

**Offering Circular Supplement
(To Offering Circular Dated June 30, 1989)**

**Freddie
Mac**

**Federal Home Loan
Mortgage Corporation**

**Mortgage Participation Certificates
(Guaranteed)**

Each Mortgage Participation Certificate ("PC") represents an undivided interest in a discrete pool ("PC Pool") of specified fixed rate, residential mortgages or participations therein (the "Mortgages") purchased by the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Capitalized terms used herein but not otherwise defined in this Supplement shall have the respective meanings given to them in Freddie Mac's Mortgage Participation Certificates (Guaranteed) Offering Circular dated June 30, 1989 (the "Offering Circular").

With respect to certain PCs ("Original PCs"), the period between the first day of the month in which the PC is issued and the initial Payment Date in respect of the PC is approximately 75 days. With respect to other PCs ("Gold PCs"), the period between the first day of the month in which the PC is issued and the initial Payment Date in respect of the PC is approximately 45 days. In addition to the shorter payment delay, Gold PCs differ from Original PCs in that the Record Date for payments of principal and interest on a Gold PC is the last day of the month immediately preceding the month in which the related Payment Date occurs. Freddie Mac will offer Gold PCs for settlement commencing on or about October 1, 1990. See "Description of Mortgage Participation Certificates—Pool Factors" and "—Book-Entry Form, Holders, Minimum Principal Amounts and Transfers" in this Supplement and in the Offering Circular. As used in this Supplement and in the Offering Circular, the term "PC" refers to Original PCs and Gold PCs unless the context requires otherwise.

Freddie Mac's guarantees with respect to Original PC's are described in the Offering Circular under "Description of Mortgage Participation Certificates—Guarantees." With respect to Gold PCs, Freddie Mac guarantees to each Holder the timely payment of interest at the applicable PC Coupon on the Holder's pro rata share of the unpaid principal balance of the related Mortgages, as reflected by the applicable Pool Factor calculated by Freddie Mac, the timely payment of Monthly Principal Reduction (as defined under "Description of Mortgage Participation Certificates—Pool Factors" herein) due to be paid on the Mortgages, whether or not received by Freddie Mac, and the ultimate collection of all principal on the related Mortgages, without offset or deduction, to the extent of such Holder's pro rata share of the unpaid principal balance of the Mortgages, not later than the Payment Date occurring in the same month as the Final Payment Date of the related PC Pool.

This Supplement applies to sales by Freddie Mac of PCs, including Gold PCs, formed under both the Cash Program (including PCs formed under the MultiLender Swap Program) and the Guarantor Program. This Supplement provides additional information regarding the PCs and describes several types of Mortgages that may be included in PC Pools in addition to the Mortgages described in the Offering Circular.

Offering Circular Supplement dated June 30, 1990

DESCRIPTION OF MORTGAGE PARTICIPATION CERTIFICATES

The Mortgages

Each Mortgage provides for interest to be paid at a fixed rate of interest (“Mortgage Coupon”).

Second Mortgages and Non-Purchase Money First Mortgages

Certain Guarantor PC Pools may contain Second Mortgages and/or Non-Purchase Money First Mortgages that are level payment, fully amortizing Mortgages with Original Maturities (i) of 60 months to 180 months or (ii) exceeding 180 months but not exceeding 360 months.

Cooperative Share Mortgages

Certain specified Guarantor PC Pools may contain “Cooperative Share Mortgages.” Each Cooperative Share Mortgage is secured by a first mortgage, lien or other security interest on (i) the stock or membership certificate issued to a tenant-stockholder or resident-member (“Tenant-Stockholder”) by a “cooperative housing corporation” (“Cooperative”) as such term is defined in Section 216(b) of the Code, and (ii) the proprietary lease, occupancy agreement or right of tenancy granting the Tenant-Stockholder exclusive rights to occupy a specific dwelling unit in the project owned by the Cooperative. Each Cooperative Share Mortgage finances or refinances the Tenant-Stockholder’s purchase of an ownership interest and related rights of occupancy in the Cooperative.

A lender originating a Cooperative Share Mortgage ordinarily takes possession of both the stock or membership certificate evidencing the Tenant-Stockholder’s ownership interest in the Cooperative and the proprietary lease or occupancy agreement granting exclusive occupancy rights in the Tenant-Stockholder’s dwelling unit. In certain states, the lender also files a financing statement under the Uniform Commercial Code to perfect its security interest. Because ownership interests and occupancy rights in a Cooperative generally are subject to restrictions on transfer, and because such interests and rights are also subject to claims by the Cooperative for unpaid “maintenance” (as defined below), the lender and the Cooperative ordinarily enter into a recognition agreement pursuant to which the Cooperative acknowledges the lender’s rights and the Cooperative’s responsibilities to the lender in the event of a default by the Tenant-Stockholder under either the Cooperative Share Mortgage or the proprietary lease or occupancy agreement.

As the owner of the project (including the land, dwelling units, acceptable leasehold estates and common areas), the Cooperative is responsible for the management thereof and typically pays the cost of real property taxes and insurance thereon. If, as is usually the case, there is a blanket mortgage on the project, the Cooperative is also responsible as borrower for payments on such mortgage. Tenant-Stockholders generally are required to make monthly payments to the Cooperative representing their pro rata share of “maintenance” with respect to the project, including payments on the blanket mortgage, real property taxes, insurance, maintenance costs and other capital and ordinary expenses. The lien of a Cooperative Share Mortgage on the ownership interest and rights of tenancy of a Tenant-Stockholder is subject to the lien of the Cooperative for unpaid maintenance and to the lien of the blanket mortgage with respect to the project.

Freddie Mac does not possess information from which conclusions may reasonably be drawn regarding whether, or the extent to which, PC Pools containing Cooperative Share Mortgages will exhibit rates of principal payment that are materially different from the principal payment rates for PC Pools containing Mortgages secured by other types of residential property. The Cooperative Share Mortgages in any particular PC Pool may experience a rate of principal payment that is different from the principal payment rates for Cooperative Share Mortgages in other PC Pools. Freddie Mac makes no representation as to the weighted average life of the Cooperative Share Mortgages in any PC Pool or the percentage of the original unpaid principal balance of such a PC Pool that will be paid to Holders at any particular time.

The payment behavior of Cooperative Share Mortgages may be influenced by the same economic, tax, social, geographic, demographic, legal and other factors that may influence the payment behavior of mortgages secured by other types of residential property. For example, Cooperative Share Mortgages

currently are located primarily in urban areas in the northeastern United States, particularly the New York City metropolitan area, where the payment behavior of mortgages secured by any type of residential property may differ from that experienced in other geographical regions. See “Weighted Average Life and Payment Behavior” below for a further discussion of the factors which may influence the payment behavior of Cooperative Share Mortgages.

Biweekly Mortgages

Certain Guarantor PC Pools may contain Mortgages that are subject to separate agreements authorizing the borrower to make biweekly payments at the borrower’s election (“Biweekly Mortgages”). Such an agreement generally provides for payment every two weeks of one-half of the monthly mortgage payment due pursuant to the terms of the Mortgage note (the “biweekly payment”). The amount of the biweekly payment is not calculated based on a biweekly amortization schedule, nor does it take into account that during a typical 12-month period, there will be 26 biweekly payments. The speed and frequency of the biweekly payments alter the original allocation of each payment between principal and interest contemplated by the amortization schedule of the Mortgage note, decreasing the interest portion of each payment and increasing the principal portion. As a result, the outstanding principal balance of the Mortgage is paid down more quickly than it would be were the payments made monthly in accordance with the amortization schedule specified in the Mortgage note. Freddie Mac generally will receive a single payment from the servicer combining the biweekly payments made by the borrower in each monthly reporting period. Any principal payments which exceed the scheduled amortization are partial prepayments of principal and will be passed through to Holders in accordance with the terms of the PC Agreement, as amended hereby.

The obligations of a borrower under the biweekly payment agreement are independent of the borrower’s payment obligations under the Mortgage note, and the borrower’s compliance with such agreement is voluntary. If at any time during the term of a Mortgage the borrower ceases to make payments pursuant to such agreement, payments on the Mortgage are made monthly thereafter pursuant to the terms of the Mortgage note.

