

Offering Circular Supplement  
(To Offering Circular  
Dated February 23, 2017)

**\$550,000,000**  
(Approximate)



**Freddie Mac**  
**Structured Pass-Through Certificates (SPCs)**  
**Series K-SKY**

**Offered Classes:** Classes of SPCs shown below  
**Underlying Classes:** Each Class of SPCs represents a pass-through interest in a separate class of securities issued by the Underlying Trust  
**Underlying Trust:** FREMF 2017-KSKY Mortgage Bond Trust  
**Underlying Bonds:** Tax-exempt and taxable multifamily mortgage bonds  
**Underlying Mortgage Loan:** A mortgage loan from the Underlying Bond Issuer to the borrower securing the Underlying Bonds  
**Underlying Bond Issuer:** New York State Housing Finance Agency  
**Underlying Seller:** Freddie Mac  
**Underlying Depositor:** Wells Fargo Commercial Mortgage Securities, Inc.  
**Underlying Credit Enhancer:** Freddie Mac  
**Underlying Trust Administrator:** Freddie Mac  
**Underlying Trustee:** Deutsche Bank Trust Company Americas  
**Underlying Certificate Administrator and Custodian:** Deutsche Bank Trust Company Americas  
**Underlying Servicer:** Greystone Servicing Corporation, Inc.  
**Payment Dates:** Monthly beginning in October 2017  
**Optional Termination:** The SPCs are subject to a 1% clean-up call right and the Underlying Trust is subject to certain liquidation rights, each as described in this Supplement  
**Form of SPCs:** Book-entry on DTC System  
**Offering Terms:** The placement agents named below are offering the SPCs in negotiated transactions at varying prices, and in accordance with the selling restrictions set forth in *Appendix A*; it is expected that we will purchase all or a portion of XTE and XT  
**Tax Status:** Dechert LLP will render its opinion that interest on ATE and XTE will be exempt from federal income taxation to the same extent as interest on the corresponding Underlying Classes. Interest on AT and XT will be included in gross income for federal income tax purposes.  
**Closing Date:** On or about September 20, 2017

Class	Original Principal Balance or Notional Amount(1)	Class Coupon	CUSIP Number	Final Payment Date
ATE	\$164,000,000	(2)	3137FAQT8	August 25, 2027
AT	386,000,000	(2)	3137FAQS0	August 25, 2027
XTE	164,000,000	(2)	3137FAQV3	August 25, 2027
XT	386,000,000	(2)	3137FAQU5	August 25, 2027

(1) Approximate. May vary by up to 5%.  
(2) See *Terms Sheet — Interest*.

The SPCs may not be suitable investments for you. You should not purchase SPCs unless you have carefully considered and are able to bear the associated prepayment, interest rate, yield and market risks of investing in them. *Certain Risk Considerations* on page S-2 highlights some of these risks.

You should purchase SPCs only if you have read and understood this Supplement, our Giant and Other Pass-Through Certificates (Multifamily) Offering Circular dated February 23, 2017 (the “**Offering Circular**”) and the other documents identified under *Available Information*.

We guarantee certain principal and interest payments on the SPCs. These payments are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac. Interest on ATE and XTE is generally expected to be exempt from federal income taxation and taxation by the State of New York and any political subdivision of the State of New York (including the City of New York) as and to the extent described in *Certain Federal Income Tax Consequences* in this Offering Circular Supplement. Interest on AT and XT will be included in gross income for federal income tax purposes and is generally expected to be exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York (including the City of New York) as and to the extent described in *Certain Federal Income Tax Consequences* in this Offering Circular Supplement. Because of applicable securities law exemptions, we have not registered the SPCs with any federal or state securities commission. No securities commission has reviewed this Supplement. We have not engaged any rating agency to rate the SPCs.

Co-Lead Managers and Joint Bookrunners

**Wells Fargo Securities**

**Jefferies**

Co-Managers

Citigroup

Mischler Financial Group, Inc.

Stifel, Nicolaus & Company, Incorporated

September 12, 2017

## CERTAIN RISK CONSIDERATIONS

Although we guarantee the payments on the SPCs, and so bear the associated credit risk, as an investor you will bear the other risks of owning mortgage securities. This section highlights some of these risks. You should also read *Risk Factors and Prepayment, Yield and Suitability Considerations* in the Offering Circular and *Risk Factors* in the Information Circular for further discussions of these risks.

**SPCs May Not be Suitable Investments for You.** The SPCs are complex securities. You should not purchase SPCs unless you are able to understand and bear the associated prepayment, basis, redemption, interest rate, yield and market risks.

**Prepayments Can Reduce the Yield on the SPCs.** Your yield could be lower than you expect if:

- You buy ATE or AT at a premium over its principal balance, or if you buy XTE and XT, and prepayments on the Underlying Bonds are faster than you expect.
- You buy ATE or AT at a discount to its principal balance and prepayments on the Underlying Bonds are slower than you expect.

Rapid prepayments on the Underlying Bonds could reduce the yields on ATE and AT and would reduce the yields on XTE and XT, and because XTE and XT are Interest Only Classes, could even result in the failure of investors in those Classes to recover their investment. Rapid prepayments may occur as a result of an optional redemption, mandatory tender or extraordinary tender of the Underlying Bonds. See *Description of the Bonds — Certain Provisions of the Bonds — Optional Redemption, — Extraordinary Redemption and — Mandatory Tender for Purchase of the Bonds and Change Dates* in the Information Circular.

If the Underlying Credit Enhancer of the Underlying Bonds exercises its right to waive any event of default under the Underlying Mortgage Loan caused by the failure of the borrower to pay **Prepayment Premiums** in connection with prepayments of the Underlying Mortgage Loan, the borrower would have an incentive to prepay the Underlying Mortgage Loan, which could result in the Underlying Bonds experiencing a higher than expected rate of prepayments. See *Payments — Prepayment Premiums* in this Supplement and *Risk Factors — Risks Related to the Certificates — The Bonds May Experience a Higher Than Expected Rate of Prepayment Due to the Right of a Bond Credit Enhancer to Cause the Waiver of Prepayment Premiums and Due to Limited Prepayment Protection* in the Information Circular.

**LIBOR Levels Can Reduce the Yield on the SPCs.** If you buy the SPCs, your yield could be lower than you expect if **LIBOR** levels are lower than you expect. In addition, see *Risk Factors — Risks Related to the Underlying Mortgage Loans — Changes to, or Elimination of, LIBOR Could Adversely Affect Your Investment in the Certificates* in the Information Circular.

**The SPCs are Subject to Basis Risk.** The Class Coupons of ATE and AT are subject to a cap based on, and the Class Coupons of XTE and XT are based on, the **Tax-Exempt Weighted Average Bond Pass-Through Rate** and the **Taxable Weighted Average Bond Pass-Through Rate**, respectively. As a result, these Classes will be subject to basis risk, especially if the interest rate on the Underlying Bonds becomes capped at the **Maximum Interest Rate**, which may reduce their yields.

**The SPCs are Subject to Redemption Risk.** If the Underlying Trust is terminated or the SPCs are redeemed, the effect on the SPCs will be similar to a full prepayment of all the Underlying Bonds.

**The SPCs are Subject to Market Risks.** You will bear all of the market risks of your investment. The market value of your SPCs will vary over time, primarily in response to changes in prevailing interest rate margins over LIBOR. If you sell your SPCs when their market value is low, you may experience significant losses. The placement agents named on the front cover (the **“Placement Agents”**) intend to deliver the SPCs on our behalf to third party purchasers (except it is expected that we will purchase all or a portion of XTE and XT); however, if the SPCs are not placed with third parties, they will be resold to us by the Placement Agents.

**The SPCs Will Not Be Rated.** The SPCs will not be rated by any **NRSRO** (unless an **NRSRO** issues an unsolicited rating), which may adversely affect the ability of an investor to purchase or retain, or otherwise impact the liquidity, market value and regulatory characteristics of, the SPCs.

**The Yield on XTE and XT Will Be Extremely Sensitive to Actions of Freddie Mac as Underlying Credit Enhancer.** The yield to maturity on XTE and XT will be extremely sensitive to any election by Freddie Mac as the Underlying Credit Enhancer to waive any event of default under the Underlying Mortgage Loan caused by the failure of the borrower to pay Prepayment Premiums, because such waivers would tend to increase the rate of prepayments on the Underlying Mortgage Loan, and, therefore, the Underlying Bonds, which would result in a faster than anticipated reduction in the notional amounts of XTE and XT. See *Description of the Bonds — Certain Terms and Conditions of the Bonds — Prepayment Provisions* in the Information Circular.

## TERMS SHEET

**This Terms Sheet contains selected information about this Series. You should refer to the remainder of this Supplement and to the Offering Circular and the attached Information Circular for further information.**

The Offering Circular defines many of the terms we use in this Supplement. The Underlying Depositor's Information Circular dated the same date as this Supplement (the "**Information Circular**"), attached to this Supplement, defines terms that appear in **bold type** on their first use and are not defined in this Supplement or the Offering Circular.

*In this Supplement, we sometimes refer to Classes of SPCs only by their letter designation. For example, "ATE" refers to the ATE Class of this Series.*

### General

Each Class of SPCs represents the entire undivided interest in a separate pass-through pool. Each pass-through pool consists of a class of securities (each, an "**Underlying Class**") issued by the Underlying Trust. Each Underlying Class has the same designation as its corresponding Class of SPCs. Each Underlying Bond is a floating-rate, multifamily balloon mortgage bond that provides for (1) no amortization prior to August 2, 2027 (the "**Extraordinary Mandatory Tender Date**"); and (2) a substantial payment of principal on its Extraordinary Mandatory Tender Date.

### Interest

ATE will bear interest at a Class Coupon equal to the lesser of:

- LIBOR plus 0.36000%; and
- The Tax-Exempt Weighted Average Bond Pass-Through Rate minus the **Guarantee Fee Rate**

*(provided that in no event will the Class Coupon of ATE be less than zero).*

AT will bear interest at a Class Coupon equal to the lesser of:

- LIBOR plus 0.44000%; and
- The Taxable Weighted Average Bond Pass-Through Rate minus the **Guarantee Fee Rate**

*(provided that in no event will the Class Coupon of AT be less than zero).*

XTE will bear interest at a Class Coupon equal to the interest rate of its Underlying Class, which is equal to the **Class XTE Strip Rate**, as described in the Information Circular.

XT will bear interest at a Class Coupon equal to the interest rate of its Underlying Class, which is equal to the **Class XT Strip Rate**, as described in the Information Circular.

Accordingly, the Class Coupons of the SPCs will vary from month to month. The initial Class Coupons of ATE and AT are approximately 1.59167% and 1.67167%, respectively, per annum, based on LIBOR for the first **Interest Accrual Period** of 1.23167%. The initial Class Coupons of XTE and XT are approximately 0.10000% and 0.02000%, respectively, per annum.

See *Payments — Interest* in this Supplement and *Description of the Bonds — Certain Terms and Conditions of the Bonds and Description of the Certificates — Distributions — Calculation of Pass-Through Rates* in the Information Circular.

### **Interest Only (Notional) Classes**

XTE and XT do not receive principal payments. To calculate interest payments, XTE and XT each have a notional amount equal to the then-current principal balance of Underlying Class ATE and AT, respectively.

### **Principal**

On each Payment Date, we pay principal on ATE and AT in an amount equal to the principal, if any, required to be paid on that Payment Date on its corresponding Underlying Class.

See *Payments — Principal and Prepayment and Yield Analysis* in this Supplement and *Description of the Certificates — Distributions — Principal Distributions* in the Information Circular.

### **Prepayment Premiums**

Any Prepayment Premium received in respect of the Underlying Mortgage Loan will be distributed to the Underlying Credit Enhancer, as described under *Description of the Certificates — Distributions — Distributions of Prepayment Premiums* in the Information Circular.

The Underlying Credit Enhancer will have the right to waive any event of default under the Underlying Mortgage Loan caused by the failure of the borrower to pay a Prepayment Premium in connection with any prepayment of the Underlying Mortgage Loan. We may be more likely to waive such an event of default in certain circumstances, such as if the prepayment will be made in connection with a refinancing of the Underlying Mortgage Loan. See *Description of the Mortgage Loan — Certain Terms and Conditions of the Mortgage Loan — Prepayment Premium* in the Information Circular.

### **Federal Income Taxes**

If you own a Class of SPCs, you will be treated for federal income tax purposes as owning an undivided interest in the related Underlying Class. ATE and XTE represent an ownership interest in a grantor trust, and AT and XT represent an ownership interest in a separate grantor trust.

See *Certain Federal Income Tax Consequences* in this Supplement, in the Offering Circular and in the Information Circular.

### **Weighted Average Lives**

The Information Circular shows the weighted average lives and declining principal balances for Underlying Classes ATE and AT and the weighted average lives and pre-tax yields for Underlying Classes XTE and XT, in each case, based on the assumptions described in the Information Circular. The weighted average lives, declining principal balances and pre-tax yields, as applicable, for each Class of SPCs would be the same as those shown in the Information Circular for its corresponding Underlying Class, based on these assumptions. However, these assumptions are likely to differ from actual experience in many cases.

See *Yield and Maturity Considerations — Weighted Average Life of the Principal Balance Certificates*, — *Yield Sensitivity of the Class XTE and XT Certificates* and *Exhibits D and E* in the Information Circular.

## AVAILABLE INFORMATION

You should purchase SPCs only if you have read and understood:

- This Supplement.
- The Offering Circular.
- The attached Information Circular.
- The Incorporated Documents listed under *Additional Information* in the Offering Circular.

This Supplement incorporates the Offering Circular, including the Incorporated Documents, by reference. When we incorporate documents by reference, that means we are disclosing information to you by referring to those documents rather than by providing you with separate copies. The Offering Circular, including the Incorporated Documents, is considered part of this Supplement. Information that we incorporate by reference will automatically update information in this Supplement. You should rely only on the most current information provided or incorporated by reference in this Supplement.

You may read and copy any document we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding companies that file electronically with the SEC.

You can obtain, without charge, copies of the Offering Circular, including the Incorporated Documents, any documents we subsequently file with the SEC, the Pass-Through Trust Agreement and current information concerning the SPCs, as well as the disclosure documents and current information for any other securities we issue, from:

**Freddie Mac — Investor Inquiry**  
**1551 Park Run Drive, Mailstop D50**  
**McLean, Virginia 22102-3110**  
**Telephone: 1-800-336-3672**  
**((571) 382-4000 within the Washington, D.C. area)**  
**E-mail: [Investor\\_Inquiry@freddiemac.com](mailto:Investor_Inquiry@freddiemac.com)**

We also make these documents available on our internet website at this address:

**Internet Website\*: [www.freddiemac.com](http://www.freddiemac.com)**

\* We are providing this internet address solely for the information of investors. We do not intend this internet address to be an active link and we are not using references to this address to incorporate additional information into this Supplement, except as specifically stated in this Supplement.

You can also obtain the documents listed above from the Placement Agents named below at:

Wells Fargo Securities, LLC  
Customer Service  
MAC N9303-054  
608 2nd Avenue South, Suite 500  
Minneapolis, Minnesota 55479

US and International Callers: (800) 645-3751, option 5  
WFSCustomerService@wellsfargo.com

Jefferies LLC  
The Metro Center  
One Station Place, Three North  
Stamford, Connecticut 06902  
(203) 708-6550

**The Underlying Depositor has prepared the Information Circular in connection with its sale of the Underlying Classes to us. The Underlying Depositor is responsible for the accuracy and completeness of the Information Circular, and we do not make any representations that it is accurate or complete.**

## GENERAL INFORMATION

### Multifamily Pass-Through Trust Agreement

We will form a trust fund to hold the Underlying Classes and to issue the SPCs, each pursuant to the Multifamily Pass-Through Certificates Master Trust Agreement dated February 23, 2017 and a Terms Supplement dated the Closing Date (together, the “**Multifamily Pass-Through Trust Agreement**”). We will act as Trustee and Administrator under the Multifamily Pass-Through Trust Agreement.

You should refer to the Multifamily Pass-Through Trust Agreement for a complete description of your rights and obligations and those of Freddie Mac. You will acquire your SPCs subject to the terms and conditions of the Multifamily Pass-Through Trust Agreement, including the Terms Supplement.

### Form of SPCs

The SPCs are issued, held and transferable on the DTC System. DTC or its nominee is the Holder of each Class. As an investor in SPCs, you are not the Holder. See *Description of Pass-Through Certificates — Form, Holders and Payment Procedures* in the Offering Circular.

### Denominations of SPCs

ATE and AT will be issued, and may be held and transferred, in minimum original principal amounts of \$1,000 and additional increments of \$1. XTE and XT will be issued, and may be held and transferred, in minimum original notional principal amounts of \$100,000 and additional increments of \$1.

### Structure of Transaction

#### *General*

Each Class of SPCs represents the entire interest in a pass-through pool consisting of its corresponding Underlying Class. Each Underlying Class represents an interest in the Underlying Trust formed by the Underlying Depositor. The Underlying Trust consists primarily of the Underlying Bonds described under *Description of the Bonds* in the Information Circular. Each Class of SPCs receives the payments of principal or interest, as applicable, required to be made on its corresponding Underlying Class.

The trust agreement for the Underlying Trust (the “**Trust Agreement**”) governs the Underlying Classes.

Each Underlying Class will bear interest at the same rate, and at all times will have the same principal balance or notional amount, as its corresponding Class of SPCs. On the Closing Date, we will acquire the Underlying Classes from the Underlying Depositor. We will hold the Underlying Classes in certificated form on behalf of investors in the SPCs.

See *Description of Pass-Through Certificates — Structured Pass-Through Certificates* in the Offering Circular.

See *Description of the Certificates — Distributions — Principal Distributions* and *— Priority of Distributions* in the Information Circular.

#### *The Underlying Classes Will Not Be Rated*

None of the Underlying Classes will be rated by an NRSRO (unless an NRSRO issues an unsolicited rating). See *Risk Factors — Risks Related to the Offered Certificates — The Certificates Will Not Be Rated* in the Information Circular.

### **The Underlying Bonds and the Underlying Mortgage Loan**

The Underlying Bonds consist of 4 LIBOR-based floating-rate mortgage bonds (subject to a cap at the Maximum Interest Rate) issued by the Underlying Bond Issuer, with the following CUSIP numbers: 64987B4U9, 64987B4T2, 64987B4V7 and 64987B5A2. The Underlying Bonds will have an initial total principal balance of approximately \$550,000,000 as of the **Cut-off Date**. The Underlying Bonds are special revenue obligations of the Underlying Bond Issuer, payable solely from payments under the Underlying Mortgage Loan and other revenues pledged therefor under the **Resolution**. In addition, the Underlying Bonds are payable from advances by the Underlying Credit Enhancer under the **Credit Enhancement Agreement**.

There are no scheduled payments of principal on the Underlying Bonds prior to the Extraordinary Mandatory Tender Date while any Underlying Bonds are outstanding.

