistant Secretaries. Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the date such PCs are issued to Holders. The PCs shall not be validly issued until executed as provided above in this Section 5.01 and until the certificate of authentication thereon has been manually executed by the Corporation's authenticating agent.

Section 5.02. Transfer of PCs. Any sale, transfer or other disposition of a PC by a Holder shall be evidenced by completion of the form of transfer on the reverse side of the PC or by completion of such other document as may be provided for this purpose by Freddie Mac. Holders shall comply with all requirements and limitations promulgated by the Corporation, if any, on the sale, transfer and registration of PCs. Holders shall, in the event of transfer, assign only their entire interest in any PC or only such portion of their interest in a PC as will correspond to any multiple of the minimum denomination in which PCs are issued. For the purpose of permitting proper allocation of payments of principal and interest in the event that a PC is sold, each Holder of a PC expressly consents to the release by the Corporation of such Holder's name and address to any person who has acquired a PC owned by such Holder.

Section 5.03. Register of PCs. Freddie Mac and/or its designated agent shall maintain a register in which shall be registered the Holders of PCs. A purchaser of a PC from the Corporation is registered as a Holder of the PC effective as of the opening of business on the first day of the month of settlement for that purchase. Transfer of a PC duly presented for registration of transfer on or before the last business day of each month is registered effective as of the opening of business on the first day of that month. A charge may be made for any exchange or transfer. A charge will be made for any tax or other governmental charge imposed in connection with an exchange or transfer of a PC. Notice with respect to a transfer shall be sent or delivered to the transfer agent at the address stated below or to such other agent as is subsequently designated by the Corporation for receipt of transfers of PCs:

Deliver to:

Chemical Bank
55 Water Street
Corporate Tellers
Window #22
Room #236
New York, New York

Mail to:

Chemical Bank
Corporate Trust Department
Post Office Box 25983
Church Street Station
New York, New York 10249
Attn: MBS Department

Section 5.04. Mutilated or Lost PCs. If any mutilated PC is surrendered to Freddie Mac or its designated agent, or evidence satisfactory to the Corporation of destruction, loss or theft of any PC is received by Corporation or its designated agent, together with such security or indemnity as the Corporation may require to hold the Corporation harmless, the Corporation or its designated agent shall execute and deliver, in exchange for or in lieu of such mutilated, destroyed, lost or stolen PC, a new PC of like tenor.

ARTICLE VI

Remedies

Section 6.01. Events of Default. "Event of Default" wherever used herein means any one of the following events:

(a) Default in the payment to Holders of interest at the Certificate Rate as and when the same shall become due and payable as herein provided, and continuance of such default for a period of thirty days; or

(b) Default in the payment to Holders of principal as and when the same shall become due and payable as herein provided, and continuance of such default for a period of thirty days; or

(c) Failure on the part of Freddie Mac to observe or perform any other of the covenants of this Agreement, continued for a period of sixty days after the date on which written notice of such failure, requiring the Corporation to remedy the same, shall have been given to the Corporation by the Holders of not less than 25 percent in aggregate unpaid principal balance of the PCs in any given PC Group; or

(d) A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Corporation in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, sequestrator (or similar official) of the Corporation or for all or substantially all of its property, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty consecutive days; or

(e) The Corporation shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Corporation or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or the Corporation shall fail generally to pay its debts as they become due.

Section 6.02. Remedies. If an Event of Default occurs and is continuing, then and in each and every such case, the Holders of a majority in aggregate unpaid principal balance of the PCs in any given PC Group may by written notice to Freddie Mac remove the Corporation and nominate a successor to the Corporation this Agreement, which nominee shall be deemed appointed as successor to the Corporation unless within ten days after such nomination the Corporation objects thereto, in which case the Corporation may petition any court of competent jurisdiction for the appointment of a successor or any Holder who has been a bona fide Holder for at least six months may, on behalf of such Holder and all others similarly situated, petition any such court for appointment of a successor to the Corporation. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor to the Corporation. Upon the appointment of any successor pursuant to this Section 6.02, the Corporation shall submit to its successor a complete written report and accounting of the Mortgages and shall take all other steps necessary or desirable to transfer its interest in and administration of this Agreement to the successor. Subject to the Act, such successor may take such action with respect to the Mortgages as may be reasonable and appropriate in the circumstances. Prior to any such designation of a successor, the Holders of a majority in aggregate unpaid principal balance of the PCs in any given PC Group may waive any past default or Event of Default. Appointment of a successor will not, however, relieve the Corporation of its guarantee obligations as set forth in this Agreement.

Section 6.03. Limitation on Suits by Holders. Except as provided in Section 6.02, no Holder shall have any right to institute any action or proceeding at law or in equity or in bankruptcy or otherwise, upon, under or with respect to this Agreement, the PCs or the Mortgages, or for the

appointment of a receiver or trustee, or for any other remedy whatever, unless such Holder previously shall have given to the Corporation written notice of default and of the continuance thereof, as hereinbefore provided, and unless also the Holders of a majority in aggregate unpaid principal balance of the PCs in any given PC Group shall have made written request upon the Corporation to institute such action or proceedings in its own name and shall have offered to the Corporation such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Corporation for sixty days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action or proceedings, and no direction inconsistent with such written request has been given to the Corporation during such sixty day period by the Holders of a majority in aggregate unpaid principal balance of the PCs in any given PC Group, it being understood and intended, and being expressly covenanted by the Holder of every PC in a given PC Group with every other Holder in such PC Group and with the Corporation that no one or more Holders shall have any right in any manner whatever by virtue of or by availing himself of any provision of this Agreement, to affect, disturb or prejudice the rights of any other Holder, or to obtain or seek to obtain priority over or preference to any other such Holder or to enforce any right under this Agreement, except in the manner herein provided and for the ratable and common benefit of all Holders of PCs in any given PC Group. For the protection and enforcement of the provisions of this Section 6.03, each and every Holder and the Corporation shall be entitled to such relief as can be given either at law or in equity. Notwithstanding any other provision in this Agreement, the right of any Holder to receive payment of principal and interest as herein provided, on or after the respective due date of such payment, or to institute suit for the enforcement of any such payment on or after such date, shall not be impaired or affected without the consent of such Holder.