The following chart compares the payments, principal curtailment and total interest paid for a hypothetical mortgage originated in June 1990, based on a 360-month amortization schedule and assuming that all payments are made according to schedule.

	<u>Monthly Payment Schedule</u>	<u>Biweekly Payment Schedule</u>
Principal	\$100,000.00	\$100,000.00
Mortgage Coupon	10%	10%
Term (Months)	360	250
Number of Payments	360	542
Payment Amount	\$ 877.57	\$ 438.79
Unpaid Principal Balance after:		
1 year	\$ 99,444.12	\$ 98,493.17
3 years	98,151.65	94,989.91
5 years	96,574.32	90,714.99
10 years	90,938.02	75,442.12
15 years	81,664.56	50,074.08
Payoff Date	6/2020	4/2011
Balance on 4/2011:	\$ 63,040.74	\$ 0.00
Total Interest Paid by Mortgage Maturity: ..	\$215,925.77	\$137,556.62

This chart is provided for illustration only; the data presented would change using a different Mortgage Coupon. See “Weighted Average Life and Payment Behavior” in this Supplement.

30-Due-in-5 Mortgages and 30-Due-in-7 Mortgages

Certain Guarantor PC Pools may contain “30-Due-in-5 Mortgages” or “30-Due-in-7 Mortgages” that have Original Maturities not exceeding 60 months or 84 months, respectively, (the “Original Term”) and that provide for level payments of principal and interest during the Original Term, with principal payments based upon an amortization schedule calculated to pay the original principal balance of the Mortgage in full in up to 360 months. At the expiration of the Original Term, a lump sum or “balloon” payment in an amount equal to the then-remaining unpaid principal balance is due to pay the Mortgage in full. Subject to the satisfaction of certain conditions by the borrower, each Mortgage provides the borrower with an option to extend the term of the Mortgage or to refinance the Mortgage (the “Option”), in each case with an interest rate adjustment at the end of the Original Term (the “Option Date”). The interest rate that will apply upon exercise of the Option will equal the sum of (a) either Freddie Mac’s or Fannie Mae’s required net yield (as specified in the mortgage instruments) for the purchase of 30-year fixed rate mortgages under 60-day mandatory delivery commitments as quoted on the date of receipt of notice of the borrower’s intention to exercise the Option plus (b) one-half of one percent (0.50%); provided that such interest rate may not be more than 5 percentage points (5%) higher than the interest rate in effect during the Original Term. If the borrower elects to exercise the Option, the Mortgage will be repurchased from the PC Pool no later than the 15th day of the month in which the Option Date occurs. See “Description of Mortgage Participation Certificates—The Mortgages” in the Offering Circular and “Certain Federal Income Tax Consequences” in this Supplement.

PC Pools

Each PC Pool will consist of a specified type of Mortgage as described in the Offering Circular, as supplemented by this Supplement. Each PC Pool will be identified by a six-character reference number (“PC Pool Number”). The first two characters of each PC Pool Number (“Prefix”) identify certain characteristics of the PC Pool, such as the type of Mortgage contained in the PC Pool or certain other mortgage characteristics as described in the Offering Circular and any supplement thereto, the program under which the PC Pool was formed, or the type of PC representing interests in the PC Pool. The characteristics of each PC are determined by whether it is an Original PC (including a Scheduled Principal PC) or a Gold PC, as well as by the type of Mortgage contained in the related PC Pool. See “Description of Mortgage Participation Certificates—The PCs” in the Offering Circular. The following chart summarizes, by Prefix, PC type and Mortgage type, certain characteristics of the PCs described in the Offering Circular as supplemented by this Supplement.

<u>Prefix⁽¹⁾</u>	<u>Type of PC</u>	<u>Program</u>	<u>Maximum Mortgage Term (Years)</u>	<u>Type of Mortgage⁽²⁾</u>	<u>Minimum Original PC Pool Balance</u>
B3	Gold PC	Guarantor	30	Conventional	\$ 250,000
B5	Gold PC	Guarantor	15	Conventional	250,000
B7	Gold PC	Guarantor	30	FHA/VA	1,000,000
B9	Gold PC	Guarantor	30	FHA/VA	250,000
C0	Gold PC	Cash	30	Conventional	1,000,000
D0	Gold PC	Guarantor	30	Conventional	1,000,000
E0	Gold PC	Cash	15	Conventional	1,000,000
E3	Gold PC	Guarantor	15	Conventional	1,000,000
M1	Gold PC	Guarantor	5	Conventional	1,000,000
M3	Gold PC	Guarantor	15	(30-Due-in-5) Conventional	1,000,000
M5	Gold PC	Guarantor	15	(Relocation) Conventional	1,000,000
				(Biweekly)	

<u>Prefix⁽¹⁾</u>	<u>Type of PC</u>	<u>Program</u>	<u>Maximum Mortgage Term (Years)</u>	<u>Type of Mortgage⁽²⁾</u>	<u>Minimum Original PC Pool Balance</u>
M7	Gold PC	Guarantor	15	Conventional (Cooperative Share)	\$1,000,000
N1	Gold PC	Guarantor	30	Conventional (Second/Non-Purchase Money First)	1,000,000
N3	Gold PC	Guarantor	30	Conventional (Relocation)	1,000,000
N5	Gold PC	Guarantor	30	Conventional (Biweekly)	1,000,000
N7	Gold PC	Guarantor	30	Conventional (Cooperative Share)	1,000,000
N9	Gold PC	Guarantor	7	Conventional (30-Due-in-7)	1,000,000
14	Original PC	Guarantor	30	FHA/VA	1,000,000
26	Original PC (Scheduled Principal)	Guarantor	30	Conventional	1,000,000
32	Original PC (Scheduled Principal)	Guarantor	15	Conventional	1,000,000
33	Original PC (Scheduled Principal)	Guarantor	30	FHA/VA	1,000,000
36	Original PC	Cash	30	Conventional	1,000,000
38	Original PC	Cash	15	Conventional	1,000,000
43	Original PC	Guarantor	30	Conventional	250,000
44	Original PC	Guarantor	15	Conventional	250,000
45	Original PC	Guarantor	30	FHA/VA	250,000
46	Original PC (Scheduled Principal)	Guarantor	30	Conventional	250,000
47	Original PC (Scheduled Principal)	Guarantor	15	Conventional	250,000
48	Original PC (Scheduled Principal)	Guarantor	30	FHA/VA	250,000
50	Original PC	Guarantor	15	Conventional	1,000,000
55	Original PC	Guarantor	30	Conventional	1,000,000
85-0001 to 85-5999	Original PC	Guarantor	15	Conventional (Second/Non-Purchase Money First)	1,000,000

<u>Prefix⁽¹⁾</u>	<u>Type of PC</u>	<u>Program</u>	<u>Maximum Mortgage Term (Years)</u>	<u>Type of Mortgage⁽²⁾</u>	<u>Minimum Original PC Pool Balance</u>
85-6000 to 85-7999	Original PC	Guarantor	30	Conventional (Second/Non-Purchase Money First)	\$1,000,000
88-0001 to 88-0999	Original PC	Guarantor	30	Conventional (Relocation)	1,000,000
88-1000 to 88-1999	Original PC	Guarantor	15	Conventional (Relocation)	1,000,000
88-2000 to 88-2999	Original PC	Guarantor	30	Conventional (Biweekly)	1,000,000
88-3000 to 88-3999	Original PC	Guarantor	15	Conventional (Biweekly)	1,000,000
88-4000 to 88-4999	Original PC	Guarantor	30	Conventional (Cooperative Share)	1,000,000
88-5000 to 88-5999	Original PC	Guarantor	15	Conventional (Cooperative Share)	1,000,000
89	Original PC	Guarantor	5	Conventional (30-due-in-5)	1,000,000
95	Original PC	Guarantor	7	Conventional (30-due-in-7)	1,000,000

(1) May designate also a range of PC Pool Numbers specific to a particular Prefix.

