Offering Circular

Freddie Mac

Federal Home Loan Mortgage Corporation

Mortgage Participation Certificates (Guaranteed)

A PC is a mortgage pass-through security issued and guaranteed by Freddie Mac. Each PC represents an undivided interest in a PC Pool consisting of Mortgages. Payments by borrowers on the Mortgages in a PC Pool are passed through by Freddie Mac to Holders of the PCs representing interests in that PC Pool. Depending on the PC Pool, the Mortgages will be fixed rate Conventional Mortgages (including Balloon/Reset Mortgages), fixed rate FHA/VA Mortgages or adjustable rate Conventional Mortgages. The Glossary of Terms attached as Exhibit A defines capitalized terms used in this Offering Circular and provides additional information concerning certain types of PCs and Mortgages.

Freddie Mac offers Gold PCs, Margin ARM PCs and WAC ARM PCs for sale continuously pursuant to this Offering Circular and applicable Supplements. Significant differences among these types of PCs include the Payment Delay, the method used to determine the PC Coupon and the terms of Freddie Mac's guarantees. Each Gold PC has a Payment Delay of 45 days and a PC Coupon that is fixed to maturity. Each ARM PC has a Payment Delay of 75 days. The PC Coupon of a Margin ARM PC adjusts periodically based on a prescribed Index plus a prescribed PC Margin, subject to the same Adjustment Cap as the underlying Mortgages and to a PC Lifetime Ceiling. The PC Coupon of a WAC ARM PC adjusts monthly, reflecting changes in the weighted average of the Mortgage Coupons of the underlying Mortgages.

Freddie Mac guarantees to each Holder of a PC the timely payment of interest at the applicable PC Coupon and the ultimate collection of principal, without offset or deduction. For each Gold PC, Freddie Mac also guarantees the timely payment of Monthly Principal Reduction, subject to the Monthly Adjustment Amount, if any. Freddie Mac makes interest and principal payments on PCs monthly on each Payment Date. On each monthly Payment Date, a Holder receives (i) interest at the applicable PC Coupon on the principal balance of the Holder's PC and (ii) the Holder's proportionate share of principal payments on the underlying Mortgages, as calculated by Freddie Mac using the Pool Factor Method.

Freddie Mac issues and administers PCs pursuant to the terms of the PC Agreements, which contain complete descriptions of the rights and obligations of each Holder and of Freddie Mac. **The sale of a PC by Freddie Mac and the receipt and acceptance of a PC by or on behalf of a Holder, without any signature or further manifestation of assent, constitutes the unconditional acceptance by the Holder and all others having a beneficial interest in such PC of all the terms and provisions of the applicable PC Agreement.**

PCs ARE NOT SUITABLE INVESTMENTS FOR ALL INVESTORS. IN PARTICULAR, NO INVESTOR SHOULD PURCHASE PCs UNLESS THE INVESTOR UNDERSTANDS AND IS ABLE TO BEAR THE ASSOCIATED PREPAYMENT, YIELD, LIQUIDITY AND MARKET RISKS. Investors should purchase PCs only if they have read this Offering Circular, any applicable Supplements, Freddie Mac's current Information Statement and any subsequent Information Statement Supplements. This Offering Circular incorporates by reference the PC Agreements, the Information Statement and Information Statement Supplements. Prospective investors can obtain these documents and any Supplements (including Pool Supplements where available) from securities dealers that deal in PCs or directly from Freddie Mac, by writing or calling its Investor Inquiry Department at 8200 Jones Branch Drive, McLean, Virginia 22102 (phone: 800/336-FMPC). Freddie Mac publishes and regularly updates information regarding PC Pools and the related Mortgages.

The obligations of Freddie Mac under its guarantees of the PCs are obligations of Freddie Mac only. The PCs, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. Income on the PCs has no exemption under federal law from federal, state or local taxation. The 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.

Offering Circular dated February 15, 1994

AVAILABILITY OF INFORMATION

Freddie Mac regularly makes available to investors information regarding PCs and the Mortgages in the related PC Pools. Information generally is provided as of PC Pool formation and as of subsequent scheduled information release dates. This information is available from various sources, including several information vendors that provide both original and updated securities information. Investors can obtain the names of these vendors, and may receive access to FreddieAnswers℠, by writing or calling Freddie Mac's Investor Inquiry Department. Initial information for a PC Pool usually is available through FreddieAnswers℠ on the morning of the next business day after the PC Pool is formed. FreddieAnswers℠ also provides updated information promptly after it becomes available.

PC SECURITY STRUCTURE

GUARANTEES

Freddie Mac guarantees to each Holder of a PC (i) the timely payment of interest at the applicable PC Coupon on the principal balance of the Holder's PC, as calculated by Freddie Mac under the Pool Factor Method and (ii) the ultimate collection of the Holder's proportionate share of all principal of the related Mortgages, without offset or deduction. Freddie Mac also guarantees to each Holder of a Gold PC the timely payment of the Holder's proportionate share of Monthly Principal Reduction, subject to the Monthly Adjustment Amount, if any.

Freddie Mac may 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) the foreclosure sale of the mortgaged property, (ii) if applicable, the payment of an insurance or guaranty claim by the Mortgage insurer or guarantor or (iii) the expiration of any right of redemption that the borrower may have, whichever is the last to occur. In no event, however, will Freddie Mac make payment on account of this guarantee later than one year after an outstanding demand has been made upon the borrower for accelerated payment of principal or for payment of the principal due at maturity; provided that payment on account of Freddie Mac's guarantee of ultimate collection of principal for Gold PCs will be made no later than the Payment Date in the month of the Gold PC's Final Payment Date.

PAYMENTS ON PCs

Pool Factors

Freddie Mac makes principal and interest payments on PCs using the Pool Factor Method. Freddie Mac publishes Pool Factors for each month after formation of a PC Pool on or about the first Business Day of the month for Gold PCs and on or about the seventh Business Day of the month for ARM PCs. The Pool Factor for the month of PC Pool formation, which is not published, is always 1.0000000. The Pool Factor Method works as follows:

- Each month Freddie Mac determines the aggregate principal payment to be made on the PCs representing interests in each PC Pool. In general, the principal payment on a PC represents the pass-through of principal payments on the Mortgages in the related PC Pool. The principal balance of a PC Pool may not reflect exactly the aggregate principal balance of the underlying Mortgages, however, due to delays inherent in processing mortgage information.
- After determining the aggregate principal payment for each PC Pool, Freddie Mac calculates the remaining principal balance of the PC Pool, which it converts into the Pool Factor. The reduction in the Pool Factor in a given month measures the amount of principal to be paid to Holders on the Payment Date (i) in the same month for Gold PCs or (ii) in the following month for ARM PCs.

On each monthly Payment Date, Freddie Mac passes through to the Holder of a PC:

- its proportionate share of principal reflecting the reduction in the related Pool Factor (*i.e.*, the principal payment in any month on a PC equals its original principal balance multiplied by the difference between the Pool Factors published in (i) the same month and the preceding month in the case of a Gold PC or (ii) the two preceding months in the case of an ARM PC); and
- interest reflecting one month's interest at the applicable PC Coupon on the principal balance of the PC before giving effect to the principal payment made on the same Payment Date (*i.e.*, the interest payment in any month on a PC equals 1/12th of the applicable PC Coupon multiplied by the principal balance of the PC as reflected in the Pool Factor published in (i) the preceding month in the case of a Gold PC or (ii) the second preceding month in the case of an ARM PC). Interest is computed on the basis of a 360-day year of twelve 30-day months.

Freddie Mac makes payments on a PC on each Payment Date beginning in (i) the month after issuance for a Gold PC or (ii) the second month after issuance for an ARM PC.

Calculation of Payments for Gold PCs. The aggregate principal payment in any month on the Gold PCs representing interests in a Gold PC Pool equals the sum of:

- Monthly Principal Reduction for the Gold PC Pool for the Monthly Reporting Period ending in the month of payment;
- Full Prepayments on the related Mortgages for the Monthly Reporting Period that ended in the prior month; and
- The Monthly Adjustment Amount for the Gold PC Pool for the month of payment.

For a given month, Monthly Principal Reduction for a Gold PC Pool reflects Freddie Mac's calculation of the amount of scheduled amortization due on the related Mortgages in the Monthly Reporting Period ending in the same month. Freddie Mac calculates Monthly Principal Reduction each month based upon:

- the principal balance of the Gold PC Pool (rather than the actual principal balances of the related Mortgages) as reflected in the Pool Factor for the prior month, adjusted for Full Prepayments and the Monthly Adjustment Amount; and
- the WAC and WARM of the related Mortgages for the prior month (rather than the Mortgage Coupon and remaining term to maturity of each Mortgage).

If Freddie Mac does not have the data necessary to calculate the WAC and WARM for a Gold PC Pool, it calculates Monthly Principal Reduction using the following estimates: (i) a WARM determined by reducing the original term of the PCs (based on their Final Payment Date) by the number of months elapsed since the formation of the PC Pool and (ii) a WAC determined by adding 0.375% to the weighted average of the net yield rates at which the servicers are required to remit interest on the Mortgages in that PC Pool to Freddie Mac. Freddie Mac's procedures for calculating Monthly Principal Reduction using these estimates can result in principal payment rates that differ significantly from those on the related Mortgages.

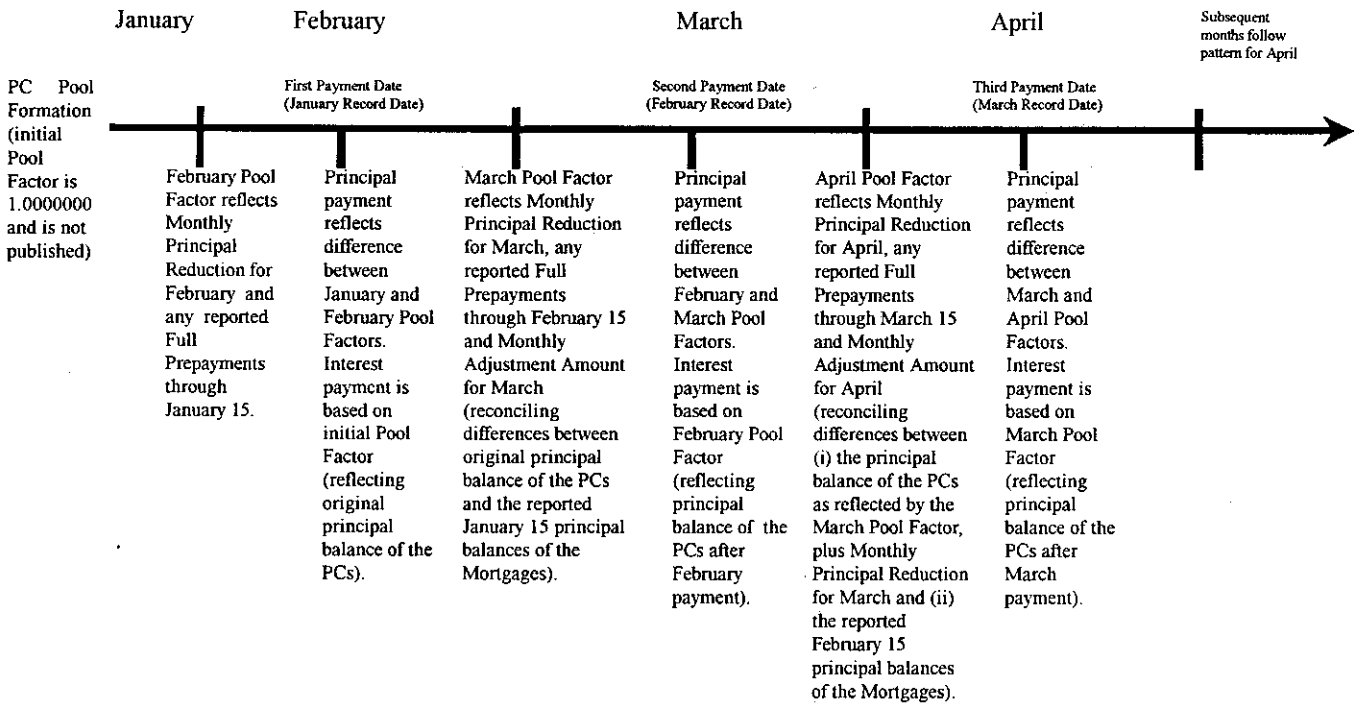
The Monthly Adjustment Amount reconciles, on a lagging basis, differences between the principal balance of the Gold PC Pool and the principal balances of the related Mortgages as reported by servicers. These differences arise from Curtailments, from the method used to calculate Monthly Principal Reduction, from errors in servicers' reports and from other sources. The Monthly Adjustment Amount for a Gold PC Pool in a given month equals the difference (either positive or negative) between (i) the principal balance of the PC Pool determined using the Pool Factor for the prior month *plus* the prior month's Monthly Principal Reduction and (ii) the aggregate principal balance of the related Mortgages reported by servicers for the Monthly Reporting Period ending in the second prior month. For example, Freddie Mac determines the Monthly Adjustment Amount for calculating a February Pool Factor by multiplying the January Pool Factor by the original principal balance of the Gold PC Pool and then adding the Monthly Principal Reduction passed through in January. This produces the aggregate principal balance of the related Mortgages on Freddie Mac's records as of December 15. Freddie Mac then compares this balance with the December 15 balance of the Mortgages which was reported by the servicers; any difference is the Monthly Adjustment Amount used in the February Pool Factor calculation. Because Freddie Mac guarantees to Holders of Gold PCs the timely payment of Monthly Principal Reduction regardless of any default or delinquency, Freddie Mac does not take into account differences attributable to defaults and delinquencies on the Mortgages in calculating the Monthly Adjustment Amount.

If a servicer fails to file an accurate or timely report of its collections of principal or the report cannot be processed, the principal payment on the Gold PCs reflects Freddie Mac's usual calculation of Monthly Principal Reduction during the applicable Monthly Reporting Period, with any difference between actual payments on the Mortgages and the principal payments on the Gold PCs being reconciled when the Monthly Adjustment Amount is applied in subsequent periods.

Freddie Mac calculates Monthly Principal Reduction for Gold PCs backed by Balloon/Reset Mortgages using a WARM that assumes the same 360-month amortization period normally used to amortize the related Mortgages, and not by using the actual weighted average terms to the balloon payment date of those Mortgages. As a result, the monthly payments made on such Gold PCs, which have original terms of either five or seven years, will reflect the longer amortization schedule of the related Mortgages and the final payment of principal will include the remaining balloon payment.

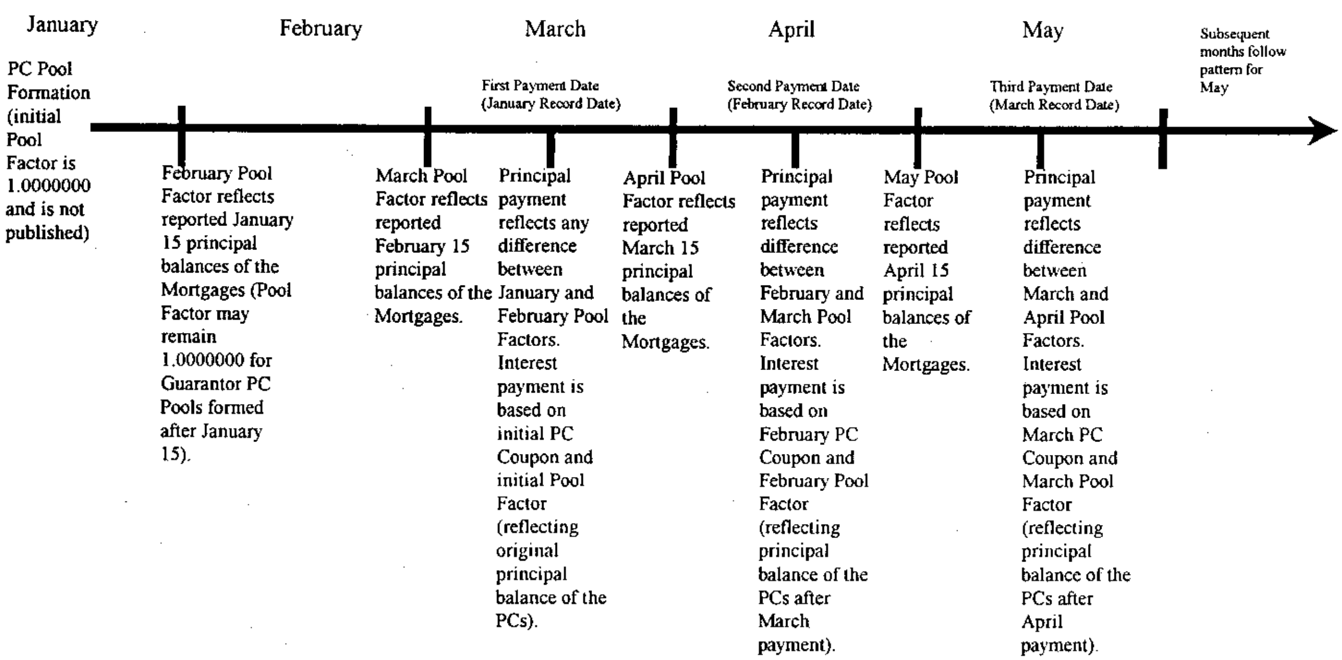
Freddie Mac calculates Monthly Principal Reduction for Gold PCs backed by Biweekly Mortgages without regard to the special payment characteristics of the related Mortgages, which periodically result in Curtailments. Such Curtailments are reflected in subsequent Monthly Adjustment Amounts.