ARTICLE VII

Miscellaneous Provisions

Section 7.01. Annual Statements. Freddie Mac shall furnish, within a reasonable time after the end of each calendar year, to each Holder of record at any time during such year, information regarding the amount of the Holder's pro rata share of coupon interest on the Mortgages, net interest remitted at the Certificate Rate, and such other customary information as the Corporation deems necessary or desirable to enable Holders to prepare their United States income tax returns.

Section 7.02. Limitation on Liability of Freddie Mac and Others. Neither Freddie Mac nor any of the directors, officers, employees or agents of the Corporation shall be under any liability to Holders for any action taken by them or by a servicer or for their or any servicer's refraining from the taking of any action in good faith pursuant to this Agreement, or for errors in judgment; provided, however, that this provision shall not protect the Corporation or any such person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. The Corporation and any director, officer, employee or agent of the Corporation may rely in good faith on any document of any kind properly executed and submitted by any person respecting any matters arising hereunder. Holders shall jointly and severally indemnify and hold harmless the Corporation and any director, officer, employee or agent of the Corporation against any loss, liability or expense incurred in connection with any legal action relating to this Agreement or the PCs, other than any loss, liability or expense relating to any mortgage included in the Mortgages (other than as otherwise permitted in this Agreement) or incurred by reason of willful misfeasance, bad faith or gross negligence in the performance of duties hereunder or by reason of reckless disregard of obligations and duties hereunder. The Corporation shall not be under any obligation to appear in, prosecute or defend any legal action which is not incidental to its duties to service the mortgages

included in the Mortgages in accordance with this Agreement and which in its opinion may involve it in any expense or liability; provided, however, that the Corporation may in its discretion undertake any such action which it may deem necessary or desirable in respect of any mortgage included in the Mortgages, this Agreement, the PCs or the rights and duties of the parties hereto and the interests of the Holders hereunder. In such event, the legal expenses and costs of such action and any liability resulting therefrom shall be expenses for the protection, preservation, and maintenance of the Mortgages borne pro rata by the Corporation and Holders as provided by Section 4.08.

Section 7.03. Limitation on Rights of Holders. The death or incapacity of any Holder shall not operate to terminate this Agreement or any PC Group, nor entitle such Holder's legal representatives or heirs to claim an accounting or to take any action or proceeding in any court for a partition or winding up of any PC Group nor otherwise to affect the rights, obligations and liabilities of the parties hereto or any of them.

Section 7.04. Control by Holders. Except as otherwise provided in Article VI, no Holder shall have any right to vote or in any manner otherwise control the operation and management of the Mortgages or any PC Group, or the obligations of the parties hereto, nor shall anything herein set forth, or contained in the terms of the PCs, be construed so as to constitute the Holders from time to time as partners or members of an association; nor shall a Holder be under any liability to any third person by reason of any action taken by the parties to this Agreement pursuant to any provision hereof.

Section 7.05. Amendment. This Agreement may be amended from time to time by Freddie Mac, without the consent of any Holder or Holders, to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Agreement, which shall not be inconsistent with the provisions of this Agreement, provided that such action shall not adversely affect in any material respect the interests of any Holder. This Agreement shall be deemed to amend, supersede and restate in its entirety each Mortgage Participation Certificate Agreement of the Corporation prior to the date hereof.

Section 7.06. Registered Holder Treated as Owner. Freddie Mac or its designated agent may deem and treat the person in whose name a PC shall be registered as the absolute owner of such PC and the undivided interests in the Mortgages represented by such PC for the purpose of receiving payment of or on account of principal or interest and for all other purposes; and the Corporation and its designated agent shall not be affected by any notice to the contrary. All such payments so made to any such person, or upon his order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the duty for monies payable by the Corporation upon such PC.

Section 7.07. Governing Law. This Agreement and the Holder's and the Corporation's rights and obligations with respect to PCs shall be construed in accordance with and governed by the laws of the United States. Insofar as there may be no applicable precedent, and insofar as to do so would not frustrate the purposes of the Act or any provision of this Agreement or the transactions governed thereby, the local laws of the State of New York shall be deemed reflective of the laws of the United States.

Section 7.08. Payments Due on Non-Business Days. If the date fixed for any payment on any PC shall be a day which in either the City of New York, the State of New York, or the District of Columbia is a legal holiday or a day on which banking institutions are authorized by law to close, then payment need not be made on such date, but may be made on the next succeeding day which is not such a holiday or day on which such banking institutions are authorized by law to close, with the same force and effect as though made on the date fixed for such payment, and no interest shall accrue for the period after such date.

Section 7.09. Successors. This Agreement shall be binding upon and shall inure to the benefit of any successor to Freddie Mac, including any successor by operation of law.

Section 7.10. Effect of Section Headings. The Article and Section headings herein are for convenience only and shall not affect the construction of this Agreement.

Section 7.11. Notice and Demand. Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given or served to or upon any Holder may be given or served in writing by deposit thereof postage prepaid in the United States mail addressed to such Holder at the address as shown on the register of PC holders maintained by the Mortgage Corporation or its designated agent. Such notice, demand or other communication to or upon a Holder shall be deemed to have been sufficiently given or made, for all purposes, upon mailing.

Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given or served to or upon the Corporation shall be given or served in a writing addressed (until another address is published by the Mortgage Corporation) as follows: Federal Home Loan Mortgage Corporation, 1776 G Street, N.W., P.O. Box 37248, Washington, D.C. 20013, Attention: Vice President—Treasurer.

Such notice, demand or other communication to or upon the Corporation shall be deemed to have been sufficiently given or made only upon actual receipt of the writing by the Corporation.

THIS DOCUMENT IS INCORPORATED BY REFERENCE IN THE FREDDIE MAC MORTGAGE PARTICIPATION CERTIFICATES AND SHALL REQUIRE NO SIGNATURE FOR ITS OPERATION OR EFFECT AMONG THE CORPORATION OR HOLDERS.