(2) All Mortgages are first lien Mortgages unless otherwise specified.

PC Pools formed under the Cash Program and the MultiLender Swap Program

The range of Mortgage Coupons in each Cash PC Pool represented by Gold PCs will not exceed 50 basis points. With respect to each such Cash PC Pool, the minimum Mortgage Coupon on any Mortgage in the Cash PC Pool will be 50 basis points above the related PC Coupon, and the maximum Mortgage Coupon on any Mortgage will be no greater than 100 basis points above the related PC Coupon.

Effective October 1, 1990, Freddie Mac will purchase certain Mortgages under its Cash Program based on prices established by Freddie Mac by reference to the secondary market after taking into account the related Mortgage Coupons, remaining terms to maturity and other specified mortgage characteristics. Under this pricing methodology, Freddie Mac may purchase certain Mortgages at a price greater than 100% of the remaining unpaid principal balance (that is, a price above par).

PC Pools formed under the Guarantor Program

Any Guarantor PC Pool that contains Cooperative Share Mortgages, Biweekly Mortgages, or Relocation Mortgages, respectively, which comprise an aggregate unpaid principal balance of five percent (5%) or more of the Original Unpaid Principal Balance of the PC Pool will be designated by the Prefixes specified above for PC Pools containing that Mortgage type, and the percentage of Cooperative Share Mortgages, Biweekly Mortgages, or Relocation Mortgages, if less than 100%, will be specified in the related Pool Supplement or in a separate Supplement. Any Guarantor PC Pool that contains Cooperative Share Mortgages, Biweekly

Mortgages and/or Relocation Mortgages comprising an aggregate unpaid principal balance of less than five percent (5%) of the Original Unpaid Principal Balance of the PC Pool will not be designated by the Prefixes specified above for PC Pools containing that specified Mortgage type; however, if such PC Pools contain Cooperative Share Mortgages, the percentage of Cooperative Share Mortgages will be specified in the Pool Supplement or in a separate Supplement.

In addition to the PC Pools described in the Offering Circular, Freddie Mac may form PC Pools of the following types under the Guarantor Program.

Second Mortgage Guarantor PC Pools—Conventional Mortgages. These PC Pools consist of Conventional Home Mortgages that are Second Mortgages and/or Non-Purchase Money First Mortgages. Such PC Pools are identified by the Prefixes specified above and, if represented by Original PCs, are further identified by the ranges of PC Pool Numbers specified above. These PC Pools have minimum Original Unpaid Principal Balances of \$1,000,000.

30-Year Guarantor PC Pools—Conventional Biweekly Mortgages. These PC Pools consist of first-lien Conventional Home Mortgages with Original Maturities not exceeding 30 years, five percent (5%) or more of the Original Unpaid Principal Balance of which are Biweekly Mortgages. Such PC Pools are identified by the Prefixes specified above and, if represented by Original PCs, are further identified by the ranges of PC Pool Numbers specified above. These PC Pools have minimum Original Unpaid Principal Balances of \$1,000,000.

15-Year Guarantor PC Pools—Conventional Biweekly Mortgages. These PC Pools consist of first-lien Conventional Home Mortgages with Original Maturities not exceeding 15 years, five percent (5%) or more of the Original Unpaid Principal Balance of which are Biweekly Mortgages. Such PC Pools are identified by the Prefixes specified above and, if represented by Original PCs, are further identified by the ranges of PC Pool Numbers specified above. These PC Pools have minimum Original Unpaid Principal Balances of \$1,000,000.

30-Year Guarantor PC Pools—Conventional Cooperative Share Mortgages. These PC Pools consist of first-lien Conventional Home Mortgages with Original Maturities of more than 15 years up to and including 30 years, five percent (5%) or more of the Original Unpaid Principal Balance of which are Cooperative Share Mortgages. Such PC Pools are identified by the Prefixes specified above and, if represented by Original PCs, are further identified by the ranges of PC Pool Numbers specified above. These PC Pools have minimum Original Unpaid Principal Balances of \$1,000,000.

15-Year Guarantor PC Pools—Conventional Cooperative Share Mortgages. These PC Pools consists of first-lien Conventional Home Mortgages with Original Maturities not exceeding 15 years, five percent (5%) or more of the Original Unpaid Principal Balance of which are Cooperative Share Mortgages. Such PC Pools are identified by the Prefixes specified above and, if represented by Original PCs, are further identified by the ranges of PC Pool Numbers specified above. These PC Pools have minimum Original Unpaid Principal Balances of \$1,000,000.

30-Year Guarantor PC Pools—Conventional Relocation Mortgages. These PC Pools consist of first-lien Conventional Home Mortgages with Original Maturities not exceeding 30 years, five percent (5%) or more of the Original Unpaid Principal Balance of which are Relocation Mortgages. Such PC Pools are identified by the Prefixes specified above and, if represented by Original PCs, are further identified by the ranges of PC Pool Numbers specified above. These PC Pools have minimum Original Unpaid Principal Balances of \$1,000,000.

15-Year Guarantor PC Pools—Conventional Relocation Mortgages. These PC Pools consist of first-lien Conventional Home Mortgages with Original Maturities not exceeding 15 years, five percent (5%) or more of the Original Unpaid Principal Balance of which are Relocation Mortgages. Such PC Pools are identified by the Prefixes specified above and, if represented by Original PCs, are further identified by the ranges of PC Pool Numbers specified above. These PC Pools have minimum Original Unpaid Principal Balances of \$1,000,000.

30-Due-in-5 Mortgage Guarantor PC Pools—Conventional Mortgages. These PC Pools consist of Conventional Home Mortgages that are 30-Due-in-5 Mortgages. Such PC Pools are identified by the Prefixes specified above. These PC Pools have minimum Original Principal Balances of \$1,000,000.

30-Due-in-7 Mortgage Guarantor PC Pools—Conventional Mortgages. These PC Pools consist of Conventional Home Mortgages that are 30-Due-in-7 Mortgages. Such PC Pools are identified by the Prefixes specified above. These PC Pools have minimum Original Principal Balances of \$1,000,000.

Pool Factors

The PC Agreement permits Freddie Mac to make payments to Holders of principal and interest based on the unpaid principal balance of the related Mortgages as determined by the applicable Pool Factor.

In the case of Original PCs (including Scheduled Principal PCs), interest is paid based on the unpaid principal balance of the Mortgages as determined by the Pool Factor published in the second month prior to the month in which a payment is made. For any such PC, principal is paid based on the difference between the Pool Factor published in the second month prior to the month in which the payment is made and the Pool Factor published in the month prior to the month in which the payment is made. See “Description of Mortgage Participation Certificates—Interest and Principal Payments” in the Offering Circular.

In the case of Gold PCs, interest is paid based on the unpaid principal balance of the Mortgages as determined by the Pool Factor published in the month prior to the month in which a payment is made. For any Gold PC, principal is paid based on the difference between the Pool Factor published in the month prior to the month in which the payment is made and the Pool Factor published in the month the payment is made. See “Interest and Principal Payments” in this Supplement.

With respect to each Gold PC formed under either the Cash Program or the Guarantor Program, the Pool Factor published in a particular month represents the unpaid principal balance of the PC Pool on the books and records of Freddie Mac as of the 15th day of that month. However, such unpaid principal balance will not have been reduced by (i) full prepayments on the Mortgages occurring after the close of the monthly reporting period ending in the previous month or (ii) partial prepayments on the Mortgages occurring after the close of the monthly reporting period ending in the second previous month.