The following timeline illustrates the Pool Factor Method and the manner in which principal and interest payments are determined for Gold PCs:

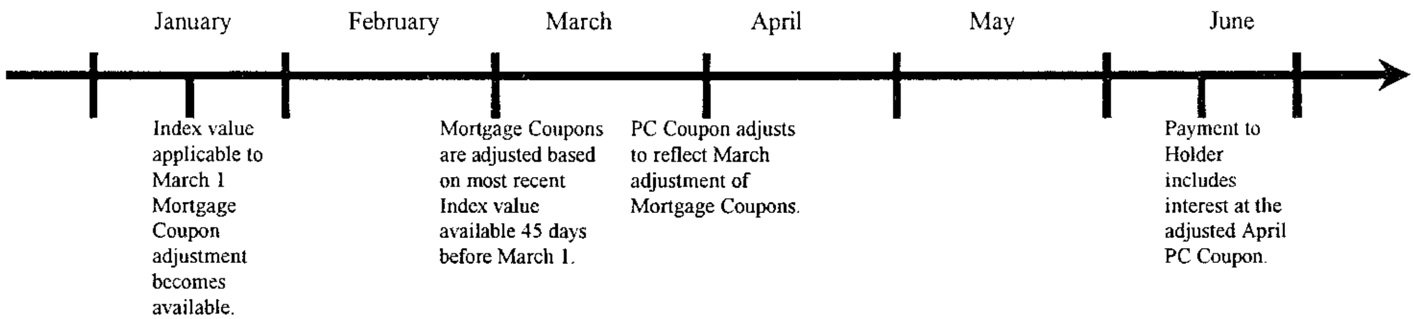


Calculation of Payments for ARM PCs. The aggregate principal payment in any month on the ARM PCs representing interests in an ARM PC Pool reflects any principal payments on the related ARMs, including scheduled principal payments, Full Prepayments and Curtailments, reported by servicers for the Monthly Reporting Period that ended in the second preceding month. Freddie Mac does not calculate principal reduction for ARM PCs in the absence of reports from servicers; if a servicer fails to file a timely report of collections or the report cannot be processed, the Pool Factors for the affected ARM PC Pools will not be reduced.

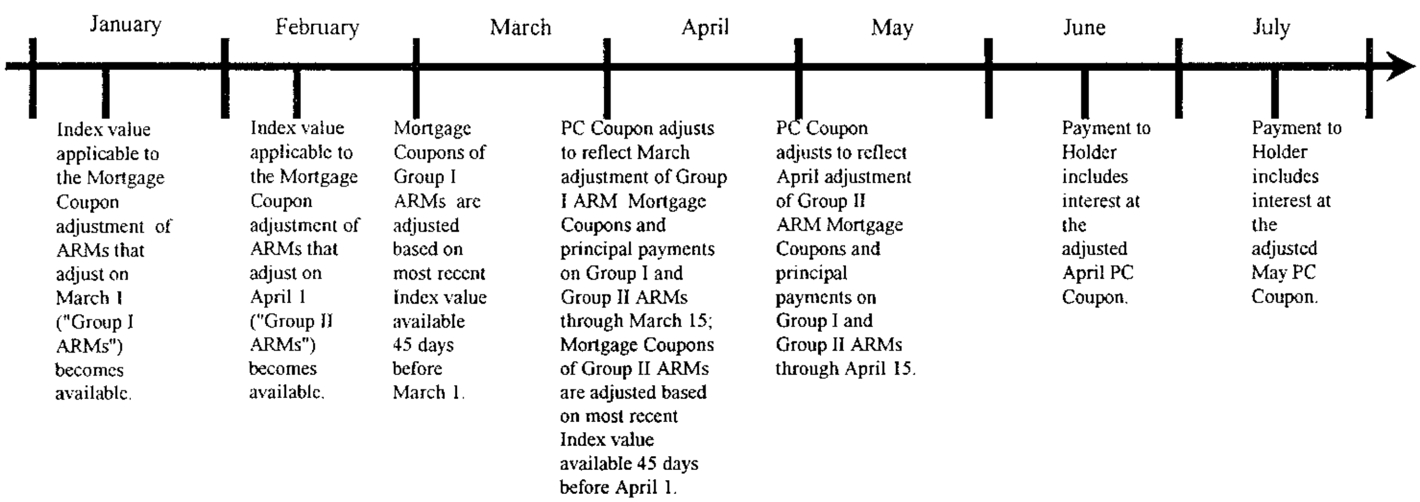
The following timelines illustrate the Pool Factor Method and the manner in which principal and interest payments are determined for ARM PCs.



Margin ARM PCs: Coupon Adjustments



WAC ARM PCs: Coupon Adjustments



PC POOL FORMATION

Freddie Mac forms PC Pools and creates and sells PCs under the terms of the PC Agreements. Once Freddie Mac has identified a Mortgage to a PC Pool, the Mortgage remains in that PC Pool unless it is paid in full, foreclosed upon, repurchased or replaced by a substitute Mortgage. The repurchase of a Mortgage constitutes a Full Prepayment of that Mortgage; Freddie Mac passes through the proceeds of a repurchase as if the borrower had prepaid the Mortgage in full. Generally, the rate of interest payable to Freddie Mac on the Mortgages in a PC Pool will equal or exceed the PC Coupon of the related PCs, with the difference retained by Freddie Mac as compensation for administering the PC Pool and guaranteeing payments on the related PCs. Any excess of the interest payable by the borrower on a Mortgage over the interest remitted to Freddie Mac by the servicer of the Mortgage is retained by the servicer as compensation for servicing the Mortgage.

Pooling Criteria

Freddie Mac pools separately the fixed rate Mortgages and ARMs it purchases. Freddie Mac pools fixed rate Mortgages into Gold PC Pools and ARMs into either Margin ARM PC Pools or WAC ARM PC Pools. Freddie Mac identifies each PC Pool by a PC Pool Number, the Prefix of which designates certain characteristics of the related PCs and Mortgages, as summarized in the following chart. Unless otherwise noted, all Mortgages are Conventional Mortgages and, in the case of Mortgages included in Gold PC Pools, Standard

Mortgages. ARMs are not Convertible ARMs unless otherwise indicated. The minimum original principal balance for PC Pools represented by (i) Gold PCs other than Mini-Guarantor PCs is $1,000,000, (ii) Mini-Guarantor PCs is $250,000 and (iii) ARM PCs is $500,000.

GOLD PCs

Prefix	PC Description (Mortgage Type)
CONVENTIONAL	
	Standard:
B3	30-year Mini-Guarantor
B5	15-year Mini-Guarantor
C0-C7	30-year Cash
C8	30-year MultiLender
C9	20-year Cash
D0-D8	30-year Guarantor
D9	20-year Guarantor
E0-E1	15-year Cash
E2	15-year MultiLender
E3-E9	15-year Guarantor
F8	20-year MultiLender
F9	20-year Mini-Guarantor
	Non-Standard:
F0	30-year Guarantor (Extended Buydown)
F1	15-year Guarantor (Extended Buydown)
L7	5-year Guarantor (Balloon/Reset)
L8	7-year MultiLender (Balloon/Reset)
L9	5-year MultiLender (Balloon/Reset)
M3#	15-year Guarantor (Relocation)
M5	15-year Guarantor (Convertible Biweekly)
M7	15-year Guarantor (Cooperative Share)
M8	7-year Cash (Balloon/Reset)
M9	5-year Cash (Balloon/Reset)
N1	15-year or 30-year Guarantor (Second)
N3#	30-year Guarantor (Relocation)
N5	30-year Guarantor (Convertible Biweekly)
N7	30-year Guarantor (Cooperative Share)
N9	7-year Guarantor (Balloon/Reset)
O2	30-year Guarantor (Non-Convertible Biweekly)
O3	15-year Guarantor (Non-Convertible Biweekly)
O5	30-year Mini-Guarantor (Non-Convertible Biweekly)
O6	15-year Mini-Guarantor (Non-Convertible Biweekly)
P5	30-year Mini-Guarantor (Convertible Biweekly)
P6	15-year Mini-Guarantor (Convertible Biweekly)
T1	15-year Guarantor (Newly Originated Assumable)
T3	30-year Guarantor (Newly Originated Assumable)
U1	15-year Mini-Guarantor (Newly Originated Assumable)
U3	30-year Mini-Guarantor (Newly Originated Assumable)
FHA/VA	
B7	30-year Guarantor
B9	30-year Mini-Guarantor
F6	15-year Mini-Guarantor
F7	15-year Guarantor

\# May include any combination of Relocation Mortgages and Employer Assisted Mortgages at the election of the Mortgage seller.

ARM PCs

Prefix	PC Description/Mortgage Coupon Adjustment Frequency/Index/Adjustment Cap (Convertibility)
	Treasury Indices:
35	Margin ARM/Cash/Annual/One Year (Weekly) Treasury/2% cap
37	Margin ARM/Cash/Annual/One Year (Weekly) Treasury/1% cap
40*	Guarantor/Annual/One Year (Weekly) Treasury/2% cap (Convertible)
41	WAC ARM/Guarantor/Annual/One Year (Weekly) Treasury/2% cap (Convertible)
60*	Guarantor/Annual/One Year (Weekly) Treasury/2% cap
61	WAC ARM/Guarantor/Annual/One Year (Weekly) Treasury/2% cap
63*	Guarantor/Annual/One Year (Weekly) Treasury/1% cap (Convertible)
64*	Guarantor/Annual/One Year (Weekly) Treasury/1% cap
71	Margin ARM/Cash/Annual/One Year (Weekly) Treasury/2% cap (Convertible)
72	Margin ARM/Cash/Annual/One Year (Weekly) Treasury/1% cap (Convertible)
75*†	Guarantor/Annual or Semiannual/miscellaneous Treasury/various caps
76*†	Guarantor/Five Year Treasury/various caps
78*†	Guarantor/Annual/One Year (Weekly) Teasury (3/1, 5/1, 7/1, 10/1 or 15/1)/various caps
86*†	Guarantor/Three Year Treasury/various caps
	COF Indices:
74*†	Guarantor/Annual or Semiannual/National COF/various caps
77*†	Guarantor/Annual or Semiannual/11th District COF/various caps
	LIBOR Indices:
870001-874999†	WAC ARM/Guarantor/miscellaneous LIBOR/various caps
875000-879999†	WAC ARM/Guarantor/Semiannual/LIBOR (Six Month)/various caps
	Other Indices:
970001-971999†	WAC ARM/Guarantor/Semiannual/CD/various caps
972000-973999†	WAC ARM/Guarantor/miscellaneous Indices/various caps

* Identifies Margin ARM PCs if 3rd digit of PC Pool Number is less than 5; identifies WAC ARM PCs if 3rd digit of PC Pool Number is 5 or greater.

† PC Pool may consist entirely of Convertible ARMs if specified in the related Supplement.

Pooling Criteria for Gold PC Pools. Freddie Mac pools fixed rate Mortgages according to identified characteristics (including the types, Mortgage Coupons and original terms of the Mortgages) and the program under which Freddie Mac purchased the Mortgages (Cash Program, MultiLender Swap Program or Guarantor Program). Freddie Mac's current pooling criteria for Gold PC Pools are summarized below.

Pooling by Mortgage Coupon. The Mortgage Coupon of each Mortgage in a Gold PC Pool must fall within the ranges specified below.

Type of Gold PC Pool	Range of Permitted Mortgage Coupons
Cash	25 through 75 basis points above PC Coupon
MultiLender	25 through 125 basis points above PC Coupon
Guarantor	PC Coupon (plus minimum required servicing fee) through 250 basis points above PC Coupon

Pooling by Mortgage Type

<table>
<tr><th colspan="4">Mortgage Type</th><th>Original Term</th></tr>
<tr><td rowspan="6">Conventional</td><td colspan="3">Standard</td><td>15-year,
20-year or
30-year</td></tr>
<tr><td rowspan="5">Non-Standard</td><td colspan="2">Cooperative Share,
Extended Buydown,
Newly Originated Assumable,
Relocation</td><td rowspan="4">15-year
or 30-year</td></tr>
<tr><td rowspan="2">Biweekly</td><td>Convertible</td></tr>
<tr><td>Non-Convertible</td></tr>
<tr><td colspan="2">Second</td></tr>
<tr><td colspan="2">Balloon/Reset</td><td>5-year or 7-year</td></tr>
<tr><td colspan="4">FHA/VA</td><td>15-year or
30-year</td></tr>
</table>

- Freddie Mac pools Conventional Mortgages separately from FHA/VA Mortgages.

- Freddie Mac pools 15-year Mortgages separately from 20-year Mortgages and 30-year Mortgages. 20-year Mortgages may be pooled separately in Standard PC Pools or may be included in Standard or Non-Standard PC Pools containing 30-year Mortgages.

- Up to 10% of the Conventional Mortgages in a Standard PC Pool, by original principal balance, may be Cooperative Share Mortgages, Extended Buydown Mortgages, Newly Originated Assumable Mortgages or Relocation Mortgages, so long as these types of Non-Standard Mortgages, in combination, do not account for more than 15% of the original principal balance of the PC Pool.

- If any of the limits described in the preceding paragraph are exceeded, the PC Pool will be identified by a PC Pool Number that begins with the Prefix designating the type of Non-Standard Mortgage it contains. If the PC Pool contains more than one type of Non-Standard Mortgage, the PC Pool Number will reflect the type that Freddie Mac expects to constitute the largest percentage.

- Balloon/Reset Mortgages are not pooled with other types of Mortgages and are pooled separately according to the original term to the balloon payment date.

• Any PC Pool containing one or more Biweekly Mortgages at the time of formation will be identified by a PC Pool Number that begins with the Prefix M5, N5, O2, O3, O5, O6, P5 or P6, as appropriate. Convertible Biweekly Mortgages are not pooled with Non-Convertible Biweekly Mortgages.

• Any PC Pool containing one or more Second Mortgages at the time of formation will be identified by a PC Pool Number that begins with the Prefix N1.

Pooling Criteria for ARM PC Pools. Freddie Mac pools ARMs according to identified characteristics (including the Index, Adjustment Cap, frequency of adjustment and convertibility) and the program under which Freddie Mac purchased the Mortgages (Cash Program or Guarantor Program). The pooling criteria for Margin ARM PCs differ in certain respects from those for WAC ARM PCs. Each ARM PC Pool consists entirely of a single type of ARM as specified in the applicable Pool Supplement. The following charts summarize Freddie Mac's pooling criteria for ARM PC Pools and illustrate the relationship between pooling criteria and security structure.

Pooling by Mortgage Type. The type of ARM included in an ARM PC Pool will determine the Index and adjustment parameters used in computing the PC Coupon. The types of ARMs that are most frequently pooled in ARM PC Pools are summarized in the chart below.

<table>
<tr><th>Adjustment Frequency</th><th colspan="2">Index</th><th>Adjustment Caps</th></tr>
<tr><td rowspan="9">Semiannually</td><td colspan="2">CD</td><td rowspan="9">0.75%, 1.0% or 1.25%</td></tr>
<tr><td rowspan="2">COF</td><td>11th District</td></tr>
<tr><td>National</td></tr>
<tr><td colspan="2">Contract Rate</td></tr>
<tr><td colspan="2">LIBOR (Six Month)</td></tr>
<tr><td rowspan="4">Treasury</td><td>Semiannual Auction Average (Discount)</td></tr>
<tr><td>Semiannual Auction Average (Investment)</td></tr>
<tr><td>Semiannual Secondary Market</td></tr>
<tr><td>One Year (Weekly)</td></tr>
<tr><td rowspan="5">Annually</td><td rowspan="2">COF</td><td>11th District</td><td rowspan="5">1.0%, 1.25%, 1.5%, 1.75% or 2.0%</td></tr>
<tr><td>National</td></tr>
<tr><td colspan="2">Contract Rate</td></tr>
<tr><td rowspan="2">Treasury</td><td>One Year (Weekly)</td></tr>
<tr><td>One Year (Monthly)</td></tr>
<tr><td rowspan="2">Annually after 3, 5, 7, 10 or 15 years</td><td rowspan="2">Treasury</td><td>One Year (Weekly)</td><td rowspan="2">2.0%</td></tr>
<tr><td>One Year (Monthly)</td></tr>
<tr><td>Every 3 years</td><td>Treasury</td><td>Three Year</td><td>2.0%, 2.5%, 3.0% or 5.0%</td></tr>
<tr><td>Every 5 years</td><td>Treasury</td><td>Five Year</td><td>2.0%, 2.5%, 3.0% or 5.0%</td></tr>
</table>

Pooling by ARM Characteristics. The following chart illustrates the relationship between the types of ARMs included in ARM PC Pools, the pooling criteria used by Freddie Mac to form the different types of ARM PCs and the related security structures.