(March, 1983)

PC PRINCIPAL PAYMENT EXPERIENCE

Mortgage Yields (a)	Groups (b)	Cumulative Principal Payments									
		1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
7.19%	17-028 (\$ 26.7) (c)	4.77%	11.24%								
7.48%	17-021 (\$ 30.0) (c)	7.45%	13.07%	16.21%	18.76%						
7.50%	18-291 (\$ 9.9)	4.19%									
7.50%	18-292 (\$ 14.9)	4.18%									
7.66%	17-001 (\$175.4)	2.98%	7.25%	15.01%	25.21%	38.04%	46.77%	52.12%	54.80%	56.29%	57.90%
7.70%	18-282 (\$ 9.2)	5.19%									
7.75%	18-290 (\$ 9.9)	4.51%									
7.79%	16-002 (\$ 17.5)	7.99%	17.84%	25.48%	32.68%	40.14%	56.76%	61.07%	63.06%	65.88%	67.30%
7.83%	16-004 (\$ 38.3)	5.46%	10.03%	19.67%	31.32%	42.79%	51.00%	55.27%	57.90%	59.60%	
7.87%	16-001 (\$113.3)	7.15%	16.43%	22.65%	32.90%	40.88%	48.77%	53.80%	56.34%	58.49%	63.08%
7.87%	16-003 (\$101.2)	5.10%	10.98%	18.64%	27.39%	39.05%	46.82%	51.84%	54.54%	56.68%	59.28%
7.91%	16-006 (\$ 50.0)	6.38%	12.79%	24.14%	36.76%	45.81%	50.90%	54.85%	57.55%	59.51%	
7.97%	16-005 (\$249.7)	6.29%	13.64%	22.86%	34.10%	42.90%	49.42%	54.29%	57.23%	59.83%	
8.00%	18-231 (\$ 9.9)	2.96%									
8.02%	16-020 (\$ 94.4)	15.09%	27.18%	34.59%	38.65%	42.41%	44.62%				
8.02%	16-014 (\$ 99.0)	10.75%	23.37%	31.74%	37.61%	40.96%	45.04%				
8.05%	18-009 (\$112.0)	7.42%									
8.06%	17-007 (\$108.6)	13.97%	25.52%	32.60%	36.03%	38.70%	40.95%				
8.18%	18-196 (\$ 9.9)	2.54%									
8.23%	18-284 (\$ 9.9)	4.32%									
8.27%	18-233 (\$ 14.5)	5.59%									
8.29%	18-220 (\$ 9.9)	4.51%									
8.32%	18-214 (\$ 9.9)	2.43%									
8.38%	18-287 (\$ 9.9)	2.53%									
8.43%	18-267 (\$ 9.9)	5.07%									
8.45%	18-191 (\$ 11.8)	3.71%									
8.47%	17-008 (\$100.0)	10.93%	23.40%	31.19%	35.17%	36.94%	38.82%				
8.48%	16-021 (\$111.3)	12.79%	25.26%	34.31%	38.60%	41.20%	43.20%				
8.48%	18-246 (\$ 9.9)	6.44%									
8.50%	17-003 (\$191.8)	10.29%	23.92%	34.12%	40.34%	43.45%	45.74%				
8.50%	18-056 (\$ 9.9)	6.76%									
8.50%	18-064 (\$ 9.4)	6.57%									
8.50%	18-066 (\$ 9.3)	7.93%									
8.50%	18-067 (\$ 9.5)	7.10%									
8.50%	18-069 (\$ 29.8)	2.11%									

(a) Weighted average mortgage coupon rate of the mortgages in the PC group computed as of a specific time during the calendar year 1983. The coupon rates on some underlying mortgages may be less than the certificate rate.

(b) Group number digits (000001) and (000000) omitted; (\$-) indicates the initial principal balance of the PC group in millions.

(c) This group was specially formulated to meet specific purchaser requirements.

Cumulative Principal Payments

Mortgage Yields (a)	Groups (b)	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
8.50%	18-070 (\$ 19.6)	8.20%									
8.50%	18-072 (\$ 9.9)	5.65%									
8.50%	18-077 (\$ 14.9)	5.17%									
8.50%	18-109 (\$ 9.9)	5.42%									
8.50%	18-111 (\$ 19.3)	7.13%									
8.50%	18-115 (\$ 9.9)	2.45%									
8.50%	18-116 (\$ 9.9)	3.06%									
8.50%	18-315 (\$ 9.4)	3.82%									
8.51%	18-099 (\$ 9.9)	3.45%									
8.51%	18-121 (\$ 9.7)	3.58%									
8.51%	18-161 (\$ 8.8)	5.78%									
8.51%	18-266 (\$ 9.9)	6.20%									
8.52%	18-210 (\$ 9.9)	6.16%									
8.52%	18-262 (\$ 19.9)	7.00%									
8.53%	18-120 (\$ 9.9)	4.43%									
8.57%	16-012 (\$111.2)	13.83%	28.15%	39.09%	46.38%	49.91%	52.53%	54.59%			
8.57%	18-118 (\$ 9.4)	6.79%									
8.58%	18-075 (\$ 14.9)	7.52%									
8.59%	18-043 (\$ 19.9)	5.05%									
8.59%	18-162 (\$ 9.2)	6.47%									
8.59%	18-222 (\$ 9.9)	4.61%									
8.60%	18-192 (\$ 11.9)	3.15%									
8.60%	18-248 (\$ 29.7)	20.20%									
8.61%	18-049 (\$ 9.9)	7.14%									
8.62%	16-008 (\$118.6)	7.85%	22.18%	33.62%	41.69%	46.01%	48.86%	50.89%			
8.62%	18-122 (\$ 9.3)	4.54%									
8.63%	17-009 (\$202.0)	17.04%	30.60%	39.08%	42.83%	44.27%	45.60%				
8.63%	18-200 (\$ 26.6)	3.43%									
8.63%	18-221 (\$ 9.9)	4.26%									
8.64%	18-030 (\$ 9.9)	3.68%									
8.64%	18-211 (\$ 9.9)	5.19%									
8.65%	16-011 (\$100.0)	12.59%	27.03%	39.76%	46.86%	50.74%	54.07%	55.83%			
8.65%	18-243 (\$ 19.7)	6.10%									
8.66%	18-173 (\$ 19.6)	5.03%									
8.67%	18-207 (\$ 9.9)	2.72%									
8.68%	18-197 (\$ 9.9)	1.75%									
8.69%	16-009 (\$109.3)	8.72%	22.33%	34.44%	43.25%	48.38%	51.41%	53.20%			
8.69%	18-087 (\$ 10.0)	3.47%									
8.73%	18-044 (\$ 9.9)	6.51%									

(a) Weighted average mortgage coupon rate of the mortgages in the PC group computed as of a specific time during the calendar year 1983. The coupon rates on some underlying mortgages may be less than the certificate rate.