The Pool Factor calculation for any month for each PC Pool represented by Gold PCs, whether formed under the Cash Program or the Guarantor Program, will reflect: (i) full prepayments with respect to the related Mortgages reflected on the books and records of Freddie Mac as of the close of the monthly reporting period ending in the previous month, (ii) an adjustment for any difference between (A) the sum of the PC Pool balance as reflected by the Pool Factor for the PC Pool for the previous month plus the Monthly Principal Reduction calculated for the previous month and (B) the aggregate mortgage balance reported by servicers for the second previous month (including partial prepayments made during that monthly reporting period) other than differences resulting from mortgage defaults and delinquencies reflected in the books and records of Freddie Mac as of the close of the monthly reporting period ending in the second previous month, and (iii) Monthly Principal Reduction. For any month, Monthly Principal Reduction will be the amount of principal scheduled to be paid under the amortization schedules of the related Mortgages by borrowers in the month for which the Pool Factor is being calculated, as such scheduled amortization is calculated by Freddie Mac based upon the weighted average remaining term to maturity of the Mortgages contained in the PC Pool (“WARM”), the weighted average interest rate of the Mortgages contained in the PC Pool (“WAC”) and the PC Pool balance as reflected by the Pool Factor for the previous month adjusted for the amounts described in (i) and (ii) in the preceding sentence. The WAC and WARM used to calculate the Monthly Principal Reduction will be recalculated monthly. The Pool Factor for each such PC Pool in the month of pool formation is 1.0000000 and will not be published. Prepayments on the Mortgages contained in a PC Pool represented by Gold PCs will not be estimated or predicted.

The following illustrates the payment of principal and interest by application of the Pool Factor method to a hypothetical PC Pool represented by Gold PCs formed in April:

- April 1 The initial Pool Factor, which is not published, is equal to 1.0000000.
- April 1-30 Settlement on the PC Pool takes place and the PC Pool is formed. The Original Unpaid Principal Balance of a Cash PC Pool is equal to the unpaid principal balance of the Mortgages on the books and records of Freddie Mac as of March 15 reduced by Monthly Principal Reduction due for the month of April. The Original Unpaid Principal Balance of a Guarantor PC Pool is equal to the unpaid principal balance of the Mortgages as of March 15 reduced by the scheduled principal due to be paid on the Mortgages for the month of April, as reported to Freddie Mac by the servicer(s).
- On or about May 1. The May Pool Factor is published, reflecting (i) Freddie Mac's calculation of Monthly Principal Reduction due on the Mortgages for the month of May and (ii) full prepayments on the Mortgages reflected on the books and records of Freddie Mac as of April 15, if any.
- May 15 The first payment on the Gold PCs is made to Holders as of the April Record Date. The aggregate principal payment to Holders is equal to the difference between the April and May Pool Factors multiplied by the Original Unpaid Principal Balance. The aggregate interest payment to Holders is equal to one month's interest at the applicable PC Coupon on the Original Unpaid Principal Balance.
- By May 22 Within five business days after May 15, servicers report the outstanding principal balance of the Mortgages as of May 15.
- On or about June 1. The June Pool Factor is published, reflecting (i) Freddie Mac's calculation of Monthly Principal Reduction due on the Mortgages for the month of June, (ii) full prepayments on the Mortgages reflected on the books and records of Freddie Mac as of May 15, and (iii) an adjustment for any difference between (A) the unpaid principal balance of the PC Pool, as reflected by the May Pool Factor plus the Monthly Principal Reduction passed through to Holders in May, and (B) the aggregate mortgage balance reported by servicers for the monthly reporting period ended April 15 (other than differences resulting from mortgage defaults and delinquencies reflected on the books and records of Freddie Mac as of April 15).
- June 15 The second payment on the Gold PCs is made to Holders as of the May Record Date. The aggregate principal payment to Holders is equal to the difference between the May and June Pool Factors multiplied by the Original Unpaid Principal Balance. The aggregate interest payment to Holders is equal to one month's interest at the applicable PC Coupon on the product of the Original Unpaid Principal Balance and the May Pool Factor.

Subsequent months follow the pattern illustrated for June. The Pool Factor calculation is identical whether the PC Pool represented by Gold PCs is formed under the Cash Program or the Guarantor Program and whether such PC Pool is formed before or after the 15th day of the month.

Use of the Pool Factor method affects the timing of receipt of payments by Holders but does not affect Freddie Mac's guarantees. Payments made on account of Freddie Mac's guarantee of timely payment of Monthly Principal Reduction constitute payments of principal for purposes of calculating the Pool Factor, the Holder's pro rata share of the unpaid principal balance outstanding on the Mortgages and interest payments at the PC Coupon.

With respect to Original PCs representing interests in PC Pools containing 30-Due-in-5 Mortgages or 30-Due-in-7 Mortgages, Freddie Mac will not estimate the principal payments on the Mortgages that occurred during a reporting period for which a servicer of the Mortgages fails to file an accurate or timely report of its collections of principal payments or for which such report cannot be processed. Accordingly, if a report is not filed or processed for any such reporting period, the Pool Factor published for the affected month will be the same as the Pool Factor for the prior month. Any principal payments that occurred on the

Mortgages during that reporting period will be accounted for by adjustment to subsequent Pool Factors, and, accordingly, to subsequent principal payments made to Holders.

Interest and Principal Payments

A Holder of a Gold PC will receive interest monthly on each Payment Date at the applicable PC Coupon on its pro rata share of the unpaid principal balance of the related Mortgages, as reflected by the Pool Factor published in the immediately preceding month. A Holder of a Gold PC also will receive on any Payment Date its pro rata share of principal payments with respect to the related Mortgages based on the difference between the Pool Factor published in the month of such Payment Date and the Pool Factor published in the previous month.

Guarantees

With respect to Gold PCs, Freddie Mac guarantees to each Holder the timely payment of (i) interest at the applicable PC Coupon on the Holder's pro rata share of the unpaid principal balance of the related Mortgages, as calculated by Freddie Mac under the Pool Factor method, and (ii) Monthly Principal Reduction due to be paid on the Mortgages as calculated by Freddie Mac, to the extent of such Holder's pro rata share of the unpaid principal balance of the Mortgages. Freddie Mac also guarantees to each Holder of a Gold PC the ultimate collection of all principal on the related Mortgages, without offset or deduction, to the extent of such Holder's pro rata share of the unpaid principal balance of the Mortgages, not later than the Payment Date occurring in the same month as the Final Payment Date of the related PC Pool.

With respect to Original PCs representing interests in a PC Pool containing 30-Due-in-5 Mortgages or 30-Due-in-7 Mortgages, Freddie Mac will repurchase from each PC Pool, pursuant to its guarantee of ultimate collection of principal, no later than the 15th day of the month in which the Final Payment Date occurs, any and all Mortgages then remaining in the PC Pool for any reason, including Mortgages that are in default or that are subject to a repayment plan or period of forbearance. Accordingly, the related Pool Factor published in the month following the month in which the Final Payment Date occurs will be zero, and the final payment to Holders of the related PCs will be made on the 15th day of the second month following the month in which the Final Payment Date occurs. For example, for such a PC Pool having a Final Payment Date of May 1, 2020, Freddie Mac will repurchase the remaining principal amount of the Mortgages in the PC Pool as of May 15, 2020 and that principal amount will be passed through to Holders on July 15, 2020.

Final Payment Date

The Final Payment Date of a PC Pool represented by Gold PCs corresponds to the first day of the month in which the last monthly payment on the latest maturing Mortgage in the related PC Pool is scheduled to be made. Holders will receive the final payment on each Gold PC on or before the Payment Date occurring in the same month as the applicable Final Payment Date.

Weighted Average Life And Payment Behavior

The weighted average life of a PC will depend on the amount of principal, including both scheduled payments and unscheduled prepayments, which is periodically paid to Holders. The payment behavior of a PC Pool may be influenced by a variety of factors. See "Description of Mortgage Participation Certificates—Weighted Average Life and Payment Behavior" in the Offering Circular.

An investor seeking to maximize yield is urged to make an investment decision with respect to the PCs based on the anticipated yield to maturity of such PCs resulting from their price and such investor's own determination as to anticipated prepayment rates under a variety of scenarios. An investor should carefully consider the associated risks including, in the case of any PCs purchased at a discount, the risk that a slower than anticipated rate of principal payments on the Mortgages could result in an actual yield to such investor

that is lower than the anticipated yield and, in the case of any PCs purchased at a premium, the risk that a faster than anticipated rate of principal payments could result in an actual yield to such investor that is lower than the anticipated yield.