ARM Characteristics	**MARGIN ARM PCs**		**WAC ARM PCs**	
	Pooling Criteria	**Security Structure**	**Pooling Criteria**	**Security Structure**
Index	All Mortgages adjust based on the same Index	PC Coupon adjusts to reflect Index plus fixed PC Margin	All Mortgages adjust based on the same Index	Weighted average PC Coupon adjusts to reflect Mortgage Coupon adjustments from the prior month *and* principal payments on the ARMs
Adjustment Date	All Mortgages have the same Mortgage Coupon adjustment date	PC Coupon Adjustment Date occurs in the month following the Mortgage Coupon adjustment date	Mortgages may have different Mortgage Coupon adjustment dates	PC Coupon Adjustment Date occurs monthly
Adjustment Frequency and Reference Period	All Mortgages have the same Mortgage Coupon adjustment frequency and reference period for determination of the applicable Index value	PC Coupon adjusts with same adjustment frequency as Mortgage Coupons; reference period for determination of applicable Index value is one month longer than for Mortgage Coupons, because PC Coupon adjusts one month after Mortgage Coupons	All Mortgages have the same Mortgage Coupon adjustment frequency and reference period for determination of the applicable Index value	Weighted average PC Coupon is recalculated monthly and may change based on *either* Mortgage Coupon adjustments from the prior month *or* principal payments on the ARMs, or both
Mortgage Coupon	Each Mortgage Coupon must fall within permitted ranges: • Cash PC Pool: 200 basis point range • Guarantor PC Pool: 100 basis point range	Initial PC Coupon = lowest Mortgage Coupon less sum of applicable management and guarantee fee and servicing fee	No prescribed range of Mortgage Coupons	Initial PC Coupon = weighted average of Mortgage Coupons less sum of applicable management and guarantee fee and servicing fee
Mortgage Margin	Each Mortgage Margin must fall within permitted ranges: • Cash PC Pool: 200 basis point range • Guarantor PC Pool: 100 basis point range	Fixed PC Margin = lowest Mortgage Margin at pool formation less sum of applicable management and guarantee fee and servicing fee	No prescribed range of Mortgage Margins	No fixed PC Margin; Mortgage Margins affect adjustments to Mortgage Coupons, which in turn affect adjustments to PC Coupon
Adjustment Caps, Ceilings and Floors	All Mortgages have the same Adjustment Cap and the same Mortgage Lifetime Ceiling; no Mortgages have Mortgage Lifetime Floors	PC Coupon adjusts subject to same Adjustment Cap as Mortgage Coupons, and subject to fixed PC Lifetime Ceiling	All Mortgages have the same Adjustment Cap; Mortgages may have various Mortgage Lifetime Ceilings and, if applicable, Mortgage Lifetime Floors	No Adjustment Cap or PC Lifetime Ceiling for PC Coupon; Adjustment Caps, Mortgage Lifetime Ceilings and, if applicable, Mortgage Lifetime Floors affect adjustments to Mortgage Coupons, which in turn affect adjustments to PC Coupon
Convertibility	• Cash PC Pool: Standard Convertible ARMs only; all Conversion Periods begin on same date • Guarantor PC Pool: Standard Convertible ARMs may be pooled separately or with Non-Standard Convertible ARMs; Conversion Periods may begin on various dates	Convertible ARMs pooled separately from other ARMs	Standard Convertible ARMs may be pooled separately or with Non-Standard Convertible ARMs; Conversion Periods may begin on various dates	Convertible ARMs pooled separately from other ARMs

FINAL PAYMENT DATE

By convention, the Final Payment Date of a PC is always designated as the first day of a month, even though Payment Dates occur on the 15th day of each month. For an ARM PC and any Gold PC that is a Guarantor PC, the Final Payment Date is 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. For a Gold PC that is either a Cash PC or a MultiLender PC, the Final Payment Date is the first day of the month that is 5, 7, 15, 20 or 30 years, as applicable, after formation of the related PC Pool.

A Holder may receive the final payment of interest and principal on a PC before the month of its Final Payment Date because of prepayments and repurchases. A Holder of a Gold PC will receive the final payment of interest and principal on the PC not later than the Payment Date in the month of the Final Payment Date. A Holder of an ARM PC may receive payments after the month of the Final Payment Date because of the up to 75 day delay in the pass-through of payments on the Mortgages. Payment plans, periods of forbearance, defaults or other actions that delay the receipt of Mortgage payments by Freddie Mac may also result in payments to Holders of ARM PCs after the month of the Final Payment Date.

BOOK-ENTRY FORM, MINIMUM PRINCIPAL AMOUNTS AND TRANSFERS

Freddie Mac issues PCs only in Book-Entry Form through the Federal Reserve Banks' book-entry system. Each Federal Reserve Bank acts as Freddie Mac's fiscal agent with regard to the registration, transfer and pledge of PCs. The fiscal agency agreement between Freddie Mac and the Federal Reserve Bank of New York, acting on behalf of the Federal Reserve Banks as Freddie Mac's fiscal agent, makes generally applicable to the PCs (i) the Freddie Mac Book-Entry Rules, (ii) the procedures, insofar as applicable, established from time to time by Treasury regulations governing obligations of the United States, as now contained in Treasury Circular No. 300, and (iii) such other procedures as may be agreed upon from time to time by Freddie Mac and the Federal Reserve Bank of New York. These rules and procedures relate primarily to the registration, transfer and pledge of Freddie Mac's book-entry securities. A copy of Circular No. 300 may be obtained upon request from any Federal Reserve Bank, the Treasury or Freddie Mac. Each PC Pool is assigned a CUSIP Number used, among other things, to identify the related PCs.

PCs are issued and must be maintained in minimum original principal amounts, by PC Pool, of $1,000 and additional increments of $1. A PC may not be transferred if, as a result of the transfer, the transferor or the transferee would have on deposit in its account PCs having an original principal amount of less than $1,000 with respect to the related PC Pool. Transfers also are subject to other applicable Federal Reserve Bank wire transfer requirements.

HOLDERS AND RECORD DATES

PCs may be held of record only by entities eligible to maintain book-entry accounts with a Federal Reserve Bank. The accounts of Holders on the Federal Reserve Banks' book-entry system are governed by applicable operating circulars and letters of the Federal Reserve Banks. A Federal Reserve Bank's book-entry records will reflect a Holder's aggregate holdings of PCs by account.

A Holder of a PC is not necessarily the Beneficial Owner of the PC. Beneficial Owners ordinarily hold PCs through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. For example, an investor may hold a PC through a brokerage firm that, in turn, holds the PC through an entity eligible to maintain book-entry accounts with a Federal Reserve Bank. In that case the investor would be the Beneficial Owner of the PC and the entity that appears as the holder on the records of a Federal Reserve Bank would be the Holder. A Holder that is not also the Beneficial Owner of a PC, and each other financial intermediary in the chain between the Holder and the Beneficial Owner, will be responsible for establishing and maintaining accounts for their respective customers. The rights of the Beneficial Owner of a PC with respect to Freddie Mac and a Federal Reserve Bank may be exercised only through the Holder of the PC. Neither Freddie Mac nor any Federal Reserve Bank will have a direct obligation to a Beneficial Owner of a PC that is not also the Holder of the PC. A Federal Reserve Bank will act only upon the instructions of the Holder in recording transfers of a PC.

A Federal Reserve Bank credits payments to Holders on each applicable Payment Date. The close of business on the last day of a month is the Record Date for that month. A Holder of a PC on the books and records of a Federal Reserve Bank as of the Record Date for a month will receive the entire payment made on the PC on the Payment Date (i) in the following month for Gold PCs or (ii) in the second following month for ARM PCs.

THE MORTGAGES

GENERAL CHARACTERISTICS

The Mortgages are first or, when specified, second lien residential Mortgages secured by one-to-four-family dwellings. The Mortgages include both whole loans and participation interests and may have been originated for the purpose of purchasing, refinancing or rehabilitating the mortgaged property. The Mortgages may be secured by properties which are not occupied by the borrower as a primary residence (second homes or investment properties).

FIXED RATE MORTGAGES

Freddie Mac purchases (i) fully amortizing Conventional Mortgages with original terms of approximately 15, 20 and 30 years, (ii) fully amortizing FHA/VA Mortgages with original terms of approximately 15 and 30 years and (iii) Balloon/Reset Mortgages with original terms of approximately 5 and 7 years. The actual period from origination to maturity of a Mortgage is typically slightly longer than the stated term because the first payment of principal and interest on the Mortgage generally is not due until the second month after origination.

Except for Balloon/Reset Mortgages, the scheduled monthly payment on a Mortgage is the amount that will fully amortize the principal balance of the Mortgage in substantially equal installments over its original term and pay interest at its Mortgage Coupon. A Balloon/Reset Mortgage provides for level payments of principal and interest during its original term, based on an amortization schedule calculated to pay the original principal balance of the Mortgage in full in up to 30 years. At the expiration of the original term, the borrower owes a lump sum or "balloon" payment equal to the remaining principal balance of the Mortgage. Each Balloon/Reset Mortgage is repurchased from its PC Pool by the end of the Monthly Reporting Period in which the balloon payment is due, and proceeds from the repurchase are passed through to Holders as a Full Prepayment.

Most of the fixed rate Mortgages that Freddie Mac acquires are Conventional Mortgages. From time to time, Freddie Mac purchases Mortgages that are insured or guaranteed by agencies or instrumentalities of the United States other than the FHA or VA, such as the Farmers Home Administration. Freddie Mac pools these Mortgages with Conventional Mortgages if they are originated on Uniform Instruments or have characteristics similar to Conventional Mortgages, and otherwise pools such Mortgages with FHA/VA Mortgages. Freddie Mac classifies the fixed rate Conventional Mortgages it purchases as either Standard Mortgages (including, but not limited to, Converted Mortgages, Employer Assisted Mortgages and Seasoned Assumable Mortgages) or Non-Standard Mortgages (including Balloon/Reset Mortgages, Biweekly Mortgages, Cooperative Share Mortgages, Extended Buydown Mortgages, Newly Originated Assumable Mortgages, Relocation Mortgages and Second Mortgages). The Glossary of Terms attached as Exhibit A provides information concerning the characteristics of these different types of Mortgages.

ARMs

Freddie Mac purchases ARMs with original terms of approximately 30 years. Each ARM bears interest at a Mortgage Coupon that adjusts periodically to a rate equal to its Fully Indexed Rate, subject to an Adjustment Cap, a Mortgage Lifetime Ceiling and, if so specified in the related Supplement, a Mortgage Lifetime Floor. The resulting Mortgage Coupon may or may not be rounded. Prior to the initial adjustment of the Mortgage Coupon, the scheduled monthly payment on an ARM is the amount which will fully amortize the original principal balance of the ARM in substantially equal installments over its original term and pay interest at the initial Mortgage Coupon. Effective with the first payment due on an ARM following an adjustment of the Mortgage Coupon, the scheduled monthly payment is adjusted to the amount that will fully amortize the principal balance of the ARM in substantially equal installments over its remaining term and pay interest at the adjusted Mortgage Coupon. The ARMs do not provide for negative amortization. Any excess of the Fully Indexed Rate over, or deficit of the Fully Indexed Rate under, an adjusted Mortgage Coupon resulting from the application of the Adjustment Cap, Mortgage Lifetime Ceiling or Mortgage Lifetime Floor is not carried forward or otherwise payable by the borrower.

The initial Mortgage Coupon on one or more of the ARMs in a particular PC Pool may be fixed at a rate less than the Fully Indexed Rate. The length of time it takes such a Mortgage to reach the Fully Indexed Rate will depend upon the amount of the initial discount below the Fully Indexed Rate, the applicable Adjustment Cap and changes in the applicable Index values. Other things being equal, ARMs originated with an initial Mortgage Coupon substantially discounted from the Fully Indexed Rate will take longer to reach the Fully Indexed Rate than ARMs originated with smaller or no discounts. Freddie Mac does not provide information regarding (i) the number of ARMs in any PC Pool that have initial Mortgage Coupons discounted from the Fully Indexed Rate or (ii) the amount of any such discounts.

The Indices

Unless otherwise specified in the related Supplement, the Index applicable to the ARMs in a PC Pool will be one of the following Indices: the One Year (Weekly) Treasury Index, the One Year (Monthly) Treasury Index, the Three Year Treasury Index, the Five Year Treasury Index, the Semiannual Auction Average (Discount) Treasury Index, the Semiannual Auction Average (Investment) Treasury Index, the Semiannual Secondary Market Treasury Index, the 11th District COF Index, the National COF Index, the CD Index, the Contract Rate Index, or the LIBOR (Six Month) Index. Exhibit B provides, for illustrative purposes only, representative historical values for each Index.

Convertible ARMs

Each Convertible ARM gives the borrower a Conversion Option, which allows the borrower to convert the adjustable Mortgage Coupon into a fixed interest rate during a specified Conversion Period. Freddie Mac permits each Convertible ARM originator to specify its own procedures regarding the exercise of the Conversion Option, including the time of the month the borrower may exercise the Conversion Option and the date as of which the fixed interest rate applicable upon exercise of the Conversion Option will be determined. Each Converted Mortgage will be repurchased from its PC Pool by the end of the Monthly Reporting Period in which the Conversion Date occurs, and proceeds from the repurchase will be passed through to Holders as a Full Prepayment. At the expiration of the Conversion Period, those Convertible ARMs for which a borrower has not exercised the Conversion Option will remain in the PC Pool.

MORTGAGE PURCHASE AND SERVICING STANDARDS

All mortgages purchased by Freddie Mac must meet certain standards established by the Freddie Mac Act. The Freddie Mac Act sets specific requirements for mortgages with loan-to-value ratios greater than 80% and limitations on the maximum mortgage amount. The Freddie Mac Act also confines Freddie Mac to purchasing mortgages of such quality, type and class as to meet generally the purchase standards imposed by private institutional investors; in effect, the mortgages purchased must be readily marketable to institutional mortgage investors.

In addition, Freddie Mac has established its own set of mortgage purchase standards, including its credit, appraisal and underwriting guidelines, which are contained in the *Sellers' & Servicers' Guide* and other mortgage purchase documents. Freddie Mac's administration of its guidelines may vary based on Freddie Mac's evaluation of and experience with the seller of the Mortgages, the loan-to-value ratio and age of the Mortgages, the type of property securing the Mortgages (including whether the property is the borrower's primary residence, a second home or an investment property) and other factors. Freddie Mac's guidelines are designed to determine the value of the real property securing a Mortgage and the creditworthiness of the borrower. Copies of the *Sellers' & Servicers' Guide* and other materials may be purchased from Freddie Mac's Subscription Services Department.

From time to time, Freddie Mac modifies its non-statutory mortgage purchase standards. Accordingly, Freddie Mac's mortgage purchase standards in the future may not conform to those described below. Freddie Mac also frequently grants requests from mortgage sellers to waive or modify specific aspects of its mortgage purchase standards in connection with the purchase of specific mortgages. If Freddie Mac determines that a waiver or modification of its mortgage purchase standards is likely to alter materially the payment behavior of the Mortgages in a PC Pool, information concerning the waiver or modification will be provided in the related Supplement. Freddie Mac makes no representation that all or any portion of the Mortgages in any particular PC Pool will conform to all of the purchase standards set forth in the *Sellers' & Servicers' Guide*, other mortgage purchase documents or this Offering Circular.

The following summary of Freddie Mac's mortgage purchase standards is not intended to be complete and is qualified in its entirety by the *Sellers' & Servicers' Guide* and any other applicable mortgage purchase documents.

Loan-To-Value Ratio

Under the Freddie Mac Act, Freddie Mac may not purchase a Conventional Mortgage if at the time of purchase the outstanding principal balance, in the case of a first Mortgage, or the total outstanding mortgage indebtedness, in the case of a Second Mortgage, exceeds 80% of the value of the real property securing the Mortgage, unless one of the following conditions is met: (i) the seller retains a participation interest in the Mortgage of not less than 10%; (ii) the seller agrees to repurchase or replace the Mortgage if the borrower defaults; or (iii) the portion of the principal balance of the Mortgage in the case of a first Mortgage, or the total outstanding indebtedness in the case of a Second Mortgage, that exceeds 80% of the property's value is covered by mortgage insurance satisfactory to Freddie Mac.

Freddie Mac generally requires that fixed rate Mortgages have loan-to-value ratios not exceeding 95% and that ARMs have loan-to-value ratios not exceeding 90%. Depending on certain factors, including the use of the Mortgage proceeds, the type of property securing the Mortgage, the existence of special financing arrangements, the market in which the mortgaged property is located and the program under which the Mortgage is purchased, Freddie Mac may alter the permitted loan-to-value ratios for the Mortgages it purchases. For example, Mortgages that refinance existing Mortgages with cash paid to the borrower, Mortgages secured by second homes or investment properties, Mortgages on properties that are also subject to subordinate liens, and Mortgages on properties in markets where property values are declining will generally be required to have lower loan-to-value ratios than the otherwise permitted limits. On the other hand, Mortgages in markets where property values are increasing, Mortgages with additional forms of security such as pledged accounts or collateral and Mortgages purchased under programs designed to assist borrowers with low or moderate incomes or in central cities or other underserved areas may be allowed to have higher loan-to-value ratios than the otherwise permitted limits.

Mortgage Amount

The Freddie Mac Act establishes limits on the maximum original mortgage amount of any Conventional Mortgage that Freddie Mac may purchase. The current purchase amount limitations for first Mortgages are: $203,150 for a one-unit dwelling, $259,850 for a two-unit dwelling, $314,100 for a three-unit dwelling and $390,400 for a four-unit dwelling. The purchase limitations for Second Mortgages are one-half the amount of the limitations for first Mortgages. The applicable limitations are 50% higher for properties located in Alaska, Hawaii, Guam and the U.S. Virgin Islands.

Eligible Sellers, Servicers and Warranties

Freddie Mac approves the institutions that may sell and service Mortgages on an individual basis after consideration of factors such as financial condition, operational capability and mortgage origination and/or servicing experience. Most sellers and servicers are HUD-approved mortgagees or FDIC-insured financial institutions. The seller of a Mortgage to Freddie Mac need not be the originator of that Mortgage. Sellers are required to give warranties to Freddie Mac that are customary in secondary mortgage market purchases. These warranties cover such matters as proper execution and recordation of the Mortgage; the validity of the Mortgage as a first or second lien, as applicable; the fact that payments on the Mortgage are current at the time of delivery to Freddie Mac; and compliance by the originator with the requirements of applicable state and federal laws. Sellers also warrant that each Mortgage complies with the requirements of the applicable Freddie Mac purchase program and with such requirements as are generally imposed by private institutional mortgage investors in the area where the mortgaged property is located.

Mortgage Servicing

The *Sellers' & Servicers' Guide* contains Freddie Mac's servicing policies and procedures, which were developed to support the efficient and uniform servicing of Mortgages. Each servicer must perform diligently all services and duties customary to the servicing of Mortgages in a manner consistent with prudent servicing standards. The duties performed by a servicer include collection and remittance of principal and interest; timely computation and adjustment as appropriate of the Mortgage Coupons and the borrowers' scheduled monthly payments; administration of escrow accounts; collection of insurance or guaranty claims; property inspections; and, if necessary, foreclosure. A servicer generally must retain a minimum servicing fee on both whole loans and participation interests. Freddie Mac receives remittances of Mortgage payments from servicers under various arrangements, which have no effect on the timing or the amount of monthly payments made to Holders. Pending payment to Holders, Freddie Mac may invest funds received from servicers at its own risk and for its own benefit. Freddie Mac monitors servicers' performance through periodic and special reports and inspections. Any of Freddie Mac's servicing policies and procedures are subject to change or waiver at any time. A brief description of certain aspects of Freddie Mac's current servicing policies and procedures concerning prepayments, delinquencies and foreclosures, assumption and due-on-transfer policies and fees follows.

