

**Offering Circular Supplement Dated July 28, 1988
(To Offering Circular Dated October 15, 1987)**

**Freddie
Mac**

Federal Home Loan Mortgage Corporation

Owned by America's
Savings Institutions

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 October 15, 1987 (the "Offering Circular"), the Offering Circular Supplement dated April 15, 1988, and this Supplement apply to sales by Freddie Mac of PCs formed under its Cash Program ("Cash 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.

This Supplement describes the MultiLender Swap Program, a modification to Freddie Mac's Cash Program pursuant to which a seller may sell Mortgages to Freddie Mac in exchange for an equivalent amount of Cash PCs representing the seller's pro rata share of a PC Pool formed under Freddie Mac's Cash Program, which PC Pool is comprised of the seller's Mortgages and other Mortgages purchased by Freddie Mac from a number of other sellers for cash or under the MultiLender Swap Program. Capitalized terms used herein and not otherwise defined have the respective meanings assigned to them in the Offering Circular.

DESCRIPTION OF MORTGAGE PARTICIPATION CERTIFICATES

The MultiLender Swap Program

Commencing August 1, 1988 sellers may sell Mortgages to Freddie Mac in exchange for Cash PCs representing undivided interests in Mortgages purchased by Freddie Mac under its Cash Program and/or Mortgages purchased by Freddie Mac from sellers under the MultiLender Swap Program. Under the MultiLender Swap Program, each seller will receive a Cash PC with an Original Unpaid Principal Balance equal to the aggregate unpaid principal balance of the Mortgages delivered by such seller as of the date of delivery, representing such seller's pro rata share of the related Cash PC Pool.

Mortgages eligible for delivery under the MultiLender Swap Program are those described in the Offering Circular under "The Mortgages" and the PC Pools comprising such Mortgages will be formed in the manner described in the Offering Circular under "PC Pools formed under the Cash Program."

Since initial purchasers of PCs under the MultiLender Swap Program will receive PCs representing undivided interests in Mortgages other than the Mortgages delivered by such sellers, the weighted average

life and payment behavior of such PCs may differ from that which would be expected if such sellers had delivered mortgages under the Guarantor Program and purchased PCs representing undivided interests in only the Mortgages delivered. See "Weighted Average Life and Payment Behavior" in the Offering Circular.

PC Pools formed under the Cash Program

The minimum Original Unpaid Principal Balance of Cash PC Pools as to which Freddie Mac has accepted commitments for purchase as of the date hereof is \$50,000,000. For PC Pools formed on and after December 1, 1988 the minimum Original Unpaid Principal Balance of any Cash PC Pool will be \$10,000,000.

Prefixes, the calculation of Pool Factors and the Final Payment Date for PCs issued pursuant to the MultiLender Swap Program are the same as those applicable to the Cash Program. References in the Offering Circular to the Mortgages under the Cash Program being purchased only for cash are amended to include purchases of Mortgages for cash and/or in exchange for PCs formed under the MultiLender Swap Program.

Interest and Principal Payments

Under the MultiLender Swap Program, a purchaser of a PC from Freddie Mac delivers Mortgages to Freddie Mac on or prior to the settlement date and on the settlement date receives a PC in an unpaid principal balance equal to the aggregate unpaid principal balance of such Mortgages on the date of delivery. The Mortgage seller pays to Freddie Mac, and Freddie Mac retains, principal payments (including scheduled principal payments, and full and partial prepayments) on such Mortgages equal to the difference between the actual 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. Freddie Mac purchases with such payments additional Mortgages for inclusion in the related PC Pool and, therefore, such principal payments will not be passed through to the seller in the same manner as other principal payments received by Freddie Mac on the Mortgages.

Under the MultiLender Swap Program, Freddie Mac pays to the Mortgage seller on the settlement date an amount of interest equal to the difference between (i) the amount of interest at Freddie Mac's required yield on the Mortgages, and (ii) the amount of interest at the PC Coupon, in each such case for the period from the first day of the month of settlement to the day prior to the date of settlement, inclusive.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

Beneficial owners of PCs who deliver Mortgages under the MultiLender Swap Program in exchange for PCs should be aware that they may be required to recognize gain or loss with respect to all or a portion of such PCs, though there is conflicting authority in this regard. Any such recognition of gain or loss may depend in part on whether and to what extent the Mortgages delivered differ materially from the PCs received. Beneficial owners should consult their own tax advisors regarding this matter. See "Certain Federal Income Tax Consequences" in the Offering Circular.

AMENDMENTS TO THE PC AGREEMENT

The Mortgage Participation Certificate Agreement (Guaranteed), dated as of October 1, 1987 (the "PC Agreement") and included as Exhibit A to the Offering Circular, is hereby amended as follows:

The definition of the term "Cash Program" contained in Article I of the PC Agreement is amended by adding at the end thereof the following sentence:

The term "Cash Program" includes the MultiLender Swap Program, which is a program pursuant to which Freddie Mac purchases Mortgages from a seller in exchange for a PC in an original unpaid principal balance equal to the Mortgages delivered by such seller, and which PC represents an undivided interest in a pool of Mortgages purchased for cash and/or in exchange for PCs formed under the MultiLender Swap Program.

Section 2.01 of the PC Agreement is amended by adding after the phrase "Under a Guarantor Program" contained in the last sentence thereof the following phrase: "and with respect to a PC sold under the MultiLender Swap Program".

Section 4.03 of the PC Agreement is amended by adding to the end of the first sentence contained therein the following phrase:

; and provided further, that 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.