Gold PCs

The weighted average lives of Gold PCs are likely to be shorter than the weighted average lives of comparable Original PCs due to the shortening of the payment cycle and the operation of the guarantee of timely payment of Monthly Principal Reduction.

Cooperative Share Mortgages

With respect to PC Pools containing Cooperative Share Mortgages, additional factors may apply. Tenant-Stockholders may have purchased their interests in the Cooperative at below-market prices available only to persons who were residents of the project at the time of its conversion to cooperative ownership, and may therefore have an incentive to resell their interests at market prices in order to realize the resulting gain and/or “trade-up” to a single-family dwelling. Failure by a significant percentage of Tenant-Stockholders (including project sponsors or developers who hold interests in the Cooperative that were not sold at the time of its conversion to cooperative ownership) to pay their pro rata share of maintenance costs to the Cooperative could result, not only in termination of the Tenant-Stockholders’ individual interests, but also in default by the Cooperative under any blanket mortgage, foreclosure on the project by the blanket lender and termination of the interests even of those Tenant-Stockholders who had fully paid their pro rata share of maintenance costs. These factors could contribute to a higher rate of principal payment for Cooperative Share Mortgages than for mortgages secured by other types of residential property. On the other hand, transfers of ownership interests and occupancy rights in a Cooperative are generally subject to restrictions, including a requirement for prior approval by the Cooperative’s board of directors. In this connection, Tenant-Stockholders typically must satisfy the credit standards not only of the lenders who originate their Cooperative Share Mortgages, but also of the Cooperative’s board of directors, which may result in reduced levels of default as compared to mortgages secured by other types of residential property. These factors could contribute to a lower rate of principal payment for Cooperative Share Mortgages than for other types of mortgages.

Biweekly Mortgages

Freddie Mac is not aware of any publicly available statistics that set forth principal prepayment experience with respect to Biweekly Mortgages. Accordingly, Freddie Mac is unable to draw any conclusions with respect to the weighted average lives of PCs representing interests in Biweekly Mortgages.

Biweekly Mortgages typically prepay principal to the extent of an extra monthly payment each year, creating a term to maturity shorter than a similar monthly payment mortgage. The two (or, in certain years, three) extra biweekly payments made each year on a Biweekly Mortgage will accelerate the amortization of a mortgage by an amount determined by the size of the biweekly payments relative to the mortgage amount. The amount of reduction in the mortgage term will vary in a direct relationship with the interest rate of the mortgage. The table below indicates the scheduled maturities for hypothetical mortgages with original unpaid principal balances of \$100,000 at specified interest rates and illustrates the impact that biweekly payments would have on the amortization schedule were payments on each mortgage to be made to maturity according to the monthly or biweekly schedule, as well as the weighted average life of each mortgage (the “WAL”).

<u>Mortgage Coupon</u>	<u>Monthly Payment Mortgage: Scheduled Maturity; WAL</u>	<u>Biweekly Payment Mortgage: Revised Maturity; WAL</u>
8%	30 years; 20½ years	23 years; 15 years
9%	30 years; 21 years	22 years; 14½ years
10%	30 years; 21½ years	21 years; 14 years

Ultimately, the relationship between the weighted average life of a Biweekly Mortgage and a monthly payment mortgage also will depend on the manner in which the Biweekly Mortgage borrower responds to changing economic and other conditions. Freddie Mac makes no representation concerning whether or to what extent mortgage interest rates generally prevailing during the terms of the Biweekly Mortgages may affect the willingness of borrowers to continue making biweekly payments.

Book-Entry Form, Holders, Minimum Principal Amounts and Transfers

A Holder of a Gold PC on the books and records of a Federal Reserve Bank as of the close of business on the last business day of a month will be entitled to the payment of principal and interest on the Gold PC to be made on the Payment Date in the next succeeding month.

The first credit to a Holder's account will be made on the Payment Date in the first month following the month in which settlement on the Gold PC occurred. This payment procedure may result in a delay in the receipt of the initial payment of up to 45 days from the date of Gold PC purchase. Thereafter, payments will be received by the Holder on each succeeding Payment Date.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

Gold PCs

For the tax consequences to Beneficial Owners of Gold PCs, see "Certain Federal Income Tax Consequences" in the Offering Circular.

Cooperative Share Mortgages

The Internal Revenue Service has ruled that Cooperative Share Mortgages constitute "loans . . . secured by an interest in real property" within the meaning of Section 7701(a)(19)(C)(v) of the Code, are "qualifying real property loans" within the meaning of Section 593(d) of the Code, are "real estate assets" for purposes of Section 856(c)(5)(A) of the Code, and that interest thereon is "interest on obligations secured by mortgages on real property" for purposes of Section 856(c)(3)(B) of the Code.

30-due-in-5 Mortgages and 30-due-in-7 Mortgages

The Internal Revenue Service has issued Revenue Rulings characterizing PCs as representing beneficial interests in the underlying Mortgages. However, such rulings do not address PCs representing interests in Mortgages subject to a mandatory repurchase such as PCs representing interests in 30-Due-in-5 Mortgages or 30-Due-in-7 Mortgages. There can be no assurance that such Revenue Rulings can be relied upon with respect to PCs that contain such a feature. No opinion is expressed as to whether the sale of PCs that provide for a mandatory repurchase of the underlying 30-Due-in-5 Mortgages or 30-Due-in-7 Mortgages at the Option Date should be treated for federal income tax purposes as a sale to PC holders of undivided beneficial interests in such Mortgages or as the issuance of a Freddie Mac debt obligation. Freddie Mac plans to report for federal income tax purposes assuming that these PCs represent undivided beneficial interests in the 30-Due-in-5 Mortgages or 30-Due-in-7 Mortgages contained in the related PC Pool. If such PCs were to be treated as debt of Freddie Mac, the PCs would not constitute "qualifying real property loans" within the meaning of Section 593(d) of the Code, interest income on the PCs would not be "interest on obligations secured by mortgages on real property" as that phrase is used in Section 856(c)(3)(B) of the Code, and ownership of such a PC by a real estate investment trust would not constitute ownership of "real estate assets" as that phrase is used in Section 856(c)(5)(A) of the Code. In addition, such PCs would not constitute "loans . . . secured by an interest in real property" within the meaning of Section 7701(a)(19)(C)(v) of the Code but would constitute "obligations of a corporation which is an instrumentality of the United States" within the meaning of Section 7701(a)(19)(C)(ii) for purposes of determining whether an institution qualifies

as a “domestic building and loan association.” Investors are advised to consult their own tax advisors regarding the federal tax treatment of such PCs.

MORTGAGE PURCHASE AND SERVICING STANDARDS

Loan-to-Value Ratio

Notwithstanding the statement in the Offering Circular at page 35 that Freddie Mac generally does not purchase “cash-out” refinance mortgages secured by second homes or investment properties, Freddie Mac purchases such Mortgages with loan-to-value ratios generally not exceeding 75% on a negotiated basis from time to time. In addition, Freddie Mac purchases on a negotiated basis from time to time such Mortgages and the other types of Mortgages described in the Offering Circular at higher loan-to-value ratios than those specified in the Offering Circular. Such purchases are based on Freddie Mac’s evaluation of and experience with the seller of the Mortgages, the presence of appropriate credit enhancements, and other factors.

Mortgage Amount

The Freddie Mac Act establishes limits on the maximum original mortgage amount of any Conventional Mortgage which Freddie Mac may purchase. Currently, the original mortgage amount of Mortgages purchased by Freddie Mac may not exceed \$187,450 for a single family dwelling, \$239,750 for a two-family dwelling, \$289,750 for a three-family dwelling and \$360,150 for a four-family dwelling. In each such case, the applicable limitation may be increased by 50% for properties located in Alaska, Guam or and Hawaii.

Notwithstanding the statement in the Offering Circular at page 36, the current maximum original mortgage amount for a VA Mortgage is \$184,000.