Prepayments. A Full Prepayment may occur upon a transfer of the real property securing a Mortgage, a refinancing of the Mortgage or a repurchase of the Mortgage from the PC Pool. A borrower may make a Full Prepayment or a Curtailment on a Mortgage at any time. At the request of a borrower, a Curtailment may reduce the number or size of subsequent scheduled monthly payments of principal and interest, provided the Mortgage is current and any such reduction will not result in a change in the Mortgage Coupon or an extension of the term. A Mortgage repurchase can result from a material breach of a warranty, representation or agreement by the seller or servicer or from a defect in documentation; a right of recourse to the seller or servicer; certain payment plans and bankruptcy court actions; actions taken to maintain proper servicing of the Mortgage or to minimize loss; and certain other circumstances, including the exercise of a Conversion Option on a Convertible ARM. In determining whether a Mortgage should be repurchased, Freddie Mac considers a variety of factors, including whether the repurchase will reduce Freddie Mac's administrative costs or Freddie Mac's possible exposure under its guarantees. Under certain circumstances, Freddie Mac may require a seller or servicer to repurchase all or substantially all of the Mortgages in a PC Pool.

Defaults, Delinquencies and Foreclosures. A servicer must report to Freddie Mac any Mortgage that is delinquent 30 days or more. Freddie Mac requires a servicer to take all reasonable steps to resolve any delinquency before it authorizes the servicer to begin foreclosure proceedings and demand accelerated payment of principal. Freddie Mac actively pursues alternatives to foreclosure, including assumptions, refinancing, forbearance, modification, preforeclosure and third-party sales, charge-offs and deeds-in-lieu of foreclosure, where these alternatives mitigate Freddie Mac's potential losses. Under certain circumstances, Freddie Mac may authorize a servicer to resolve a delinquency by modifying the terms of the defaulted Mortgage. Modification is allowed only where the defaulted Mortgage otherwise likely would proceed to foreclosure and circumstances indicate that the borrower would be able to make all payments under the modified Mortgage terms. Any defaulted Mortgage whose principal amount, monthly principal and interest payment, Mortgage Coupon or term to maturity is modified is repurchased from the PC Pool prior to modification. Foreclosures or alternatives to foreclosure do not affect Freddie Mac's guarantees, but they may affect the timing of the pass-through of principal by Freddie Mac. In any event, Freddie Mac generally repurchases from a PC Pool any Mortgage which has remained delinquent for at least 120 consecutive days and makes payment of principal to Holders pursuant to its guarantee of ultimate collection of principal. Information regarding Freddie Mac's delinquency, default and foreclosure experience for all Mortgages sold pursuant to Freddie Mac's securities programs or retained in its portfolio is included in the Information Statement and Information Statement Supplements.

Assumption and Due-on-Transfer Policies. Most of the fixed rate Conventional Mortgages that Freddie Mac purchases contain "due-on-transfer" clauses permitting automatic acceleration upon a transfer of the mortgaged property or an interest therein regardless of the creditworthiness of the transferee, and are therefore not Assumable Mortgages. Except in the case of certain types of transfers noted below, Freddie Mac generally requires its servicers to enforce such due-on-transfer clauses and to demand full payment of the remaining principal balance of the Mortgage to the extent permitted under the security instrument and state and federal law, including the DIA. Enforcement of the due-on-transfer clause results in a Full Prepayment with respect to the Mortgage. The DIA, which is the principal federal statute addressing enforcement of due-on-transfer clauses, prohibits such enforcement in several cases, such as transfers between spouses (including transfers incident to divorce), transfers from a parent to a child and transfers to relatives upon the death of the transferor. Freddie Mac also permits assumption of a Mortgage in the case of transfers of mortgaged properties from a child to a parent, between siblings, between a grandparent and a grandchild or between original co-borrowers, provided that, in each case, at least 12 months have elapsed from the date of Mortgage origination to the date of transfer and that the transferee occupies the property as the transferee's primary residence.

Standard PC Pools may contain up to 10%, by original principal balance, of Newly Originated Assumable Mortgages and any percentage of Seasoned Assumable Mortgages. Typically, ARMs and FHA/VA Mortgages are also Assumable Mortgages. Accordingly, the transfer of the mortgaged property will not result in a Full Prepayment of these types of Mortgages if the transferee assumes the mortgage obligation, is determined to be creditworthy and, in the case of FHA/VA Mortgages, satisfies any additional FHA or VA requirements.

Fees. Fees paid by borrowers, such as late payment fees, fees payable upon exercise of the Conversion Option on a Convertible ARM and credit underwriting charges on assumptions, are retained by the servicers or Freddie Mac and are not passed through to Holders.

PREPAYMENTS, YIELDS AND SUITABILITY

PREPAYMENTS

The rate of principal payments on PCs depends primarily on the rate of principal payments on the underlying Mortgages. Each borrower has the option, at any time during the term of a Mortgage, to pay principal in an amount greater than the scheduled payment, resulting in a Curtailment, or to prepay the entire principal balance, resulting in a Full Prepayment. Any given PC Pool may experience payment behavior that is similar to or different from that experienced by other PC Pools consisting of similar Mortgages.

While some prepayments occur randomly, prepayments generally are affected by a variety of factors such as the age, geographic distribution and payment terms of the Mortgages; characteristics of the borrowers and their equity positions in their houses; the use of special financing arrangements, including, for example, buydown plans or other provisions that cause the effective interest rate to the borrower to increase during the term of the Mortgage; changes in local industry and population migration as they affect housing turnover; activity of lenders in soliciting refinancing, including refinancing without transaction costs to the borrower; and in the case of ARMs, the extent to which the initial Mortgage Coupons are discounted from their Fully Indexed Rates and the extent to which borrowers exercise Conversion Options on Convertible ARMs. Freddie Mac makes no representation concerning the particular effect that any of these factors may have on prepayment behavior.

Freddie Mac believes that, in a fluctuating interest rate environment, the predominant factor affecting the payment rate on a large, geographically diverse, concurrently originated group of mortgages underwritten on a consistent basis is the difference between the interest rates of the mortgages in that group (giving consideration to the cost of any secondary financing) and prevailing mortgage interest rates generally available during the terms to maturity of such mortgages. In general, prepayment rates are inversely correlated with changes in prevailing mortgage interest rates. Accordingly, in an environment of rising mortgage interest rates, mortgage prepayment rates tend to decline. Conversely, in an environment of falling mortgage interest rates, prepayment rates tend to increase.

The number of defaults on Mortgages in a PC Pool and the number of repurchases of Mortgages (including repurchases of Balloon/Reset Mortgages and Converted Mortgages) from a PC Pool also will affect the prepayment behavior attributed to that PC Pool. Periods of declining property values, increasing use of secondary financing, and other factors that erode borrowers' equity may increase the frequency of defaults. In addition, servicing decisions regarding the Mortgages, including negotiation of alternatives to foreclosure, may have an impact upon the prepayment behavior of particular PC Pools. In approving alternatives to foreclosure and in determining whether Mortgages should be repurchased from a PC Pool, Freddie Mac considers a variety of factors, including whether such steps will reduce Freddie Mac's administrative costs or its possible exposure under its guarantees. Under certain circumstances, Freddie Mac may require a seller or servicer to repurchase all or substantially all of the Mortgages in a PC Pool.

The rates of default for ARMs tend to exceed the rates for fixed rate Mortgages. In addition, ARMs may respond differently than fixed rate Mortgages to the various other factors described above that may influence payment behavior. Similarly, FHA/VA Mortgages may experience different payment behavior than Conventional Mortgages, and Non-Standard Mortgages may experience different payment behavior than Standard Mortgages. For example, the biweekly payment arrangement for a Biweekly Mortgage accelerates the amortization of the Mortgage and the corresponding payment of principal on the related Gold PC. As an illustration, a Biweekly Mortgage with a Mortgage Coupon of 8% and biweekly payments based on a 30-year amortization schedule will fully amortize in approximately 23 years; a Biweekly Mortgage with a higher Mortgage Coupon will fully amortize more quickly. The particular characteristics of other Non-Standard Mortgages also may affect their payment behavior. See the Glossary of Terms attached as Exhibit A for information concerning certain of these characteristics. For example, Cooperative Share Mortgages may be more concentrated in urban areas than other types of Mortgages; Extended Buydown Mortgages provide for larger or more prolonged increases in the effective interest rates to borrowers than Mortgages involving less extensive buydown plans; and Second Mortgages may be more sensitive than first Mortgages to the general cost of credit to borrowers. Relocation Mortgages may be more sensitive than other types of Mortgages to changes in population migration, while Assumable Mortgages may be correspondingly less sensitive to such changes. Freddie Mac makes no representation whether the prepayment rates for ARMs, FHA/VA Mortgages or Non-Standard Mortgages will be either the same as or different from Freddie Mac's experience for fixed rate Conventional Mortgages generally and for Standard Mortgages in particular.

YIELDS

The yield of a PC will depend upon its purchase price, its PC Coupon (as adjusted from time to time in the case of ARM PCs) and the rate of principal payments on the PC. Freddie Mac makes no representation regarding Mortgage prepayment rates, adjustments to the PC Coupon of any ARM PC or the yield of any PC.

Prepayments — Effect on Yields

The yields to investors will be sensitive to the rate of Mortgage principal payments. In the case of PCs purchased at a discount, slower than anticipated rates of principal payments on the Mortgages will result in actual yields to investors that are lower than the anticipated yields. In the case of PCs purchased at a premium, faster than anticipated rates of principal payments will result in actual yields to investors that are lower than the anticipated yields. Rapid rates of prepayments on the Mortgages are likely to coincide with periods of low prevailing interest rates; during such periods, the yields at which an investor may be able to reinvest principal payments on the PCs may be lower than the interest payable at the PC Coupon. Conversely, slow rates of prepayments on the Mortgages are likely to coincide with periods of high prevailing interest rates; during such periods, the amount of principal payments on the PCs available to an investor for reinvestment at such high rates may be relatively low.

The timing of prepayments may also affect the actual yield to an investor, even if the average rate of prepayments is consistent with the investor's expectation. In general, the earlier a prepayment occurs, the greater the effect on an investor's yield. As a result, the effect on an investor's yield of prepayment rates that are higher (or lower) than the rates anticipated by the investor during earlier periods is not likely to be offset by a later equivalent decrease (or increase) in such rates.

ARM PC Coupon Adjustments and Indices — Effect on Yields

Investors in ARM PCs should consider the risk that lower than anticipated values of the applicable Index could result in actual yields that are lower than the anticipated yields. Investors in Margin ARM PCs should understand that their PC Coupons are subject to Adjustment Caps and PC Lifetime Ceilings. Investors in WAC ARM PCs should understand that the Mortgage Coupons of the underlying Mortgages are subject to Adjustment Caps, Mortgage Lifetime Ceilings and, in some cases, Mortgage Lifetime Floors. The Mortgage Coupons, as well as the PC Coupons of Margin ARM PCs, are adjusted at semiannual, annual or less frequent intervals. They are not adjusted monthly or on the basis of the most current Index value. Thus, the Mortgage Coupons and the related PC Coupons do not necessarily reflect current values of the applicable Index. In addition, there is a significant delay (approximately five to six months in most cases) from the date an applicable Index value becomes available to the date it is reflected in payments made to investors. Changes in the values of any Index may not correlate with changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates (which would be expected to result in faster prepayments) could occur concurrently with a higher level of any Index. Conversely, higher prevailing mortgage interest rates (which would be expected to result in slower prepayments) could occur concurrently with a lower value of any Index. None of the Indices will remain constant at any value. The timing of changes in the value of the applicable Index may affect the actual yield to an investor, even if the average value is consistent with the investor's expectation. In general, the earlier a change in the value of the applicable Index, the greater the effect on an investor's yield. As a result, the effect on an investor's yield of an Index value that is higher (or lower) than the rate anticipated by the investor during earlier periods is not likely to be offset by a later equivalent reduction (or increase). The values of Indices that generally reflect current market rates, such as the Treasury Indices and the LIBOR (Six Month) Index, may be more volatile than the values of Indices that reflect averages of rates in effect over longer periods of time, such as the COF Indices.

SUITABILITY

PCs are not suitable investments for all investors. PCs are not appropriate investments for any investor that requires a single lump sum payment on a predetermined date or an otherwise certain payment stream. In addition, although certain securities dealers make a market for the purchase and sale of PCs after their initial issuance, there is no assurance that such a secondary market will develop for all types of PCs, that any secondary market will continue, or that the price at which an investor can sell an investment in PCs will enable the investor to realize a desired yield on that investment. The market values of PCs are likely to fluctuate; such fluctuations may be significant and could result in significant losses to investors. Investors are encouraged to consult their own advisors regarding the financial, legal, tax and other aspects of an investment in PCs. No investor should purchase PCs unless the investor understands and is able to bear the associated prepayment, yield, liquidity and market risks.

PC AGREEMENTS

The following summary describes certain provisions of the PC Agreements not otherwise summarized in this Offering Circular.

EVENTS OF DEFAULT AND RIGHTS UPON EVENT OF DEFAULT

Under each PC Agreement, an "Event of Default" with respect to a PC will consist of (i) any failure by Freddie Mac to pay to the Holders required interest and principal which remains uncured for 30 days; (ii) any failure by Freddie Mac to observe or perform any other covenant contained in the PC Agreement which remains uncured for 60 days after written notice of such failure from Holders of at least 65% of the remaining principal balance of the affected PC Pool; and (iii) certain events of bankruptcy, insolvency or similar proceedings involving Freddie Mac. As long as an Event of Default remains unremedied, Holders of a majority of the remaining principal balance of the PC Pool may, under certain circumstances, appoint a successor to Freddie Mac with respect to the administration of such PC Pool. The PC Agreements contain limitations on suits by Holders.

LIMITATIONS ON LIABILITY OF FREDDIE MAC AND OTHERS

Neither Freddie Mac nor any of its directors, officers, employees or agents will be liable 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 the PC Agreements, or for errors in judgment. However, neither Freddie Mac nor any such person will be protected 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 under the PC Agreements. Holders jointly and severally indemnify and hold Freddie Mac and any director, officer, employee or agent of Freddie Mac harmless against any loss, liability or expense incurred in connection with any legal action brought by any person other than a Holder relating to the PC Agreements or the PCs, other than any loss, liability or expense relating to any Mortgage (except as permitted in the PC Agreements) or incurred by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations under the PC Agreements. Freddie Mac is not under any obligation to appear in, prosecute or defend any legal action which is not incidental to its duties to service the Mortgages in accordance with the PC Agreements and which in its opinion may involve it in any expense or liability.

CONTROL BY HOLDERS

Holders have no right to vote or otherwise control in any manner the operation and management of the Mortgages in any PC Pool. Holders are not partners or members of an association and have no liability to third persons for actions taken pursuant to the PC Agreements.

PCs OWNED BY FREDDIE MAC

Freddie Mac may, from time to time, repurchase or otherwise acquire all or a portion of the PCs representing interests in any PC Pool. Any PCs owned by Freddie Mac shall have an equal and proportionate benefit under the provisions of the applicable PC Agreement, without preference, priority or distinction.

TERMINATION UPON FINAL PAYMENT

The obligations and responsibilities of Freddie Mac under the PC Agreements to a Holder in respect of any PC will terminate upon: (i) the payment to the Holder of all principal and interest due the Holder in respect of such PC pursuant to the Pool Factor Method or by reason of Freddie Mac's guarantees, or (ii) the payment to the Holder of all amounts held by Freddie Mac and required to be paid under the applicable PC Agreement.

AMENDMENT

Freddie Mac may amend each PC Agreement without the consent of any Holder to cure any ambiguity, correct or supplement any provision which may be inconsistent with any other provision, or to make provisions with respect to matters or questions arising under the PC Agreement that are not inconsistent with any other provision of the PC Agreement, provided that any such amendment shall not adversely and materially affect the interest of any Holder. Freddie Mac may amend the PC Agreement with respect to a PC Pool with the consent of the Holders of at least a majority of the remaining unpaid principal balance of the PC Pool. However, Freddie Mac must obtain the consent of each Holder if the amendment may impair or affect the right of the Holder (i) to receive payment of principal and interest on or after the due date of such payment or (ii) to institute suit for the enforcement of any such payment on or after such date.

GOVERNING LAW

The PC Agreements and the rights and obligations of the Holders and Freddie Mac with respect to the 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 Freddie Mac Act or any provisions of the PC Agreements or the PCs, the local laws of the State of New York shall be deemed reflective of the laws of the United States.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following summary is intended to provide general tax information relating to PCs. The summary is based upon laws, regulations and decisions now in effect, all of which are subject to change or different interpretations. Potential investors, Holders and Beneficial Owners should consult their own tax advisors regarding the federal tax treatment of the PCs as well as the consequences of state, local and foreign tax laws and the applicability of the generalized summary that follows.

Neither the PCs nor the income derived therefrom is exempt from federal income, estate or gift taxes under the Code by virtue of the status of Freddie Mac as a government-sponsored enterprise. Further, neither the Code nor the Freddie Mac 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.

A Beneficial Owner who delivered Mortgages under the MultiLender Swap Program in exchange for Gold PCs should be aware that it may be required to recognize gain or loss with respect to all or a portion of such PCs.

Freddie Mac will furnish or make available, within a reasonable time after the end of each calendar year, to each Holder of a PC, such information as Freddie Mac deems necessary or desirable to assist Holders in preparing their federal income tax returns, or to enable Holders to make such information available to Beneficial Owners or other financial intermediaries for which such Holders hold such PCs as nominees.

GENERAL TAX CHARACTERISTICS

PCs have the following characteristics for federal income tax purposes:

A PC Pool will be classified as a grantor trust and not as an association taxable as a corporation. Each Beneficial Owner will be treated as the owner of a pro rata undivided interest in the ordinary income and the corpus of the grantor trust for that particular PC Pool, and will be considered the owner of a pro rata undivided interest in each of the Mortgages included therein. Accordingly, subject to the application of the "stripped bond" rules (discussed below), each Beneficial Owner must report its pro rata share of the entire income from the Mortgages, including gross interest income and incidental fees, if any, in accordance with its method of accounting. Each Beneficial Owner will be entitled to deduct, under Section 162 or 212 of the Code, in accordance with its method of accounting, its pro rata share of servicers' fees and Freddie Mac's management and guarantee fees, including incidental fees paid by the borrowers and retained by the servicers or Freddie Mac. The Code limits the deductions for miscellaneous itemized deductions for certain Beneficial Owners.