The Underlying Bonds mature on May 1, 2048. However, each Underlying Bond is anticipated to be repaid pursuant to a mandatory tender in connection with the termination of the Credit Enhancement Agreement, which is scheduled to terminate on the **Scheduled Termination Date**. In connection with the Scheduled Termination Date, the Underlying Bonds will be subject to mandatory tender for purchase on the Extraordinary Mandatory Tender Date, as described under the Resolution, unless such Scheduled Termination Date is extended by the Underlying Credit Enhancer in its sole discretion (regardless of whether the Scheduled Termination Date is extended, we will make a payment under our guarantee of the full principal amount of ATE and AT on the Payment Date immediately following the Extraordinary Mandatory Tender Date). The Underlying Bonds are subject to optional redemption, mandatory tender and extraordinary redemption, as described under *Description of the Bonds — Certain Provisions of the Bonds — Extraordinary Redemption* and *— Mandatory Tender for Purchase of the Bonds and Change Dates* in the Information Circular.

The Underlying Mortgage Loan has an outstanding principal balance of \$550,000,000 as of the Cut-off Date. The Underlying Mortgage Loan is secured by the multifamily mortgaged real property known as the Sky Apartments, located at 605 West 42nd Street, New York, New York. The mortgaged real property is subject to the **HPD Regulatory Agreement** and the **Tax Abatement Regulatory**

**Agreement** and other affordability restrictions as described in *Description of the Mortgage Loan — Additional Loan and Property Information* in the Information Circular. Interest accrues on the Underlying Mortgage Loan at the same interest rate as the Underlying Bonds plus certain fees payable with respect to the Underlying Mortgage Loan. There are no scheduled payments of principal on the Underlying Mortgage Loan prior to the Extraordinary Mandatory Tender Date.

The borrower is required to pay the principal of the Underlying Mortgage Loan in full on the maturity date or at such earlier times and in such amounts as may be required to equal the payment of principal due on the Underlying Bonds in the event of an optional redemption or mandatory tender of the Underlying Bonds.

The borrower's repayment obligations under the Underlying Mortgage Loan will be reduced from time to time by and to the extent of any amounts drawn under the Credit Enhancement Agreement and applied to the payment of debt service on the Underlying Bonds, *provided* that such reductions will be credited only at the times and to the extent the borrower has reimbursed the Underlying Credit Enhancer fully for such amounts.

*Description of the Underlying Bonds* and *Exhibits A-1 and A-2* in the Information Circular further describe the Bonds and *Description of the Mortgage Loan* in the Information Circular further describes the Mortgage Loan.

### **Credit Risk Retention**

Freddie Mac, as the sponsor of the securitization in which the SPCs are to be issued, will satisfy its credit risk retention requirement under the Credit Risk Retention Rule of the Federal Housing Finance Agency (“**FHFA**”) at 12 C.F.R. Part 1234 pursuant to Section 1234.8 thereof. Freddie Mac is currently operating under the conservatorship of the FHFA with capital support from the United States and will fully guarantee the timely payment of principal and interest on all the SPCs.

## **PAYMENTS**

### **Payment Dates; Record Dates**

We make payments of principal and interest on the SPCs on each Payment Date, beginning in October 2017. A “**Payment Date**” is the 25th of each month or, if the 25th is not a **Business Day**, the next Business Day.

On each Payment Date, DTC credits payments to the DTC Participants that were owners of record on the Record Date.

### **Method of Payment**

The Registrar makes payments to DTC in immediately available funds. DTC credits payments to the accounts of DTC Participants in accordance with its normal procedures. Each DTC Participant, and each other financial intermediary, is responsible for remitting payments to its customers.

### **Interest**

#### *General*

We pay interest on each Payment Date on the SPCs. The SPCs bear interest as described under *Terms Sheet — Interest* in this Supplement. For more specific information on interest distributions to

the Underlying Classes, see *Description of the Certificates — Distributions — Interest Distributions* in the Information Circular.

#### *Accrual Period*

The “**Accrual Period**” for each Payment Date is the period beginning on and including the 25th day of the month preceding the month in which such Payment Date occurs (or beginning on and including the Closing Date, in the case of the first Payment Date) and ending on and including the 24th day of the month in which such Payment Date occurs.

We calculate interest based on an Actual/360 Basis.

#### **Principal**

We pay principal on each Payment Date on ATE and AT to the extent principal is payable on its Underlying Class. Investors receive principal payments on a *pro rata* basis among the SPCs of their Class.

See *Terms Sheet — Principal* in this Supplement and *Description of the Certificates — Distributions — Priority of Distributions* and *— Principal Distributions* in the Information Circular.

#### **Prepayment Premiums**

Any Prepayment Premiums received in respect of the Underlying Mortgage Loan will be distributed to the Underlying Credit Enhancer, as described under *Description of the Certificates — Distributions — Distributions of Prepayment Premiums* in the Information Circular.

The Underlying Credit Enhancer has the right to waive any event of default under the Underlying Mortgage Loan caused by the failure of the borrower to pay a Prepayment Premium in connection with any prepayment of the Underlying Mortgage Loan. We may be more likely to waive such event of default in certain circumstances, such as if the prepayment will be made in connection with a refinancing of such Underlying Mortgage Loan. See *Description of the Mortgage Loan — Certain Terms and Conditions of the Mortgage Loan — Prepayment Premium* in the Information Circular.

#### **Class Factors**

##### *General*

We make Class Factors for the Classes of SPCs available on or prior to each Payment Date. See *Description of Pass-Through Certificates — Payments — Class Factors* in the Offering Circular.

##### *Use of Factors*

You can calculate principal and interest payments by using the Class Factors.

For example, the reduction in the balance of a Class in February will equal its original balance times the difference between its January and February Class Factors. The amount of interest to be paid on a Class in February will equal interest at its Class Coupon, accrued during the related Accrual Period, on its balance determined by its January Class Factor.

## Guarantees

We guarantee to the Holder of each Class of SPCs (a) the timely payment of interest at their Class Coupons; (b) the payment in full of principal on ATE and AT, on the Payment Date immediately following the Extraordinary Mandatory Tender Date; (c) the reimbursement of any Realized Losses and any **Additional Issuing Entity Expenses** allocated to ATE and AT; and (d) the ultimate payment of principal on ATE and AT by its Final Payment Date. Our guarantee does not cover (i) any loss of yield on XTE or XT following a reduction of its notional amount due to a reduction of the principal balance of any Underlying Class, (ii) the payment of any Prepayment Premiums or any other prepayment premiums related to the Underlying Mortgage Loan or (iii) interest shortfalls resulting from **Prepayment Interest Shortfalls**. See *Description of Pass-Through Certificates — Guarantees* in the Offering Circular and *Description of the Certificates — Distributions — Freddie Mac Guarantee* in the Information Circular.

## Optional Termination; Redemption

Freddie Mac and any **Third Party Trust Administrator** of the Underlying Trust, in that order, each will have the option to purchase the Underlying Bonds and other trust property and terminate the Underlying Trust on any Payment Date on which the total **Stated Principal Balance** of the Underlying Bonds is less than 10% of the initial Underlying Bond pool balance. See *The Trust Agreement — Termination* in the Information Circular.

If a termination of the Underlying Trust occurs, ATE and AT will receive its unpaid principal balance, if any, plus interest for the related Accrual Period. We will give notice of termination to Holders not later than the fifth Business Day of the month in which the termination will occur, and each Class Factor we publish in that month will equal zero.

In addition, we will have the right to redeem the outstanding SPCs on any Payment Date when the remaining principal balance of ATE and AT would be less than 1% of its original principal balance. We will give notice of any exercise of this right to Holders 30 to 60 days before the redemption date. We will pay a redemption price equal to the unpaid principal balance, if any, of each Class redeemed plus interest for the related Accrual Period.

## PREPAYMENT AND YIELD ANALYSIS

### Underlying Bond and Underlying Mortgage Loan Prepayments

The rate of principal payments on ATE and AT and the rate of reduction in the notional amount of XTE and XT will depend primarily on the rates of principal payments, including prepayments, on the related Underlying Bonds. After September 1, 2018, the Underlying Bonds are subject to redemption, at the option of the Underlying Bond Issuer (with the prior written consent of the Underlying Bond Credit Enhancer), in whole on any date or in part on any **Interest Payment Date**, at a **Redemption Price** of 100% of the principal amount of the Underlying Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption. However, pursuant to the **Financing Agreement**, the Underlying Bond Issuer has agreed that, provided there is no continuing event of default under the Resolution, the Underlying Bond Issuer will not exercise such option to redeem any or all of the Underlying Bonds without the borrower's prior consent. In addition, pursuant to the **Reimbursement Agreement**, (i) the borrower will have the right, after September 1, 2018, to cause the Underlying Bond Issuer to call the Underlying Bonds in whole for optional redemption in accordance with the

terms of the Resolution in connection with an optional prepayment of the Underlying Mortgage Loan in whole, provided that such prepayment and corresponding redemption must occur on the first Business Day of a calendar month, and (ii) except in connection with the failure of the borrower to obtain the tax abatement as described under *Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement — The Reimbursement Agreement — Tax Abatement Prepayment* in the Information Circular, the borrower may not cause the Underlying Bond Issuer to call the Underlying Bonds for optional redemption in part, notwithstanding any right of the borrower to do so under the Resolution. See *Description of the Bonds — Optional Redemption* in the Information Circular.

In lieu of redemption, the Underlying Bonds may also be subject to mandatory tender in whole at any time after September 1, 2018 in connection with certain events, including the borrower's replacement of the Underlying Bond Credit Enhancer, at a purchase price of 100% of the principal amount of the Underlying Bonds plus accrued interest to the date of mandatory tender. See *Description of the Bonds — Certain Provisions of the Bonds — Mandatory Tender for Purchase of the Bonds on Change Dates* in the Information Circular.

The Underlying Bonds are also subject to redemption at any time, in whole or in part by lot, at a Redemption Price of 100% of the principal amount of such Underlying Bonds, or portions thereof, to be redeemed, plus accrued interest to the date of redemption as a result of (i) monies derived from net proceeds of insurance or condemnation awards which have been deposited in the revenue fund in accordance with the provisions of the Resolution, (ii) monies derived as a result of a default by the borrower under the Underlying Mortgage Loan, or (iii) certain events of mandatory redemption related to the Credit Enhancement Agreement, as more particularly described in *Description of the Bonds — Extraordinary Redemption* in the Information Circular.

In addition, the Underlying Mortgage Loan has a prepayment consideration period during which voluntary principal prepayments must be accompanied by a Prepayment Premium, provided that the Underlying Credit Enhancer has the right, in its sole discretion, to direct the Underlying Servicer to waive the obligation of the borrower to pay a Prepayment Premium in connection with prepayment of the Underlying Mortgage Loan. See *Description of the Mortgage Loan — Certain Terms and Conditions of the Mortgage Loan — Prepayment Premium* in the Information Circular. Mortgage Loan prepayment rates may fluctuate continuously and, in some market conditions, substantially.

See *Prepayment, Yield and Suitability Considerations — Prepayments* in the Offering Circular for a discussion of mortgage prepayment considerations and risks. *Risk Factors, Description of the Underlying Mortgage Bonds* and *Yield and Maturity Considerations* in the Information Circular discuss prepayment considerations for the Underlying Classes.

## **Yield**

As an investor in SPCs, your yield will depend on:

- Your purchase price.
- The rate of principal payments, including any tenders or redemptions, on the Underlying Bonds.
- Whether Prepayment Interest Shortfalls occur.
- Whether an optional termination of the Underlying Trust occurs or the SPCs are redeemed.

- The actual characteristics of the Underlying Bonds.
- The level of LIBOR.
- Whether the interest rate on the Underlying Bonds is capped at the Maximum Interest Rate.
- The extent to which the Class Coupon formula of your Class of SPCs results in reductions or increases in its Class Coupon.

See *Prepayment, Yield and Suitability Considerations — Yields* in the Offering Circular for a discussion of yield considerations and risks.

### **Suitability**

The SPCs may not be suitable investments for you. See *Prepayment, Yield and Suitability Considerations — Suitability* in the Offering Circular for a discussion of suitability considerations and risks.

## **FINAL PAYMENT DATES**

The Final Payment Date for each Class of SPCs is the latest date by which it will be paid in full and will retire. The Final Payment Dates for the SPCs reflect payment in full on the Extraordinary Mandatory Tender Date of the Underlying Bonds and assume, among other things, no prepayments prior to the Extraordinary Mandatory Tender Date or defaults on the Underlying Bonds. The actual retirement of each Class may occur earlier than its Final Payment Date.

## **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

### **General**

The following is a general discussion of federal income tax consequences of the purchase, ownership and disposition of the Classes of SPCs. It does not address all federal income tax consequences that may apply to particular categories of investors, some of which may be subject to special rules. The tax laws and other authorities for this discussion are subject to change or differing interpretations, and any change or interpretation could apply retroactively. You should consult your tax advisor to determine the federal, state, local and any other tax consequences that may be relevant to you.

### **Classification of Investment Arrangement**

The arrangement under which each Class of SPCs is created and sold and the related pass-through pool is administered will be classified as a grantor trust under subpart E, part I of subchapter J of Chapter 1 of the Code. As an investor in SPCs, you will be treated for federal income tax purposes as the owner of a *pro rata* undivided interest in the corresponding Underlying Class.

### **Status of Classes**

Upon the issuance of the Underlying Classes, Cadwalader, Wickersham & Taft LLP, counsel for the Underlying Depositor, will deliver its opinion generally to the effect that, assuming (i) compliance with all the provisions of the Trust Agreement and certain other documents, (ii) the continuing

correctness of the opinions of Hawkins Delafield & Wood LLP regarding the tax-exempt nature of the **Tax-Exempt Bonds** as further described in *Certain Federal Income Tax Consequences* in the Information Circular and (iii) that no events or circumstances have occurred since the original issuance of the Tax-Exempt Bonds that would adversely affect the exemption from federal income tax (and any applicable state and local income taxes) of interest on the Tax-Exempt Bonds:

- Specified portions of the assets of the Underlying Trust will qualify as multiple grantor trusts under the Code.
- Underlying Classes ATE and XTE will represent ownership interests in a grantor trust containing the Tax-Exempt Bonds and the proceeds thereof. Subject to the limitations applicable to “stripped bonds” and “stripped coupons” such as Underlying Classes ATE and XTE described in *Certain Federal Income Tax Consequences* in the Information Circular, interest on Underlying Classes ATE and XTE will be exempt from federal income taxation to the same extent as interest on the Tax-Exempt Bonds.
- Underlying Classes AT and XT will represent ownership in a grantor trust containing the **Taxable Bonds** and the proceeds thereof.

Accordingly, an investor in ATE or XTE will be treated as owning an interest in the respective corresponding Tax-Exempt Bonds and an investor in AT or XT will be treated as owning an interest in the respective corresponding Taxable Bonds.

Upon the issuance of the SPCs, Dechert LLP, counsel for Freddie Mac, will deliver its opinion generally to the effect that interest on ATE and XTE will be exempt from federal income taxation to the same extent as interest on the corresponding Underlying Classes. Interest on AT and XT will be included in gross income for federal income tax purposes.

Interest on the Tax-Exempt Bonds and Taxable Bonds will be exempt from taxation by the State of New York or any political subdivision of the State of New York (including the City of New York) to the extent described in *State, Local and Other Tax Considerations* in the Information Circular.

For information regarding the income tax consequences of investing in an Underlying Class, see *Certain Federal Income Tax Consequences* in the Information Circular.

### **Information Reporting**

Within a reasonable time after the end of each calendar year, we will furnish or make available to each Holder of each Class of SPCs such information as Freddie Mac deems necessary or desirable to assist beneficial owners in preparing their federal income tax returns, or to enable each Holder to make such information available to beneficial owners or financial intermediaries for which the Holder holds such SPCs as nominee.

### **LEGAL INVESTMENT CONSIDERATIONS**

You should consult your legal advisor to determine whether the SPCs are a legal investment for you and whether you can use the SPCs as collateral for borrowings. See *Legal Investment Considerations* in the Offering Circular.

## ACCOUNTING CONSIDERATIONS

You should consult your accountant for advice on the appropriate accounting treatment for your SPCs. See *Accounting Considerations* in the Offering Circular.

## ERISA CONSIDERATIONS

If you are:

- a fiduciary of a Plan or
- any other person investing “plan assets” of any Plan,

you should carefully review with your legal advisors whether the acquisition or holding of SPCs would be a “prohibited transaction” or would otherwise be impermissible under ERISA, Section 4975 of the Code or Similar Law. The SPCs will not constitute “guaranteed governmental mortgage pool certificates” under U.S. Department of Labor Regulation 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the “**Plan Asset Regulations**”).

If a Plan acquires the SPCs, the assets in the Trust will be deemed to be assets of the investing Plan, unless certain exceptions apply. However, we cannot predict in advance, nor can there be any continuing assurance, whether those exceptions may be applicable because of the factual nature of the rules set forth in the Plan Asset Regulations describing what constitutes the assets of a Plan subject to ERISA or Section 4975 of the Code (such Plans, “**ERISA Plans**”). For example, one of the exceptions in the Plan Asset Regulations states that the underlying assets of an entity will not be considered “plan assets” if less than 25% of the value of each class of equity interests is held by “benefit plan investors,” which include employee benefit plans subject to the fiduciary responsibility provisions of Title I of ERISA, plans to which Section 4975 of the Code applies, and entities whose underlying assets include assets of any such employee benefit plan or plans (such as certain pooled investment vehicles in which any such plans have invested). This exception is tested, however, immediately after each acquisition of the SPCs, whether upon initial issuance or in the secondary market.

Further, the SPCs will not meet the requirements of the so-called “underwriter exemptions”; as a result, the relief offered by the underwriter exemptions will not be available for ERISA Plans seeking to invest in the SPCs. In addition, the SPCs will not meet the requirements of Section III of Prohibited Transaction Class Exemption 95-60, governing investments by insurance company general accounts. Consequently, the acquisition or holding of the SPCs by a “benefit plan investor” may result in non-exempt prohibited transactions and the imposition of excise taxes or civil penalties. Accordingly, the SPCs may not be acquired by, on behalf of, or with assets of any “benefit plan investor.”

### **Exempt Plan**

A fiduciary of any plan that is not a “benefit plan investor” but that is subject to federal, state or local law that is to a material extent similar to Section 406 of ERISA and/or Section 4975 of the Code (“**Similar Law**”) or other legal restrictions should make its own determination as to the need for and the availability of any exemptive relief under Similar Law or other law.

## **PLAN OF DISTRIBUTION**

Under an agreement with the Placement Agents, they have agreed to purchase all of the SPCs not placed with third parties for resale to us.

Our agreement with the Placement Agents provides that we will indemnify them against certain liabilities.

## **LEGAL MATTERS**

Our General Counsel or one of our Deputy General Counsels will render an opinion on the legality of the SPCs. Cadwalader, Wickersham & Taft LLP is representing the Underlying Depositor and the Placement Agents on legal matters concerning the SPCs. That firm is also rendering certain legal services to us with respect to the SPCs.