ERISA CONSIDERATIONS

Cooperative Share Mortgages

29 C.F.R. Section 2510.3-101 (the “Regulation”), provides that if an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”; each such plan, an “ERISA Plan”), acquires a “guaranteed governmental mortgage pool certificate” then, for purposes of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code, the ERISA Plan’s assets include the certificate and all of its rights with respect to such certificate under applicable law, but do not, solely by reason of the ERISA Plan’s holding of such certificate, include any of the mortgages underlying such certificate. Under the Regulation, the term “guaranteed governmental mortgage pool certificate” is specifically defined to include a certificate “backed by, or evidencing an interest in, specified mortgages or participation interests therein” and with respect to which interest and principal payable pursuant to the certificate are guaranteed by Freddie Mac. The effect of the Regulation is to make clear that the sponsor (that is, the entity that organizes and services the mortgage pool) and other persons, in providing services with respect to the assets in the mortgage pool, would not be subject to the fiduciary responsibility provisions of Title I of ERISA, nor be subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, merely by reason of the ERISA Plan’s investment in a certificate. Although the Regulation does not explicitly state that PCs representing interests in Cooperative Share Mortgages would qualify as “guaranteed governmental mortgage pool certificates,” strong arguments can be made that such PCs do so qualify.

In light of the foregoing, fiduciaries of an ERISA Plan considering the purchase of PCs representing interests in Cooperative Share Mortgages should consult their own counsel regarding whether the assets of the PC Pool which are represented by such PCs would be considered “plan assets,” the consequences that would apply if the PC Pool’s assets were considered “plan assets” and the applicability of statutory or administrative exemptive relief from the prohibited transaction rules.

DISTRIBUTION ARRANGEMENTS

Secondary Markets

Certain securities dealers have informed Freddie Mac that they intend to make a secondary market in Gold PCs. In addition, Freddie Mac, through its Security Sales and Trading Group, intends to make a secondary market in Gold PCs. There is no assurance that such a secondary market will develop or, if it develops, that it will continue. Holders of Original PCs will be given the opportunity in the future to exchange such PCs for Gold PCs representing interests in the same PC Pools. Freddie Mac will publish materials describing the procedures for such exchanges.

AMENDMENTS TO THE PC AGREEMENT

The Federal Home Loan Mortgage Corporation Mortgage Participation Certificate Agreement dated as of June 1, 1989 and included as Exhibit A to the Offering Circular (the "PC Agreement") is hereby amended, as of June 1, 1990, as follows:

Article I of the PC Agreement is amended by inserting the following definitions in alphabetical order:

Gold PC: A PC as to which there are approximately 45 days between the first day of the month in which the PC was issued and the date a Holder receives the initial payment in respect of the PC.

Gold PC Pool: A PC Pool in which the undivided interests are represented by Gold PCs.

Monthly Principal Reduction: For any month, the amount of principal scheduled to be paid by mortgagors on the Mortgages contained in a Gold PC Pool, as calculated by Freddie Mac based upon the weighted average remaining term to maturity of the related Mortgages ("WARM"), the weighted average interest rates of the related Mortgages ("WAC") and the security balance. For purposes of computing the Monthly Principal Reduction, the security balance is the Remaining PC Pool Balance for the previous month, less Unscheduled Principal Payments, less the Monthly Adjustment Amount. For purposes of computing Monthly Principal Reduction, the WARM and WAC are recalculated monthly.

Monthly Adjustment Amount: For any month, the difference between (a) the sum of the Remaining PC Pool Balance for the previous month and the Monthly Principal Reduction calculated for the previous month and (b) the aggregate unpaid principal balance of the Mortgages reported by servicers for the monthly reporting period ending in the second previous month (other than differences resulting from mortgage defaults and delinquencies reflected on the books and records of Freddie Mac as of the close of the reporting period ending in the second previous month).

Unscheduled Principal Payment: For any month, the sum of principal payments (excluding Scheduled Principal) made in respect of the Mortgages contained in a PC Pool representing full prepayments made, or deemed to be made pursuant to Section 4.01, as of the close of the monthly reporting period ending in the previous month, including prepayments attributable to insurance proceeds, liquidation proceeds and repurchase proceeds, and payments made as a result of a foreclosure sale, condemnation, the payment of insurance or guaranty claims by the FHA or VA, or payment by any other insurer.

30-Due-in-5 Mortgage: A Home Mortgage with an original term to maturity not exceeding 60 months having an option to refinance or extend the mortgage term and providing for level payments of principal and interest during the original term with principal payments based upon an amortization schedule calculated to pay the original principal balance of the Mortgage in full over a period of up to 360 months.

30-Due-in-7 Mortgage: A Home Mortgage with an original term to maturity in excess of 60 months but not exceeding 84 months having an option to refinance or extend the mortgage term and providing for level payments of principal and interest during the original term with principal payments based upon an amortization schedule calculated to pay the original principal balance of the Mortgage in full over a period of up to 360 months.

The following definitions contained in Article I of the PC Agreement are amended as follows:

(a) The term “Final Payment Date” is amended to read in its entirety as follows:

Final Payment Date: For a PC Pool formed under the Cash Program other than a Gold PC Pool, the first day of the month which is 15 or 30 years, as applicable, from the first day of the Month of Initial Sale of a PC in a given PC Pool. For any PC Pool formed under the Guarantor Program and for any Gold PC Pool, the first day of the month in which the last monthly payment is scheduled to be made on the latest maturing Mortgage included in the PC Pool as of the Month of Initial Sale.

(b) The term “Mortgages” is amended to read in its entirety as follows:

Mortgages: The Whole Loans and/or Participations identified in the records maintained by Freddie Mac as constituting a PC Pool, which Mortgages consist of or represent interests in promissory notes secured by residential real property consisting of one-to-four family dwelling units or by the stock or membership certificate and proprietary lease or occupancy agreement issued to a tenant-stockholder by a cooperative housing corporation (“Home Mortgages”) or by residential real property consisting of five or more family dwelling units (“Multifamily Mortgages”). A “Mortgage” shall mean any Whole Loan or any Participation included in the Mortgages.

(c) The term “Participation” is amended to read in its entirety as follows:

Participation: A percentage undivided interest, purchased by Freddie Mac, in one or more fixed-rate first lien or second lien mortgages secured by residential real property or by the stock or membership certificate and proprietary lease or occupancy agreement issued to a tenant-stockholder by a cooperative housing corporation.

(d) The term “PC” is amended to read in its entirety as follows:

PC: A Mortgage Participation Certificate sold pursuant to this Agreement, representing an undivided interest in a pool of Mortgages identified by a particular PC Pool Number and CUSIP Number. For purposes of this Agreement, the term PC shall also include the term Gold PC unless the context requires otherwise.

(e) The term “PC Pool” is amended to read in its entirety as follows:

PC Pool: A discrete pool of Mortgages identified in the records maintained by Freddie Mac by a PC Pool Number. For purposes of this Agreement, the term PC Pool shall also include the terms Gold PC Pool and Scheduled Principal PC Pool unless the context requires otherwise.

(f) The term “Whole Loan” is amended to read in its entirety as follows:

Whole Loan: A fixed-rate, first lien or second lien mortgage secured by residential real property or by the stock or membership certificate and proprietary lease or occupancy agreement issued to a tenant-stockholder by a cooperative housing corporation, as to which mortgage the entire unpaid principal balance is purchased by Freddie Mac.