PCs constitute "loans... secured by an interest in real property" within the meaning of Section 7701(a)(19)(C)(v) of the Code for purposes of determining whether an institution qualifies as a "domestic building and loan association." PCs also constitute "qualifying real property loans" within the meaning of Section 593(d) of the Code.

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.

BUYDOWN MORTGAGES AND ADDITIONAL MORTGAGE SECURITY

The Service may take the position that certain PCs representing ownership of Buydown Mortgages or other Mortgages originated pursuant to arrangements intended to provide additional security for their repayment, such as pledged accounts, do not constitute "qualifying real property loans" within the meaning of Section 593(d) of the Code to the extent of the related buydown or pledged accounts.

It is not clear for federal income tax purposes whether buydown funds advanced by the originator of the Mortgage would be treated as funds of the borrower, with the borrower correspondingly treated as obligated for the full stated interest rate on the Mortgage. Freddie Mac plans to report for federal income tax purposes using the stated interest rate on the Mortgage. If the Service were to view the borrower's obligation on a net basis, a Beneficial Owner would be treated as owning two separate debt instruments, one an obligation of the borrower and the other a separate obligation of the originator for the "bought down" amounts. In such event, there would be some acceleration of taxable income to the period of the buydown accounts and the obligation of the originator may fail to qualify for the special treatments described above.

DISCOUNT AND PREMIUM

A Beneficial Owner purchases an interest in each of the Mortgages in the relevant PC Pool and must allocate the purchase price paid for the PC among the Mortgages in proportion to their fair market values. To the extent that the portion of the purchase price allocated to a Mortgage is less than or greater than the portion of the principal balance of the Mortgage allocated to the PC, the interest in the Mortgage will be deemed to have been acquired with discount or premium, respectively. The treatment of any discount will depend on whether the discount represents original issue discount or market discount.

If a Beneficial Owner has acquired an interest in a Mortgage at a discount and such discount is original issue discount, such Beneficial Owner will, except as described below, be required to report such discount as ordinary income accruing under a constant interest method pursuant to Sections 1271-1273 and 1275 of the Code. Original issue discount may arise as a result of initial incentive or "teaser" interest rates on ARMs or points charged at origination. A Beneficial Owner will be required to accrue such original issue discount into income currently only if it exceeds a *de minimis* amount. The Mortgages would also be subject to the original issue discount rules if, as discussed below, the "stripped bond" provisions of the Code were determined to be applicable.

The market discount rules of Sections 1276-1278 of the Code will apply, upon disposition of a PC, to treat market discount (in excess of a *de minimis* amount) as ordinary income to the extent of the portion of such discount that is considered to have accrued during the period a Beneficial Owner held the PC. Market discount will be considered to accrue under a straight-line method unless a Beneficial Owner elects to calculate accrued market discount under a constant interest method. Principal payments will be included in income to the extent such payments do not exceed the accrued market discount. Interest paid or accrued by a Beneficial Owner on indebtedness incurred or continued to purchase or carry Mortgages acquired at a market discount will be allowed as a deduction only to the extent such interest (reduced by the interest on the Mortgages includable in income) exceeds the market discount that accrued during the taxable year such interest was paid or accrued. Any such deferred interest expense will, in general, be allowed as a deduction when the related market discount income is recognized. As an alternative, a Beneficial Owner may elect to include market discount in income currently, under either a straight-line method or a constant interest method, on all market discount obligations held by such Beneficial Owner (other than market discount obligations acquired in taxable years prior to the year of election), in which event the foregoing ordinary income on disposition and interest deferral rules will not apply. The precise application of the market discount rules of Sections 1276-1278 to the Mortgages is not clear.

In the event a Beneficial Owner is considered to have purchased its interest in any Mortgage at a premium, such premium may be amortizable under a constant interest method at the election of the taxpayer under Section 171 of the Code. Such premium is treated as an offset to income includable with respect to the PC.

A Beneficial Owner may elect to include in gross income all interest that accrues on a debt instrument by using the constant yield method. For purposes of this election, interest would include stated interest, original issue discount and market discount, as adjusted by any premium.

A Beneficial Owner who sells a PC will recognize gain or loss equal to the difference between its adjusted tax basis and the amount realized on the sale (exclusive of amounts attributable to accrued and unpaid interest, which will be treated as ordinary interest income). In general, such adjusted tax basis will equal the Beneficial Owner's cost for the PC, increased by the amount of any discount previously reported and decreased by the amount of any premium previously amortized and the amount of any distributions of principal. Subject to the market discount rules, any such gain or loss would be capital gain or loss if the PC is held as a capital asset.

Except for a Beneficial Owner who received PCs in exchange for Mortgages delivered under the Guarantor Program, any difference between interest payable at the Mortgage Coupon of a Mortgage and the sum of (i) interest payable at the PC Coupon *plus* (ii) fees applicable to the Mortgage (servicing fees and Freddie Mac's management and guarantee fees) should be accounted for as discount income or premium expense, as described in Revenue Ruling 71-399, 1971-2 C.B. 433. If such sum exceeds the Mortgage Coupon, the difference is characterized as "discount" and considered additional gross income; alternatively, if such sum is less than the Mortgage Coupon, the net difference is characterized as "premium expense." In Revenue Ruling 71-399, the Service ruled that discount income is to be included in ordinary gross income in accordance with the Beneficial Owner's method of accounting, and that premium expense may be deductible in accordance with applicable rules.

The Service may contend that, by reason of the enactment of the stripped bond rules of Section 1286 of the Code (or its predecessor, Section 1232B), Revenue Ruling 71-399 is no longer applicable in characterizing such excess. On August 8, 1991, the Service issued guidance taking the position that, when mortgages are sold and the contract entitles the seller to receive amounts that exceed reasonable compensation for the mortgage servicing to be performed, the mortgages are treated as stripped bonds within the meaning of Section 1286 of the Code. If this is the case, a Beneficial Owner of a PC would not be treated as having a pro rata undivided interest in the interest payments on the related Mortgages, but rather an ownership interest in such payments to the extent of the PC Coupon plus reasonable servicing fees. Under the rules of Section 1286, the Beneficial Owner would be treated as if the payments to be received in respect of the ownership interest in the Mortgages were purchased at an original issue discount equal to the difference between the price at which such Beneficial Owner is considered to have purchased such payments and the aggregate amount of such payments. The Beneficial Owner would include in income such original issue discount in accordance with the normal Code provisions governing original issue discount. This would have the effect of requiring both interest and discount on the Mortgages to be reported as ordinary income as such income accrues under a constant interest method pursuant to Sections 1271-1273 and 1275 of the Code. It is unclear whether the position taken by the Service in the recent guidance would be upheld if challenged.

The Service also has issued regulations providing that a purchaser of a particular mortgage that is a stripped bond must treat such bond as a market discount bond if the amount of original issue discount with respect to such stripped bond is considered to be zero after application of the de minimis rule of Section 1273(a)(3) of the Code or if the annual stated rate of interest payable on the stripped bond is no more than 100 basis points lower than the annual stated rate of interest payable on the mortgage. These conditions are based on the premise that the interest payments which remain associated with the stripped bond are treated, for purposes of the original issue and market discount provisions of the Code, as stated interest payable with respect to the stripped bond. If such conditions are met, a Beneficial Owner would be required to account for any market discount in accordance with the rules for market discount described above.

BACKUP WITHHOLDING AND FOREIGN WITHHOLDING

A Beneficial Owner who is a U.S. Person may be subject to backup withholding tax under Section 3406 of the Code on payments made with respect to a PC unless, in general, the Beneficial Owner complies with certain information reporting procedures or is an exempt recipient. Any such amounts withheld would be allowed as a credit against such Beneficial Owner's United States federal income tax. Under temporary Treasury regulations, payments made to a Beneficial Owner who is not a U.S. Person with respect to a PC that represents an undivided interest in a pool of Mortgages all of which were originated after July 18, 1984 generally will not be subject to United States federal income tax, including withholding tax, if (i) such PC is not held by such Beneficial Owner in connection with a trade or business in the United States, (ii) such Beneficial Owner is not with respect to the United States a personal holding company or corporation that accumulates earnings in order to avoid United States federal income tax and (iii) such Beneficial Owner provides a statement signed under penalties of perjury that includes its name and address and certifies that it is not a U.S. Person in accordance with applicable requirements. To the extent amounts paid with respect to a PC to a Beneficial Owner who is not a U.S. Person represent interest on mortgages originated before July 19, 1984, such amounts will be subject to withholding of United States federal income tax at the rate of 30% or such lower rate as may be provided by applicable tax treaty. The applicable Supplement will specify whether all Mortgages in a PC Pool have been originated after July 18, 1984 if such information is available to Freddie Mac.

LEGAL INVESTMENT MATTERS AND INVESTMENT BY CERTAIN FINANCIAL INSTITUTIONS

The following summary is intended to provide general information relating to the purchase or pledge of PCs by certain financial institutions and other investors. The summary is based upon statutes and regulations currently in effect, all of which are subject to change. Investors should consult with their legal advisors in determining whether and to what extent PCs constitute legal investments for such investors, whether and to what extent PCs can be used as collateral for various types of borrowings and the treatment of PCs under any applicable risk-based capital or similar rules.

LEGALITY OF INVESTMENT

A summary of certain federal statutes and regulations relating to the purchase or pledge of PCs follows:

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.

Federal savings associations and federal savings banks may invest in PCs without regard to limitations generally applicable to investments. 12 U.S.C. § 1464(c)(1)(E).

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

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(g). PCs are acceptable as collateral for Treasury tax and loan accounts pursuant to 31 C.F.R. § 203.15(d)(1).

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

PCs are eligible as security for advances by Federal Home Loan Banks to federal savings associations, federal savings banks and other members for which PCs are legal investments. 12 U.S.C. § 1430(a)(2) and 12 C.F.R. § 935.7(9)(a)(2)(i).

For purposes of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code, PCs qualify as "guaranteed governmental mortgage pool certificates" and PCs, and not the underlying Mortgages, are considered to be plan assets. 29 C.F.R. § 2510.3-101(i).

In addition to the specific authorizations discussed above, Section 106 of SMMEA provides that 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 and invest in securities issued or guaranteed by Freddie Mac (including 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. Prior to October 4, 1991, states were authorized by SMMEA to enact legislation that specifically referred to Section 106 and either prohibited or limited an investor's authority to invest in securities issued or guaranteed by Freddie Mac. To Freddie Mac's knowledge, 18 states currently have legislation limiting to varying degrees the ability of certain entities (in most cases, insurance companies) to invest in securities issued or guaranteed by Freddie Mac.

REGULATORY CONSTRAINTS

The regulatory or lending authorities that administer the statutes or regulations discussed in the preceding section generally reserve discretion whether securities, such as PCs, that are otherwise acceptable for investment or as security for borrowings may be purchased or pledged by the institutions subject to their jurisdiction. In particular, the ability of an institution to purchase or pledge PCs in the various circumstances described in the preceding section may be limited in the exercise of such discretion. Such authorities, in their discretion, may also impose limitations on the collateral value of PCs that are otherwise acceptable as security.

Any institution under the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the FDIC, the OTS, the National Credit Union Administration, the Treasury or any other federal or state agency with similar authority should review any applicable regulations, policy statements and guidelines before purchasing or pledging PCs.

The National Association of Insurance Commissioners has released for public comment a proposed Model Investment Law for state-regulated insurance companies. The proposal would impose additional restrictions on investments by certain insurance companies in certain securities, including PCs. As proposed, these restrictions would take effect after adoption of the Model Investment Law on a state-by-state basis.

The preceding section does not take into consideration the applicability of statutes, regulations, orders, guidelines or agreements generally governing investments made by a particular investor, including, but not limited to, "prudent investor" provisions, percentage-of-assets limits, and provisions that may restrict or prohibit investments in securities that are issued in Book-Entry Form.

LIQUID ASSETS TREATMENT

Obligations with up to five years remaining until maturity that are issued, or fully guaranteed as to principal and interest, by Freddie Mac constitute "liquid assets" for federal savings associations, federal savings banks and state-chartered savings associations whose deposits are insured by the FDIC. See 12 C.F.R. § 566.1(g)(3)(xi). The final payment to Holders of Gold PCs will be made no later than the Payment Date in the month of the Final Payment Date; Gold PCs should be treated as liquid assets beginning five years prior to the date by which their final payment is required to be made. Holders should consult their legal advisors to ascertain whether and when PCs would constitute liquid assets in any particular case.

APPLICATION OF PROCEEDS

The net proceeds received by Freddie Mac from the sale of PCs will provide funds to Freddie Mac for general corporate purposes, including the purchase and financing of additional mortgages.

DISTRIBUTION ARRANGEMENTS

CASH PROGRAM

Under the Cash Program, Freddie Mac may offer PCs for a variety of periods on a continuous basis through one or a combination of the following methods: auction; competitive bid offering or allocation to members of its PC Dealer Group in accordance with procedures established by Freddie Mac pursuant to its Dealer Agreement and re-offering or placement with investors; or direct placement with securities dealers or investors.

The settlement date for PC purchases is established on the trade date by mutual agreement. Confirmation and settlement of PC purchases are made in accordance with the Uniform Practices. Interest and principal payments made on the Mortgages between the trade date and the settlement date are for the account of, and are retained by, Freddie Mac. In addition, a purchaser of a Cash PC pays Freddie Mac on the settlement date interest at the PC Coupon for the period from the first day of the month through the day prior to settlement. If a PC is resold by a securities dealer, the dealer is required to confirm the sale; notify the purchaser of the settlement date, purchase price, concessions and fees; and otherwise act in accordance with the Uniform Practices and the Dealer Agreement, including delivery of any required offering documents.

GUARANTOR AND MULTILENDER SWAP PROGRAMS

Under the Guarantor Program, Freddie Mac purchases Mortgages from a seller and, in exchange, delivers to the seller PCs representing interests in the same Mortgages. Under the MultiLender Swap Program, Freddie Mac purchases Mortgages from a seller and, in exchange, delivers to the seller PCs with a principal balance equal to the aggregate principal balance of the Mortgages delivered by the seller; the related PC Pool may or may not contain the Mortgages purchased by Freddie Mac from the seller. Freddie Mac accepts offers for delivery of Mortgages under these programs for a variety of periods on a daily basis in accordance with terms contained in the *Sellers' & Servicers' Guide*. Freddie Mac's issuance of PCs in exchange for Mortgages under these programs is conditioned on the seller's full compliance with the applicable terms and conditions of the *Sellers' & Servicers' Guide* and other mortgage purchase documents, including the seller's timely delivery of acceptable Mortgages in an amount specified by Freddie Mac and delivery of any required offering documents to purchasers of the PCs.

SECONDARY MARKETS AND MARKET SUPPORT ACTIVITIES

Certain securities dealers, as well as Freddie Mac through SS&TG, buy, sell and make a market in PCs. There may be a limited secondary market for certain types of PCs and Freddie Mac makes no representation as to the nature of the secondary market trading in any PCs. Prospective PC purchasers, Holders and Beneficial Owners wishing to obtain prices for PCs may contact the securities dealers selling and making a market in such PCs or SS&TG (outside the Washington, D.C. metropolitan area, phone 800/424-5401; within the Washington, D.C. metropolitan area, phone 703/903-3300). A list of PC dealers may be obtained by writing or calling Freddie Mac's Investor Inquiry Department. Freddie Mac supports the market for PCs in several ways:

- Freddie Mac regularly acquires PCs, usually from investment banking firms that have purchased such PCs in the market, in order to issue derivative securities such as Freddie Mac Giants and Multiclass PCs.

- Freddie Mac offers Holders of certain PCs with fixed PC Coupons, which have a Payment Delay of 75 days, an opportunity to exchange such PCs for Gold PCs.

- Freddie Mac regularly buys, sells and makes a market in certain PCs through SS&TG.

- Freddie Mac continuously makes available to the market updated information regarding PC Pools and the related Mortgages.

- Freddie Mac may, from time to time, purchase PCs for market support reasons, for its portfolio and for various other corporate purposes.

Freddie Mac's acquisitions of PCs may, among other things, increase the market prices and reduce the yields of PCs and, indirectly, reduce mortgage interest rates. Freddie Mac may increase, reduce or eliminate its purchases of PCs at any time.

EXHIBIT A

GLOSSARY OF TERMS

The following definitions apply to capitalized terms used in the Offering Circular, the PC Agreements and any Supplement prepared by Freddie Mac, unless otherwise provided in such Supplement.

Adjustment Cap: The maximum number of basis points by which the Mortgage Coupons of the ARMs in a PC Pool, or the PC Coupons of any related Margin ARM PCs, may be increased or decreased in any single periodic adjustment.

Annual Contract Rate ARM: An ARM whose Mortgage Coupon adjusts annually based on the applicable value of the Contract Rate Index.

Annual 11th District COF ARM: An ARM whose Mortgage Coupon adjusts annually based on the applicable value of the 11th District COF Index.

Annual National COF ARM: An ARM whose Mortgage Coupon adjusts annually based on the applicable value of the National COF Index.

Annual Treasury ARM: An ARM whose Mortgage Coupon adjusts annually based on the applicable value of the One Year (Weekly) Treasury Index or the One Year (Monthly) Treasury Index.

AOLS: For each Gold PC Pool, the average original loan size calculated by Freddie Mac, which is the simple average of the principal amounts at origination of the Mortgages in the PC Pool.

ARM: A Mortgage with a Mortgage Coupon that adjusts periodically based on the applicable value of a specified Index, subject to an Adjustment Cap, a Mortgage Lifetime Ceiling and, in some cases, a Mortgage Lifetime Floor.