## Appendix A

### Selling Restrictions

#### NOTICE TO RESIDENTS OF THE REPUBLIC OF KOREA

THIS OFFERING CIRCULAR SUPPLEMENT IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, A PUBLIC OFFERING OF SECURITIES IN KOREA. NEITHER FREDDIE MAC NOR ANY OF ITS AGENTS MAKE ANY REPRESENTATION WITH RESPECT TO THE ELIGIBILITY OF ANY RECIPIENTS OF THIS OFFERING CIRCULAR SUPPLEMENT TO ACQUIRE THE SPCs UNDER THE LAWS OF KOREA, INCLUDING, BUT WITHOUT LIMITATION, THE FOREIGN EXCHANGE TRANSACTION LAW AND REGULATIONS THEREUNDER (THE “FETL”). THE SPCs HAVE NOT BEEN REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA FOR PUBLIC OFFERING IN KOREA, AND NONE OF THE SPCs MAY BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY IN KOREA OR TO ANY RESIDENT OF KOREA EXCEPT PURSUANT TO THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT AND THE DECREES AND REGULATIONS THEREUNDER (THE “FSCMA”), THE FETL AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES IN KOREA.

#### NOTICE TO RESIDENTS OF THE PEOPLE’S REPUBLIC OF CHINA

THE SPCs WILL NOT BE OFFERED OR SOLD IN THE PEOPLE’S REPUBLIC OF CHINA (EXCLUDING HONG KONG, MACAU AND TAIWAN, THE “PRC”) AS PART OF THE INITIAL DISTRIBUTION OF THE SPCs BUT MAY BE AVAILABLE FOR PURCHASE BY INVESTORS RESIDENT IN THE PRC FROM OUTSIDE THE PRC.

THIS OFFERING CIRCULAR SUPPLEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE PRC TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN THE PRC.

THE PRC DOES NOT REPRESENT THAT THIS OFFERING CIRCULAR SUPPLEMENT MAY BE LAWFULLY DISTRIBUTED, OR THAT ANY SPCs MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN THE PRC, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, OR ASSUME ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, NO ACTION HAS BEEN TAKEN BY THE PRC WHICH WOULD PERMIT A PUBLIC OFFERING OF ANY SPCs OR THE DISTRIBUTION OF THIS OFFERING CIRCULAR SUPPLEMENT IN THE PRC. ACCORDINGLY, THE SPCs ARE NOT BEING OFFERED OR SOLD WITHIN THE PRC BY MEANS OF THIS OFFERING CIRCULAR SUPPLEMENT OR ANY OTHER DOCUMENT. NEITHER THIS OFFERING CIRCULAR SUPPLEMENT NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN THE PRC, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS.

## **JAPAN**

THE SPCs HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS EXCHANGE ACT OF JAPAN (LAW NO. 25 OF 1948, AS AMENDED (THE “FIEL”)), AND EACH INITIAL PURCHASER HAS AGREED THAT IT WILL NOT OFFER OR SELL ANY SPCs, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY JAPANESE PERSON, OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO ANY JAPANESE PERSON, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEL AND ANY OTHER APPLICABLE LAWS AND REGULATIONS. FOR THE PURPOSES OF THIS PARAGRAPH, “JAPANESE PERSON” SHALL MEAN ANY PERSON RESIDENT IN JAPAN, INCLUDING ANY CORPORATION OR OTHER ENTITY ORGANIZED UNDER THE LAWS AND REGULATIONS OF JAPAN.

## **HONG KONG**

THE SPCs ARE NOT BEING OFFERED OR SOLD AND WILL NOT BE OFFERED OR SOLD IN HONG KONG, BY MEANS OF ANY DOCUMENT (EXCEPT FOR SPCs WHICH ARE A “STRUCTURED PRODUCT” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571) (THE “SFO”) OF HONG KONG) OTHER THAN (A) TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO; OR (B) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A “PROSPECTUS” AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32) (THE “C(WUMP)O”) OF HONG KONG OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE C(WUMP)O. NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE SPCs HAS BEEN ISSUED OR WILL BE ISSUED, WHETHER IN HONG KONG OR ELSEWHERE, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO SPCs WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO.

**\$550,000,000**  
**(Approximate)**

**Multifamily Mortgage Bond Pass-Through Certificates,  
Series 2017-KSKY**

**FREMF 2017-KSKY Mortgage Bond Trust**  
**issuing entity**

**Wells Fargo Commercial Mortgage Securities, Inc.**  
**depositor**

**Federal Home Loan Mortgage Corporation**  
**bond seller and guarantor**

We, Wells Fargo Commercial Mortgage Securities, Inc., intend to establish a trust to act as an issuing entity, which we refer to in this information circular as the “issuing entity.” The primary assets of the issuing entity will consist of (i) 2 tax-exempt multifamily mortgage bonds with an aggregate original principal amount of \$164,000,000 (the “Tax-Exempt Bonds”) and (ii) 2 taxable multifamily mortgage bonds with an aggregate original principal amount of \$386,000,000 (the “Taxable Bonds”) and, together with the Tax-Exempt Bonds, the “Bonds”), each of which was issued by the New York State Housing Finance Agency with respect to the multifamily mortgaged real property known as the Sky Apartments, located at 605 West 42nd Street, New York, New York. The issuing entity will issue 4 classes of certificates, listed below, referred to in this information circular as the “certificates,” and offered by this information circular. The issuing entity will pay interest and/or principal monthly, commencing in October 2017. The certificates represent obligations of the issuing entity only (and, solely with respect to certain payments of interest and principal pursuant to a guarantee of the certificates described in this information circular, Freddie Mac), and do not represent obligations of or interests in us or any of our affiliates. We do not intend to list the certificates on any national securities exchange or any automated quotation system of any registered securities association.

This information circular was prepared solely in connection with the offering and sale of the certificates to Freddie Mac.

**Investing in the certificates involves risks. See “Risk Factors” beginning on page 31 of this information circular.**

<b>Offered Classes</b>	<b>Total Initial Principal Balance or Notional Amount</b>	<b>Pass-Through Rate or Description</b>	<b>Assumed Final Distribution Date</b>
Class ATE	\$164,000,000	LIBOR + 0.36000%*	August 25, 2027
Class AT	\$386,000,000	LIBOR + 0.44000%*	August 25, 2027
Class XTE	\$164,000,000	Variable IO	August 25, 2027
Class XT	\$386,000,000	Variable IO	August 25, 2027

\* Subject to a pass-through rate cap.

Delivery of the certificates will be made on or about September 20, 2017. Credit enhancement will be provided by the guarantee of the certificates by Freddie Mac as described under “Summary of Information Circular—The Certificates—Freddie Mac Guarantee” and “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this information circular. In addition, credit enhancement of the Bonds is being provided by Freddie Mac as described under “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular.

The issuing entity will be relying on an exclusion or exemption from the definition of “investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”), contained in Section 3(c)(5) of the Investment Company Act or Rule 3a-7 under the Investment Company Act, although there may be additional exclusions or exemptions available to the issuing entity. The issuing entity is being structured so as not to constitute a “covered fund” for purposes of the Volcker Rule under the Dodd-Frank Act.

It is a condition to the issuance of the certificates that they be purchased and guaranteed by Freddie Mac as described in this information circular. The obligations of Freddie Mac under its guarantee of the certificates are obligations of Freddie Mac only. The certificates are not guaranteed by the United States of America (“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. Interest on the class ATE and XTE certificates is generally expected to be exempt from federal income taxation and taxation by the State of New York and any political subdivision of the State of New York (including the City of New York) as and to the extent described in “Certain Federal Income Tax Consequences” in this information circular. Interest on the class AT and XT certificates is included in gross income for Federal income tax purposes pursuant to the Code and is generally expected to be exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York (including The City of New York) as and to the extent described in “Certain Federal Income Tax Consequences” in this information circular.

**Information Circular Dated September 12, 2017**

# FREMF 2017-KSKY Mortgage Bond Trust

## Multifamily Mortgage Bond Pass-Through Certificates Series 2017-KSKY



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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

## **IMPORTANT NOTICE REGARDING THE CERTIFICATES**

NONE OF THE DEPOSITOR, THE DEPOSITOR'S AFFILIATES, FREDDIE MAC OR ANY OTHER PERSON INTENDS TO RETAIN A 5% NET ECONOMIC INTEREST WITH RESPECT TO THE CERTIFICATES IN ANY OF THE FORMS PRESCRIBED BY ARTICLE 405(1) OF EUROPEAN UNION REGULATION 575/2013 OR BY ANY OTHER EUROPEAN UNION LEGISLATION THAT REQUIRES THAT THERE BE SUCH A RETENTION AS A CONDITION TO AN INVESTMENT IN THE CERTIFICATES BY A EUROPEAN INVESTOR SUBJECT TO SUCH LEGISLATION. FOR ADDITIONAL INFORMATION IN THIS REGARD, SEE "RISK FACTORS—RISKS RELATED TO THE CERTIFICATES—LEGAL AND REGULATORY PROVISIONS AFFECTING INVESTORS COULD ADVERSELY AFFECT THE LIQUIDITY OF YOUR INVESTMENT" IN THIS INFORMATION CIRCULAR.

## **IMPORTANT NOTICE ABOUT INFORMATION PRESENTED IN THIS INFORMATION CIRCULAR**

THE PLACEMENT AGENTS DESCRIBED IN THIS INFORMATION CIRCULAR MAY FROM TIME TO TIME PERFORM INVESTMENT BANKING SERVICES FOR, OR SOLICIT INVESTMENT BANKING BUSINESS FROM, ANY COMPANY NAMED IN THIS INFORMATION CIRCULAR.

THE PLACEMENT AGENTS AND/OR THEIR RESPECTIVE EMPLOYEES MAY FROM TIME TO TIME HAVE A LONG OR SHORT POSITION IN ANY SECURITY OR CONTRACT DISCUSSED IN THIS INFORMATION CIRCULAR.

THE INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR SUPERSEDES ANY PREVIOUS SUCH INFORMATION DELIVERED TO ANY INVESTOR.

We provide information to you about the certificates in this information circular, which describes the specific terms of the certificates.

You should read this information circular in full to obtain material information concerning the certificates.

This information circular includes cross-references to sections in this information circular where you can find further related discussions. The Table of Contents in this information circular identifies the pages where these sections are located.

When deciding whether to invest in any of the certificates, you should only rely on the information contained in this information circular or as provided in "Description of Freddie Mac—Freddie Mac Conservatorship" and "—Litigation Involving Freddie Mac" in this information circular. We have not authorized any dealer, salesman or other person to give any information or to make any representation that is different. In addition, information in this information circular is current only as of the date on its cover. By delivery of this information circular, we are not offering to sell any securities, and are not soliciting an offer to buy any securities, in any state or other jurisdiction where the offer and sale is not permitted.

## SUMMARY OF INFORMATION CIRCULAR

This summary highlights selected information from this information circular and does not contain all of the information that you need to consider in making your investment decision. To understand all of the terms of the certificates, carefully read this information circular. This summary provides an overview of certain information to aid your understanding and is qualified by the full description presented in this information circular.

### Transaction Overview

The certificates will be part of a series of multifamily mortgage bond pass-through certificates designated as the Series 2017-KSKY Multifamily Mortgage Bond Pass-Through Certificates. The certificates will consist of 4 classes. The table below identifies and specifies various characteristics for those classes.

Class	Total Initial Principal Balance or Notional Amount	Pass-Through Rate or Description	Assumed Weighted Average Life (Years) <sup>(1)(2)</sup>	Assumed Principal Window <sup>(1)(3)</sup>	Assumed Final Distribution Date <sup>(1)(4)</sup>
ATE	\$164,000,000	LIBOR + 0.36000% <sup>(5)</sup>	9.93	119-119	August 25, 2027
AT	\$386,000,000	LIBOR + 0.44000% <sup>(5)</sup>	9.93	119-119	August 25, 2027
XTE	\$164,000,000	Variable IO	9.93	N/A	August 25, 2027
XT	\$386,000,000	Variable IO	9.93	N/A	August 25, 2027

- (1) As to any given class of certificates shown in this table, the assumed weighted average life, the assumed principal window and the Assumed Final Distribution Date have been calculated based on the Modeling Assumptions, including, among other things, that—
  - (i) there are no voluntary or involuntary prepayments with respect to the Bonds or the Mortgage Loan,
  - (ii) there are no delinquencies, modifications or losses with respect to the Bonds or the Mortgage Loan,
  - (iii) there are no modifications, extensions, waivers or amendments affecting the monthly debt service or balloon payments on the Bonds or the Mortgage Loan,
  - (iv) the Bonds are not tendered or redeemed prior to their Extraordinary Mandatory Tender Date pursuant to a mandatory tender, an optional redemption or a mandatory redemption described under the heading “Description of the Bonds” in this information circular; and
  - (v) the certificates are not redeemed prior to their Assumed Final Distribution Date pursuant to the clean-up call described under the heading “—The Certificates—Optional Termination” below.
- (2) As to the class ATE and AT certificates, the assumed weighted average life is the average amount of time in years between the assumed settlement date for the certificates and the payment of each dollar of principal on that class. As to the class XTE and XT certificates, the assumed weighted average life is the average amount of time in years between the assumed settlement date for that class and the application of each dollar to be applied in reduction of the notional amount of that class.
- (3) As to the class ATE and AT certificates, the assumed principal window is the period during which holders of that class are expected to receive distributions of principal.
- (4) As to the class ATE and AT certificates, the Assumed Final Distribution Date is the distribution date on which the last distribution of principal and interest is assumed to be made on that class. As to the class XTE and XT certificates, the Assumed Final Distribution Date is the distribution date on which the last reduction to the notional amount of such class is expected to occur.
- (5) For each distribution date, LIBOR will be determined as described under “Description of the Bonds—Certain Terms and Conditions of the Bonds” in this information circular. The pass-through rates for the class ATE and AT certificates will be subject to pass-through rate caps equal to (i) with respect to the class ATE certificates, the Tax-Exempt Weighted Average Bond Pass-Through Rate minus the Guarantee Fee Rate and (ii) with respect to the class AT certificates, the Taxable Weighted Average Bond Pass-Through Rate minus the Guarantee Fee Rate (*provided* that in no event will the class ATE pass-through rate or the class AT pass-through rate be less than zero). LIBOR for the first Interest Accrual Period for the class ATE and AT certificates will be 1.23167%.

In reviewing the foregoing table, please note that:

- The class ATE and AT certificates will have principal balances (collectively, the “Principal Balance Certificates”).
- All of the classes of certificates will bear interest. The class XTE and XT certificates constitute the “interest-only certificates.”
- The initial principal balance or notional amount of any class shown in the table may be larger or smaller depending on, among other things, the actual initial Bond pool balance. The initial Bond pool balance may be 5% more or less than the amount shown in the table on page 30. The initial Bond pool balance refers to the aggregate outstanding principal balance of the Bonds as of the Cut-off Date, after application of all payments of principal due with respect to the Bonds on or before those due dates, whether or not received.
- Each class of certificates will bear interest and such interest will accrue on the basis of a 360-day year and the actual number of days elapsed in the applicable Interest Accrual Period.
- Each class identified in the table as having a pass-through rate of LIBOR plus a specified margin has a *per annum* pass-through rate equal to the lesser of—
  - (i) LIBOR plus the specified margin for that class set forth in that table; and
  - (ii) (a) with respect to the class ATE certificates, the Tax-Exempt Weighted Average Bond Pass-Through Rate for the related distribution date minus the Guarantee Fee Rate and (b) with respect to the class AT certificates, the Taxable Weighted Average Bond Pass-Through Rate for the related distribution date minus the Guarantee Fee Rate;

*provided* that in no event will the class ATE pass-through rate or the class AT pass-through rate be less than zero.

- For purposes of calculating the accrual of interest as of any date of determination, (i) the class XTE certificates will have a notional amount that is equal to the then outstanding principal balance of the class ATE certificates and (ii) the class XT certificates will have a notional amount that is equal to the then outstanding principal balance of the class AT certificates.
- The pass-through rate for the class XTE certificates for any Interest Accrual Period will equal the Class XTE Strip Rate. The class XTE certificates will have a notional amount equal to the then current principal balance of the class ATE certificates. For purposes of calculating the pass-through rate for the class XTE certificates for each Interest Accrual Period, the “Class XTE Strip Rate” will be a rate *per annum* equal to the excess, if any, of (i) the Tax-Exempt Weighted Average Bond Pass-Through Rate for the related distribution date minus the Guarantee Fee Rate, over (ii) the pass-through rate for the class ATE certificates. In no event may the Class XTE Strip Rate be less than zero.
- The pass-through rate for the class XT certificates for any Interest Accrual Period will equal the Class XT Strip Rate. The class XT certificates will have a notional amount equal to the then current principal balance of the class AT certificates. For purposes of calculating the pass-through rate for the class XT certificates for each Interest Accrual Period, the “Class XT Strip Rate” will be a rate *per annum* equal to the excess, if any, of (i) the Taxable Weighted Average Bond Pass-Through Rate for the related distribution date minus the Guarantee Fee Rate, over (ii) the pass-through rate for the class AT certificates. In no event may the Class XT Strip Rate be less than zero.
- “Taxable Weighted Average Bond Pass-Through Rate” means, for each distribution date, the weighted average of the respective Bond Pass-Through Rates with respect to the Taxable Bonds for that distribution date, weighted on the basis of their respective Stated Principal Balances immediately prior to the due date related to such distribution date.
- “Tax-Exempt Weighted Average Bond Pass-Through Rate” means, for each distribution date, the weighted average of the respective Bond Pass-Through Rates with respect to the Tax-Exempt Bonds for that distribution date, weighted on the basis of their respective Stated Principal Balances immediately prior to the due date related to such distribution date.

- “Bond Pass-Through Rate” means, with respect to any Bond, for any distribution date, a rate *per annum* equal to the greater of (i) the Bond Interest Rate for such Bond and (ii) the Original Bond Interest Rate for such Bond.
- “Bond Interest Rate” means, with respect to any Bond, the related Bond interest rate (LIBOR plus a spread) then in effect.
- “Original Bond Interest Rate” means, with respect to any Bond, the Bond Interest Rate in effect for such Bond as of the Cut-off Date.

See “Description of the Certificates—Distributions—Calculation of Pass-Through Rates” in this information circular.

The document that will govern the issuance of the certificates, the creation of the related issuing entity and the administration of the Bonds will be a trust agreement to be dated as of September 1, 2017 (the “Trust Agreement”) among us, as depositor, Deutsche Bank Trust Company Americas, as trustee and certificate administrator, and Freddie Mac as trust administrator and guarantor.

The certificates will evidence the entire beneficial ownership of the issuing entity that we intend to establish. The primary assets of that issuing entity will be a segregated pool of multifamily mortgage bonds. Interest accrues on each Bond at a *per annum* rate equal to One-Month LIBOR plus a specified margin, subject to a cap at the Maximum Interest Rate (*provided* that if at any time One-Month LIBOR is less than zero, One-Month LIBOR will be deemed to be zero for all purposes with respect to the Bonds). We will acquire the Bonds, for deposit in the issuing entity, from the Bond Seller. As of September 1, 2017 (the “Cut-off Date”), the Bonds will have the general characteristics discussed under the heading “—The Bonds” below.

**Relevant Parties/Entities**

**Issuing Entity** ..... FREMF 2017-KSKY Mortgage Bond Trust, a New York common law trust, will be formed on the Closing Date pursuant to the Trust Agreement. See “Description of the Issuing Entity” in this information circular.