(b) Group number digits (000001) and (000000) omitted; (\$-) indicates the initial principal balance of the PC group in millions.

(c) This group was specially formulated to meet specific purchaser requirements.

Cumulative Principal Payments

Mortgage Yields (a)	Groups (b)	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
8.73%	18-203 (\$ 9.9)	6.12%									
8.75%	17-002 (\$ 99.8)	10.20%	24.94%	35.50%	42.54%	45.48%	46.77%	48.61%			
8.75%	17-011 (\$155.8)	19.10%	31.39%	38.54%	41.83%	43.25%	45.02%				
8.75%	17-012 (\$201.9)	15.04%	27.89%	34.69%	38.10%	40.49%					
8.75%	17-013 (\$203.0)	15.94%	28.63%	37.24%	41.41%	44.62%					
8.75%	18-100 (\$ 9.9)	4.51%									
8.75%	18-101 (\$ 9.9)	5.39%									
8.75%	18-014 (\$ 9.8)	3.04%									
8.75%	18-015 (\$ 9.9)	3.93%									
8.75%	18-102 (\$ 9.9)	4.18%									
8.75%	18-103 (\$ 9.9)	4.53%									
8.75%	18-104 (\$ 9.9)	7.54%									
8.75%	18-123 (\$ 9.6)	4.70%									
8.75%	18-247 (\$ 9.9)	5.76%									
8.76%	18-021 (\$ 9.9)	5.18%									
8.76%	18-042 (\$ 19.9)	3.58%									
8.76%	18-071 (\$ 9.9)	5.61%									
8.77%	16-022 (\$200.7)	12.52%	23.75%	30.45%	33.65%	36.27%					
8.77%	17-010 (\$ 20.0) (c)	17.63%	36.46%	42.43%	47.53%	50.09%					
8.77%	18-012 (\$ 9.9)	6.02%									
8.77%	18-189 (\$ 9.9)	6.72%									
8.78%	18-110 (\$ 19.6)	7.69%									
8.78%	18-047 (\$ 99.7)	8.31%									
8.81%	18-061 (\$ 9.9)	1.96%									
8.81%	18-276 (\$ 9.9)	4.57%									
8.82%	18-027 (\$ 9.9)	2.41%									
8.83%	18-230 (\$ 9.9)	3.12%									
8.84%	18-106 (\$ 9.9)	2.99%									
8.85%	18-068 (\$ 9.9)	5.22%									
8.86%	18-036 (\$ 9.7)	5.24%									
8.87%	18-079 (\$ 9.8)	8.37%									
8.88%	17-020 (\$101.8)	6.52%	11.15%	13.78%	15.73%						
8.88%	18-017 (\$ 9.9)	3.62%									
8.88%	18-250 (\$ 15.9)	6.02%									
8.89%	16-013 (\$ 20.0) (c)	9.66%	26.35%	41.07%	46.44%	49.88%	52.72%				
8.90%	16-023 (\$201.0)	10.01%	21.84%	29.15%	31.82%	33.57%					
8.90%	18-105 (\$ 9.9)	7.50%									
8.91%	18-045 (\$ 9.8)	6.20%									

(a) Weighted average mortgage coupon rate of the mortgages in the PC group computed as of a specific time during the calendar year 1983. The coupon rates on some underlying mortgages may be less than the certificate rate.

(b) Group number digits (000001) and (000000) omitted; (\$-) indicates the initial principal balance of the PC group in millions.

(c) This group was specially formulated to meet specific purchaser requirements.

Cumulative Principal Payments

Mortgage Yields (a)	Groups (b)	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
8.91%	18-113 (\$ 9.3)	5.01%									
8.92%	18-041 (\$ 19.9)	4.81%									
8.93%	18-108 (\$ 9.9)	4.75%									
8.94%	16-024 (\$257.0)	9.78%	21.51%	28.31%	31.64%	33.25%					
8.94%	16-035 (\$100.9)	8.14%	16.99%	21.14%	23.68%	25.29%					
8.95%	16-025 (\$107.5)	10.86%	23.14%	28.13%	30.47%	31.48%					
8.95%	16-027 (\$100.0)	11.67%	22.98%	27.51%	30.68%	31.36%					
8.95%	18-024 (\$ 9.9)	1.01%									
8.97%	18-083 (\$ 9.9)	7.15%									
8.97%	18-119 (\$ 9.4)	9.77%									
8.98%	16-037 (\$101.7)	7.90%	17.19%	21.15%	22.80%	24.27%					
8.98%	17-014 (\$204.3)	16.57%	27.48%	34.90%	38.55%	41.06%					
8.98%	17-015 (\$101.8)	8.46%	18.88%	26.40%	29.35%	31.84%					
8.99%	16-039 (\$163.9)	8.83%	16.45%	20.51%	23.44%						
8.99%	18-031 (\$ 9.9)	4.75%									
9.00%	18-046 (\$ 9.9)	5.95%									
9.00%	18-107 (\$ 9.9)	2.77%									
9.01%	16-026 (\$308.0)	13.24%	25.50%	29.95%	33.37%	33.97%					
9.01%	16-031 (\$306.9)	9.74%	19.99%	23.82%	26.32%	27.79%					
9.01%	16-036 (\$156.2)	10.06%	19.95%	23.55%	25.76%	27.45%					
9.01%	18-062 (\$ 9.9)	6.81%									
9.03%	16-015 (\$133.0)	10.17%	24.96%	35.15%	40.08%	42.94%	44.69%				
9.03%	16-032 (\$202.7)	9.93%	19.03%	23.78%	27.03%	29.19%					
9.03%	18-052 (\$ 9.8)	4.63%									
9.03%	18-037 (\$ 12.1)	4.57%									
9.03%	18-063 (\$ 9.8)	7.28%									
9.04%	16-028 (\$296.0)	11.23%	22.31%	25.98%	29.06%	30.34%					
9.04%	16-033 (\$300.9)	8.74%	18.23%	22.24%	24.15%	25.96%					
9.04%	16-034 (\$200.6)	7.58%	15.96%	19.80%	21.87%	23.83%					
9.05%	17-018 (\$126.7)	7.67%	15.28%	18.29%	20.47%	22.17%					
9.05%	18-065 (\$ 9.7)	5.35%									
9.05%	18-080 (\$ 9.9)	3.99%									
9.05%	18-186 (\$ 22.3)	6.04%									
9.06%	16-038 (\$175.8)	8.87%	17.12%	20.74%	22.02%	23.86%					
9.06%	18-073 (\$ 9.6)	5.86%									
9.07%	18-022 (\$ 11.9)	3.13%									
9.08%	16-030 (\$201.2)	13.37%	24.36%	28.87%	31.60%	33.80%					
9.08%	18-060 (\$ 14.8)	3.48%									
9.09%	16-016 (\$151.4)	14.39%	29.50%	37.47%	42.05%	45.01%	46.43%				