ARM PC: A PC representing an undivided interest in a PC Pool consisting of ARMs. The term "ARM PC" includes Margin ARM PC and WAC ARM PC unless the context requires otherwise.

ARM PC Pool: A PC Pool consisting of ARMs.

Assumable Mortgage: A Mortgage that does not contain an enforceable due-on-transfer clause permitting automatic acceleration upon the transfer of the property or an interest therein regardless of the creditworthiness of the transferee. An Assumable Mortgage generally can be assumed by a creditworthy purchaser of the property securing the Mortgage at the applicable Mortgage Coupon for the remaining term of the Mortgage.

Balloon/Reset Mortgage: A Mortgage with an original term of up to either five or seven years that grants the borrower an option, subject to certain conditions, to extend the original term at a reset Mortgage Coupon and which provides for level payments of principal and interest during the original term 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.

Biweekly Mortgage: A Mortgage that provides for the borrower to make payments every 14 days in an amount equal to one-half of the monthly payment for a comparable Standard Mortgage, resulting in 26 (or sometimes 27) biweekly payments during each 12-month period and substantially accelerated amortization. Biweekly Mortgages are classified as Convertible Biweekly Mortgages or Non-Convertible Biweekly Mortgages. Freddie Mac classifies a Mortgage as a Biweekly Mortgage only if the biweekly payment arrangement is established directly between the borrower and the originator or servicer, and not between the borrower and any third party. Biweekly payment arrangements may significantly reduce the number of months a Mortgage is outstanding.

Beneficial Owner: The entity or individual that beneficially owns a PC.

Book-Entry Form: The form of a security which (i) is issued by means of an entry on the books and records of a Federal Reserve Bank and (ii) is evidenced only by such entry and not by a certificated security.

Book-Entry Rules: The provisions from time to time in effect, currently contained in Title 1, Part 462, of the Code of Federal Regulations, setting forth the terms and conditions under which Freddie Mac may issue securities in Book-Entry Form and authorizing the Federal Reserve Banks to act as Freddie Mac's agent in connection with securities issued in Book-Entry Form.

Business Day: A day other than (i) a Saturday or Sunday, (ii) a day on which the Federal Reserve Bank of New York (or other agent acting as Freddie Mac's fiscal agent) is authorized or obligated by law or executive order to remain closed, (iii) as to any Holder, a day on which the Federal Reserve Bank at which such Holder's account is maintained is authorized or obligated by law or executive order to remain closed, (iv) a day on which the offices of the federal government located in the District of Columbia generally are closed for business or (v) a day on which the principal offices of Freddie Mac are closed.

Buydown Mortgage: A Mortgage that is originated with a special payment arrangement pursuant to which funds are placed in a separate account used to pay a portion of the scheduled monthly payment on the Mortgage, and to reduce the effective rate of interest on the Mortgage below the Mortgage Coupon, for a specified period, usually 18 to 36 months (the "buydown period").

Cash PC: A PC representing an undivided interest in a Cash PC Pool.

Cash PC Pool: A PC Pool formed under the Cash Program.

Cash Program: A program pursuant to which Freddie Mac purchases Mortgages for cash from eligible sellers and periodically forms PC Pools and sells PCs representing undivided interests in the Mortgages.

CD Index: The weekly average of dealer offering rates on nationally traded 6-month certificates of deposit as released by the Federal Reserve Board in its Statistical Release No. H.15 (519). Additional information concerning the CD Index may be obtained from the Federal Reserve Board.

Code: The Internal Revenue Code of 1986, as amended.

COF Indices: The National COF Index and the 11th District COF Index.

Contract Rate Index: The "National Average Contract Interest Rate for the Purchase of Previously Occupied Homes by Combined Lenders" as released by the Federal Housing Finance Board. Additional information concerning the Contract Rate Index may be obtained from the Federal Housing Finance Board.

Conventional Mortgage: A Mortgage that is not guaranteed or insured by the United States or any agency or instrumentality of the United States.

Conversion Date: The date, determined as provided in a Convertible ARM, on which the Convertible ARM is converted into a Converted Mortgage.

Conversion Formula: The method by which the fixed interest rate applicable upon the borrower's exercise of the Conversion Option is determined.

Conversion Option: The option of the borrower under a Convertible ARM to convert the adjustable Mortgage Coupon into a fixed Mortgage Coupon during a Conversion Period specified in the Convertible ARM.

Conversion Period: The period prescribed in a Convertible ARM during which the borrower may exercise the Conversion Option.

Converted Mortgage: A Convertible ARM that has been converted by its terms into a fully amortizing, fixed rate, level payment Mortgage following the exercise of the Conversion Option.

Convertible ARM: An ARM that is subject to a Conversion Option.

Convertible Biweekly Mortgage: A Biweekly Mortgage pursuant to which the borrower and/or the servicer may, under certain circumstances, terminate the biweekly payment arrangement. If the biweekly payment arrangement is terminated, payments thereafter are required to be made monthly, resulting in a slower rate of amortization than if the biweekly payment arrangement had not been terminated and potentially extending the number of months that the Mortgage is outstanding.

Cooperative Share Mortgage: A Mortgage 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 by a cooperative housing corporation (a "Cooperative") within the meaning of Section 216(b) of the Code, and (ii) the proprietary lease, occupancy agreement or right of tenancy granting the tenant-stockholder or resident-member exclusive rights to occupy a specific dwelling unit in the building owned by such Cooperative. Ownership interests and occupancy rights in a Cooperative generally are subject to restrictions on transfer, and also are subject to claims by the Cooperative for unpaid "maintenance" charges. The Cooperative, as owner of the building, is responsible for its management and typically pays the cost of real property taxes and insurance. If there is a blanket mortgage on the building, the Cooperative also is responsible as borrower for payments on that mortgage. Tenant-stockholders or resident-members of the Cooperative generally must make monthly payments to the Cooperative for their pro rata share of maintenance charges, 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 or resident-member is subject to the lien of the Cooperative for unpaid maintenance and to the lien of the blanket mortgage on the building.

Curtailment: A partial prepayment of principal on a Mortgage by the borrower.

CUSIP Number: A unique nine-character designation, created by the CUSIP Service Bureau and assigned by Freddie Mac to each PC Pool, that is used to identify the PC Pool and the related PCs on the books and records of the Federal Reserve Banks.

Dealer Agreement: Freddie Mac's PC Dealer Group Agreement dated as of January 31, 1994, as such agreement may be supplemented, amended and in effect from time to time.

DIA: The Garn-St Germain Depository Institutions Act of 1982.

11th District COF Index: The monthly weighted average interest rate being paid by the member savings institutions of the Eleventh Federal Home Loan Bank District on all their sources of funds as computed from statistics tabulated and released by the Federal Home Loan Bank of San Francisco. Additional information concerning the 11th District COF Index may be obtained from the Federal Home Loan Bank of San Francisco.

Employer Assisted Mortgage: A Mortgage made to a new or transferred employee to finance a home purchase at a new job location and involving an employer contribution to mortgage funding, but not meeting all of the other criteria specified in the definition of a Relocation Mortgage.

ERISA: The Employee Retirement Income Security Act of 1974, as amended.

Extended Buydown Mortgage: A Buydown Mortgage for which the buydown period is more than two years or the effective interest rate during the buydown period, regardless of the duration of such period, is more than two percentage points below the Mortgage Coupon.

Fannie Mae: The Federal National Mortgage Association.

FDIC: The Federal Deposit Insurance Corporation.

Federal Reserve Bank: Each Federal Reserve Bank that maintains PCs in Book-Entry Form.

FHA: The Federal Housing Administration.

FHA Mortgage: A Mortgage fully insured by the FHA.

FHA/VA Mortgage: A fixed rate Mortgage fully insured by the FHA or guaranteed in part by the VA.

15/1 ARM: An ARM whose Mortgage Coupon, after an initial fixed rate period of fifteen years, adjusts annually based on the applicable value of the One Year (Weekly) Treasury Index.

15-year Mortgage: A fixed rate Mortgage with an original term of up to approximately 180 months.

Final Payment Date: For an ARM PC and any Gold PC that is a Guarantor PC, the first day of the month in which the last scheduled payment is due on the latest maturing Mortgage in the PC Pool. For any Gold PC that is either a Cash PC or a MultiLender PC, the first day of the month that is 5, 7, 15, 20 or 30 years, as applicable, after formation of the related PC Pool.

5/1 ARM: An ARM whose Mortgage Coupon, after an initial fixed rate period of five years, adjusts annually based on the applicable value of the One Year (Weekly) Treasury Index.

Five Year Treasury ARM: An ARM whose Mortgage Coupon adjusts every five years based on the applicable value of the Five Year Treasury Index.

Five Year Treasury Index: The weekly average yield of U.S. Treasury securities adjusted to a constant maturity of five years as released by the Federal Reserve Board in its Statistical Release No. H.15 (519). Additional information concerning the Five Year Treasury Index may be obtained from the Federal Reserve Board.

Freddie Answers^{SM}: Freddie Mac's telephone-based automated information service that is available, free of charge, 24 hours each day (800/336-FMPC).

Freddie Mac: The Federal Home Loan Mortgage Corporation, a publicly held government-sponsored enterprise created pursuant to the Freddie Mac Act for the purpose of establishing and supporting a secondary market in residential mortgages.

Freddie Mac Act: Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459.

Freddie Mac Giant: A derivative pass-through security issued by Freddie Mac pursuant to Freddie Mac's Giant Mortgage Participation Certificate Agreement, as supplemented, amended and in effect from time to time.

Full Prepayment: As to any Mortgage in a PC Pool, any event that causes the full principal amount of the Mortgage to be passed through as a principal payment on the related PCs, including a full prepayment of principal on the Mortgage by the borrower; a liquidation resulting from default, casualty or condemnation; the payment of principal on an insurance claim by the FHA or other Mortgage insurer; the payment of principal on a guaranty claim by the VA or other Mortgage guarantor; and the repurchase of the Mortgage from the PC Pool by the seller, the servicer or Freddie Mac, including any repurchase pursuant to Freddie Mac's guarantee of ultimate collection of principal.

Fully Indexed Rate: As to any ARM, the sum of the value of the applicable Index and the Mortgage Margin, determined without regard to the Adjustment Cap, the Mortgage Lifetime Ceiling and any Mortgage Lifetime Floor.

Gold PC: A PC with a Payment Delay of 45 days.

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

Guarantor PC: A PC representing an undivided interest in a Guarantor PC Pool.

Guarantor PC Pool: A PC Pool formed under the Guarantor Program.

Guarantor Program: A program pursuant to which Freddie Mac purchases a group of Mortgages from a single seller in exchange for PCs representing undivided interests in a PC Pool consisting of the same Mortgages.

Holder: The entity whose name appears on the books and records of a Federal Reserve Bank as the entity for whose account a PC has been deposited in accordance with the Book-Entry Rules.

Index: The Index used to adjust the Mortgage Coupons of the ARMs included in a PC Pool, as specified in the applicable Supplement. For a particular PC Pool, the Index may be a Treasury Index, a COF Index, the CD Index, the Contract Rate Index, the LIBOR (Six Month) Index or some other specified Index. The Index value used to adjust the Mortgage Coupon of a Mortgage is the most recent applicable Index value available as of the date 45 days prior to the date such adjustment is effective (except in the case of the LIBOR (Six Month) Index, in which case the Index value used is the most recent value available as of the first business day of the month preceding the date such adjustment is effective). Freddie Mac considers a new Index to be available as of the date it is released by: (i) the Federal Reserve Board in its Statistical Release No. H.15 (519), in the case of each Treasury Index and the CD Index; (ii) the Federal Home Loan Bank of San Francisco, in the case of the 11th District COF Index; (iii) the OTS, in the case of the National COF Index; (iv) the Federal Housing Finance Board, in the case of the Contract Rate Index; or (v) *The Wall Street Journal*, in the case of the LIBOR (Six Month) Index. In the event an Index becomes unavailable, a new Index, based upon comparable information and methodology and approved by Freddie Mac, will be employed.

Information Statement: An annual statement prepared by Freddie Mac that describes Freddie Mac and its business and operations, and contains Freddie Mac's audited financial statements.

Information Statement Supplement: A supplement, prepared by Freddie Mac, to the Information Statement that includes unaudited financial data and/or other information concerning the business and operations of Freddie Mac.

LIBOR (Six Month) Index: The daily average of the London interbank offered rates for 6-month U.S. dollar-denominated deposits as published in *The Wall Street Journal.*

Margin ARM PC: An ARM PC whose PC Coupon adjusts on each PC Coupon Adjustment Date to a rate equal to (i) the value of the applicable Index most recently used to adjust the interest rates on the related Mortgages plus (ii) the applicable PC Margin, subject to the applicable Adjustment Cap and PC Lifetime Ceiling. The PC Coupon of a Margin ARM PC is always rounded to the nearest 0.125%.

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

Mini-Guarantor PC: A Guarantor PC for which the original principal balance of the related Gold PC Pool may be as small as $250,000.

Monthly Adjustment Amount: For a Gold PC Pool for a given month, the difference (either positive or negative) between (a) the principal balance of the related PCs after the previous month's principal payment plus the Monthly Principal Reduction calculated for the previous month and (b) the aggregate principal balance of the related Mortgages reported by servicers as of the close of the Monthly Reporting Period ending in the second previous month (other than differences resulting from Mortgage defaults and delinquencies reflected on the records of Freddie Mac as of the close of the Monthly Reporting Period ending in the second previous month).

Monthly Principal Reduction: For a Gold PC Pool for a given month, Freddie Mac's calculation of the amount of scheduled amortization due on the related Mortgages in the Monthly Reporting Period ending in the same month. Freddie Mac calculates Monthly Principal Reduction based upon the WAC and WARM of the Mortgages contained in the PC Pool for the previous month and the principal balance of the PC Pool as reflected by the Pool Factor for the previous month. For purposes of computing Monthly Principal Reduction, the WAC and WARM are recalculated monthly.

Monthly Reporting Period: The period from the 16th of a month through the 15th of the next month, for which period servicers report Mortgage payments to Freddie Mac.

Mortgage: A residential mortgage loan secured by a lien on a one-to-four family dwelling, or a participation in such a mortgage, purchased by Freddie Mac and identified in the records maintained by Freddie Mac as included in a PC Pool. The term "Mortgage" shall include "ARM" unless the context requires otherwise.

Mortgage Coupon: The annual interest rate of a Mortgage.

Mortgage Lifetime Ceiling: The maximum prescribed Mortgage Coupon for an ARM.

Mortgage Lifetime Floor: The minimum prescribed Mortgage Coupon, if any, for an ARM.

Mortgage Margin: As to any ARM, the specified number of basis points that is added to the value of the applicable Index to determine the Mortgage Coupon of that ARM.

Multiclass PC: A Freddie Mac Multiclass Mortgage Participation Certificate issued pursuant to Freddie Mac's Multiclass Mortgage Participation Certificate Agreement, as supplemented, amended, and in effect from time to time.

MultiLender PC: A PC representing an undivided interest in a PC Pool formed under the MultiLender Swap Program.

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

MultiLender Swap Program: A program pursuant to which Freddie Mac purchases Mortgages from one or more sellers, in each case in exchange for PCs with an unpaid principal balance equal to the remaining principal balance of the Mortgages delivered by each such seller; such Mortgages may or may not be included in the PC Pool represented by the PCs received by the Seller.

National COF Index: The "Monthly Median Annualized Cost of Funds for Savings Association Insurance Fund Insured Institutions" as released by the OTS. Additional information concerning the National COF Index may be obtained from the OTS.

Newly Originated Assumable Mortgage: An Assumable Mortgage originated less than one year prior to the month of issuance of the related PC Pool.

Non-Convertible Biweekly Mortgage: A Biweekly Mortgage that does not permit termination of the biweekly payment arrangement and for which the stated original term to maturity gives effect to such payment arrangement. The Final Payment Date of a PC Pool consisting of Non-Convertible Biweekly Mortgages reflects the maturity of the latest maturing Non-Convertible Biweekly Mortgage in the PC Pool, giving effect to the biweekly payment arrangement.

Nonstandard Convertible ARM: A Convertible ARM that is not an Annual Treasury ARM or that provides for a Conversion Period or a Conversion Formula different from that of a Standard Convertible ARM.

Non-Standard Mortgage: A fixed rate Mortgage that is a Balloon/Reset Mortgage, a Biweekly Mortgage, a Cooperative Share Mortgage, an Extended Buydown Mortgage, a Newly Originated Assumable Mortgage, a Relocation Mortgage or a Second Mortgage.

Offering Circular: Freddie Mac's current Mortgage Participation Certificates (Guaranteed) Offering Circular to which this Glossary of Terms is attached.

One Year (Monthly) Treasury Index: The monthly average yield of U.S. Treasury securities adjusted to a constant maturity of one year as released by the Federal Reserve Board in its Statistical Release No. H.15 (519). Additional information concerning the One Year (Monthly) Treasury Index may be obtained from the Federal Reserve Board.

One Year (Weekly) Treasury Index: The weekly average yield of U.S. Treasury securities adjusted to a constant maturity of one year as released by the Federal Reserve Board in its Statistical Release No. H.15 (519). Additional information concerning the One Year (Weekly) Treasury Index may be obtained from the Federal Reserve Board.

OTS: The Office of Thrift Supervision.

Payment Date: The day of the month on which Freddie Mac passes through payments of principal and interest to Holders. The 15th of each month is a Payment Date unless the 15th is not a Business Day, in which case the next succeeding Business Day is the Payment Date.

Payment Delay: The number of days between the first day of the month in which a PC is issued and the date a Holder receives the initial payment in respect of such PC.

PC: A mortgage participation certificate issued pursuant to the applicable PC Agreement, representing an undivided interest in a PC Pool. The term "PC" includes ARM PC and Gold PC unless the context requires otherwise.