**Bond Seller** ..... Freddie Mac, a corporate instrumentality of the United States created and existing under Title III of the Emergency Home Finance Act of 1970, as amended (the “Freddie Mac Act”), or any successor to it, will act as the Bond seller (in such capacity, the “Bond Seller”). Freddie Mac will also act as the trust administrator and the guarantor of the certificates (in such capacity, the “Guarantor”). Freddie Mac maintains an office at 8200 Jones Branch Drive, McLean, Virginia 22102. See “Description of Freddie Mac” in this information circular.

**Depositor** ..... Wells Fargo Commercial Mortgage Securities, Inc., a North Carolina corporation, will create the issuing entity and transfer the Bonds to it. We are an affiliate of Wells Fargo Securities, LLC, which is one of the placement agents for the SPCs. Our principal executive office is located at 375 Park Avenue, 2nd Floor, New York, New York 10152. All references to “we,” “us” and “our” in this information circular are intended to mean Wells Fargo Commercial Mortgage Securities, Inc. See “Description of the Depositor” in this information circular.

**Trust Administrator** ..... Freddie Mac, will act as the trust administrator with respect to the Bonds. Freddie Mac will also act as the Guarantor and the Bond Seller. The principal trust administration offices of Freddie Mac are located at 8200 Jones Branch Drive, McLean, Virginia 22102.

As consideration for acting as trust administrator for the Bonds, the trust administrator will receive a one-time up-front trust administrator fee payable by the depositor on the Closing Date. See “Description of the Certificates—Fees and Expenses” in this information circular for the amount of such fee. See “The Trust Agreement—The Trust Administrator” in this information circular.

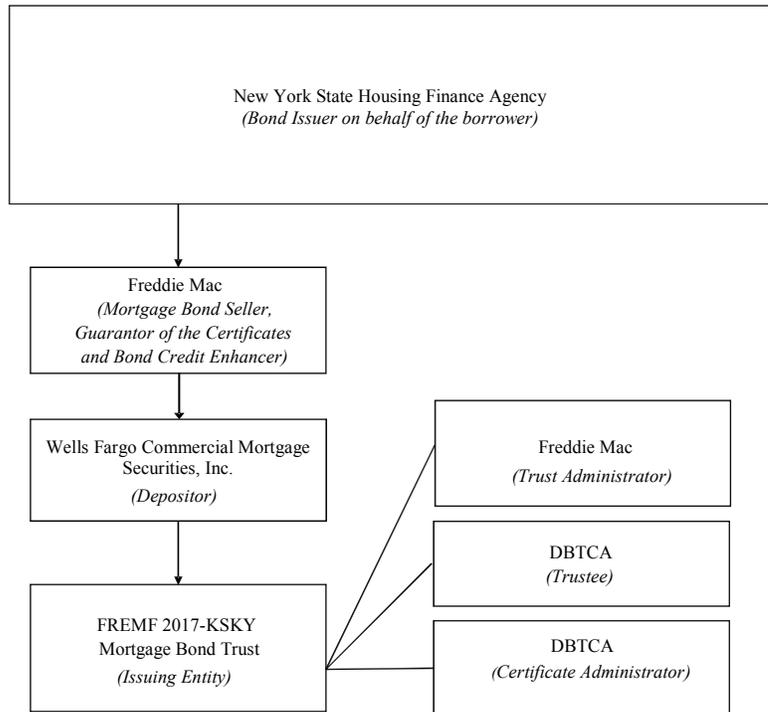
**Trustee and Certificate Administrator** .. Deutsche Bank Trust Company Americas, a New York banking corporation (“DBTCA”), will act as the trustee on behalf of the certificateholders. The trustee’s principal address is 1761 East St. Andrew Place, Santa Ana, California 92705. As consideration for acting as trustee, DBTCA will receive a one-time up-front trustee fee payable by the depositor on the Closing Date. See “Description of the Certificates—Fees and Expenses” in this information circular for the amount of such fee, “The Trust Agreement—Matters Regarding the Trustee, the Certificate Administrator and the Trust Administrator” in this information circular for further information regarding such fees and “The Trust Agreement—The Trustee and the Certificate Administrator” in this information circular for further information about the trustee.

DBTCA will also act as the certificate administrator and the certificate registrar. The certificate administrator’s principal address is 1761 East St. Andrew Place, Santa Ana, California 92705 and for certificate transfer purposes is DB Services Americas, Inc., 5022 Gate Parkway, Jacksonville, Florida 32256. As consideration for acting as certificate administrator and certificate registrar, DBTCA will receive a one-time

up-front certificate administrator fee payable by the depositor on the Closing Date. See “Description of the Certificates—Fees and Expenses” in this information circular for the amount of such fee, “The Trust Agreement—Matters Regarding the Trustee, the Certificate Administrator and the Trust Administrator” in this information circular for further information regarding such fees and “The Trust Agreement—The Trustee and the Certificate Administrator” in this information circular for further information about the certificate administrator.

In addition, for serving as trustee and certificate administrator, DBTCA will be entitled to receive a one-time up-front trustee/certificate administrator acceptance fee. See “Description of the Certificates—Fees and Expenses” in this information circular for the amount of such fee.

**Parties** ..... The following diagram illustrates the various parties involved in the transaction and their functions.



**Guarantor** ..... Freddie Mac will act as the Guarantor of the certificates offered by this information circular. Freddie Mac is entitled to a Guarantee Fee as described under “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this information circular. For a discussion of the Freddie Mac Guarantee, see “—The Certificates—Freddie Mac Guarantee” and “Description of Freddie Mac—Proposed Operation of Multifamily Mortgage Business on a Stand-Alone Basis” in this information circular.

**Significant Dates and Periods**

<b>Cut-off Date</b> .....	The Bonds will be considered assets of the issuing entity as of September 1, 2017. All payments and collections received on each of the Bonds after the Cut-off Date, excluding any payments or collections that represent amounts due on or before the Cut-off Date, will belong to the issuing entity.
<b>Closing Date</b> .....	The date of initial issuance for the certificates will be on or about September 20, 2017.
<b>Due Dates</b> .....	Monthly installments of principal and/or interest will be due on the first Business Day of the month with respect to each of the Bonds.
<b>Determination Date</b> .....	The monthly cut-off for collections on the Bonds that are to be distributed, and information regarding the Bonds that is to be reported, to the holders of the certificates on any distribution date will be the close of business on the determination date in the same month as that distribution date. The determination date will be the 11th calendar day of each month, commencing in October 2017, or, if the 11th calendar day of any such month is not a Business Day, then the next succeeding Business Day.
<b>Distribution Date</b> .....	Distributions of principal and/or interest on the certificates are scheduled to occur monthly, commencing in October 2017. The distribution date will be the 25th calendar day of each month, or, if the 25th calendar day of any such month is not a Business Day, then the next succeeding Business Day.
<b>Record Date</b> .....	The record date for each monthly distribution on a certificate will be the last Business Day of the prior calendar month. The registered holders of the certificates at the close of business on each record date will be entitled to receive any distribution on those certificates on the following distribution date, except that the final distribution on any certificate will be made only upon presentation and surrender of that certificate at a designated location.
<b>Collection Period</b> .....	Amounts available for distribution on the certificates on any distribution date will depend on the payments and other collections received, and any advances of payments due, on or with respect to the Bonds during the related Collection Period. Each Collection Period— <ul style="list-style-type: none"><li>• will relate to a particular distribution date;</li><li>• will begin when the prior Collection Period ends or, in the case of the first Collection Period, will begin on the Cut-off Date; and</li><li>• will end at the close of business on the determination date that occurs in the same month as the related distribution date.</li></ul>
<b>Interest Accrual Period</b> .....	The amount of interest payable with respect to the interest-bearing classes of certificates on any distribution date will be a function of the interest accrued during the related Interest Accrual Period. The “ <u>Interest Accrual Period</u> ” means, with respect to (i) the certificates and any distribution date, the period beginning on and including the 25th day of the month preceding the month in which such distribution date occurs (or beginning on and including the Closing Date, in the case of the first distribution date) and ending on and including the 24th day of

the month in which such distribution date occurs, and (ii) any Bond and (a) any due date other than the due date related to the Extraordinary Mandatory Tender Date, the calendar month immediately preceding the month in which such due date occurs and (b) the due date related to the Extraordinary Mandatory Tender Date, the calendar month preceding the month in which such due date occurs plus any days in such calendar month up to, but excluding, the Extraordinary Mandatory Tender Date.

**Assumed Final Distribution Date** ..... For each class of certificates, the applicable date set forth on the cover page.

### **The Certificates**

**General** ..... The certificates offered by this information circular are the class ATE, AT, XTE and XT certificates. Each class of certificates will have the initial principal balance or notional amount and pass-through rate set forth or described in the table on page 5 or otherwise described above under “—Transaction Overview”. There are no other securities offered by this information circular.

**Collections** ..... The certificate administrator will be required to deposit in the Distribution Accounts all payments received and due to the issuing entity, as bondholder, under the terms and provisions of the Bonds, from the Bond Trustee or DTC on its behalf. Since the Bonds are held in book-entry form on DTC, such payments will be made by DTC to the certificate administrator on behalf of the issuing entity. If the certificate administrator does not receive any scheduled payment on the Bonds, the certificate administrator will be required to promptly notify the Bond Trustee and the Guarantor.

**Distributions** ..... Funds collected on the Bonds will be distributed on each corresponding distribution date, net of (i) specified issuing entity expenses, including Guarantee Fees, certain expenses, related compensation and indemnities (including, but not limited to, expenses, compensation or indemnities owed to the trustee, the certificate administrator or the trust administrator) and (ii) amounts used to reimburse Balloon Guarantor Payments or interest on such amounts.

In general, (i) the class ATE certificates will be entitled to receive principal collected in respect of the Tax-Exempt Bonds and (ii) the class AT certificates will be entitled to receive principal collected in respect of the Taxable Bonds.

In general, (i) interest collected in respect of the Tax-Exempt Bonds will be allocated between the class ATE and XTE certificates concurrently on a *pro rata* basis based on the interest accrued with respect to each such class and (ii) interest collected in respect of the Taxable Bonds will be allocated between the class AT and XT certificates concurrently on a *pro rata* basis based on the interest accrued with respect to each such class. See “Description of the Certificates—Distributions—Priority of Distributions” in this information circular.

The class XTE and XT certificates do not have a principal balance and do not entitle holders to distributions of principal.

No form of credit enhancement will be available to you as a holder of certificates, other than (i) the Freddie Mac Guarantee, as described under “—Freddie Mac Guarantee” below and “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this information circular and (ii) with respect to the Bonds, the obligation of Freddie Mac as Bond Credit Enhancer as described under “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular.

**Freddie Mac Guarantee** .....

It is a condition to the issuance of the certificates that they be purchased by Freddie Mac and that Freddie Mac guarantee certain payments on the certificates, as described in this information circular (the “Freddie Mac Guarantee”). Any Guarantor Payment made to the Principal Balance Certificates in respect of principal will reduce the outstanding principal balance of such class by a corresponding amount and will also result in a corresponding reduction in the notional amount of the class XTE or XT certificates, as applicable. The Freddie Mac Guarantee does not cover Prepayment Premiums or any other prepayment premiums related to the Bonds. In addition, the Freddie Mac Guarantee does not cover any loss of yield on the class XTE or XT certificates due to the payment of Outstanding Guarantor Reimbursement Amounts to the Guarantor or a reduction in the notional amount of the class XTE or XT certificates resulting from a reduction of the outstanding principal balance of any class of certificates. In addition, the Freddie Mac Guarantee does not cover any shortfalls due to the allocation of Prepayment Interest Shortfalls. See “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this information circular.

Freddie Mac is entitled to a Guarantee Fee as described under “Description of the Certificates—Fees and Expenses” and “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this information circular.

The certificates 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. If Freddie Mac were unable to pay under the Freddie Mac Guarantee, the certificates could be subject to losses.

See “Risk Factors—Risks Related to the Certificates—Credit Support Is Limited and May Not Be Sufficient to Prevent Loss on the Certificates” and “Risk Factors—Risks Relating to the Bond Seller, Guarantor, Bond Credit Enhancer and Trust Administrator” in this information circular. Freddie Mac will not guarantee any class of certificates other than the certificates.

**Interest Distributions** .....

Each class of certificates will bear interest that will accrue on an Actual/360 Basis during each Interest Accrual Period based on:

- the pass-through rate with respect to that class for that Interest Accrual Period; and
- the outstanding principal balance or notional amount, as the case may be, of that class outstanding immediately prior to the related distribution date.

With respect to the distribution date that occurs during October 2017, funds will be deposited on the Closing Date into a reserve account in an amount equal to 5 days of interest at the Bond Pass-Through Rate with respect to each Tax-Exempt Bond and each Taxable Bond. See “Description of the Certificates—Initial Interest Reserve Accounts” in this information circular.

A whole or partial prepayment on a Bond or a mandatory tender of a Bond that occurs on any day other than the first day of the month will not be accompanied by the amount of a full month’s interest on the prepayment. Any such shortfall will be allocated as described under “Description of the Certificates—Distributions—Interest Distributions” in this information circular to reduce the amount of accrued interest otherwise payable to the holders of one or more of the classes of certificates. Such shortfalls will not be covered under the Freddie Mac Guarantee. However, Freddie Mac agreed in the Trust Agreement that, with respect to any request from the borrower or the Agency that would cause a mandatory tender for purchase of the Bonds or redemption of the Bonds that requires the consent of Freddie Mac, Freddie Mac will only grant such consent if such mandatory tender or redemption is scheduled to occur on a date that would otherwise constitute an Interest Payment Date for the Bonds, such that no Prepayment Interest Shortfalls will occur on the certificates in connection with any such mandatory tender or redemption. For the avoidance of doubt, this will not limit the right of the Bond Credit Enhancer to declare all obligations of the borrower on the Mortgage Loan due and payable or cause a mandatory tender of the Bonds, or a mandatory redemption of all or a portion of the Bonds, at any time in connection with an event of default by the borrower under the Reimbursement Agreement or the Reimbursement Mortgage. See “The Trust Agreement—Additional Covenants of Freddie Mac” in this information circular.

On each distribution date, subject to available funds, holders of each class of certificates will be entitled to receive their proportionate share of all unpaid distributable interest accrued with respect to the certificates for the related Interest Accrual Period if such amounts were not paid pursuant to the Freddie Mac Guarantee, other than any shortfalls resulting from Prepayment Interest Shortfalls. See “Description of the Certificates—Distributions—Interest Distributions” and “—Distributions—Priority of Distributions” in this information circular.

**Principal Distributions** ..... Subject to—

- available funds, and
- the reductions to the outstanding principal balances described under “—Reductions of Certificate Principal Balances in Connection with Losses and Expenses” below,

the Principal Balance Certificates will be entitled to a total amount of principal distributions over time equal to the respective outstanding principal balances of such certificates.

The total distributions of principal to be made on the certificates on any distribution date will, in general, be a function of—

- the amount of scheduled payments of principal due or, in some cases, deemed due, on the Bonds during the related Collection Period, which payments are either received as of the end of that Collection Period or are the subject of a Balloon Guarantor Payment, and
- the amount of any prepayments and other unscheduled collections of principal with respect to the Bonds that are received during the related Collection Period.

If the entire outstanding principal balance of a Bond is not paid on its Extraordinary Mandatory Tender Date, the Guarantor will be required, pursuant to the Freddie Mac Guarantee, to make a Balloon Guarantor Payment in an amount equal to the amount of principal that otherwise would have been paid on the Principal Balance Certificates if such Bond had been paid in full on its Extraordinary Mandatory Tender Date. However, such payment may not exceed the outstanding principal balance of the Principal Balance Certificates less any principal scheduled to be distributed to the Principal Balance Certificates on such distribution date. The amount of any such Balloon Guarantor Payment made to the Principal Balance Certificates will reduce the outstanding principal balance of such class by the corresponding amount and will also result in a corresponding reduction in the notional amount of the class XTE or XT certificates, as applicable. See “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this information circular. Each Balloon Guarantor Payment will be reimbursed to the Guarantor first from subsequent collections on the related Bond and second as described under “Description of the Certificates—Distributions—Priority of Distributions” in this information circular.

On each distribution date, the certificate administrator will be required to make principal distributions on (i) the class ATE certificates from principal amounts collected on the Tax-Exempt Bonds in an amount (in any event, not to exceed the principal balance of the class ATE certificates outstanding immediately prior to the applicable distribution date) equal to the Tax-Exempt Principal Distribution Amount for such distribution date and (ii) the class AT certificates from principal amounts collected on the Taxable Bonds in an amount (in any event, not to exceed the principal balance of the class AT certificates outstanding immediately prior to the applicable distribution date) equal to the Taxable Principal Distribution Amount for such distribution date.

The class XTE and XT certificates do not have a principal balance and are not entitled to any distributions of principal.

Pursuant to the bond documents, any prepayment of the Bonds will be applied first, to reduce the outstanding principal amount of the Taxable Bonds until such outstanding principal amount is reduced to zero, and then to reduce the outstanding principal amount of the Tax-Exempt Bonds. As a result, any prepayment of the Bonds will first reduce the outstanding principal balance or notional amount, as applicable, of the class AT and XT certificates until such amounts are reduced to zero,

and then reduce the outstanding principal balance or notional amount of the class ATE and XTE certificates.

See “Description of the Certificates—Distributions—Principal Distributions” and “—Priority of Distributions” in this information circular.

**Prepayment Premiums**..... Prepayment Premiums, if any, received by the Mortgage Loan Servicer with respect to the Mortgage Loan will be paid to the Bond Credit Enhancer pursuant to the Reimbursement Agreement. Pursuant to the Reimbursement Agreement, the Bond Credit Enhancer may, in its sole discretion, waive any event of default caused by the failure of the borrower to pay a Prepayment Premium in connection with any prepayment of the Mortgage Loan. The certificateholders will not be entitled to receive any Prepayment Premiums. See “Risk Factors—Risks Related to the Certificates—The Bonds May Experience a Higher Than Expected Rate of Prepayment Due to the Right of the Bond Credit Enhancer to Cause the Waiver of Prepayment Premiums and Due to Limited Prepayment Protection” in this information circular.

**Reductions of Certificate Principal Balances in Connection with Losses and Expenses** ..... As and to the extent described under “Description of the Certificates—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” in this information circular, losses on, and default-related or other unanticipated issuing entity expenses attributable to, (i) the Tax-Exempt Bonds will be allocated on each distribution date, after making distributions on such distribution date, to reduce the outstanding principal balance of the class ATE certificates and (ii) the Taxable Bonds will be allocated on each distribution date, after making distributions on such distribution date, to reduce the outstanding principal balance of the class AT certificates. Any reduction of the outstanding principal balances of the Principal Balance Certificates will also result in a corresponding reduction in the notional amount of the class XTE or XT certificates, as applicable.

However, Freddie Mac will be required under its guarantee to pay the holder of any Principal Balance Certificate an amount equal to any such loss allocated to its Principal Balance Certificates as set forth in “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this information circular.