(a) Weighted average mortgage coupon rate of the mortgages in the PC group computed as of a specific time during the calendar year 1983. The coupon rates on some underlying mortgages may be less than the certificate rate.

(b) Group number digits (000001) and (000000) omitted; (\$-) indicates the initial principal balance of the PC group in millions.

(c) This group was specially formulated to meet specific purchaser requirements.

Cumulative Principal Payments

Mortgage Yields (a)	Groups (b)	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
9.11%	16-029 (\$237.8)	12.79%	23.53%	28.71%	32.83%	34.89%					
9.11%	16-041 (\$108.4)	8.77%	15.87%	19.68%	22.75%						
9.12%	17-016 (\$120.5)	12.16%	24.28%	30.94%	35.00%	36.74%					
9.13%	16-040 (\$202.4)	9.47%	16.21%	19.47%	21.07%						
9.15%	18-050 (\$ 9.9)	1.94%									
9.16%	16-042 (\$152.9)	8.35%	15.83%	19.44%	21.42%						
9.16%	17-017 (\$125.0)	11.46%	22.22%	28.01%	32.16%	34.10%					
9.16%	18-124 (\$ 9.9)	3.24%									
9.18%	16-019 (\$100.6)	16.81%	31.12%	40.17%	43.34%	46.70%	47.96%				
9.19%	17-019 (\$100.0)	9.93%	19.26%	22.57%	24.27%	25.81%					
9.20%	16-044 (\$103.7)	8.34%	14.08%	17.39%	18.99%						
9.20%	18-011 (\$109.9)	8.90%									
9.20%	18-058 (\$ 9.7)	2.27%									
9.21%	16-043 (\$157.3)	9.57%	15.54%	19.34%	21.64%						
9.21%	18-051 (\$ 9.9)	3.19%									
9.22%	18-057 (\$ 14.7)	2.81%									
9.23%	16-045 (\$176.7)	7.53%	14.85%	18.09%	19.80%						
9.23%	18-034 (\$ 9.9)	2.46%									
9.26%	18-195 (\$ 9.9)	3.21%									
9.27%	18-117 (\$ 9.8)	6.35%									
9.28%	18-023 (\$ 9.9)	4.35%									
9.29%	18-040 (\$ 19.9)	5.07%									
9.30%	17-022 (\$102.2)	8.14%	15.87%	20.02%	22.33%						
9.31%	16-010 (\$103.3)	12.27%	29.61%	43.27%	51.60%	54.76%	57.64%	59.04%			
9.31%	18-039 (\$ 19.8)	5.97%									
9.32%	16-017 (\$ 11.0) (c)	15.92%	35.19%	46.30%	52.14%	55.17%	57.06%				
9.33%	18-086 (\$ 9.9)	3.28%									
9.36%	16-046 (\$204.9)	6.78%	13.69%	17.13%	18.81%						
9.36%	18-076 (\$ 14.9)	6.69%									
9.37%	18-078 (\$ 9.9)	4.87%									
9.37%	18-088 (\$ 9.9)	3.64%									
9.39%	18-091 (\$ 54.3)	1.85%									
9.40%	16-047 (\$105.4)	6.22%	12.05%	15.49%	17.37%						
9.40%	18-081 (\$ 9.9)	7.32%									
9.41%	18-084 (\$ 9.8)	8.94%									
9.42%	18-055 (\$ 9.7)	4.05%									
9.42%	18-114 (\$ 9.9)	4.70%									
9.44%	18-032 (\$ 14.4)	3.72%									

(a) Weighted average mortgage coupon rate of the mortgages in the PC group computed as of a specific time during the calendar year 1983. The coupon rates on some underlying mortgages may be less than the certificate rate.

(b) Group number digits (000001) and (000000) omitted; (\$-) indicates the initial principal balance of the PC group in millions.

(c) This group was specially formulated to meet specific purchaser requirements.

Cumulative Principal Payments

Mortgage Yields (a)	Groups (b)	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
9.45%	17-006 (\$102.2)	15.87%	28.96%	39.05%	43.33%	48.35%	49.45%				
9.46%	16-007 (\$112.8)	13.32%	29.93%	44.51%	54.77%	60.28%	63.33%	65.09%	66.35%		
9.46%	16-048 (\$232.4)	5.73%	11.12%	14.10%	15.75%						
9.46%	18-026 (\$ 9.9)	2.22%									
9.46%	18-035 (\$ 9.9)	3.37%									
9.47%	16-049 (\$103.9)	5.01%	9.82%	12.46%	13.83%						
9.47%	16-050 (\$136.3)	6.14%	11.45%	14.70%	16.54%						
9.50%	18-112 (\$ 16.5)	7.86%									
9.50%	18-293 (\$ 9.9)	2.11%									
9.50%	18-294 (\$ 9.8)	3.73%									
9.51%	18-263 (\$ 24.3)	9.75%									
9.52%	16-053 (\$102.5)	5.77%	11.08%	14.51%	16.03%						
9.55%	16-051 (\$104.6)	4.60%	10.21%	12.86%	14.34%						
9.56%	16-052 (\$107.5)	5.66%	9.56%	12.96%	14.48%						
9.58%	18-004 (\$100.3)	15.10%									
9.58%	18-059 (\$ 14.9)	4.58%									
9.59%	18-204 (\$ 9.9)	1.42%									
9.61%	18-053 (\$ 9.8)	4.98%									
9.61%	18-082 (\$ 9.9)	3.59%									
9.64%	17-004 (\$ 4.0) (c)	14.80%	29.88%	44.74%	52.13%	55.32%	57.61%				
9.64%	16-055 (\$171.8)	5.44%	10.54%	13.77%	15.73%						
9.65%	18-274 (\$ 9.8)	2.56%									
9.67%	18-038 (\$ 9.9)	5.88%									
9.67%	18-213 (\$ 9.9)	6.08%									
9.67%	18-381 (\$ 4.9)	5.41%									
9.68%	16-054 (\$188.6)	4.98%	10.96%	13.50%	15.16%						
9.68%	16-083 (\$102.6)	2.38%	4.93%	6.48%							
9.70%	16-057 (\$106.2)	4.94%	9.54%	12.94%	14.27%						
9.70%	18-085 (\$ 9.8)	5.58%									
9.72%	18-285 (\$ 9.9)	1.06%									
9.73%	16-059 (\$107.6)	5.04%	9.32%	12.71%	13.48%						
9.73%	18-244 (\$ 19.8)	6.42%									
9.74%	18-302 (\$ 9.9)	0.99%									
9.75%	18-074 (\$ 9.9)	8.54%									
9.75%	18-232 (\$ 9.9)	2.76%									
9.75%	18-235 (\$ 9.6)	6.07%									
9.75%	18-303 (\$ 9.9)	1.73%									
9.77%	18-242 (\$ 9.9)	3.73%									