Section 2.02 of the PC Agreement is amended to read in its entirety as follows:

Section 2.02. Identity of the Mortgages; Substitution and Repurchase. A PC Pool shall consist entirely of Conventional Mortgages or shall consist entirely of FHA Mortgages and/or VA Mortgages. In the case of a PC Pool formed under the Cash Program, unless otherwise stated in connection with a particular offering of PCs, Freddie Mac shall have the power and authority to determine the amount and identity of the Mortgages which constitute the PC Pool until the day prior to the date the first payment of principal and interest is payable with respect to the PC Pool. Any Mortgage added to or withdrawn from a PC Pool after the Month of Initial Sale and prior to the date the first payment of principal and interest is payable to the Holders shall be added or withdrawn at its unpaid principal balance as of the last day of the Month of Initial Sale. A PC Pool formed under the Guarantor Program shall consist only of those Mortgages acquired by Freddie Mac from a single seller in exchange for PCs representing undivided interests in the same Mortgages. Except as provided in Section 2.03, once the

identity of the Mortgages has been determined, such identity shall not thereafter be changed; provided, however, that (i) Freddie Mac may, in connection with its performance of servicing responsibilities pursuant to Section 3.02, repurchase any Mortgage at its then unpaid principal balance, if such repurchase is necessary in order to maintain proper servicing of the Mortgages or to minimize loss; (ii) a seller to Freddie Mac of a Mortgage may repurchase such Mortgage at its then unpaid principal balance pursuant to such seller's obligation to Freddie Mac to do so in the event such Mortgage is in default; (iii) Freddie Mac may, in connection with the performance of its servicing responsibilities pursuant to Section 3.02, agree to the repurchase by the seller of any Mortgage at its then unpaid principal balance, if such repurchase is necessary in order to maintain proper servicing of the Mortgages or to minimize loss; (iv) if, in the event of the bankruptcy of a mortgagor, a bankruptcy court approves a plan which materially affects the terms of a Mortgage, authorizes a transfer of the underlying property or provides for substitution of collateral, Freddie Mac may repurchase such Mortgage at its then unpaid principal balance; (v) in the case of a material breach of warranty by a seller of any Mortgage, or a material defect in documentation as to any Mortgage, or a failure by a seller to comply with any requirements or terms set forth in the Purchase Documents (as defined in the Guide) as to any Mortgage, Freddie Mac may require the seller to repurchase such Mortgage or may, within six months of the purchase of such Mortgage, require or permit the seller to substitute for such Mortgage a mortgage of comparable type, unpaid principal balance, remaining term and yield; (vi) if any borrower exercises an option to extend or refinance a 30-Due-in-5 Mortgage or a 30-Due-in-7 Mortgage, Freddie Mac shall repurchase such Mortgage at its then unpaid principal balance no later than the 15th day of the month in which the original maturity date of the Mortgage occurs, which date shall be no later than 60 months or 84 months, respectively, after the date of the first scheduled monthly payment on such Mortgage; and (vii) in the event that the purchase of any Mortgage by Freddie Mac is determined by a court of competent jurisdiction to have been unauthorized, Freddie Mac may effectuate a cure by such means as Freddie Mac determines to be necessary and appropriate or, if Freddie Mac determines that a cure is not practicable without unreasonable effort or expense, or if such court so requires, Freddie Mac will repurchase such Mortgage at its then unpaid principal balance, or will, within two years of the purchase of such Mortgage, substitute for such Mortgage a mortgage of comparable type, unpaid principal balance, remaining term and yield. Any repurchase of a Mortgage by a seller from a PC Pool represented by Scheduled Principal PCs or Gold PCs shall be at its then unpaid principal balance, less any outstanding advances of Scheduled Principal which were paid by the seller to Freddie Mac. Any repurchase of a Mortgage by Freddie Mac from a Gold PC Pool shall be at its then unpaid principal balance, less any outstanding advances of Monthly Principal Reduction attributable to such Mortgage which were paid by Freddie Mac but not received by Freddie Mac from the seller. In determining whether a Mortgage shall be repurchased from a PC Pool as described in this Section 2.02, Freddie Mac considers such factors as it deems appropriate, including whether a repurchase will reduce Freddie Mac's administrative costs or will reduce Freddie Mac's possible exposure under its guarantee of ultimate collection of principal.

Section 2.04 of the PC Agreement is amended to read in its entirety as follows:

Section 2.04. Custody of Mortgage Documents. This Section 2.04 describes Freddie Mac's current policies and procedures for the custody of Mortgage documents as of the date of this Agreement, which policies and procedures are subject to change at any time, provided that such change shall be prudent and shall not materially and adversely affect the interests of Holders. Mortgage documents include the stock or membership certificate evidencing a tenant-stockholder's or resident-member's ownership interest in a cooperative housing corporation and the proprietary lease or occupancy agreement granting exclusive occupancy rights in the tenant-stockholder's or resident-member's dwelling unit. In the case of all Whole Loan Home Mortgages and certain Participations in Home Mortgages, the Mortgage notes are endorsed in blank and the Mortgage documents are held by Freddie Mac or by a custodian (which may be either a third party or a trust department of the servicer) acting as Freddie Mac's agent; related assignments are duly completed and executed in a form suitable for recording but not recorded. In the case of other Participations in Home Mortgages, Freddie Mac holds participation

certificates which evidence Freddie Mac's ownership interest in the Mortgages. If the Mortgage notes are not endorsed to and held by Freddie Mac, the originator or seller may hold the Mortgage notes, the Mortgages are recorded in the originator's or seller's name, and no assignment is made or recorded in Freddie Mac's name. In the case of all Multifamily Mortgages, the Mortgage notes are endorsed to and held by Freddie Mac or are held by a custodian acting as Freddie Mac's agent. Where local law or practice requires, assignments of the Mortgages are recorded in Freddie Mac's name.

Section 4.03 of the PC Agreement is amended to read in its entirety as follows:

Section 4.03. Pass-Through of Principal. Freddie Mac shall pass through to each Holder such Holder's pro rata share of (i) principal payments made in respect of the Mortgages including Scheduled Principal, in the case of Scheduled Principal PCs, and Monthly Principal Reduction due to be made in respect of the Mortgages, in the case of Gold PCs, (ii) any net income, net profits or proceeds of the Mortgages (including prepayment fees, if any), and (iii) net proceeds realized from any property of whatever character received or acquired in substitution for or upon realization on the Mortgages, whether through insurance, guaranty payment, condemnation, foreclosure, or otherwise; provided, however, that Freddie Mac's obligations herein shall be subject to Freddie Mac's rights pursuant to Section 4.10 with respect to payments made pursuant to Freddie Mac's guarantees. Freddie Mac may retain from any full or partial prepayment or payment of delinquent principal in respect of any Mortgage any amounts, not previously received by Freddie Mac, which it paid to Holders in respect of such Mortgage pursuant to its guarantees. With respect to Mortgages delivered to Freddie Mac in exchange for PCs under the MultiLender Swap Program, Freddie Mac shall retain principal payments made on such Mortgages in an amount equal to the difference between the aggregate unpaid principal balance as of the delivery date of the Mortgages delivered by such seller and the aggregate unpaid principal balance as of the settlement date of such Mortgages, and Freddie Mac shall purchase additional Mortgages with such principal payments and shall include such additional Mortgages in the related Cash PC Pool. Insurance proceeds, the proceeds of any liquidation of a Mortgage, including proceeds resulting from acquisition by Freddie Mac of the real property securing a Mortgage, and the proceeds of any repurchase of a Mortgage 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 4.05 of the PC Agreement is amended to read in its entirety as follows:

4.05. Payments. Freddie Mac will cause payments of principal, interest or any other sum due to Holders to be made by directing the Federal Reserve Bank to credit the Holders' accounts at the Federal Reserve Bank. In the case of a PC other than a Gold PC, a Holder shall receive the first payment of principal and interest with respect to the Mortgages in which it owns an undivided interest on the fifteenth day of the second month following the month in which the Holder becomes recognized as such pursuant to Section 5.03. In the case of a Gold PC, a Holder shall receive the first payment of principal and interest with respect to the Mortgages in which it owns an undivided interest on the fifteenth day of the month immediately following the month in which the Holder becomes recognized as such pursuant to Section 5.03. After the first payment of principal and interest is made on any PC, a Holder shall receive a payment with respect to the Mortgages on the fifteenth day of each month.