**Reports to Certificateholders**..... On each distribution date, the certificate administrator will be required to provide or make available to any Privileged Person a monthly report substantially in the form of and containing the information substantially as required by Exhibit B. The certificate administrator’s report will be required to detail, among other things, the distributions made to the certificateholders on that distribution date and the performance of the Bonds and the mortgaged real property. The certificate administrator will also be required to make available to any Privileged Person via its website initially located at <https://tss.sfs.db.com/investpublic>, certain Bond information as presented in the standard CREFC Investor Reporting Package® in accordance with the Trust Agreement.

You may also review via the certificate administrator’s website or, upon reasonable prior notice, at the trust administrator’s or the

certificate administrator's offices during normal business hours, a variety of information and documents that pertain to the Bonds and the mortgaged real property. Borrower operating statements, rent rolls and property inspection reports will be available at the office of the trust administrator. There are restrictions on the information that may be made available to you if you are a borrower or an affiliate of the borrower with respect to the Mortgage Loan.

See "Description of the Certificates—Reports to Certificateholders and Freddie Mac; Available Information" in this information circular.

**Deal Information/Analytics**..... Certain information concerning the Bonds and the certificates may be available through the following services:

- BlackRock Financial Management, Inc., Bloomberg, L.P., Moody's Analytics, Trepp, LLC, Intex Solutions, Inc., CMBS.com and Thomson Reuters Corporation; and
- the certificate administrator's website initially located at <https://tss.sfs.db.com/investpublic>.

**Repurchase Obligation**..... If the Bond Seller has been notified of, or itself has discovered, a breach of any of its representations and warranties that materially and adversely affects the value of any Bond or any interests of the holders of any class of certificates, then the Bond Seller will be required to either cure such breach or repurchase the affected Bond from the issuing entity. If the Bond Seller opts to repurchase any affected Bond, such repurchase would have the same effect on the certificates as a prepayment in full of such Bond (without payment of any Prepayment Premium). See "Description of the Bonds—Cures and Repurchases" in this information circular.

**Optional Termination**..... Freddie Mac and any Third Party Trust Administrator, in that order, will have the option to purchase all of the Bonds and all other property remaining in the issuing entity on any distribution date on which the total Stated Principal Balance of the Bonds is less than 10.0% of the initial Bond pool balance.

If Freddie Mac or any Third Party Trust Administrator exercises this option, the issuing entity will terminate and all outstanding certificates will be retired, as described in more detail under "The Trust Agreement—Termination" in this information circular.

**Denominations** ..... The certificates will be issuable in registered form, in the denominations set forth under "Description of the Certificates—Registration and Denominations" in this information circular.

**Physical Certificates** ..... Freddie Mac will hold the certificates in the form of fully registered physical certificates. Freddie Mac will include the certificates in pass-through pools that it will form for its series K-SKY structured pass-through certificates (the "SPCs").

## Legal and Investment Considerations

**Federal Income Tax Consequences** ..... The assets of the issuing entity will be held in two separate grantor trusts for U.S. federal income tax purposes. The class ATE and XTE certificates will represent beneficial ownership interests in a grantor trust that will contain the Tax-Exempt Bonds and the proceeds from such Bonds. The class AT and XT certificates will represent beneficial ownership interests in a grantor trust that will contain the Taxable Bonds and the proceeds from such Bonds.

Neither the issuing entity nor any portion of the issuing entity will be classified as an association taxable as a corporation, a publicly traded partnership taxable as a corporation or a taxable mortgage pool taxable as a corporation for U.S. federal income tax purposes.

Interest on the class ATE and XTE certificates is generally expected to be exempt from federal income taxation and taxation by the State of New York and any political subdivision of the State of New York (including the City of New York) as and to the extent described in “Certain Federal Income Tax Consequences” in this information circular. Interest on the class AT and XT certificates is included in gross income for Federal income tax purposes pursuant to the Code and is generally expected to be exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York (including The City of New York) as and to the extent described in “Certain Federal Income Tax Consequences” in this information circular.

For a description of the tax opinions that our counsel will be issuing on the Closing Date and a more detailed discussion of the federal income tax aspects of investing in the certificates, see “Certain Federal Income Tax Consequences” in this information circular.

**Investment Considerations** ..... The rate and timing of payments and other collections of principal on or with respect to the Bonds will affect the yield to maturity on each class of certificates.

If you purchase Principal Balance Certificates at a premium, then a faster than anticipated rate of payments and other collections of principal on the Bonds could result in a lower than anticipated yield to maturity with respect to those certificates. Conversely, if you purchase Principal Balance Certificates at a discount, a slower than anticipated rate of payments and other collections of principal on the Bonds could result in a lower than anticipated yield to maturity with respect to those certificates.

The yield to maturity on the Principal Balance Certificates could be adversely affected if the interest rate on the Bonds becomes capped at the Maximum Interest Rate.

The yield to maturity on the Principal Balance Certificates will be highly sensitive to changes in the levels of LIBOR such that decreasing levels of LIBOR will have a negative effect on such certificateholders. In addition, prevailing market conditions may increase the margin above LIBOR at which comparable securities are being offered, which would cause the Principal Balance Certificates to decline in value.

If you are contemplating the purchase of class XTE or XT certificates, you should be aware that—

- the yield to maturity on the class XTE and XT certificates will be highly sensitive to the rate and timing of principal prepayments and other liquidations on or with respect to the Bonds,
- a faster than anticipated rate of payments and other collections of principal on the Bonds could result in a lower than anticipated yield to maturity with respect to the class XTE and XT certificates,
- an extremely rapid rate of amortization, prepayments and/or liquidations on or with respect to the Bonds could result in a substantial loss of your initial investment with respect to the class XTE and XT certificates, and
- the yield to maturity on the class XT certificates will be more sensitive to the rate and timing of principal payments, including prepayments, on the Bonds than the yield to investors on the class XTE certificates because, pursuant to the bond documents, any prepayment of the Bonds will be applied first, to reduce the outstanding principal amount of the Taxable Bonds until such outstanding principal amount is reduced to zero, and then to reduce the outstanding principal amount of the Tax-Exempt Bonds.

We have not engaged any nationally recognized statistical rating organization (“NRSRO”), as defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to rate any class of certificates. The absence of ratings may adversely affect the ability of an investor to purchase or retain, or otherwise impact the liquidity, market value and regulatory characteristics of, the certificates.

See “—The Certificates—Interest Distributions” above and “Risk Factors—Risks Related to the Certificates—The Certificates Have Uncertain Yields to Maturity” and “Yield and Maturity Considerations” in this information circular.

If your investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities, then you may be subject to restrictions on investment in the certificates. You should consult your own legal advisors for assistance in determining the suitability of and consequences to you of the purchase, ownership, and sale of the certificates.

**Credit Risk Retention**..... For information as to the compliance of this transaction with the FHFA’s Credit Risk Retention Rule (12 C.F.R. Part 1234), see “Description of Freddie Mac—Credit Risk Retention” in this information circular.

## The Bonds

**General** ..... We intend to include in the issuing entity 4 mortgage bonds, which we refer to in this information circular as the “Bonds” and which are secured by a Mortgage Loan that is secured by the multifamily mortgaged real property known as the Sky Apartments, located at 605 West 42nd Street, New York, New York, which is more particularly described on Exhibit A-1. We refer to such mortgaged real property as the “mortgaged real property” securing the Mortgage Loan. In this section, “—The Bonds,” we provide summary information with respect to the Bonds. For more detailed information regarding the Bonds, you should review the following sections in this information circular:

- “Risk Factors—Risks Related to the Bonds”;
- “Description of the Bonds”;
- Exhibit A-1—Certain Characteristics of the Bonds and the Mortgaged Real Property; and
- Exhibit A-2—Description of the Mortgaged Real Property, the Mortgage Loan and the Bonds.

When reviewing the information that we have included in this information circular with respect to the Bonds or the mortgaged real property, please note that—

- The information regarding the Bonds describes the characteristics of the Bonds solely in the initial Index Rate Period in effect on the Cut-off Date and does not describe any other interest rate mode on the Bonds. In connection with any change in interest rate mode on the Bonds, the Bonds will be subject to mandatory tender in whole. See “Description of the Bonds—Certain Provisions of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates” in this information circular.
- The information regarding the Bonds only describes the characteristics of the Bonds up to the earlier of (i) a Change Date or (ii) the Extraordinary Mandatory Tender Date. On either such date, the Bonds will be subject to mandatory tender for purchase. In connection with the scheduled termination of the Credit Enhancement Agreement, the Bonds will be subject to mandatory tender on the Extraordinary Mandatory Tender Date unless the Bond Credit Enhancer extends the Scheduled Termination Date in its sole discretion. However, in the event the Scheduled Termination Date is extended, the Guarantor will be required, pursuant to the Freddie Mac Guarantee, to make a Balloon Guarantor Payment in an amount equal to the amount of principal that otherwise would have been paid on the Principal Balance Certificates if such Bond had been paid in full on what would have been its Extraordinary Mandatory Tender Date absent such extension. If the Bond Credit Enhancer fails to honor a payment under the Credit Enhancement Agreement on the Extraordinary Mandatory Tender Date, the Bonds will either be subject to mandatory tender in whole in connection with the delivery of an alternate credit facility for the Bonds or subject to mandatory

redemption in whole as described under “Description of the Bonds—Certain Provisions of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates” and “—Extraordinary Redemption” in this information circular.

- All numerical information provided with respect to the Bonds is provided on an approximate basis.
- All weighted average information provided with respect to the Bonds reflects a weighting based on their respective Cut-off Date Principal Balances. We show the Cut-off Date Principal Balance for each of the Bonds on Exhibit A-1.
- In calculating the respective Cut-off Date Principal Balances of the Bonds, we have assumed that:
  1. all scheduled payments of principal and/or interest due on the Bonds on or before their respective due dates in September 2017 are timely made; and
  2. there are no prepayments or other unscheduled collections of principal with respect to any of the Bonds up to and including September 1, 2017.
- Statistical information regarding the Bonds may change prior to the Closing Date due to changes in the composition of the Bond pool prior to that date.

**Source of the Bonds** ..... We did not issue the Bonds. We will acquire the Bonds from Freddie Mac, the Bond Seller, pursuant to a Bond purchase agreement dated as of the Cut-off Date (the “Bond Purchase Agreement”). Each Bond was issued by the New York State Housing Finance Agency, and was acquired by Freddie Mac.

For a description of the underwriting criteria utilized in connection with the acquisition of each of the Bonds, see “Description of the Bonds—Underwriting Matters” in this information circular.

**The Bonds** ..... The following 4 bonds will be included in the issuing entity:

- \$84,000,000 New York State Housing Finance Agency 605 West 42nd Street Housing Revenue Bonds, 2014 Series A (the “2014 Series A Bonds”);
- \$375,000,000 New York State Housing Finance Agency 605 West 42nd Street Housing Revenue Bonds, 2014 Series B (Federally Taxable) (the “2014 Series B Bonds”);
- \$80,000,000 New York State Housing Finance Agency 605 West 42nd Street Housing Revenue Bonds, 2015 Series A (the “2015 Series A Bonds”); and
- \$11,000,000 New York State Housing Finance Agency 605 West 42nd Street Housing Revenue Bonds, 2017 Series A (Federally Taxable) (the “2017 Series A Bonds”).

In this information circular, we refer to (i) the 2014 Series A Bonds and the 2015 Series A Bonds as the “Tax-Exempt Bonds”, (ii) the 2014 Series B Bonds and the 2017 Series A Bonds as the “Taxable Bonds” and (iii) the 2014 Series A Bonds, the 2014 Series B Bonds, the 2015 Series A Bonds and the 2017 Series A Bonds as the “Bonds”.

**Bond Issuer**..... The New York State Housing Finance Agency (the “Agency”) issued each Bond. See “Description of the Bond Issuer, the Bond Trustee and the Bond Credit Enhancer—The Bond Issuer” in this information circular for information regarding the Agency.

**Bond Trustee**..... The Bank of New York Mellon, New York, New York, is the bond trustee (the “Bond Trustee”). Among other things, the Bond Trustee will be required collect payments of principal and/or interest on the Mortgage Loan from the Bond Credit Enhancer and distribute such payments to bondholders (i.e. the issuing entity) by making payments to DTC. See “Description of the Bond Issuer, the Bond Trustee and the Bond Credit Enhancer—The Bond Trustee” in this information circular for information regarding the Bond Trustee.

**Bond Credit Enhancer** ..... Freddie Mac will provide credit enhancement with respect to the Bonds pursuant to the credit enhancement agreement, dated as of August 1, 2017 (the “Credit Enhancement Agreement”), between Freddie Mac (in such capacity, the “Bond Credit Enhancer”) and the Bond Trustee. As Bond Credit Enhancer, Freddie Mac will be required to make payments of principal and/or interest on the Mortgage Loan and/or pay the Bond Purchase Price (in connection with a mandatory tender as described in “—Optional Redemption and Mandatory Tender of the Bonds” below) to the Bond Trustee and will be entitled to collect payments of principal and interest on the Mortgage Loan from the borrower as reimbursement. See “Description of Freddie Mac” in this information circular.

**Payment and Other Terms** ..... Each of the Bonds is the obligation to repay a specified principal amount with interest. Each of the Bonds is payable from amounts received from the borrower in payment of the Mortgage Loan. Such payment obligation of the borrower with respect to principal and interest and the Bond Purchase Price (in connection with a mandatory tender as described in “—Optional Redemption and Mandatory Tender of the Bonds” below) is guaranteed by the Bond Credit Enhancer.

Interest accrues on each Bond, commencing on August 10, 2017, at a *per annum* rate equal to (i) from August 10, 2017 to and including August 31, 2017, 1.74167% and (ii) commencing in September 2017, One-Month LIBOR (truncated at the fifth decimal place) plus 0.51%, subject to a cap equal to the lesser of (a) 15% *per annum* or (b) the highest rate the Agency may legally pay as interest on the Bonds (in either case, the “Maximum Interest Rate”). However, if at any time One-Month LIBOR is less than zero, One-Month LIBOR will be deemed to be zero.

Interest accrues on each Bond on an Actual/360 Basis. Interest is payable on the first Business Day of each calendar month, beginning in September 2017. However, the first interest payment into the issuing entity is scheduled to occur in October 2017.

There are no scheduled payments of principal on the Bonds prior to the Extraordinary Mandatory Tender Date while any Tax-Exempt Bonds are outstanding.

The Bonds mature on May 1, 2048. However, each Bond is anticipated to be repaid pursuant to a mandatory tender in connection with the termination of the Credit Enhancement Agreement. The Credit Enhancement Agreement is scheduled to terminate on the Scheduled Termination Date. In connection with the Scheduled Termination Date, the Bonds will be subject to mandatory tender for purchase on the Extraordinary Mandatory Tender Date as described under the Resolution unless such Scheduled Termination Date is extended by the Bond Credit Enhancer in its sole discretion. However, in the event the Scheduled Termination Date is extended, the Guarantor will be required, pursuant to the Freddie Mac Guarantee, to make a Balloon Guarantor Payment in an amount equal to the amount of principal that otherwise would have been paid on the Principal Balance Certificates if such Bond had been paid in full on what would have been its Extraordinary Mandatory Tender Date absent such extension. See “—The Credit Enhancement Agreement—Scheduled Credit Enhancement Termination Date; Extraordinary Mandatory Tender Date” below.

**Delinquency Status** ..... None of the Bonds were 30 days or more delinquent with respect to any monthly debt service payment as of the Cut-off Date.

**Security for the Bonds** ..... The Bonds are special revenue obligations of the Agency. As such, the Bonds are payable by the Agency solely from, and secured by, a pledge of monies and investments held in certain funds and accounts established by the Resolution. The Bonds are also payable from the proceeds of the Credit Enhancement Agreement. The Bonds are also payable from and secured by a pledge of all mortgage repayments and principal reserve payments received on the Mortgage Loan.

The Agency has no taxing power. The Bonds are not a debt of the State of New York. The State of New York is not liable on the Bonds and is under no legal or moral obligation to provide monies to make up any deficiency in any of the funds or accounts established by the Resolution.

Except for the obligation of Freddie Mac, as Bond Credit Enhancer, to provide credit enhancement on the Bonds as described in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular, none of the Bonds is insured or guaranteed by any governmental agency or instrumentality or by any private mortgage insurer.

**Optional Redemption and Mandatory Tender of the Bonds** ..... After September 1, 2018, the Agency has the option to redeem the Bonds (with the prior written consent of the Bond Credit Enhancer), in whole on any date or in part on any interest payment date, at a Redemption Price of 100% of the principal amount of the Bonds or the principal amount of the portions of the Bonds to be redeemed, respectively, plus accrued interest to the date of redemption. However, pursuant to the Financing Agreement, the Agency has agreed that, provided there is no continuing event of default under the Resolution,

the Agency will not exercise such option to redeem any or all of the Bonds without the borrower’s prior consent. In addition, pursuant to the Reimbursement Agreement, (i) the borrower will have the right, after September 1, 2018, to cause the Agency to call the Bonds in whole for optional redemption in accordance with the terms of the Resolution in connection with an optional prepayment of the Mortgage Loan in whole, *provided* that such prepayment and corresponding redemption must occur on the first Business Day of a calendar month, and (ii) except in connection with the failure of the borrower to obtain the tax abatement as described under “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement Prepayment” in this information circular, the borrower may not cause the Agency to call the Bonds for optional redemption in part, notwithstanding any right of the borrower to do so under the Resolution. See “Description of the Bonds—Optional Redemption” in this information circular.

In lieu of redemption, the Bonds are also subject to mandatory tender in whole at any time after September 1, 2018 in connection with certain events, including the borrower’s replacement of Freddie Mac as the Bond Credit Enhancer, at a purchase price of 100% of the principal amount of the Bonds plus accrued interest to, but not including, the date of mandatory tender (the “Bond Purchase Price”). See “Description of the Bonds—Certain Provisions of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates” in this information circular.

**Extraordinary Redemption of the Bonds**.....

The Bonds are also subject to mandatory redemption by the Agency at any time, in whole or in part by lot, at a Redemption Price of 100% of the principal amount of such Bonds or the principal amount of the portions of the Bonds, respectively, to be redeemed, plus accrued interest to the date of redemption as a result of (i) monies derived from net proceeds of insurance or condemnation awards which have been deposited in the revenue fund in accordance with the provisions of the Resolution, (ii) monies derived as a result of a default by the borrower under the Mortgage Loan, or (iii) certain events of mandatory redemption related to the Credit Enhancement Agreement as more particularly described in “Description of the Bonds—Certain Provisions of the Bonds—Extraordinary Redemption” in this information circular.

**Tax Matters Regarding the Tax-Exempt Bonds**.....

On August 10, 2017, Hawkins Delafield & Wood LLP, bond counsel to the Agency (“Bond Counsel”), rendered its opinion that, under existing statutes and court decisions, (i) interest on the Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion was expressed as to such exclusion of interest on any Tax-Exempt Bond for any period during which such Tax-Exempt Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities financed with the proceeds of the Tax-Exempt Bonds or a “related person,” and (ii) interest on the Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not

included in adjusted current earnings of corporations for purposes of calculating the alternative minimum tax.

