

Supplement Dated May 7, 1987
To Offering Circular Dated August 29, 1986

**Freddie
Mac**

Owned by America's
Savings Institutions

Federal Home Loan Mortgage Corporation

Mortgage Participation Certificates (Guaranteed)

The Federal Home Loan Mortgage Corporation ("Freddie Mac") offers Mortgage Participation Certificates ("PCs") representing undivided interests in specified fixed rate, first lien, residential mortgages or participations therein ("Mortgages") purchased by Freddie Mac. Each PC Pool is comprised entirely either of conventional Mortgages or of Mortgages fully insured by the Federal Housing Administration and/or Mortgages guaranteed, in part, by the Veterans Administration.

The Offering Circular dated August 29, 1986 and this Supplement apply to sales by Freddie Mac of Cash PCs and Guarantor PCs. Each Cash PC represents an undivided interest in Mortgages which Freddie Mac has purchased from a number of sellers and has formed into a PC Pool. Each Guarantor PC represents an undivided interest in Mortgages which Freddie Mac purchased from a single seller in exchange for PCs representing interests in the same Mortgages.

This Supplement describes new criteria to be used for formation of PC Pools under both the Cash Program and Guarantor Program. Additional information which Freddie Mac will provide and update with respect to certain PC Pools also is described herein.

PC Pools Formed Under the Cash Program

Beginning with PC Pools formed on or after June 1, 1987, the range of the interest rates on the Mortgages in 15- and 30-Year Cash PC Pools will not exceed 100 basis points. Also effective for Cash PC Pools formed on or after June 1, 1987, the minimum interest rate on each Mortgage in a PC Pool will be equal to or greater than the related PC Coupon, and the maximum interest rate on each Mortgage will be no greater than the related PC Coupon plus 200 basis points. For example, with respect to a Cash PC with a 9 percent PC Coupon, the Mortgages in the related PC Pool will have interest rates which are at least 9 percent but not more than 11 percent, and will have interest rates within a 100 basis point range of each other, such as 9 percent to 10 percent, 9.5 percent to 10.5 percent, or 10 percent to 11 percent. Information concerning the weighted average interest rate ("WAC") of the Mortgages in each Cash PC Pool will be made available approximately two months after the month of PC Pool formation. See "Additional and Updated Information."

PC Pools Formed Under the Guarantor Program

Beginning with PC Pools formed in December 1987, the range of the interest rates on the Mortgages included in each Guarantor PC Pool will not exceed 100 basis points.

Additional and Updated Information

Freddie Mac will disclose the weighted average remaining terms to maturity ("WARMs") and the WACs of the Mortgages in new Cash PC Pools. This information will be published in the *Bond Buyer* in either August or September 1987 for 15- and 30-Year Cash PC Pools formed in June 1987. Thereafter,

information with respect to the WACs and WARMs applicable to new Cash PC Pools will be made available approximately two months after the month of PC Pool formation. Freddie Mac also will provide updated WACs and WARMs as of June 30, 1987 for all existing Cash and Guarantor PC Pools for which sufficient information is available. Freddie Mac will publish this information in the August or September 1987 *Bond Buyer* and expects to update such information on an annual basis as of June 30 each year.

Calculation of WAC and WARM. Freddie Mac's servicers account for Mortgages purchased by Freddie Mac in groups of Mortgages with similar characteristics ("accounting groups"). Each PC Pool normally contains more than one accounting group.

For new Cash PC Pools, Freddie Mac will calculate WACs and WARMs based upon the interest rates and remaining terms to maturity of the Mortgages as of the date of PC Pool formation, and for updated information as to existing Cash and Guarantor PC Pools, Freddie Mac will calculate WACs and WARMs as of June 30, 1987. The unpaid principal balances used as weights in the calculations will be the unpaid principal balances of the accounting groups in each PC Pool, as of the specified date, and will exclude any Mortgage which has been fully paid. However, because of Freddie Mac's group accounting process, the WAC and WARM calculations published by Freddie Mac will assume that all scheduled payments of principal and all partial prepayments received on any Mortgage in a group after the date of delivery to Freddie Mac are applied to all of the Mortgages in the accounting group proportionately. As a result, the WAC and WARM calculations reported by Freddie Mac may differ from the actual weighted average interest rates and weighted average remaining terms to maturity of the Mortgages because partial prepayments and other differences in the amortization schedules of individual Mortgages will not be reflected in the weights attributed to each accounting group.