Subject to the provisions of this Article IV, Freddie Mac shall pay to each Holder of a PC such Holder's pro rata share of principal received by Freddie Mac (including Scheduled Principal, in the case of Scheduled Principal PCs, and Monthly Principal Reduction, in the case of Gold PCs), interest at the applicable PC Coupon, and any other sums due to Holders under this Agreement, within 60 days of the date on which such payments are deemed to be received by Freddie Mac from servicers of the Mortgages pursuant to Section 4.01. Freddie Mac reserves the right to change the period during which a servicer may hold funds prior to payment to Freddie Mac; provided, however, that any such change shall not delay the time of payments to Holders as otherwise provided in this Section 4.05. Pending payment to Holders of funds received by Freddie Mac from servicers, Freddie Mac shall be entitled to invest and reinvest such funds for Freddie Mac'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 the Mortgages paid 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 of the PC Agreement is amended to read in its entirety as follows:

Section 4.06. Pool Factors.

(a) Freddie Mac shall calculate and make payments to Holders pursuant to the Pool Factor method until such time as Freddie Mac shall determine that there is a more accurate and practicable method for calculating such payments, in which event Freddie Mac shall calculate and make payments to Holders pursuant to the more accurate method. As long as Freddie Mac shall use the Pool Factor method, it shall do so pursuant to the provisions of this Section 4.06.

(i) On or about the first business day of each month, Freddie Mac will publish or cause to be published for such month a Pool Factor with respect to each PC Pool.

(ii) In the case of a PC other than a Gold PC, interest at the applicable PC Coupon shall be paid by Freddie Mac on the Holder's pro rata share of the Remaining PC Pool Balance as determined by the Pool Factor for the second month prior to the month in which payment to Holders is made. In the case of a Gold PC, interest at the applicable PC Coupon shall be paid by Freddie Mac on the Holder's pro rata share of the Remaining PC Pool Balance as determined by the Pool Factor for the month prior to the month in which payment to Holders is made.

(iii) In the case of a PC other than a Gold PC, principal payments shall be paid to a Holder by Freddie Mac in an amount equal to the difference between the Holder's pro rata share of (w) the Remaining PC Pool Balance as determined by the Pool Factor for the second month prior to the month in which payment is made to a Holder, and (x) the Remaining PC Pool Balance as determined by the Pool Factor for the month prior to the month in which payment is made to the Holder. In the case of a Gold PC, principal payments shall be paid to a Holder by Freddie Mac in an amount equal to the difference between the Holder's pro rata share of (y) the Remaining PC Pool Balance as determined by the Pool Factor for the month prior to the month in which payment is made to a Holder, and (z) the Remaining PC Pool Balance as determined by the Pool Factor for the month in which payment is made to the Holder.

(b) Each Pool Factor shall be determined as follows:

(i) Each Pool Factor applicable to any PC Pool other than a Gold PC Pool or a Scheduled Principal PC Pool will be based upon the unpaid principal balances of the related Mortgages as reported to Freddie Mac by servicers or, except in the case of any 30-Due-in-5 Mortgage and 30-Due-in-7 Mortgage, upon an estimation of principal collections with respect to the Mortgages under such procedure for estimating such payments as may be adopted by Freddie Mac.

(ii) Each Pool Factor applicable to any Gold PC Pool will be based upon a reduction of the Remaining PC Pool Balance by the Unscheduled Principal Payments and the Monthly Adjustment Amount for the month in which the Pool Factor is being determined and a calculation of Monthly Principal Reduction with respect to the Mortgages contained in the related Gold PC Pool under such procedure for calculating Monthly Principal Reduction as may be adopted by Freddie Mac.

(iii) Each Pool Factor applicable to any Scheduled Principal PC Pool will be based upon reduction of the Remaining PC Pool Balance by the Unscheduled Principal Payments and Aggregate Scheduled Principal or upon an estimation of Aggregate Scheduled Principal under such procedure as may be adopted by Freddie Mac.

To the extent a given Pool Factor (adjusted as necessary for payments made pursuant to Freddie Mac's guarantees of timely payment of Scheduled Principal or Monthly Principal Reduction, as the

case may be) does not reflect the unpaid principal balance of the Mortgages, any difference will be accounted for as soon as practicable by adjusting subsequent Pool Factors.

(c) The Pool Factor method of determining payments will affect the timing of receipt of payments by Holders but will not affect Freddie Mac's guarantee of timely payment of interest and ultimate collection of principal or Freddie Mac's guarantee of timely payment of Scheduled Principal or Monthly Principal Reduction, as the case may be, if applicable, as set forth in Section 4.09. Freddie Mac's guarantees will not be affected by the implementation of any different method for calculating and paying principal and interest as permitted by this Section 4.06.

The third sentence contained in Section 4.07 of the PC Agreement is amended to read in its entirety as follows:

In the case of a Mortgage included in a Scheduled Principal PC Pool or, if applicable, a Gold PC Pool, a servicer may retain from full or partial prepayments or payments of delinquent principal any payments of principal, and from collections of delinquent interest any payments of interest, which the servicer made to Freddie Mac but did not receive from the mortgagor with respect to such Mortgage.

The last sentence contained in Section 4.08 of the PC Agreement is amended to read in its entirety as follows:

Expenses borne pro rata by Holders as described above may be paid by Freddie Mac from payments otherwise due to Holders, and therefore will affect the timing of receipt of payments by Holders, but in no event shall Freddie Mac's guarantees of timely payment of Scheduled Principal, Monthly Principal Reduction and interest at the applicable PC Coupon or Freddie Mac's guarantee of ultimate collection of principal, as set forth in Section 4.09, be affected by fees deducted by Freddie Mac or servicers or by amounts expended by Freddie Mac or servicers for the protection, preservation or maintenance of the real property securing the Mortgages.

Section 4.09 of the PC Agreement is amended as follows:

(a) by deleting the third sentence of subsection (b) thereof and inserting the following in its place:

Freddie Mac shall pay the amount due on account of its guarantee of ultimate collection of principal at any time after default on a Mortgage, but not later than 30 days following (i) foreclosure sale, (ii) payment of a claim for insurance or guaranty by the FHA or the VA, or by any other mortgage insurer, if applicable, or (iii) the expiration of any redemption period, whichever occurs later, but in any event no later than the earlier of one year after an outstanding demand has been made upon the borrower for accelerated payment of principal or for payment of the principal due on the maturity of a Mortgage. In the case of any PC Pool other than a Gold PC Pool which contains 30-Due-in-5 Mortgage and any 30-Due-in-7 Mortgage, Freddie Mac shall pay the amounts described in the preceding sentence not later than the 15th day of the second month following the month in which the Final Payment Date occurs.

(b) by inserting at the end thereof the following subsection:

(d) In the case of Gold PCs, in addition to the other guarantees contained in subsections (a) and (b) of this Section 4.09, Freddie Mac guarantees the timely payment of Monthly Principal Reduction due to be paid on the Gold PC Pool, whether or not received by Freddie Mac. Freddie Mac's guarantee of timely payment of Monthly Principal Reduction on any Gold PC shall be computed in accordance with such procedure as may be adopted by Freddie Mac. Monthly Principal Reduction with respect to each PC Pool will be deemed to have occurred on the first day of each month and will be paid to Holders pursuant to Section 4.05 on the basis of this assumption. Any payment made by Freddie Mac to Holders on account of Freddie Mac's guarantee of timely payment of Monthly Principal Reduction shall be considered to be payment of principal for purposes of calculation of the Pool Factor with respect to the related Gold PC Pool and to be a payment of principal for purposes of calculating the Holder's pro rata share of unpaid principal pursuant to subsection (b) of this Section 4.09.

Section 4.12 of the PC Agreement is amended to read in its entirety as follows:

Section 4.12. Modification of Final Payment Date. The final payment in respect of a PC may occur prior to the month in which the Final Payment Date occurs by virtue of prepayments of principal and interest as described in Section 4.05. For PCs other than Scheduled Principal PCs, Gold PCs and any PCs representing interests in 30-Due-in-5 Mortgages and 30-Due-in-7 Mortgages, the final payment in respect of a PC may also occur after the month in which the Final Payment Date occurs by virtue of (i) forbearance or payment plans affecting any Mortgage, or (ii) payment under Freddie Mac's guarantee of ultimate collection of principal after a mortgagor default as described in Section 4.09(b).

Except as specifically amended above, the PC Agreement shall remain in full force and effect and is hereby ratified and confirmed.



Freddie Mac