On July 31, 2014 and December 8, 2015, respectively, Bond Counsel to the Agency rendered its opinions that, under existing statutes, interest on the Tax-Exempt Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York (including The City of New York).

See “Description of the Bonds—Tax Matters” in this information circular. However, certain limitations may apply to holders of the Tax-Exempt Certificates. See “Certain Federal Income Tax Consequences—Tax-Exemption of the Tax-Exempt Bonds” in this information circular.

**Tax Matters Regarding the Taxable Bonds** .....

On July 31, 2014 and August 10, 2017, respectively, Bond Counsel rendered its opinions that interest on the Taxable Bonds (i) is included in gross income for Federal income tax purposes pursuant to the Code and (ii) is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York (including The City of New York).

See “Description of the Bonds—Tax Matters” in this information circular.

**Rating of the Bonds** .....

The Bonds were initially rated “Aaa” by Moody’s in connection with the issuance of the Bonds.

**Alternate Security for the Bonds** .....

If the rating of the Bond Credit Enhancer is downgraded below one of the three highest long-term rating categories by Moody’s (or the rating agency then rating the Bonds), the Agency could require the borrower to provide a substitute credit facility for the Bonds. If this occurs, the Bonds would be subject to mandatory tender in whole on the date of such substitution. See “Description of the Bonds—Security for the Bonds—Alternate Security” in this information circular.

**The Mortgage Loan**

**The Mortgaged Real Property** .....

The mortgaged real property is a multifamily property known as the Sky Apartments, located at 605 West 42nd Street, New York, New York. The mortgaged real property contains 1,175 residential units. See “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Mortgaged Real Property” in this information circular.

**Borrower and the Sponsor Of the Borrower** .....

605 West 42nd Owner LLC, a Delaware limited liability company, and 605 West 42nd AHO LLC, a Delaware limited liability company, are collectively the borrower pursuant to a mortgage loan (the “Mortgage Loan”) made by the Agency to the borrower with respect to the mortgaged real property.

The sponsor of the borrower is The Moinian Group.

See “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Borrower” and “—The Sponsor of the Borrower” in this information circular.

**Property Manager** ..... Columbus Property Management LLC, a New York limited liability company (“Columbus Management”), is the property manager (the “Property Manager”) with respect to the mortgaged real property. Columbus Management is affiliated with the borrower and sponsor of the borrower. See “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Property Manager” in this information circular for more information regarding the Property Manager.

**Mortgage Loan Servicer**..... Greystone Servicing Corporation, Inc. (“Greystone”) will be the servicer of the Mortgage Loan and the Reimbursement Mortgage (as described in “—The Reimbursement Agreement” below) (Greystone, or any successor servicer of the Mortgage Loan appointed by the Bond Credit Enhancer, the “Mortgage Loan Servicer”). Greystone’s principal servicing office is located at 419 Belle Air Lane, Warrenton, Virginia 20186.

Pursuant to a servicing agreement, dated as of August 1, 2017 (the “Mortgage Loan Servicing Agreement”), between the Bond Credit Enhancer and the Mortgage Loan Servicer, the Mortgage Loan Servicer will be required to service the Mortgage Loan and the Reimbursement Mortgage in accordance with the Guide, as modified by the commitment, dated as of July 25, 2017 (the “Commitment”), between the Bond Credit Enhancer and the Mortgage Loan Servicer, which requires the Mortgage Loan Servicer to provide certain CREFC® reports.

Pursuant to the assignment and intercreditor agreement, dated August 1, 2017 (the “Assignment and Intercreditor Agreement”), among the Agency, the Bond Trustee, the Bond Credit Enhancer and the borrower, so long as the Credit Enhancement Agreement is in effect and no Wrongful Dishonor exists, Freddie Mac will, in its discretion, have the sole and exclusive (a) right to appoint the Mortgage Loan Servicer and arrange for the servicing of the Mortgage Loan and the assigned documents, *provided* such servicing will be performed by a Freddie Mac approved seller servicer in accordance with the terms and conditions of the Freddie Mac Delegated Underwriting for Targeted Affordable Housing Guide and the Guide (as applicable) (in their present form and as each may be amended, modified, supplemented or reissued from time to time), (b) power and authority, on its own behalf and/or on behalf of the Bond Trustee and the Agency, to do or refrain from doing any act in connection with the Mortgage Loan and/or the assigned documents, including any act provided for in the Assignment and Intercreditor Agreement and (c) right to remove the Mortgage Loan Servicer (for any reason), terminate its right to service the Mortgage Loan, and appoint a new Mortgage Loan Servicer.

The Mortgage Loan Servicer is solely the Bond Credit Enhancer’s servicer and does not service the Mortgage Loan for the benefit of the holder of the Bonds. If the Credit Enhancement Agreement is no longer in effect or if there is a Wrongful Dishonor of the Bond Credit Enhancer’s obligations under the Credit Enhancement Agreement, the Bond Credit Enhancer will no longer have the right to appoint a

Mortgage Loan Servicer and the Mortgage Loan Servicer will no longer have the right to service the Mortgage Loan. In such event, there may be no servicer for the Mortgage Loan.

See “Description of the Mortgage Loan—Servicing of the Mortgage Loan” in this information circular.

**Payment and Other Terms** .....

The Mortgage Loan is the obligation of the borrower to repay the outstanding amount of the Mortgage Loan with interest. The Bond Credit Enhancer guarantees the borrower’s repayment obligations with respect to the Mortgage Loan.

The Mortgage Loan has an outstanding principal balance of \$550,000,000 as of the Cut-off Date.

Interest accrues on the Mortgage Loan commencing on August 10, 2017, at the same interest rate as the Bonds (the “Mortgage Loan Pass-Through Rate”) plus certain fees payable with respect to the Mortgage Loan Servicer and the Bond Credit Enhancer and certain other fees related to the Bonds as described in “—The Reimbursement Agreement—Fees” below. Interest at the Mortgage Loan Pass-Through Rate accrues on the Mortgage Loan on an Actual/360 Basis. Interest is payable no later than the second Business Day immediately preceding the first day of each month, beginning on September 1, 2017.

There are no scheduled payments of principal on the Mortgage Loan prior to the Extraordinary Mandatory Tender Date.

The Mortgage Loan matures on May 1, 2048, which is the same as the maturity date for the Bonds. The borrower is required to pay the principal of the Mortgage Loan in full on the maturity date or at such earlier times and in such amounts as may be required on to equal the payment of principal due on the Bonds in the event of an optional or mandatory prepayment of the Bonds.

The borrower’s repayment obligations under the Mortgage Loan will be reduced from time to time by and to the extent of any amounts drawn under the Credit Enhancement Agreement and applied to the payment of debt service on the Bonds, *provided* that such reductions will be credited only at the times and to the extent the borrower has reimbursed the Bond Credit Enhancer fully for such amounts.

Repayment of the Mortgage Loan is secured by a mortgage lien in favor of the Agency on the fee interest of the borrower in the mortgaged real property, which mortgage lien has been assigned to the Bond Trustee and the Bond Credit Enhancer pursuant to the Assignment and Intercreditor Agreement. See “Description of the Assignment and Intercreditor Agreement” in this information circular.

Except with respect to certain limited nonrecourse carveouts, the Mortgage Loan is nonrecourse to the borrower. Except for the obligation of Freddie Mac, as Bond Credit Enhancer, to provide credit enhancement on the Mortgage Loan as described in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular, the Mortgage

Loan is not insured or guaranteed by any governmental agency or instrumentality or by any private mortgage insurer.

**Delinquency Status** ..... The Mortgage Loan was not 30 days or more delinquent with respect to any monthly debt service payment as of the Cut-off Date.

**Prepayment Characteristics  
of the Mortgage Loan** .....

The Bonds are not subject to optional redemption until after September 1, 2018. Therefore, the Mortgage Loan cannot be voluntarily prepaid until after September 1, 2018.

In addition, if the borrower prepays the Mortgage Loan during the period from the origination date until the date that is 114 months after the origination date (the “Prepayment Premium Period”), the borrower will be required to pay as a prepayment premium, for remittance to the Bond Credit Enhancer, an amount equal to the sum of (i) the present value (discounted at the applicable discount rate) of the monthly payments of the Credit Facility Fee and the Servicing Fee that would have been earned during the remainder of such Prepayment Premium Period had such event not occurred, plus (ii) 1.0% of the outstanding principal balance of the Mortgage Loan (collectively, the amounts set forth in clauses (i) and (ii), the “Prepayment Premium”). See “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement” in this information circular. No such prepayment premiums will be payable to any certificateholders.

In addition, the Reimbursement Agreement requires the borrower to prepay the Mortgage Loan in part if a tax abatement expected to benefit the mortgaged real property is not obtained. See “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement Prepayment,” in this information circular.

See “Description of the Mortgage Loan—Certain Terms and Conditions of the Bonds—Release of Property Through Prepayment” in this information circular.

**Encumbered Interests** ..... The Mortgage Loan is secured by the fee interest of the borrower in the mortgaged real property.

As of the date of this information circular, the mortgaged real property is not encumbered by subordinate liens except for certain limited permitted encumbrances that are described in this information circular. See “Risk Factors—Risks Related to the Mortgage Loan—Subordinate Financing Increases the Likelihood That the Borrower Will Default on the Mortgage Loan,” “—The Borrower’s Other Loans May Reduce the Cash Flow Available to Operate and Maintain the Mortgaged Real Property or May Interfere with the Issuing Entity’s Rights Under the Mortgage Loan, Thereby Adversely Affecting Distributions on the Certificates,” “Description of the Mortgage Loan—General” and “—Certain Terms and Conditions of the Mortgage Loan—Permitted Additional Debt” in this information circular.

**The Credit Enhancement Agreement**

**The Bond Credit Enhancer** ..... Freddie Mac will be the Bond Credit Enhancer.

Pursuant to the Credit Enhancement Agreement, the Bond Credit Enhancer agreed to make certain Guaranteed Payments related to the Mortgage Loan and to pay the Bond Purchase Price to the Bond Trustee under certain circumstances, as in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular.

**Scheduled Credit Enhancement**

**Termination Date; Extraordinary**

**Mandatory Tender Date**.....

The Credit Enhancement Agreement is scheduled to terminate on August 18, 2027 (the “Scheduled Termination Date”).

In connection with the Scheduled Termination Date, the Bonds will be subject to mandatory tender for purchase on the Extraordinary Mandatory Tender Date as described under “Description of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates” in this information circular, unless such Scheduled Termination Date is extended by the Bond Credit Enhancer in its sole discretion. However, in the event the Scheduled Termination Date is extended, the Guarantor will be required, pursuant to the Freddie Mac Guarantee, to make a Balloon Guarantor Payment in an amount equal to the amount of principal that otherwise would have been paid on the Principal Balance Certificates if such Bond had been paid in full on what would have been its Extraordinary Mandatory Tender Date absent such extension. Additionally, upon replacement of the Credit Enhancement Agreement with an Alternate Security, the Bonds are subject to mandatory tender as described under “Description of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates” in this information circular.

**The Reimbursement Agreement**

**General**.....

The obligation of the borrower to reimburse amounts advanced by Freddie Mac under the Credit Enhancement Agreement is evidenced by the reimbursement agreement and security agreement, dated as of August 1, 2017, and amended as of September 1, 2017 (as amended, the “Reimbursement Agreement”), between the borrower and Freddie Mac. Pursuant to the Reimbursement Agreement, the borrower agrees to repay the Bond Credit Enhancer all money the Bond Credit Enhancer advances to the Bond Trustee under the Credit Enhancement Agreement to make payments on the Mortgage Loan as well as any payments to purchase the Bonds upon a failed remarketing. The borrower’s obligations under the Reimbursement Agreement are secured by a Multifamily Mortgage, Assignment of Rents and Security Agreement, dated as of August 10, 2017 (together with all riders and addenda, the “Reimbursement Mortgage”), in favor of the Bond Credit Enhancer and constituting a second priority lien on the mortgaged real property subordinate to the Mortgage. The Reimbursement Mortgage solely secures the borrower’s obligations to the Bond Credit Enhancer and does not secure the Bonds. See “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the

Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement” in this information circular.

**Fees** ..... The Reimbursement Agreement also requires the borrower to pay to the Bond Credit Enhancer (i) a credit facility fee (the “Credit Facility Fee”) equal to 0.70% *per annum* and (ii) a servicing fee (the “Servicing Fee”) equal to 0.05% *per annum*. In addition, the borrower must pay certain other fees related to the Bonds as described in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement” in this information circular.

**Prepayment Premium** ..... Pursuant to the Reimbursement Agreement, the borrower is required to pay to the Bond Credit Enhancer any prepayment premiums due under the Mortgage Loan. See “—The Mortgage Loan—Prepayment Characteristics of the Mortgage Loan” above.

**Additional Statistical Information**

**General Characteristics**..... The Bonds that we intend to include in the issuing entity will have the following general characteristics as of September 1, 2017:

	<b>Bond Pool</b>
Initial Bond pool balance <sup>(1)</sup> .....	\$550,000,000
Initial Tax-Exempt Bond pool balance <sup>(1)</sup> .....	\$164,000,000
Initial Taxable Bond pool balance <sup>(1)</sup> .....	\$386,000,000
Number of Bonds.....	4
Number of Mortgage Loans.....	1
Number of mortgaged real properties.....	1
Largest Cut-off Date Principal Balance.....	\$375,000,000
Smallest Cut-off Date Principal Balance.....	\$11,000,000
Average Cut-off Date Principal Balance.....	\$137,500,000
Gross Interest Rate Margin.....	1.43455%
Net Interest Rate Margin.....	0.51%
LIBOR cap strike rate <sup>(2)</sup> .....	3.75%
Original term to Extraordinary Mandatory Tender Date.....	120
Remaining term to Extraordinary Mandatory Tender Date....	119
Original term to maturity.....	369
Remaining term to maturity.....	368
Weighted average Underwritten Debt Service Coverage Ratio <sup>(3)</sup> .....	2.40x
Weighted average Underwritten Debt Service Coverage Ratio at LIBOR cap strike rate <sup>(2)(3)</sup> .....	1.65x
Weighted average Cut-off Date LTV.....	41.7%

- (1) Subject to a variance of plus or minus 5%.
- (2) With respect to the Mortgage Loan, the borrower purchased an Interest Rate Cap Agreement from SMBC Capital Markets, Inc. that is currently in place. This Interest Rate Cap Agreement is reflected in the weighted average Underwritten Debt Service Coverage Ratio at LIBOR cap strike rate calculations. The Interest Rate Cap Agreement is collateral for the borrower's reimbursement obligations to the Bond Credit Enhancer, not for the Bonds, the Mortgage Loan or the certificates.
- (3) Underwritten Debt Service Coverage Ratio calculations are based on Underwritten Net Cash Flow and interest-only payments on the Mortgage Loan at the Gross Interest Rate set forth on Exhibit A-1 of 2.93455%. Each Underwritten Debt Service Coverage Ratio assumes LIBOR of 1.50000%.

In reviewing the foregoing table, please note that the Underwritten Net Cash Flow for the mortgaged real property (which is the basis for the Underwritten Debt Service Coverage Ratio for each Bond) is an estimated number based on numerous assumptions that may not necessarily reflect recent historical performance and may not ultimately prove to be an accurate prediction of future performance.

Except as described in this information circular as to any subordinate mortgage, none of the Bonds is cross-collateralized or cross-defaulted with any bond that is not in the issuing entity or any mortgage loan other than the Mortgage Loan.

## RISK FACTORS

The risks and uncertainties described below summarize the material risks in connection with the purchase of the certificates. All numerical information concerning the Bonds is provided on an approximate basis.

### **The Certificates May Not Be a Suitable Investment for You**

The certificates are not suitable investments for all investors. In particular, you should not purchase any class of certificates unless you understand and are able to bear the prepayment, credit, liquidity and market risks associated with that class of certificates. For those reasons and for the reasons set forth in these “Risk Factors,” the yield to maturity and the aggregate amount and timing of distributions on the certificates are subject to material variability from period to period and give rise to the potential for significant loss over the life of the certificates to the extent the Guarantor does not make Guarantor Payments on the certificates. The interaction of these factors and their effects are impossible to predict and are likely to change from time to time. As a result, an investment in the certificates involves substantial risks and uncertainties and should be considered only by sophisticated institutional investors with substantial investment experience with similar types of securities.

### **Combination or “Layering” of Multiple Risks May Significantly Increase Risk of Loss**

Although the various risks discussed in this information circular are generally described separately, you should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor in the certificates may be significantly increased.

### **Risks Relating to the Bond Seller, Guarantor, Bond Credit Enhancer and Trust Administrator**

***The Conservator May Repudiate Freddie Mac’s Contracts, Including Its Guarantee and Other Obligations Related to the Certificates.*** On September 6, 2008, the Federal Housing Finance Agency (“FHFA”) was appointed Freddie Mac’s conservator by the FHFA director. See “Description of Freddie Mac—Freddie Mac Conservatorship” in this information circular. The conservator has the right to transfer or sell any asset or liability of Freddie Mac, including its guarantee obligation, without any approval, assignment or consent. If the conservator were to transfer Freddie Mac’s guarantee obligation to another party, holders of the certificates would have to rely on that party for the satisfaction of the guarantee obligation and would be exposed to the credit risk of that party. Freddie Mac is also the Bond Seller and as such has certain obligations to repurchase Bonds in the event of material breaches of certain representations or warranties. If the conservator were to transfer Freddie Mac’s obligations as Bond Seller to another party, holders of the certificates would have to rely on that party for satisfaction of the repurchase obligation and would be exposed to credit risk of that party. Freddie Mac is also the trust administrator and as such has certain obligations to act as an administrator with respect to certain duties on behalf of the issuing entity as set forth in “The Trust Agreement” in this information circular. If the conservator were to transfer Freddie Mac’s obligations as trust administrator to another party, holders of the certificates would have to rely on that party for satisfaction of the trust administrator’s obligations under the Trust Agreement. Freddie Mac is also the Bond Credit Enhancer and as such has certain obligations to make payments of principal and interest on the Bonds as described in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular. If the conservator were to transfer Freddie Mac’s obligations as Bond Credit Enhancer to another party, (i) if such transfer constitutes an Alternate Security, the Bonds will be subject to mandatory tender as described under the heading “Description of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates” in this information circular and (ii) if such transfer does not constitute an Alternate Security, the holders of the certificates would have to rely on that party to make payments of principal and interest on the Bonds and would be exposed to credit risk of that party. See “Description of the Bonds—Security for the Bonds—Alternate Security” in this information circular.

***Future Legislation and Regulatory Actions Will Likely Affect the Role of Freddie Mac.*** Future legislation will likely materially affect the role of Freddie Mac, its business model, its structure and future results of operations. Some or all of Freddie Mac’s functions could be transferred to other institutions, and it could cease to exist as a stockholder-owned company or at all.