PC Agreement: Freddie Mac's Mortgage Participation Certificate Agreement or Freddie Mac's Rate Capped Adjustable Rate Mortgage Participation Certificate Agreement, each dated as of February 1, 1994, as such agreements may be supplemented, amended and in effect from time to time. A copy of each PC Agreement can be obtained through FreddieAnswers.SM

PC Coupon: The rate at which interest is passed through to a Holder of a PC and which for ARM PCs is subject to adjustment periodically. Interest at the PC Coupon is computed on the basis of a 360-day year, with each month being assumed to have 30 days.

PC Coupon Adjustment Date: For a Margin ARM PC, the first day of the month following any month in which the Mortgage Coupons of the related Mortgages adjust. For a WAC ARM PC, the first day of each month.

PC Dealer Group: A selling group organized for the purpose of purchasing or selling PCs and other Freddie Mac mortgage securities and comprising investment bankers, securities dealers, brokers, banks and/or others who are acknowledged as members of such group by Freddie Mac pursuant to the Dealer Agreement.

PC Lifetime Ceiling: The maximum prescribed PC Coupon for a Margin ARM PC.

PC Margin: As to any Margin ARM PC, the specified number of basis points that is added to the value of the applicable Index to determine the PC Coupon of that Margin ARM PC.

PC Pool: A discrete pool of Mortgages identified in the records maintained by Freddie Mac by a unique PC Pool Number and CUSIP Number. The term "PC Pool" shall include Cash PC Pool, Gold PC Pool, Guarantor PC Pool, Margin ARM PC Pool, MultiLender PC Pool and WAC ARM PC Pool unless the context requires otherwise.

PC Pool Number: A unique six-character numeric or alpha-numeric designation assigned to each PC Pool by Freddie Mac and used to identify the PC Pool and the related PCs.

Pool Factor: A truncated seven-digit decimal calculated by Freddie Mac for each month for each PC Pool that, when multiplied by the original principal balance of the related PCs, equals their remaining principal balance after giving effect to the principal payment to be made in the same month, for Gold PCs, or in the following month, for ARM PCs.

Pool Factor Method: The method used by Freddie Mac to determine the monthly principal and interest payment to be made on a PC on each Payment Date, which method involves the monthly calculation of a Pool Factor for, and application of such Pool Factor to, each PC Pool.

Pool Supplement: A document that Freddie Mac furnishes to initial purchasers of certain of its PCs that contains information regarding such PCs and the underlying Mortgages.

Prefix: The first two characters of a PC Pool Number.

Record Date: As to each Payment Date, the close of business on the last day of the (i) preceding month in the case of Gold PCs, or (ii) the second preceding month in the case of ARM PCs.

Relocation Mortgage: A Mortgage made to a transferred employee to finance a home purchase at a new job location pursuant to an employee relocation program administered by the employer or its agent, involving an employer contribution to mortgage funding, in which the Mortgage is originated by a lender pursuant to a contract or arrangement with the employer or its agent.

Seasoned Assumable Mortgage: An Assumable Mortgage originated one year or more prior to the month of issuance of the related PC Pool.

Second Mortgage: A Mortgage secured by a lien subordinate only to the first lien on the mortgaged property.

Sellers' & Servicers' Guide: A Freddie Mac publication, as supplemented and amended from time to time, in which Freddie Mac sets forth its Mortgage purchase standards, including its credit, appraisal and underwriting guidelines and Mortgage servicing policies and procedures.

Semiannual Auction Average (Investment) Treasury Index: The bond equivalent yield of the Semiannual Auction Average (Discount) Treasury Index as released by the Federal Reserve Board in its Statistical Release No. H.15 (519). Additional information concerning the Semiannual Auction Average (Investment) Treasury Index may be obtained from the Federal Reserve Board.

Semiannual Auction Average (Discount) Treasury Index: The average discount rate of 6-month U.S. Treasury bills in the weekly Treasury auctions as released by the Federal Reserve Board in its Statistical Release No. H.15 (519). Additional information concerning the Semiannual Auction Average (Discount) Treasury Index may be obtained from the Federal Reserve Board.

Semiannual 11th District COF ARM: An ARM whose Mortgage Coupon adjusts semiannually based on the applicable value of the 11th District COF Index.

Semiannual LIBOR ARM: An ARM whose Mortgage Coupon adjusts semiannually based on the applicable value of the LIBOR (Six Month) Index.

Semiannual National COF ARM: An ARM whose Mortgage Coupon adjusts semiannually based on the applicable value of the National COF Index.

Semiannual Secondary Market Treasury Index: The weekly average discount prevailing in weekly secondary market trading of 6-month U.S. Treasury bills as released by the Federal Reserve Board in its Statistical Release No. H.15 (519). The Semiannual Secondary Market Treasury Index is calculated from composites of quotations reported by five leading U.S. Government securities dealers to the Federal Reserve Bank of New York. Additional information concerning the Semiannual Secondary Market Treasury Index may be obtained from the Federal Reserve Board.

Semiannual Treasury ARM: An ARM whose Mortgage Coupon adjusts semiannually based on the applicable value of one of the Treasury Indices.

Service: The Internal Revenue Service.

7/1 ARM: An ARM whose Mortgage Coupon, after an initial fixed rate period of seven years, adjusts annually based on the applicable value of the One Year (Weekly) Treasury Index.

SMMEA: The Secondary Mortgage Market Enhancement Act of 1984.

SS&TG: Freddie Mac's Securities Sales and Trading Group.

Standard Convertible ARM: An Annual Treasury ARM with (a) a Conversion Option that may be exercised at any time during a four-year Conversion Period beginning on the date of the first Mortgage Coupon adjustment and ending on the date of the fifth Mortgage Coupon adjustment and (b) a Conversion Formula used to determine the fixed interest rate into which the Convertible ARM may be converted which is either (i) 37.5 basis points over Freddie Mac's required net yield for the purchase of 15-year or 30-year, fixed rate mortgages (depending on whether the Convertible ARM was a 15-year or a 30-year Mortgage) under 60-day, mandatory delivery commitments, based on Freddie Mac's quotation on the date and time specified by the servicer, or (ii) 62.5 basis points over Fannie Mae's required net yield for the purchase of like Mortgages. The required net yield generally is equal to the Mortgage Coupon less servicing compensation retained by the mortgage servicer. Standard Convertible ARMs generally are, but are not required to be, originated on Uniform Instruments.

Standard Mortgage: A fully amortizing first lien Mortgage, other than a Non-Standard Mortgage, with a fixed Mortgage Coupon and level monthly payments including, but not limited to, Converted Mortgages, Employer Assisted Mortgages, and Seasoned Assumable Mortgages.

Standard PC Pool: A Gold PC Pool which contains (i) only Standard Mortgages or (ii) a combination of Standard Mortgages and a permissible percentage of Non-Standard Mortgages, if any, specified by Freddie Mac from time to time in its offering documents with respect to the specific type of Non-Standard Mortgage.

Supplement: A document that amends or supplements the Offering Circular, the PC Agreement and/or this Glossary of Terms. As to a given PC Pool, the term Supplement includes any applicable Pool Supplement.

10/1 ARM: An ARM whose Mortgage Coupon, after an initial fixed rate period of ten years, adjusts annually based on the applicable value of the One Year (Weekly) Treasury Index.

30-year Mortgage: A Mortgage with an original term of more than 180 months and up to approximately 360 months.

3/1 ARM: An ARM whose Mortgage Coupon, after an initial fixed rate period of three years, adjusts annually based on the applicable value of the One Year (Weekly) Treasury Index.

Three Year Treasury ARM: An ARM whose Mortgage Coupon adjusts every three years based on the applicable value of the Three Year Treasury Index.

Three Year Treasury Index: The weekly average yield of U.S. Treasury securities adjusted to a constant maturity of three years as released by the Federal Reserve Board in its Statistical Release No. H.15 (519). Additional information concerning the Three Year Treasury Index may be obtained from the Federal Reserve Board.

Treasury: The Department of the Treasury.

Treasury Indices: The One Year (Weekly) Treasury Index, the One Year (Monthly) Treasury Index, the Three Year Treasury Index, the Five Year Treasury Index, the Semiannual Auction Average (Discount) Treasury Index, the Semiannual Auction Average (Investment) Treasury Index and the Semiannual Secondary Market Treasury Index.

20-year Mortgage: A fixed rate Mortgage with an original term of more than 180 months and up to approximately 240 months.

ULMD: For each Gold PC Pool, the updated longest maturity date calculated by Freddie Mac, which reflects the latest maturity date of the Mortgages that remain in the PC Pool at the time of the update.

Uniform Instruments: Loan documents developed by Freddie Mac and/or Fannie Mae for the origination of Conventional Mortgages.

Uniform Practices: The Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities as published from time to time by the Public Securities Association.

U.S. Person: For certain tax purposes, a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision of the United States, or an estate or trust that is subject to United States federal income taxation regardless of the source of its income.

VA: The Department of Veterans Affairs.

VA Mortgage: A Mortgage guaranteed, in part, by the VA.

WAC: For each PC Pool, the weighted average coupon calculated by Freddie Mac, which is the average of the Mortgage Coupons of the Mortgages in the PC Pool, weighted by the corresponding principal balances.

WAC ARM PC: An ARM PC whose PC Coupon is calculated by (i) reducing the Mortgage Coupon of each Mortgage in the related PC Pool by the related servicing fee retained by the Mortgage servicer, in order to determine a net rate for each Mortgage, (ii) computing the weighted average of the resulting net rates using the unpaid principal balance of each of the Mortgages as a weight and (iii) subtracting Freddie Mac's management and guarantee fee from the resulting weighted average. The PC Coupon of a WAC ARM PC is recalculated monthly on each PC Coupon Adjustment Date to reflect changes in the unpaid principal balances of the related Mortgages and adjustments to the Mortgage Coupons of the related Mortgages occurring during the previous month. The PC Coupon of a WAC ARM PC is expressed as an exact decimal truncated to three decimal places.

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

WALA: For each Gold PC Pool, the weighted average loan age calculated by Freddie Mac, which is the average of the number of months since origination of the Mortgages in the PC Pool, weighted by the corresponding principal balances. Freddie Mac measures the loan age of a Mortgage by reference to the due dates of monthly payments. A Mortgage that has not reached its first due date has a loan age of zero months (even if a month or more has elapsed since its actual date of origination); a Mortgage that has reached its first due date but not its second has a loan age of one month; and so forth.

WAOLT: For each Gold PC Pool, the weighted average original loan term calculated by Freddie Mac, which is the average of the original terms to maturity of the Mortgages in the PC Pool, weighted by the corresponding principal balances.

WARM: For each PC Pool, the weighted average remaining term to maturity calculated by Freddie Mac, which is the average of the remaining terms to maturity of the Mortgages in the PC Pool, weighted by the corresponding principal balances.

EXHIBIT B

REPRESENTATIVE HISTORICAL VALUES OF THE INDICES

The following table shows representative values of the Indices from January 1979 through December 1993, to the extent available to Freddie Mac. These values are presented for illustrative purposes only and do not necessarily reflect the values used to adjust particular Mortgage Coupons or PC Coupons. The values shown were selected using the following conventions:

- *CD, Semiannual Treasury and One Year (Weekly) Treasury Indices:* The value shown for each month is the value most recently available from Federal Reserve Statistical Release No. H.15 (519) 45 days before the first day of the second following month. The CD Index and the Semiannual Auction Average (Investment) Treasury Index were first published in Federal Reserve Statistical Release No. H. 15 (519) in October 1979 and June 1984, respectively.
- *One Year (Monthly), Three Year and Five Year Treasury Indices:* The value shown for each month is the average value of the Index reported in Federal Reserve Statistical Release No. H.15 (519) for that month.
- *COF and Contract Rate Indices:* The value shown for each month is the value reported for that month by the Federal Home Loan Bank of San Francisco, the OTS or the Federal Housing Finance Board, as applicable. The National COF Index was first reported by the OTS in May 1979.
- *LIBOR (Six Month) Index:* The value shown for each month is the value reported in *The Wall Street Journal* on the first business day of that month, rounded to three decimal places. The LIBOR (Six Month) Index was first reported in *The Wall Street Journal* in October 1980.

Year-Month	Semiannual Auction Average (Discount) Treasury	Semiannual Auction Average (Investment) Treasury	Semiannual Secondary Market Treasury	One Year (Monthly) Treasury	One Year (Weekly) Treasury	Three Year Treasury	Five Year Treasury	National COF	11th District COF	Contract Rate	LIBOR (Six Month)	CD
1979—Jan	9.550%	—	9.45%	10.41%	10.51%	9.50%	9.20%	—	7.253%	10.08%	—	—
Feb	9.307	—	9.37	10.24	10.19	9.29	9.13	—	7.922	10.14	—	—
Mar	9.415	—	9.45	10.25	10.30	9.38	9.20	—	7.418	10.22	—	—
Apr	9.572	—	9.65	10.12	10.24	9.43	9.25	—	7.666	10.29	—	—
May	9.617	—	9.61	10.12	10.27	9.42	9.24	7.35%	7.665	10.35	—	—
June	9.425	—	9.29	9.57	9.74	8.95	8.85	7.27	7.762	10.46	—	—
July	9.164	—	9.19	9.64	9.53	8.94	8.90	7.44	7.684	10.67	—	—
Aug	9.320	—	9.39	9.98	9.72	9.14	9.06	7.49	7.774	10.88	—	—
Sept	9.775	—	10.15	10.84	10.75	9.69	9.41	7.38	7.909	10.94	—	—
Oct	10.662	—	11.53	12.44	12.50	10.95	10.63	7.47	7.794	11.01	—	13.69%
Nov	12.086	—	12.94	12.39	12.94	11.18	10.93	7.77	8.424	11.23	—	14.60
Dec	11.769	—	12.09	11.98	12.28	10.71	10.42	7.87	8.646	11.59	—	13.60
1980—Jan	11.858	—	11.73	12.06	11.90	10.88	10.74	8.09	8.758	11.78	—	13.39
Feb	11.985	—	12.03	13.92	12.80	12.84	12.60	8.29	9.647	12.30	—	13.73
Mar	14.792	—	14.90	15.82	15.77	14.05	13.47	7.95	8.857	12.56	—	17.11
Apr	14.226	—	14.11	13.30	14.68	12.02	11.84	8.79	9.822	13.21	—	17.57
May	9.495	—	9.09	9.39	9.77	9.44	9.95	9.50	10.405	13.74	—	10.07
June	6.935	—	6.91	8.16	7.89	8.91	9.21	9.41	10.077	12.88	—	8.07
July	8.114	—	8.03	8.65	8.54	9.27	9.53	9.18	9.667	12.23	—	8.61
Aug	8.867	—	8.69	10.24	9.35	10.63	10.84	8.98	9.392	11.89	—	9.43
Sept	10.234	—	10.26	11.52	11.12	11.57	11.62	8.78	9.292	12.00	—	11.31
Oct	11.140	—	11.17	12.49	11.99	12.01	11.86	8.60	9.113	12.31	14.000%	12.38
Nov	13.269	—	13.18	14.15	13.97	13.31	12.83	8.68	9.518	12.85	15.188	15.02
Dec	15.069	—	15.39	14.88	15.52	13.65	13.25	8.84	9.632	13.15	17.313	18.34
1981—Jan	13.182	—	13.69	14.08	13.68	13.01	12.77	9.50	10.451	13.24	16.875	15.50
Feb	13.735	—	13.92	14.57	14.41	13.65	13.41	9.82	11.156	13.73	16.500	15.81
Mar	13.427	—	13.10	13.71	13.92	13.51	13.41	10.24	10.951	13.91	16.813	14.91
Apr	13.783	—	13.36	14.32	13.98	14.09	13.99	10.40	11.144	13.99	14.625	14.86
May	15.104	—	15.50	16.20	16.36	15.08	14.63	10.59	11.428	14.19	17.000	18.05
June	14.000	—	13.99	14.86	14.73	14.29	13.95	10.79	12.139	14.40	17.000	15.88
July	14.050	—	14.45	15.72	15.27	15.15	14.79	10.92	11.848	14.77	17.375	17.12
Aug	15.571	—	15.40	16.72	16.56	16.00	15.56	10.76	12.029	15.03	18.750	17.99
Sept	15.795	—	15.38	16.52	16.93	16.22	15.93	11.02	12.325	15.38	18.938	17.87
Oct	14.218	—	13.98	15.38	15.53	15.50	15.41	11.53	12.293	15.47	18.250	15.81
Nov	11.510	—	11.44	12.41	12.51	13.11	13.38	11.68	12.469	15.80	16.000	12.85
Dec	10.772	—	11.06	12.85	12.32	13.66	13.60	11.58	12.182	15.53	12.750	12.46
1982—Jan	12.282	—	12.37	14.32	13.80	14.64	14.65	11.44	11.950	15.37	14.938	13.72
Feb	13.846	—	13.72	14.73	14.85	14.73	14.54	11.26	12.341	15.22	15.063	15.19
Mar	12.064	—	12.55	13.95	13.73	14.13	13.98	11.37	12.140	15.07	15.250	16.50
Apr	12.802	—	13.06	13.98	14.20	14.18	14.00	11.35	12.168	15.39	15.563	14.54
May	12.780	—	12.59	13.34	13.71	13.77	13.75	11.39	12.167	15.57	14.875	14.09