(a) Weighted average mortgage coupon rate of the mortgages in the PC group computed as of a specific time during the calendar year 1983. The coupon rates on some underlying mortgages may be less than the certificate rate.

(b) Group number digits (000001) and (000000) omitted; (\$-) indicates the initial principal balance of the PC group in millions.

(c) This group was specially formulated to meet specific purchaser requirements.

Cumulative Principal Payments

Mortgage Yields (a)	Groups (b)	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
9.77%	18-304 (\$ 9.9)	1.96%									
9.77%	18-310 (\$ 9.8)	2.86%									
9.78%	18-018 (\$ 9.9)	1.38%									
9.80%	16-056 (\$256.2)	5.21%	9.09%	12.65%	13.47%						
9.80%	16-058 (\$273.0)	5.05%	8.85%	11.55%	13.09%						
9.80%	18-090 (\$ 13.9)	1.80%									
9.80%	18-305 (\$ 9.9)	1.48%									
9.81%	16-061 (\$107.3)	3.29%	6.03%	8.15%	9.55%						
9.81%	18-010 (\$ 80.3)	3.21%									
9.81%	18-265 (\$ 9.9)	0.86%									
9.82%	18-028 (\$ 11.8)	2.34%									
9.82%	18-054 (\$ 39.9)	6.11%									
9.82%	18-237 (\$ 9.5)	4.05%									
9.82%	18-268 (\$ 9.9)	8.84%									
9.83%	16-066 (\$132.0)	5.03%	9.30%	11.84%	13.71%						
9.83%	18-188 (\$ 9.8)	6.16%									
9.85%	16-062 (\$160.4)	4.85%	9.37%	12.48%	14.37%						
9.85%	16-073 (\$109.6)	5.18%	8.64%	9.68%	11.16%						
9.86%	16-060 (\$102.7)	4.37%	7.79%	10.93%	13.26%						
9.86%	16-064 (\$182.5)	4.54%	8.01%	10.42%	12.02%						
9.86%	16-065 (\$102.6)	4.99%	8.90%	11.25%	13.24%						
9.86%	18-234 (\$ 14.9)	4.91%									
9.87%	16-072 (\$216.2)	5.77%	9.92%	11.39%	13.20%						
9.87%	18-089 (\$ 9.8)	2.26%									
9.87%	18-435 (\$ 4.9)	4.77%									
9.88%	16-063 (\$287.0)	4.67%	8.32%	11.67%	13.40%						
9.88%	16-075 (\$128.2)	5.27%	8.48%	10.79%							
9.88%	18-033 (\$ 9.9)	7.12%									
9.89%	16-067 (\$104.2)	4.21%	8.58%	11.22%	13.41%						
9.90%	16-068 (\$108.5)	5.66%	8.51%	10.23%	11.83%						
9.90%	16-070 (\$105.4)	4.52%	7.48%	9.52%	10.87%						
9.90%	17-048 (\$112.1)	1.61%									
9.90%	18-254 (\$ 9.9)	2.57%									
9.90%	18-272 (\$ 9.9)	1.62%									
9.93%	16-069 (\$106.9)	4.93%	8.20%	11.05%	12.83%						
9.93%	18-239 (\$ 9.3)	2.02%									
9.94%	16-071 (\$ 60.8)	8.07%	11.44%	12.82%	14.48%						
9.96%	16-074 (\$275.9)	5.31%	8.55%	11.13%							
9.97%	18-205 (\$ 9.9)	1.44%									

(a) Weighted average mortgage coupon rate of the mortgages in the PC group computed as of a specific time during the calendar year 1983. The coupon rates on some underlying mortgages may be less than the certificate rate.

(b) Group number digits (000001) and (000000) omitted; (\$-) indicates the initial principal balance of the PC group in millions.

(c) This group was specially formulated to meet specific purchaser requirements.