On February 11, 2011, the Obama Administration delivered a report to Congress that lays out the Administration's plan to reform the U.S. housing finance market, including options for structuring the government's long-term role in a housing finance system in which the private sector is the dominant provider of mortgage credit. The report recommends winding down Freddie Mac and Fannie Mae, stating that the Administration will work with FHFA to determine the best way to responsibly reduce the role of Freddie Mac and Fannie Mae in the market and ultimately wind down both institutions. The report recommends using a combination of policy levers to wind down Freddie Mac and Fannie Mae, shrink the government's footprint in housing finance, and help bring private capital back to the mortgage market, including: (i) increasing guarantee fees; (ii) increasing private capital ahead of Freddie Mac and Fannie Mae guarantees and phasing in a 10% down payment requirement; (iii) reducing conforming loan limits; and (iv) winding down Freddie Mac and Fannie Mae's investment portfolios.

In addition to legislative actions, FHFA has expansive regulatory authority over Freddie Mac, and the manner in which FHFA will use its authority in the future is unclear. FHFA could take a number of regulatory actions that could materially adversely affect Freddie Mac, such as changing or reinstating current capital requirements, which are not binding during conservatorship.

On January 20, 2017, a new presidential administration took office. We have no ability to predict what regulatory and legislative policies or actions the new presidential administration will pursue with respect to Freddie Mac.

***FHFA Could Terminate the Conservatorship by Placing Freddie Mac into Receivership, Which Could Adversely Affect the Freddie Mac Guarantee or the Bond Credit Enhancement.*** Under the Federal Housing Finance Regulatory Reform Act (the "Reform Act"), FHFA must place Freddie Mac into receivership if FHFA determines in writing that Freddie Mac's assets are less than its obligations for a period of 60 days. FHFA has notified Freddie Mac that the measurement period for any mandatory receivership determination with respect to Freddie Mac's assets and obligations would commence no earlier than the SEC public filing deadline for its quarterly or annual financial statements and would continue for 60 calendar days after that date. FHFA has also advised Freddie Mac that, if, during that 60-day period, Freddie Mac receives funds from the U.S. Department of the Treasury ("Treasury") in an amount at least equal to the deficiency amount under the senior preferred stock purchase agreement between FHFA, as conservator of Freddie Mac, and Treasury (as amended, the "Purchase Agreement"), the Director of FHFA will not make a mandatory receivership determination.

In addition, Freddie Mac could be put into receivership at the discretion of the Director of FHFA at any time for other reasons, including conditions that FHFA has already asserted existed at the time Freddie Mac was placed into conservatorship. These include: a substantial dissipation of assets or earnings due to unsafe or unsound practices; the existence of an unsafe or unsound condition to transact business; an inability to meet its obligations in the ordinary course of business; a weakening of its condition due to unsafe or unsound practices or conditions; critical undercapitalization; the likelihood of losses that will deplete substantially all of its capital; or by consent. A receivership would terminate the conservatorship. The appointment of FHFA (or any other entity) as Freddie Mac's receiver would terminate all rights and claims that its creditors may have against Freddie Mac's assets or under its charter arising as a result of their status as creditors, other than the potential ability to be paid upon Freddie Mac's liquidation. Unlike a conservatorship, the purpose of which is to conserve Freddie Mac's assets and return it to a sound and solvent condition, the purpose of a receivership is to liquidate Freddie Mac's assets and resolve claims against Freddie Mac.

In the event of a liquidation of Freddie Mac's assets, there can be no assurance that there would be sufficient proceeds to pay the secured and unsecured claims of the company, repay the liquidation preference of any series of its preferred stock or make any distribution to the holders of its common stock. To the extent that Freddie Mac is placed in receivership and does not or cannot fulfill its guarantee or other contractual obligations to the holders of its mortgage-related securities, including the certificates and the Bonds, such holders could become unsecured creditors of Freddie Mac with respect to claims made under Freddie Mac's guarantee or its other contractual obligations.

As receiver, FHFA could repudiate any contract entered into by Freddie Mac prior to its appointment as receiver if FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of Freddie Mac's affairs. The Reform Act requires that any exercise by FHFA of its right to repudiate any contract occur within a reasonable period following its appointment as receiver.

If FHFA, as receiver, were to repudiate Freddie Mac's guarantee obligations, the receivership estate would be liable for actual direct compensatory damages as of the date of receivership under the Reform Act. Any such liability could be satisfied only to the extent that Freddie Mac's assets were available for that purpose.

Moreover, if Freddie Mac's guarantee obligations were repudiated, payments of principal and/or interest to the holders of the certificates would be reduced in the event of the Bond Credit Enhancer's late payment or failure to pay or the trust administrator's failure to remit Bond Credit Enhancer payments into the issuing entity. Any actual direct compensatory damages owed as a result of the repudiation of Freddie Mac's guarantee obligations may not be sufficient to offset any shortfalls experienced by the holders of the certificates.

In addition, Freddie Mac is also the Bond Credit Enhancer and as such has certain obligations to make payments of principal and interest on the Mortgage Loan and the Bond Purchase Price as described in "Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement" in this information circular. If Freddie Mac's obligations as Bond Credit Enhancer are repudiated, the borrower will be the only party available to make payments of principal and interest on the Bonds. In addition, a mandatory redemption or mandatory tender would occur with respect to each of the Bonds as described in "Description of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates" in this information circular due to either the delivery of, or the failure to deliver, an Alternate Security for the Bonds.

The Reform Act also provides that no person may exercise any right or power to terminate, accelerate or declare an event of default under certain contracts to which Freddie Mac is a party, or obtain possession of or exercise control over any property of Freddie Mac, or affect any contractual rights of Freddie Mac, without the approval of FHFA as receiver, for a period of 90 days following the appointment of FHFA as receiver.

If Freddie Mac is placed into receivership and does not or cannot fulfill its guarantee obligations or other contractual obligations under the Trust Agreement, the Credit Enhancement Agreement or the Bond documents, holders of the certificates could become unsecured creditors of Freddie Mac with respect to claims made under its guarantee or other contractual obligations.

## **Risks Related to the Bonds**

***The Bond Credit Enhancer May Fail to Pay the Bonds In Accordance With the Terms of the Credit Enhancement Agreement.*** Pursuant to the Credit Enhancement Agreement, the Bond Credit Enhancer is required to make all payments of principal and interest on the Mortgage Loan and the Bond Purchase Price to the bondholders as described in "Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement" in this information circular. If the Bond Credit Enhancer defaults on its obligations to make such payments, and the borrower fails to make its payments of principal and interest on the Mortgage Loan, the certificateholders would likely incur losses on their certificates. In addition, since the Bond Credit Enhancer is also the Guarantor of the certificates, if the Bond Credit Enhancer defaults on its obligations to make payments on the Bonds, the Guarantor will likely default on its obligations to make payments under the Freddie Mac Guarantee. See "Risks Related to the Certificates—Credit Support Is Limited and May Not Be Sufficient to Prevent Loss on the Certificates" in this information circular.

***The Bond Credit Enhancer May Be Unable to Make the Balloon Payment on the Bonds.*** The Bonds are balloon bonds. Balloon bonds have amortization schedules that are significantly longer than their respective terms, and require only payments of interest for all of their respective terms. The interest-only provision in the Bonds will result in a higher amount of principal outstanding on the Bonds at any particular time, including at the maturity date or the Extraordinary Mandatory Tender Date, than would have otherwise been the case had the Bonds had a shorter interest-only period or not included an interest-only period at all. That higher principal amount outstanding could both (i) make it more difficult for the Bond Credit Enhancer to make the required balloon payment at maturity or at the Extraordinary Mandatory Tender Date or any other mandatory tender date and (ii) lead to increased losses for the issuing entity either during the term of the Bonds or on the Extraordinary Mandatory Tender Date if the Bonds become defaulted. The Bond Credit Enhancer will be required to make a substantial payment of principal and interest, which is commonly called a balloon payment, on the Extraordinary Mandatory Tender Date of the Bonds or

any other mandatory tender date. The ability of the Bond Credit Enhancer to make the balloon payment depends upon the financial condition of the Bond Credit Enhancer.

Neither we nor any of our affiliates, the Bond Seller or the Agency will be obligated to refinance the Bonds.

***Bond Credit Enhancement May Lead to a Faster Prepayment of the Bonds in a Default Scenario Than a Typical Mortgage Loan.*** If the borrower defaults on the Mortgage Loan, the Mortgage Loan Servicer will not be required to advance payments of principal and interest as might a typical servicer of a mortgage loan in a commercial-mortgage-backed securities transaction. Instead, the Bond Credit Enhancer will be obligated to make payments of interest and principal to the bondholders without receiving such payments of principal and interest from the borrower. As a result, the Bond Credit Enhancer may be more likely to direct a mandatory redemption of all or a portion of the Bonds and commence a workout with the borrower (although the Bond Credit Enhancer is not required to do so).

***Future Events Could Have an Adverse Impact on the Ratings Assigned to the Bonds or the Bond Credit Enhancer.*** The Bonds were initially rated “Aaa” by Moody’s in connection with the issuance of the Bonds. The ratings assigned to the Bonds are based on the rating of the Bond Credit Enhancer. The ratings assigned to the Bonds will be subject to ongoing monitoring, upgrades, downgrades, withdrawals and surveillance by Moody’s after the date of issuance of the Bonds. We are not obligated to maintain any particular rating with respect to the Bonds. The ratings assigned by Moody’s to the Bonds could change adversely as a result of changes affecting the Bond Credit Enhancer, or as a result of changes to ratings criteria employed by Moody’s.

In addition, if the rating of the Bond Credit Enhancer is downgraded below one of the three highest long-term rating categories by Moody’s (or the rating agency then rating the Bonds), the Agency could require the borrower to provide substitute credit enhancement for the Bonds. If this occurs, the Bonds would be subject to mandatory tender in whole on the date of such substitution.

***The Bond Credit Enhancer or the Credit Enhancement Agreement Could Be Replaced.*** Generally, pursuant to the Resolution, the replacement of the Bond Credit Enhancer or the Credit Enhancement Agreement with another entity or credit enhancement facility will result in the mandatory tender of the Bonds for the Bond Purchase Price. However, the Bond Credit Enhancer may provide any other form of credit or liquidity facility (or combination of credit and liquidity facility) issued by Freddie Mac, or on its behalf by a federal agency or instrumentality created and backed by the federal government or an agency of the federal government, in substitution for the Credit Enhancement Agreement. Such replacement credit facility will not result in a mandatory tender of the Bonds, so long as, among other things, each Rating Agency confirms that such substitution will not adversely affect such Rating Agency’s rating on the Bonds and the Agency and the Bond Trustee receive an opinion of counsel to Freddie Mac to the effect that such facility is enforceable against Freddie Mac in accordance with its terms and an opinion of Bond Counsel to the effect that such substitution will not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. In such instance, the certificateholders could be exposed to the credit risk of a replacement Bond Credit Enhancer or a replacement credit facility. See “Description of the Bonds—Security for the Bonds—Alternate Security” in this information circular.

***The Tax-Exempt Bonds May Lose Their Tax-Exempt Status.*** The interest on the Tax-Exempt Bonds may be includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Tax-Exempt Bonds for a variety of reasons. The exclusion from gross income is dependent upon, among other things, compliance by the borrower and the Agency with certain restrictions regarding investment of Bond proceeds and continuing compliance by the borrower with the Regulatory Agreement under which enforcement remedies available to the Agency are limited. Failure of the borrower or the Agency to comply with the terms and conditions of the documents relating to the Tax-Exempt Bonds may result in the loss of the tax-exempt status of the interest on the Tax-Exempt Bonds retroactive to the date of issuance of the Tax-Exempt Bonds. See “Description of the Bonds—Tax Matters” in this information circular. A determination of taxability is not an event of default with respect to the Bonds, but it would be an event of default under the Reimbursement Agreement if caused by an action of the borrower, which would allow the Bond Credit Enhancer to cause a mandatory redemption of the Bonds in whole or in part, *provided* that the Bond Credit Enhancer is not required to cause such a redemption, in which event the Tax-Exempt Bonds would remain outstanding with interest being included in gross income for federal income tax purposes.

Moreover, there can be no assurance that the present advantageous provisions of the Code, or the rules and regulations thereunder, will not be retroactively adversely amended or modified. Such amendment or modification could result in the inclusion in gross income of the interest on the Tax-Exempt Bonds for federal income tax purposes or otherwise eliminate or reduce the benefits of the present advantageous tax treatment of the Tax-Exempt Bonds. There can be no assurance that Congress will not adopt legislation applicable to the Tax-Exempt Bonds, the borrower or the mortgaged real property, or that the borrower would be able to comply with any such future legislation in a manner necessary to maintain the tax-exempt status of the Tax-Exempt Bonds.

If interest on the Tax-Exempt Bonds becomes included in gross income for federal income tax purposes, the market for, and value of, the Tax-Exempt Bonds, and consequently the Tax-Exempt Certificates, would be adversely affected.

***The Agency May Issue Additional Bonds With Respect to the Mortgaged Real Property.*** Pursuant to the Resolution, the Agency may issue Additional Bonds with respect to the mortgaged real property if it obtains the consent of the Bond Credit Enhancer. See “Description of the Bonds—The Bonds and the Resolution” in this information circular. Pursuant to the Trust Agreement, Freddie Mac has agreed that it will only grant such consent to the extent that any such Additional Bonds would be made subordinate to the Bonds. See “The Trust Agreement—Additional Covenants of Freddie Mac—Additional Bonds”. The issuance of Additional Bonds would make it more difficult for the Bond Credit Enhancer to make debt service payments on the Bonds or to pay the Bond Purchase Price on the Extraordinary Mandatory Tender Date. In addition, any corresponding increase in the amount of the Mortgage Loan would make it more difficult for the borrower to make debt service payments on the Mortgage Loan to the Bond Credit Enhancer pursuant to the Reimbursement Agreement.

***The Bond Seller May Not Be Able to Make a Required Cure or Repurchase of a Bond Following a Breach of a Representation or Warranty, and has no Obligation to Repurchase or Cure a Bond in the Event of a Document Defect.*** The Bond Seller is the sole warranting party in respect of the Bonds sold by it to us. Neither we nor any of our affiliates are obligated to cure or repurchase any Bond in connection with a material breach of the Bond Seller’s representations and warranties, if the Bond Seller defaults on its obligations to do so. We cannot assure you that the Bond Seller will effect any such cure or repurchase. If the Bond Seller fails to fulfill such obligation, you could experience cash flow disruptions or losses on your certificates, subject to the Freddie Mac Guarantee. In addition, the Bond Seller may have various legal defenses available to it in connection with a cure or repurchase obligation. See “—Risks Relating to the Bond Seller, Guarantor, Bond Credit Enhancer and Trust Administrator” below and “Description of Freddie Mac” and “Description of the Bonds—Cures and Repurchases” in this information circular.

The Bond Seller is only making the limited representations and warranties with respect to the Bonds set forth on Exhibit C-1, which generally relate to the Bond Seller’s ownership of the Bonds, the status of the Bonds and certain federal income tax matters. As a result, the Bond Seller will generally not be obligated to repurchase or cure the Bonds due to issues related to the Mortgage Loan or the mortgaged real property. In addition, the Bond Seller will not be obligated to repurchase or cure the Bonds due to any defects in the Bond or Mortgage Loan documents. However, in its capacity as Bond Credit Enhancer, the Bond Seller will be required to make payments of principal and interest on the Mortgage Loan and the Bond Purchase Price as described in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular. In addition, in its capacity as Guarantor of the Certificates, the Bond Seller will be required to make any payments on the certificates required pursuant to the Freddie Mac Guarantee.

***The Bond Seller May Become Subject to Receivership Laws That May Affect the Issuing Entity’s Ownership of the Bonds.*** In the event of the receivership of the Bond Seller, it is possible the issuing entity’s right to payment resulting from ownership of the Bonds could be challenged, and if such challenge were successful, delays or reductions in payments on the certificates could occur. See “—Risks Relating to the Bond Seller, Guarantor, Bond Credit Enhancer and Trust Administrator” below and “Description of Freddie Mac” in this information circular.

***Changes to, or Elimination of, LIBOR Could Adversely Affect Your Investment in the Certificates.*** Regulators and law-enforcement agencies from a number of governments, including entities in the United States, Japan, Canada and the United Kingdom, have been conducting civil and criminal investigations into whether the banks that contributed to the British Bankers’ Association (the “BBA”) in connection with the calculation of daily LIBOR may have underreported or otherwise manipulated or attempted to manipulate LIBOR.

Based on a review conducted by the Financial Conduct Authority of the United Kingdom (the “FCA”) and a consultation conducted by the European Commission, proposals have been made for governance and institutional reform, regulation, technical changes and contingency planning. In particular: (a) new legislation has been enacted in the United Kingdom pursuant to which LIBOR submissions and administration are now “regulated activities” and manipulation of LIBOR has been brought within the scope of the market abuse regime; (b) legislation has been proposed which if implemented would, among other things, alter the manner in which LIBOR is determined, compel more banks to provide LIBOR submissions, and require these submissions to be based on actual transaction data; and (c) LIBOR rates for certain currencies and maturities are no longer published daily. In addition, pursuant to authorization from the FCA, the ICE Benchmark Administration Limited (the “ICE”) took over the administration of LIBOR from the BBA on February 1, 2014.

In a speech on July 27, 2017, Andrew Bailey, the Chief Executive of the FCA, announced the FCA’s intention to cease sustaining LIBOR after 2021. The FCA has statutory powers to require panel banks to contribute to LIBOR where necessary. The FCA has decided not to ask, or to require, that panel banks continue to submit contributions to LIBOR beyond the end of 2021. The FCA has indicated that it expects that the current panel banks will voluntarily sustain LIBOR until the end of 2021. The FCA’s intention is that after 2021, it will no longer be necessary for the FCA to ask, or to require, banks to submit contributions to LIBOR. The FCA does not intend to sustain LIBOR through using its influence or legal powers beyond that date. It is possible that the ICE and the panel banks could continue to produce LIBOR on the current basis after 2021, if they are willing and able to do so, but we cannot assure you that LIBOR will survive in its current form, or at all.

For the Bonds and the certificates, LIBOR will be the ICE’s one-month London interbank offered rate for United States Dollar deposits, as displayed on the LIBOR Index Page. In the event the ICE ceases to set or publish a rate for LIBOR, the Bond Trustee will be required to designate an alternative index.

In the event LIBOR is no longer available, the borrower may not be able to comply with the terms of the Reimbursement Agreement because the borrower may not be able to extend or replace the Interest Rate Cap Agreement it is required to maintain. As a result, the borrower may be required to repay the Mortgage Loan and may be unable to do so.

We cannot predict the effect of the FCA’s decision not to sustain LIBOR, or, if changes are ultimately made to LIBOR, the effect of those changes. In addition, we cannot predict what alternative index would be chosen by the Calculation Agent, should this occur. If LIBOR in its current form does not survive or if an alternative index is chosen, the market value and/or liquidity of the certificates could be adversely affected.