Year-Month	Semiannual Auction Average (Discount) Treasury	Semiannual Auction Average (Investment) Treasury	Semiannual Secondary Market Treasury	One Year (Monthly) Treasury	One Year (Weekly) Treasury	Three Year Treasury	Five Year Treasury	National COF	11th District COF	Contract Rate	LIBOR (Six Month)	CD
June	12.117%	—	12.19%	14.07%	13.59%	14.48%	14.43%	11.38%	12.673%	15.01%	14.500%	14.03%
July	12.976	—	12.57	13.24	13.98	14.00	14.07	11.54	12.234	14.96	16.000	14.88
Aug	10.940	—	10.70	11.43	12.23	12.62	13.00	11.50	11.957	15.03	13.938	12.37
Sept	9.605	—	9.63	10.85	11.05	12.03	12.25	11.17	11.766	14.71	18.938	11.64
Oct	9.299	—	8.86	9.32	10.05	10.62	10.80	10.91	11.286	14.37	12.000	10.62
Nov	8.397	—	8.39	9.16	9.19	9.98	10.38	10.62	11.042	13.74	10.313	9.18
Dec	8.254	—	8.30	8.91	9.06	9.88	10.22	10.43	11.093	13.44	10.250	8.84
1983—Jan	7.946	—	7.95	8.62	8.62	9.64	10.03	10.14	10.462	13.04	9.500	8.47
Feb	8.225	—	8.29	8.92	8.98	9.91	10.26	9.75	10.423	12.88	9.688	8.96
Mar	8.171	—	8.25	9.04	8.93	9.84	10.08	9.72	9.873	12.61	9.000	8.63
Apr	8.705	—	8.51	8.98	9.17	9.76	10.02	9.62	9.807	12.42	9.938	9.01
May	8.140	—	8.21	8.90	8.93	9.66	10.03	9.62	9.626	12.36	9.125	8.66
June	8.79	—	8.88	9.66	9.64	10.32	10.63	9.54	9.824	12.21	9.813	9.49
July	9.20	—	9.24	10.20	10.12	10.90	11.21	9.65	9.676	12.18	10.063	9.80
Aug	9.70	—	9.67	10.53	10.77	11.30	11.63	9.81	9.969	12.25	10.188	10.43
Sept	9.40	—	9.35	10.16	10.38	11.07	11.43	9.74	9.996	12.38	9.750	9.85
Oct	8.92	—	8.81	9.81	9.77	10.87	11.28	9.85	9.997	12.19	9.750	9.30
Nov	9.02	—	8.93	9.94	9.95	10.96	11.41	9.82	10.030	12.11	9.875	9.56
Dec	9.16	—	9.16	10.11	10.10	11.13	11.54	9.90	10.192	11.94	10.063	9.79
1984—Jan	9.19	—	9.12	9.90	10.02	10.93	11.37	9.89	10.032	11.70	10.125	9.70
Feb	9.11	—	9.10	10.04	9.94	11.05	11.54	9.73	10.172	11.73	10.000	9.62
Mar	9.37	—	9.43	10.59	10.33	11.59	12.02	9.73	9.982	11.69	10.500	10.08
Apr	9.82	—	9.79	10.90	10.76	11.98	12.37	9.64	10.135	11.61	11.063	10.61
May	10.27	—	10.28	11.66	11.52	12.75	13.17	9.74	10.260	11.63	11.375	11.59
June	10.57	11.30%	10.49	12.08	11.92	13.18	13.48	9.67	10.434	11.79	12.625	11.83
July	10.52	11.27	10.50	12.03	12.10	13.08	13.27	9.90	10.712	12.03	12.750	12.18
Aug	10.68	11.45	10.59	11.82	11.80	12.50	12.68	10.01	10.857	12.24	12.438	11.70
Sept	10.75	11.53	10.73	11.58	11.95	12.34	12.53	9.93	11.039	12.43	12.313	11.82
Oct	10.21	10.92	10.12	10.90	11.16	11.85	12.06	10.15	10.994	12.52	11.688	10.99
Nov	9.07	9.64	8.95	9.82	9.98	10.90	11.33	10.04	10.891	12.38	10.375	9.55
Dec	8.57	9.08	8.43	9.33	9.49	10.56	11.07	9.92	10.520	12.26	9.625	9.13
1985—Jan	8.02	8.48	7.98	9.02	9.04	10.43	10.93	9.75	10.217	12.09	9.250	8.43
Feb	8.30	8.78	8.28	9.29	9.18	10.55	11.13	9.40	10.160	11.90	8.813	8.78
Mar	8.98	9.54	8.97	9.86	9.89	11.05	11.52	9.36	9.976	11.72	10.188	9.86
Apr	8.14	9.07	8.41	9.14	9.32	10.49	11.01	9.29	9.872	11.62	9.563	9.00
May	7.93	8.38	7.92	8.46	8.73	9.75	10.34	9.19	9.704	11.62	9.125	8.29
June	7.16	7.53	7.10	7.80	7.80	9.05	9.60	8.95	9.565	11.29	7.875	7.46
July	7.00	7.36	7.09	7.86	7.73	9.18	9.70	8.87	9.365	11.02	8.188	7.64
Aug	7.52	7.93	7.44	8.05	8.15	9.31	9.81	8.77	9.273	10.87	8.563	8.07
Sept	7.39	7.78	7.42	8.07	8.20	9.37	9.81	8.63	9.129	10.76	8.375	8.24
Oct	7.32	7.71	7.36	8.01	8.06	9.25	9.69	8.59	9.027	10.86	8.313	8.00

Year-Month	Semiannual Auction Average (Discount) Treasury	Semiannual Auction Average (Investment) Treasury	Semiannual Secondary Market Treasury	One Year (Monthly) Treasury	One Year (Weekly) Treasury	Three Year Treasury	Five Year Treasury	National COF	11th District COF	Contract Rate	LIBOR (Six Month)	CD
Nov	7.30%	7.69%	7.32%	7.88%	7.91%	8.88%	9.28%	8.50%	9.036%	10.80%	8.188%	7.79%
Dec	7.02	7.38	7.12	7.67	7.65	8.40	8.73	8.48	8.867	10.70	8.250	7.81
1986—Jan	7.11	7.48	7.20	7.73	7.74	8.41	8.68	8.50	8.770	10.40	8.000	7.81
Feb	7.06	7.42	7.11	7.61	7.63	8.10	8.34	8.29	8.964	10.46	8.125	7.74
Mar	6.87	7.22	6.77	7.03	7.22	7.30	7.46	8.35	8.744	10.24	7.875	7.46
Apr	6.17	6.46	6.08	6.44	6.41	6.86	7.05	8.22	8.587	10.00	7.188	6.57
May	6.09	6.37	6.08	6.65	6.49	7.27	7.53	8.12	8.441	9.80	6.875	6.50
June	6.39	6.69	6.38	6.73	6.85	7.41	7.64	7.95	8.374	9.83	7.188	6.82
July	5.85	6.11	5.88	6.27	6.29	6.86	7.06	7.94	8.196	9.88	6.875	6.41
Aug	5.73	5.98	5.77	5.93	6.16	6.49	6.80	7.80	8.018	9.88	6.500	6.21
Sept	5.35	5.58	5.36	5.77	5.79	6.62	6.92	7.59	7.901	9.71	5.375	5.72
Oct	5.13	5.34	5.10	5.72	5.57	6.56	6.83	7.50	7.717	9.59	6.500	5.59
Nov	5.30	5.52	5.35	5.80	5.76	6.46	6.76	7.33	7.602	9.48	5.938	5.69
Dec	5.50	5.74	5.49	5.87	5.83	6.43	6.67	7.28	7.509	9.29	6.500	5.85
1987—Jan	5.55	5.79	5.49	5.78	5.80	6.41	6.64	7.22	7.396	9.19	6.375	5.86
Feb	5.58	5.83	5.61	5.96	5.92	6.56	6.79	7.02	7.448	8.89	6.250	5.97
Mar	5.59	5.85	5.64	6.03	6.06	6.58	6.79	6.99	7.314	8.80	6.438	6.16
Apr	5.63	5.89	5.76	6.50	6.26	7.32	7.57	6.93	7.245	8.79	6.688	6.35
May	6.16	6.46	5.91	7.00	6.88	8.02	8.26	6.92	7.223	8.93	7.375	7.07
June	5.99	6.28	5.89	6.80	6.80	7.82	8.02	6.90	7.274	9.02	7.625	7.26
July	5.68	5.95	5.56	6.68	6.61	7.74	8.01	6.96	7.275	9.05	7.375	6.87
Aug	6.15	6.45	6.10	7.03	6.96	8.03	8.32	6.95	7.277	9.05	7.250	7.04
Sept	6.72	7.07	6.53	7.67	7.72	8.67	8.94	6.93	7.394	8.91	7.563	7.78
Oct	6.96	7.33	7.08	7.59	8.10	8.75	9.08	7.03	7.444	8.86	8.500	8.41
Nov	6.24	6.55	6.49	6.96	6.96	7.99	8.35	7.04	7.562	8.89	7.625	7.21
Dec	6.42	6.75	6.44	7.17	7.24	8.13	8.45	7.11	7.645	8.86	8.063	7.78
1988—Jan	6.35	6.67	6.36	6.99	7.15	7.87	8.18	7.12	7.615	8.92	7.500	7.21
Feb	6.11	6.41	6.05	6.64	6.65	7.38	7.71	7.11	7.647	8.84	7.000	6.70
Mar	5.93	6.20	5.88	6.71	6.72	7.50	7.83	7.13	7.509	8.84	6.938	6.75
Apr	6.21	6.50	6.20	7.01	7.01	7.83	8.19	7.12	7.519	8.93	7.125	7.04
May	6.51	6.82	6.47	7.40	7.33	8.24	8.58	7.11	7.497	8.90	7.563	7.51
June	6.72	7.05	6.67	7.49	7.46	8.22	8.49	7.11	7.618	8.98	8.000	7.64
July	6.71	7.04	6.78	7.75	7.62	8.44	8.66	7.14	7.593	8.98	8.063	7.92
Aug	7.26	7.64	7.39	8.17	8.17	8.77	8.94	7.21	7.659	9.00	8.688	8.59
Sept	7.40	7.79	7.42	8.09	8.09	8.57	8.69	7.21	7.847	8.98	8.938	8.53
Oct	7.46	7.86	7.48	8.11	8.13	8.43	8.51	7.29	7.828	9.11	8.750	8.47
Nov	7.71	8.13	7.75	8.48	8.35	8.72	8.79	7.35	7.914	9.16	8.625	8.58
Dec	8.25	8.73	8.19	8.99	8.89	9.11	9.09	7.40	8.022	9.31	9.313	9.24
1989—Jan	8.37	8.86	8.41	9.05	9.17	9.20	9.15	7.52	8.125	9.31	9.438	9.35
Feb	8.53	9.04	8.50	9.25	9.15	9.32	9.27	7.59	8.346	9.44	9.500	9.51
Mar	8.66	9.18	8.68	9.57	9.39	9.61	9.51	7.71	8.423	9.62	10.500	10.19

Year-Month	Semiannual Auction Average (Discount) Treasury	Semiannual Auction Average (Investment) Treasury	Semiannual Secondary Market Treasury	One Year (Monthly) Treasury	One Year (Weekly) Treasury	Three Year Treasury	Five Year Treasury	National COF	11th District COF	Contract Rate	LIBOR (Six Month)	CD
Apr	8.84%	9.38%	8.77%	9.36%	9.47%	9.40%	9.30%	7.84%	8.648%	9.76%	10.688%	10.28%
May	8.39	8.88	8.42	8.98	9.05	8.98	8.91	7.99	8.797	10.13	9.938	9.75
June	7.99	8.44	7.89	8.44	8.40	8.37	8.29	8.01	8.923	10.27	9.500	9.02
July	7.50	7.90	7.52	7.89	7.85	7.83	7.83	8.07	8.844	10.10	9.125	8.53
Aug	7.94	8.12	7.66	8.18	8.12	8.13	8.09	8.08	8.763	9.81	8.375	8.43
Sept	7.87	8.31	7.81	8.22	8.27	8.26	8.17	8.02	8.807	9.82	9.000	8.76
Oct	7.60	8.01	7.63	7.99	8.00	8.02	7.97	8.01	8.643	9.86	9.125	8.46
Nov	7.49	7.89	7.59	7.77	7.87	7.80	7.81	7.99	8.595	9.80	8.438	8.32
Dec	7.30	7.69	7.35	7.72	7.73	7.77	7.75	7.92	8.476	9.69	8.313	8.04
1990—Jan	7.52	7.93	7.50	7.92	7.82	8.13	8.12	7.90	8.369	9.68	8.313	8.10
Feb	7.72	8.15	7.74	8.11	8.13	8.39	8.42	7.80	8.403	9.74	8.438	8.27
Mar	7.79	8.22	7.83	8.35	8.34	8.63	8.60	7.82	8.258	9.74	8.438	8.36
Apr	7.80	8.23	7.78	8.40	8.29	8.78	8.77	7.75	8.211	9.82	8.688	8.47
May	7.84	8.28	7.75	8.32	8.36	8.69	8.74	7.58	8.171	9.83	8.875	8.51
June	7.62	8.03	7.61	8.10	8.08	8.40	8.43	7.66	8.086	9.85	8.500	8.28
July	7.75	8.18	7.65	7.94	8.09	8.26	8.33	7.68	8.109	9.85	8.375	8.28
Aug	7.19	7.56	7.29	7.78	7.70	8.22	8.44	7.66	8.075	9.70	7.938	7.87
Sept	7.36	7.75	7.34	7.76	7.74	8.27	8.51	7.59	8.091	9.70	8.125	7.95
Oct	7.21	7.59	7.18	7.55	7.62	8.07	8.33	7.63	8.050	9.67	8.313	8.10
Nov	7.05	7.41	7.05	7.31	7.35	7.74	8.02	7.59	8.044	9.69	8.063	7.95
Dec	6.86	7.07	6.71	7.05	7.08	7.47	7.73	7.54	7.963	9.58	8.313	7.46
1991—Jan	6.51	6.82	6.30	6.64	6.71	7.38	7.70	7.48	7.858	9.54	7.563	7.30
Feb	5.94	6.21	5.91	6.27	6.23	7.08	7.47	7.33	7.848	9.49	7.063	6.45
Mar	6.06	6.36	6.04	6.40	6.48	7.35	7.77	7.30	7.654	9.26	6.875	6.69
Apr	5.68	5.95	5.67	6.24	6.22	7.23	7.70	7.16	7.501	9.24	6.500	6.09
May	5.61	5.87	5.63	6.13	6.13	7.12	7.70	7.07	7.329	9.23	6.313	6.01
June	5.71	5.98	5.72	6.36	6.30	7.39	7.94	6.94	7.155	9.12	6.188	6.18
July	5.71	5.98	5.68	6.31	6.30	7.38	7.91	6.85	6.998	9.12	6.563	6.31
Aug	5.59	5.85	5.46	5.78	5.88	6.80	7.43	6.76	6.845	9.10	6.313	5.87
Sept	5.30	5.54	5.25	5.57	5.58	6.50	7.14	6.61	6.714	8.93	5.875	5.59
Oct	5.08	5.30	5.06	5.33	5.36	6.23	6.87	6.53	6.566	8.78	5.625	5.32
Nov	4.80	5.00	4.74	4.89	5.00	5.90	6.62	6.40	6.414	8.43	5.250	4.97
Dec	4.20	4.36	4.17	4.38	4.44	5.39	6.19	6.25	6.245	8.25	4.938	4.41
1992—Jan	3.86	4.00	3.81	4.15	4.06	5.40	6.24	6.01	6.002	8.02	4.188	3.97
Feb	3.93	4.08	3.87	4.29	4.19	5.72	6.58	5.78	5.800	8.15	4.313	4.06
Mar	4.13	4.28	4.16	4.63	4.64	6.18	6.95	5.63	5.611	8.14	4.375	4.41
Apr	4.02	4.16	3.89	4.30	4.25	5.93	6.78	5.48	5.427	8.26	4.500	4.17
May	3.78	3.91	3.77	4.19	4.25	5.81	6.69	5.38	5.290	8.20	4.250	4.00
June	3.83	3.96	3.80	4.17	4.18	5.60	6.48	5.25	5.258	8.04	4.188	3.97
July	3.32	3.42	3.28	3.60	3.64	4.91	5.84	5.13	5.069	7.78	4.063	3.51
Aug	3.19	3.29	3.19	3.47	3.54	4.72	5.60	4.98	4.874	7.58	3.625	3.35

Year-Month	Semiannual Auction Average (Discount) Treasury	Semiannual Auction Average (Investment) Treasury	Semiannual Secondary Market Treasury	One Year (Monthly) Treasury	One Year (Weekly) Treasury	Three Year Treasury	Five Year Treasury	National COF	11th District COF	Contract Rate	LIBOR (Six Month)	CD
Sept	2.95%	3.04%	2.94%	3.18%	3.17%	4.42%	5.38%	4.84%	4.805%	7.44%	3.262%	3.11%
Oct	2.78	2.86	2.88	3.30	3.09	4.64	5.60	4.74	4.597	7.40	3.250	3.10
Nov	3.31	3.41	3.30	3.68	3.64	5.14	6.04	4.59	4.508	7.49	3.563	3.53
Dec	3.37	3.48	3.36	3.71	3.72	5.21	6.08	4.51	4.432	7.53	4.000	3.56
1993—Jan	3.28	3.38	3.25	3.50	3.60	4.93	5.83	4.44	4.360	7.49	3.625	3.44
Feb	3.10	3.19	3.10	3.39	3.41	4.58	5.43	4.34	4.333	7.28	3.375	3.26
Mar	3.09	3.18	3.09	3.33	3.39	4.40	5.19	4.31	4.245	7.17	3.313	3.21
Apr	3.04	3.13	3.00	3.24	3.31	4.30	5.13	4.24	4.171	7.06	3.375	3.20
May	2.99	3.08	3.01	3.36	3.27	4.40	5.20	4.18	4.103	7.08	3.313	3.14
June	3.30	3.40	3.26	3.54	3.61	4.53	5.22	4.10	4.050	7.02	3.500	3.42
July	3.10	3.19	3.11	3.47	3.42	4.43	5.09	4.09	3.998	6.95	3.500	3.32
Aug	3.18	3.28	3.14	3.44	3.48	4.36	5.03	4.04	3.958	6.87	3.500	3.34
Sep	3.03	3.12	3.06	3.36	3.32	4.17	4.73	3.96	3.881	6.75	3.438	3.22
Oct	3.08	3.17	3.08	3.39	3.35	4.18	4.71	3.95	3.823	6.59	3.375	3.23
Nov	3.28	3.38	3.25	3.58	3.55	4.50	5.06	3.90	3.822	6.60	3.438	3.39
Dec	3.27	3.37	3.25	3.61	3.60	4.54	5.15	—	3.879	6.65	3.500	3.37

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February 15, 1994