Cumulative Principal Payments

Mortgage Yields (a)	Groups (b)	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
9.97%	18-217 (\$ 9.9)	2.82%									
9.99%	18-170 (\$ 9.9)	2.15%									
10.00%	16-077 (\$107.0)	4.32%	8.54%	11.02%							
10.00%	18-240 (\$ 9.8)	2.11%									
10.02%	18-178 (\$ 9.9)	3.78%									
10.03%	16-076 (\$123.0)	4.95%	9.21%	11.30%							
10.03%	18-249 (\$ 9.8)	3.41%									
10.07%	16-078 (\$170.4)	5.15%	7.75%	9.62%							
10.09%	18-251 (\$ 9.9)	10.63%									
10.11%	18-201 (\$ 12.1)	3.29%									
10.11%	18-275 (\$ 14.7)	1.71%									
10.13%	18-279 (\$ 15.9)	1.50%									
10.18%	18-193 (\$ 11.9)	3.32%									
10.18%	18-270 (\$ 9.5)	2.31%									
10.22%	18-160 (\$ 9.6)	6.14%									
10.23%	16-079 (\$126.4)	4.53%	7.75%	9.95%							
10.26%	18-212 (\$ 14.9)	6.36%									
10.27%	18-252 (\$ 11.3)	16.27%									
10.27%	18-218 (\$ 9.8)	6.64%									
10.30%	18-003 (\$108.4)	4.15%									
10.33%	18-255 (\$ 9.9)	1.98%									
10.33%	18-288 (\$ 9.6)	1.10%									
10.34%	18-223 (\$ 9.8)	4.00%									
10.35%	18-253 (\$ 9.9)	4.15%									
10.40%	16-080 (\$108.1)	4.06%	7.45%	8.91%							
10.41%	18-219 (\$ 9.8)	4.77%									
10.41%	18-277 (\$ 15.9)	1.51%									
10.44%	16-082 (\$121.0)	4.30%	7.15%	8.36%							
10.47%	16-081 (\$112.0)	3.76%	6.26%	7.80%							
10.57%	16-085 (\$105.6)	3.49%	6.65%	8.14%							
10.60%	16-084 (\$391.1)	3.94%	7.03%	8.26%							
10.62%	17-026 (\$100.7)	2.49%	4.48%	6.44%							
10.64%	16-086 (\$106.8)	3.14%	7.43%	8.05%							
10.64%	16-089 (\$120.9)	2.49%	6.50%	7.07%							
10.65%	16-092 (\$230.3)	2.25%	5.67%	7.44%							
10.66%	18-006 (\$147.7)	5.60%									
10.67%	18-236 (\$ 9.8)	6.44%									
10.72%	18-278 (\$ 15.9)	1.50%									

(a) Weighted average mortgage coupon rate of the mortgages in the PC group computed as of a specific time during the calendar year 1983. The coupon rates on some underlying mortgages may be less than the certificate rate.

(b) Group number digits (000001) and (000000) omitted; (\$-) indicates the initial principal balance of the PC group in millions.

(c) This group was specially formulated to meet specific purchaser requirements.

Cumulative Principal Payments

Mortgage Yields (a)	Groups (b)	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
10.73%	16-090 (\$106.9)	2.59%	6.04%	8.28%							
10.74%	16-087 (\$106.5)	2.91%	5.52%	6.77%							
10.74%	18-013 (\$ 9.9)	8.13%									
10.74%	18-016 (\$ 9.9)	6.80%									
10.75%	18-145 (\$ 9.9)	2.17%									
10.75%	18-258 (\$ 9.7)	1.47%									
10.75%	18-295 (\$ 14.7)	0.85%									
10.76%	16-088 (\$124.8)	2.74%	6.10%	6.68%							
10.77%	18-256 (\$ 9.8)	1.57%									
10.77%	18-316 (\$ 37.6)	1.35%									
10.79%	18-001 (\$103.8)	1.46%									
10.80%	16-095 (\$124.2)	2.79%	5.47%	7.29%							
10.84%	16-091 (\$103.8)	2.65%	6.32%	7.77%							
10.88%	18-128 (\$ 9.9)	3.19%									
10.89%	18-008 (\$110.0)	1.61%									
10.93%	16-094 (\$101.3)	2.75%	6.25%	8.66%							
10.93%	18-129 (\$ 19.3)	5.84%									
10.99%	18-143 (\$ 29.5)	2.26%									
11.00%	18-187 (\$ 14.4)	4.82%									
11.01%	18-127 (\$ 9.9)	3.46%									
11.03%	16-093 (\$121.6)	2.04%	4.89%	6.80%							
11.04%	18-025 (\$ 9.9)	8.65%									
11.06%	18-130 (\$ 9.8)	1.32%									
11.07%	18-134 (\$ 9.8)	5.77%									
11.08%	16-096 (\$117.3)	2.35%	4.75%	6.37%							
11.08%	18-142 (\$ 24.8)	1.71%									
11.09%	18-146 (\$ 13.7)	2.11%									
11.10%	18-005 (\$109.6)	5.57%									
11.11%	18-002 (\$132.8)	1.84%									
11.12%	18-133(\$ 12.7)	7.40%									
11.13%	17-024 (\$100.8)	2.56%	4.56%	6.18%							
11.13%	18-132 (\$ 9.9)	2.07%									
11.13%	18-257 (\$ 9.9)	1.11%									
11.14%	16-099 (\$101.5)	2.97%	5.09%	7.42%							
11.14%	17-049 (\$117.4)	1.26%									
11.15%	17-030 (\$100.0)	2.92%	4.88%								
11.15%	18-138 (\$ 9.8)	3.09%									
11.17%	18-144 (\$ 9.9)	3.26%									
11.19%	16-097 (\$101.4)	3.40%	4.95%	6.51%							

(a) Weighted average mortgage coupon rate of the mortgages in the PC group computed as of a specific time during the calendar year 1983. The coupon rates on some underlying mortgages may be less than the certificate rate.

(b) Group number digits (000001) and (000000) omitted; (\$-) indicates the initial principal balance of the PC group in millions.

(c) This group was specially formulated to meet specific purchaser requirements.

Cumulative Principal Payments

Mortgage Yields (a)	Groups (b)	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
11.22%	16-098 (\$ 39.6)	2.91%	5.51%	7.70%							
11.24%	18-139 (\$ 9.5)	2.24%									
11.25%	17-023 (\$101.4)	3.38%	5.34%	7.37%							
11.25%	17-027 (\$174.4)	3.13%	5.16%								
11.28%	17-033 (\$100.0)	3.03%	5.59%								
11.30%	18-136 (\$ 14.9)	3.70%									
11.33%	17-025 (\$122.4)	4.21%	5.61%	6.98%							
11.35%	18-019 (\$ 9.9)	1.08%									
11.38%	18-125 (\$ 9.8)	4.06%									
11.39%	18-149 (\$ 14.7)	0.99%									
11.39%	18-150 (\$ 14.2)	1.10%									
11.41%	18-126 (\$ 9.9)	1.45%									
11.42%	18-141 (\$ 9.9)	4.84%									
11.48%	18-131 (\$ 9.9)	2.27%									
11.49%	18-135 (\$ 9.8)	0.82%									
11.50%	18-296 (\$ 9.9)	0.67%									
11.50%	18-297 (\$ 9.9)	1.84%									
11.50%	18-298 (\$ 9.8)	0.73%									
11.52%	18-020 (\$ 9.9)	1.89%									
11.57%	18-206 (\$ 9.9)	1.52%									
11.57%	18-311 (\$ 9.9)	1.87%									
11.60%	18-137 (\$ 14.9)	2.24%									
11.62%	18-259 (\$ 9.6)	1.43%									
11.64%	18-147 (\$ 13.7)	1.62%									
11.65%	17-032 (\$100.0)	3.26%	4.62%								
11.69%	18-312 (\$ 9.9)	2.17%									
11.72%	18-029 (\$ 9.9)	3.60%									
11.72%	18-286 (\$ 9.9)	1.87%									
11.73%	18-140 (\$ 9.9)	1.77%									
11.76%	18-283 (\$ 9.0)	1.32%									
11.79%	18-306 (\$ 9.9)	0.62%									
11.80%	18-148 (\$ 9.8)	2.39%									
11.82%	18-215 (\$ 9.9)	3.39%									
11.82%	18-269 (\$ 9.9)	1.89%									
11.83%	18-289 (\$ 9.7)	2.07%									
11.86%	18-171 (\$ 9.9)	1.16%									
11.91%	18-313 (\$ 9.9)	1.35%									
11.92%	18-317 (\$ 10.9)	0.62%									
11.94%	18-271 (\$ 12.4)	0.96%									

(a) Weighted average mortgage coupon rate of the mortgages in the PC group computed as of a specific time during the calendar year 1983. The coupon rates on some underlying mortgages may be less than the certificate rate.

(b) Group number digits (000001) and (000000) omitted; (\$-) indicates the initial principal balance of the PC group in millions.

(c) This group was specially formulated to meet specific purchaser requirements.

Cumulative Principal Payments

Mortgage Yields (a)	Groups (b)	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
11.97%	18-176 (\$ 14.7)	4.50%									
11.97%	18-260 (\$ 9.6)	0.73%									
11.97%	18-308 (\$ 9.9)	0.74%									
12.00%	18-226 (\$ 9.9)	4.03%									
12.06%	18-241 (\$ 9.8)	2.54%									
12.06%	18-307 (\$ 9.9)	1.53%									
12.08%	18-264 (\$ 28.7)	20.68%									
12.23%	18-216 (\$ 9.9)	4.05%									
12.25%	18-309 (\$ 9.9)	2.47%									
12.27%	18-245 (\$ 9.9)	11.92%									
12.28%	18-280 (\$ 9.3)	0.59%									
12.32%	18-273 (\$ 9.9)	3.55%									
12.33%	18-202 (\$ 9.6)	6.55%									
12.39%	18-281 (\$ 9.7)	1.47%									
12.43%	18-238 (\$ 9.8)	4.24%									
12.54%	17-038 (\$100.0)	2.53%	4.59%								
12.57%	18-007 (\$109.7)	1.12%									
12.62%	18-261 (\$ 9.2)	1.91%									
12.73%	18-157 (\$ 9.7)	5.23%									
12.77%	17-029 (\$255.6)	5.03%	8.35%								
12.81%	17-050 (\$126.4)	1.93%									
12.84%	17-035 (\$139.1)	3.94%	5.43%								
12.90%	18-156 (\$ 9.9)	2.43%									
12.93%	17-031 (\$128.6)	4.74%	7.15%								
12.94%	18-158 (\$ 8.3)	4.50%									
12.94%	18-155 (\$ 9.8)	4.77%									
12.95%	18-151 (\$ 9.9)	3.08%									
13.03%	18-153 (\$ 9.9)	2.85%									
13.10%	18-154 (\$ 9.9)	4.39%									
13.12%	17-036 (\$151.1)	4.60%	5.85%								
13.12%	18-152 (\$ 9.6)	1.25%									
13.23%	18-159 (\$ 17.0)	1.14%									
13.27%	17-043 (\$ 42.8)	1.72%	4.36%								
13.31%	17-034 (\$231.1)	5.79%	8.96%								
13.38%	17-037 (\$172.8)	3.55%	6.61%								
13.58%	17-039 (\$100.1)	3.41%	7.55%								
13.58%	18-092 (\$ 29.3)	1.21%									
13.90%	17-042 (\$100.0)	2.58%	5.34%								

(a) Weighted average mortgage coupon rate of the mortgages in the PC group computed as of a specific time during the calendar year 1983. The coupon rates on some underlying mortgages may be less than the certificate rate.

(b) Group number digits (000001) and (000000) omitted; (\$-) indicates the initial principal balance of the PC group in millions.

(c) This group was specially formulated to meet specific purchaser requirements.

Cumulative Principal Payments

Mortgage Yields (a)	Groups (b)	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
14.40%	17-041 (\$ 86.8)	3.52%	8.08%								
14.48%	17-047 (\$105.6)	2.91%									
14.57%	17-040 (\$ 60.7)	5.49%	12.01%								
14.68%	17-044 (\$ 43.9)	2.25%	7.23%								
14.70%	17-045 (\$138.0)	4.88%									
14.75%	18-322 (\$ 9.9)	2.68%									
14.98%	17-046 (\$100.0)	4.08%									
15.18%	18-323 (\$ 4.9)	2.20%									
15.20%	18-319 (\$ 4.9)	2.43%									
15.38%	17-051 (\$112.4)	4.35%									
15.39%	17-053 (\$100.2)	3.46%									
16.13%	17-055 (\$159.8)	10.75%									
16.17%	17-052 (\$ 96.5)	5.26%									
16.46%	17-056 (\$102.4)	12.40%									
16.71%	18-318 (\$ 4.9)	6.90%									
16.97%	17-054 (\$109.0)	13.67%									
17.58%	17-057 (\$ 59.5)	26.10%									

(a) Weighted average mortgage coupon rate of the mortgages in the PC group computed as of a specific time during the calendar year 1983. The coupon rates on some underlying mortgages may be less than the certificate rate.

(b) Group number digits (000001) and (000000) omitted; (\$-) indicates the initial principal balance of the PC group in millions.

(c) This group was specially formulated to meet specific purchaser requirements.

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Federal Home Loan Mortgage Corporation

Mortgage Participation Certificates (Guaranteed)

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Offering Circular

Dated March 23, 1983