***The Bonds Are Subject to Optional Redemption and Mandatory Tender After September 1, 2018.*** After September 1, 2018, the Agency has the option to redeem the Bonds (with the prior written consent of the Bond Credit Enhancer), in whole on any date or in part on any interest payment date, at a Redemption Price of 100% of the principal amount of the Bonds or the principal amount of the portions of the Bonds to be redeemed, respectively, plus accrued interest to the date of redemption. However, pursuant to the Financing Agreement, the Agency has agreed that, provided there is no continuing event of default under the Resolution, the Agency will not exercise such option to redeem any or all of the Bonds without the borrower’s prior consent. In addition, pursuant to the Reimbursement Agreement, (i) the borrower will have the right, after September 1, 2018, to cause the Agency to call the Bonds in whole for optional redemption in accordance with the terms of the Resolution in connection with an optional prepayment of the Mortgage Loan in whole, *provided* that such prepayment and corresponding redemption must occur on the first Business Day of a calendar month, and (ii) except in connection with the failure of the borrower to obtain the tax abatement as described under “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement Prepayment” in this information circular, the borrower may not cause the Agency to call the Bonds for optional redemption in part, notwithstanding any right of the borrower to do so under the Resolution. Generally you should expect that the Agency will direct the optional redemption of the Bonds at the direction of the borrower, and the Bond Credit Enhancer will consent to such optional redemption to the extent the borrower demonstrates it has in place a source of financing to reimburse the Bond Credit Enhancer for the draw on the Credit Enhancement Agreement in connection with such redemption. See “Description of the Bonds—Optional Redemption” in this information circular. In lieu of redemption, the Bonds are also subject to mandatory tender in whole at any time after September 1, 2018 in connection with certain events, including the borrower’s replacement of Freddie Mac as the Bond Credit Enhancer, at the Bond Purchase Price. See “Description of the Bonds—Certain

Provisions of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates” in this information circular.

***The Bonds Are Subject to Extraordinary Redemption by the Agency At Any Time.*** The Bonds are also subject to mandatory redemption by the Agency at any time, in whole or in part by lot, at a Redemption Price of 100% of the principal amount of such Bonds or the principal amount of the portions of the Bonds, respectively, to be redeemed, plus accrued interest to the date of redemption as a result of (i) monies derived from net proceeds of insurance or condemnation awards which have been deposited in the revenue fund in accordance with the provisions of the Resolution, (ii) monies derived as a result of a default by the borrower under the Mortgage Loan, or (iii) certain events of mandatory redemption related to the Credit Enhancement Agreement as more particularly described in “Description of the Bonds—Certain Provisions of the Bonds—Extraordinary Redemption” in this information circular. We cannot assure you that any such redemption will not result in a prepayment interest shortfall, which will not be covered under the Freddie Mac Guarantee or the Credit Enhancement Agreement. However, Freddie Mac agreed in the Trust Agreement that, with respect to any request from the Agency that would cause a mandatory tender for purchase of the Bonds or redemption of the Bonds that requires the consent of Freddie Mac, Freddie Mac will only grant such consent if such mandatory tender or redemption is scheduled to occur on a date that would otherwise constitute an Interest Payment Date for the Bonds, such that no Prepayment Interest Shortfalls will occur on the certificates in connection with any such mandatory tender or redemption. See “The Trust Agreement—Additional Covenants of Freddie Mac” in this information circular.

### **Risks Related to the Mortgage Loan**

***The Occurrence of a Borrower Event of Default Under the Reimbursement Agreement Could Lead to Prepayment of the Bonds.*** Pursuant to the Credit Enhancement Agreement, the Bond Credit Enhancer is required to make payments of principal and/or interest on the Mortgage Loan and/or pay the Bond Purchase Price. Pursuant to the Reimbursement Agreement, the borrower is required to repay the Bond Credit Enhancer all sums of money the Bond Credit Enhancer advances to the Bond Trustee to make payments on the Mortgage Loan, as well as any payments to purchase the Bonds upon a failed remarketing. If a borrower Event of Default occurs under the Reimbursement Agreement, the Bond Credit Enhancer may direct the Bond Trustee to cause the mandatory tender of all of the Bonds or a mandatory redemption of all or part of the Bonds. If a mandatory tender or mandatory redemption occurs, the Bond Credit Enhancer will be required to prepay such portion of the Bonds and seek recourse against the borrower and the mortgaged real property pursuant to the Reimbursement Agreement and the Mortgage Loan. Any such prepayment of all or any portion of the Bonds could adversely affect the yield to maturity of the Bonds and could result in a Prepayment Interest Shortfall, which would not be covered by the Freddie Mac Guarantee.

***If the Bond Credit Enhancer Fails to Make Payments on the Mortgage Loan or the Bonds Pursuant to the Credit Enhancement Agreement, Certificateholders will Have to Rely on the Mortgage Loan and the Mortgaged Real Property for Repayment.*** Pursuant to the Credit Enhancement Agreement, the Bond Credit Enhancer is required to make payments of principal and/or interest on the Mortgage Loan and/or pay the Bond Purchase Price. If the Bond Credit Enhancer fails to make payments on the Mortgage Loan or the Bonds, the Bond Trustee may deem all payments on the Bonds and the Mortgage Loan to be due and payable. If the Bond Credit Enhancer does not make such payments, the Bond Trustee will be required to seek repayment from the borrower under the Mortgage Loan or by foreclosing on the mortgaged real property pursuant to the Mortgage. See “Description of the Bonds—Summary of Certain Provisions of the Resolution—Remedies” in this information circular. We cannot assure you that this will result in a full recovery on the certificates.

***The Borrower’s Repayment on the Mortgage Loan Will Be Dependent on the Cash Flow Produced by the Mortgaged Real Property, Which Can Be Volatile and Insufficient to Allow Timely Payments Under the Reimbursement Agreement, and on the Value of the Mortgaged Real Property, Which May Fluctuate Over Time.*** Repayment of the Mortgage Loan may depend on:

- the ability of the Bond Credit Enhancer to make payments of principal and interest on the Mortgage Loan, including at the Extraordinary Mandatory Tender Date or another mandatory tender date, in an amount sufficient to repay the Mortgage Loan;

- in the event of a Wrongful Dishonor by the Bond Credit Enhancer, the ability of the borrower to repay the Mortgage Loan; and/or
- in the event of a Wrongful Dishonor by the Bond Credit Enhancer, a default under the Mortgage Loan and a subsequent sale of the mortgaged real property by the Bond Trustee upon the acceleration of the Mortgage Loan's maturity, the amount of the sale proceeds, taking into account any adverse effect of a foreclosure proceeding on those sale proceeds.

In general, if a mortgage loan has a relatively high loan-to-value ratio or a relatively low debt service coverage ratio, a foreclosure sale is more likely to result in proceeds insufficient to satisfy the outstanding debt. In addition, the ratio of net cash flow to debt service of a loan secured by an income-producing property is an important measure of the risk of default on the loan.

The cash flows from the operation of multifamily real properties are volatile and may be insufficient to cover debt service on a mortgage loan and pay operating expenses at any given time. This may cause the value of the property to decline. Cash flows and property values generally affect:

- the ability to cover debt service;
- the ability to pay a mortgage loan in full with sales or refinance proceeds; and
- the amount of proceeds recovered upon foreclosure.

Cash flows and property values depend on a number of factors, including:

- national, regional and local economic conditions, including plant closings, military base closings, economic and industry slowdowns and unemployment rates;
- local real estate conditions, such as an oversupply of units similar to the units at the mortgaged real property;
- increases in vacancy rates;
- changes or continued weakness in a specific industry segment that is important to the success of the mortgaged real property;
- increases in operating expenses at the mortgaged real property and in relation to competing properties;
- the nature of income from the mortgaged real property, such as whether rents are subject to rent control or rent stabilization laws;
- a decline in rental rates as leases are renewed or entered into with new tenants;
- the level of required capital expenditures for proper maintenance, renovations and improvements demanded by tenants or required by law at the mortgaged real property;
- creditworthiness of tenants, a decline in the financial condition of tenants or tenant defaults;
- the number of tenants at the mortgaged real property and the duration of their respective leases;
- dependence upon a concentration of tenants working for a particular business or industry;
- demographic factors;
- retroactive changes in building or similar codes that require modifications to the mortgaged real property;
- capable management and adequate maintenance for the mortgaged real property;
- location of the mortgaged real property;

- proximity and attractiveness of competing properties;
- whether the mortgaged real property has uses subject to significant regulation;
- the rate at which new rentals occur;
- perceptions by prospective tenants of the safety, convenience, services and attractiveness of the mortgaged real property;
- the age, construction, quality and design of the mortgaged real property; and
- whether the mortgaged real property is readily convertible to alternative uses.

***Criminal Activity May Adversely Affect Property Performance.*** The Mortgage Loan is secured by a mortgaged real property that may have been, or may be, the site of criminal activities. Perceptions by prospective tenants of the safety and reputation of the mortgaged real property may influence the cash flow produced by such mortgaged real property. In addition, in connection with any criminal activities that occur at a mortgaged real property, litigation may be brought against a borrower or political or social conditions may result in civil disturbances.

***Forfeiture (Including for Drug, RICO and Money Laundering Violations) May Present Risks.*** Federal law provides that property purchased or improved with assets derived from criminal activity or otherwise tainted, or used in the commission of certain offenses, can be seized and ordered forfeited to the United States. A number of offenses can trigger such a seizure and forfeiture including, among others, violations of the Racketeer Influenced and Corrupt Organizations Act, the Bank Secrecy Act, the Money Laundering Control Act, the USA PATRIOT Act and the regulations issued pursuant to all of them, as well as the controlled substance laws. In many instances, the United States may seize the property civilly, without a criminal prosecution.

In the event of a forfeiture proceeding, a financial institution that is a lender of funds may be able to establish its interest in the property by proving that (a) its mortgage was executed and recorded before the commission of the illegal conduct from which the assets used to purchase or improve the property were derived or before the commission of any other crime upon which the forfeiture is based, or (b) at the time of the execution of the mortgage, despite appropriate due diligence, it “did not know or was reasonably without cause to believe that the property was subject to forfeiture.” However, we cannot assure you that such a defense will be successful.

***Borrower May Be Unable to Make Balloon Payment.*** The Mortgage Loan is a balloon loan. Balloon loans have amortization schedules that are significantly longer than their respective terms, and require only payments of interest for part or all of their respective terms. The interest-only provision in the Mortgage Loan will result in a higher amount of principal outstanding on the Mortgage Loan at any particular time, including at the maturity date or the Extraordinary Mandatory Tender Date, than would have otherwise been the case had the Mortgage Loan had a shorter interest-only period or not included an interest-only period at all. That higher principal amount outstanding could both (i) make it more difficult for the borrower to make the required balloon payment at maturity or at the Extraordinary Mandatory Tender Date and (ii) reduce the recovery on the Bonds from the borrower during the loan term or at maturity if the borrower defaults. The borrower will be required to make a substantial payment of principal and interest, which is commonly called a balloon payment, on the Extraordinary Mandatory Tender Date of the Mortgage Loan. The ability of the borrower to make the balloon payment depends upon the borrower’s ability to refinance or sell the mortgaged real property. The ability of the borrower to refinance or sell the mortgaged real property will be affected by a number of factors, including—

- the fair market value and condition of the mortgaged real property;
- the level of interest rates;
- the borrower’s equity in the mortgaged real property;
- the borrower’s financial condition;

- the operating history of the mortgaged real property;
- changes in zoning and tax laws;
- changes in competition in the relevant area;
- changes in rental rates in the relevant area;
- changes in governmental regulation and fiscal policy;
- prevailing general and regional economic conditions;
- the state of the fixed income and mortgage markets;
- the availability of credit for mortgage loans secured by multifamily rental properties; and
- the requirements (including loan-to-value ratios and debt service coverage ratios) of lenders for mortgage loans secured by multifamily rental properties.

Neither we nor any of our affiliates, the Bond Seller or the Agency will be obligated to refinance the Mortgage Loan.

In addition, compliance with legal requirements, such as the credit risk retention regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), could cause commercial real estate lenders to tighten their lending standards and reduce the availability of debt financing for commercial real estate borrowers. This, in turn, may adversely affect the borrower’s ability to refinance the Mortgage Loan or sell the mortgaged real property on the maturity date. We cannot assure you that the borrower will have the ability to repay the outstanding principal balance of the Mortgage Loan on the maturity date or Extraordinary Mandatory Tender Date.

If the Bond Credit Enhancer fails to make the balloon payment on the Bonds on the Extraordinary Mandatory Tender Date, the Bond Trustee may, pursuant to the Assignment and Intercreditor Agreement, seek repayment of the balloon payment from the borrower under the Mortgage Loan or by foreclosing on the mortgaged real property pursuant to the Mortgage. See “Description of the Bonds—Summary of Certain Provisions of the Resolution—Remedies” in this information circular.

***Modifications of the Mortgage Loan.*** If the Mortgage Loan becomes delinquent or is in default, the Mortgage Loan Servicer, at the direction of the Bond Credit Enhancer, will be required to work with the borrower to maximize collections on the Mortgage Loan. This may include modifying the terms of the Mortgage Loan if it is in default or default is reasonably foreseeable. Modifications of the Mortgage Loan implemented by the Mortgage Loan Servicer, at the direction of the Bond Credit Enhancer, in order to maximize the ultimate proceeds of the Mortgage Loan may have the effect of, among other things, reducing or otherwise changing the mortgage rate, forgiving or forbearing on payments of principal, interest or other amounts owed under the Mortgage Loan, extending the final maturity date of the Mortgage Loan, capitalizing or deferring delinquent interest and other amounts owed under the Mortgage Loan, forbearing payment of a portion of the principal balance of the Mortgage Loan or any combination of these or other modifications. If the Mortgage Loan is modified, the modification may result in a reduction in the funds received with respect to the Mortgage Loan.

In addition, subject to the terms of the Assignment and Intercreditor Agreement, with the prior written approval of the Bond Credit Enhancer, the Agency may modify in any manner that the Agency deems appropriate the terms of the Mortgage Loan and the Mortgage governing the incurrence by the borrower of additional borrowing. See “Description of the Bonds—Summary of Certain Provisions of the Resolution—Modification of Mortgage Terms” in this information circular.

***Multifamily Lending Subjects Your Investment to Special Risks that Are Not Associated with Single-Family Residential Lending.*** The Mortgage Loan is secured by a multifamily income-producing property. Multifamily

lending is generally thought to be riskier than single-family residential lending because, among other things, larger loans are made to single borrowers or groups of affiliated borrowers.

Furthermore, the risks associated with lending on multifamily properties are inherently different from those associated with lending on the security of single-family residential properties. For example, repayment of the Mortgage Loan will be dependent on the performance and/or value of the mortgaged real property.

There are additional factors in connection with multifamily lending, not present in connection with single-family residential lending, which could adversely affect the economic performance of the mortgaged real property that secures the Mortgage Loan. Any one of these additional factors, discussed in more detail in this information circular, could result in a reduction in the level of cash flow from the mortgaged real property.

***Condominium Ownership May Limit Use of the Mortgaged Real Property and Decision Making Related to the Mortgaged Real Property.*** The mortgaged real property is a condominium. In the case of condominiums, a board of managers generally has discretion to make decisions affecting the condominium and the borrower may not have control over decisions made by the related board of managers. Decisions made by that board of managers, including decisions regarding assessments to be paid by the unit owners, insurance to be maintained on the condominium and many other decisions affecting the maintenance of the condominium, may have an adverse impact on the Mortgage Loan. We cannot assure you that the related board of managers will always act in the best interests of the borrower under the Mortgage Loan. Further, due to the nature of condominiums, a default on the part of the borrower will not allow the Mortgage Loan Servicer the same flexibility in realizing on the collateral as is generally available with respect to properties that are not condominiums. The rights of other unit owners, the documents governing the management of the condominium units and the State of New York and local laws applicable to condominium units must be considered. In addition, in the event of a casualty, due to the possible existence of multiple loss payees on any insurance policy covering the mortgaged real property, there could be a delay in the allocation of any related insurance proceeds. Consequently, the ability of the Bond Trustee and the Mortgage Loan Servicer to service and realize upon the condominium property could be delayed or hindered.

For more information about the condominium regime at the mortgaged real property, see “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Mortgaged Real Property” in this information circular. We cannot assure you that the borrower will abide by the condominium agreement or that these considerations will not adversely impact your investment.

***The Multifamily Property Contains Commercial Components.*** The mortgaged real property contains retail, office or other commercial units. The value of retail, office and other commercial units is significantly affected by the quality of the tenants and the success of the tenant business. The correlation between the success of tenant businesses and a retail unit’s value may be more direct with respect to retail units than other types of commercial property because a component of the total rent paid by certain retail tenants may be tied to a percentage of gross sales. In addition, certain retail, office and commercial units may have tenants that are subject to risks unique to their business, such as medical offices, dental offices, theaters, educational facilities, fitness centers and restaurants. These types of leased spaces may not be readily convertible (or convertible at all) to alternative uses if the leased spaces were to become vacant. We cannot assure you that the existence of retail, office or other commercial units will not adversely impact operations at or the value of the mortgaged real property.

***The Mortgage Loan is Secured by a Multifamily Rental Property, Thereby Materially Exposing Certificateholders to Risks Associated with the Performance of Multifamily Rental Properties.*** The mortgaged real property is primarily used for multifamily rental purposes. A number of factors may adversely affect the value and successful operation of a multifamily rental property. Some of these factors include:

- the number of competing residential developments in the local market, including apartment buildings and site-built single family homes;
- the physical condition and amenities, including access to transportation, of the subject property in relation to competing properties;
- the subject property’s reputation;

- applicable state and local regulations designed to protect tenants in connection with evictions and rent increases, including rent control and rent stabilization regulations;
- the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or personnel from a local military base;
- restrictions on the age of tenants who may reside at the subject property;
- local factory or other large employer closings;
- the location of the property, for example, a change in the neighborhood over time;
- the level of mortgage interest rates to the extent it encourages tenants to purchase housing;
- the ability of the management team to effectively manage the subject property;
- the ability of the management team to provide adequate maintenance and insurance;
- compliance and continuance of any government housing rental subsidy programs from which the subject property receives benefits and whether such subsidies or vouchers may be used at other properties;
- distance from employment centers and shopping areas;
- adverse local or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payment or a reduction in occupancy level;
- the financial condition of the owner of the property; and
- government agency rights to approve the conveyance of such mortgaged real property could potentially interfere with the foreclosure or execution of a deed-in-lieu of foreclosure of such property.

Because units in a multifamily rental property are primarily leased to individuals, usually for no more than a year, the ability of the property to generate net operating income is likely to change relatively quickly where a downturn in the local economy or the closing of a major employer in the area occurs.

In addition, some units in a multifamily rental property may be leased to corporate entities. Expiration or non-renewals of corporate leases and vacancies related to corporate tenants may adversely affect the income stream at the mortgaged real property. We cannot assure you that these circumstances will not adversely impact operations at or the value of the mortgaged real property.

Particular factors that may adversely affect the ability of a multifamily property to generate net operating income include—

- an increase in interest rates, real estate taxes and other operating expenses;
- an increase in the capital expenditures needed to maintain the property or make renovations or improvements;
- an increase in vacancy rates;
- a decline in rental rates as leases are renewed or replaced; and
- natural disasters and civil disturbances such as earthquakes, hurricanes, floods, eruptions or riots.

The volatility of net operating income generated by a multifamily property over time will be influenced by many of these factors, as well as by—

- the length of tenant leases;
- the creditworthiness of tenants;

- the rental rates at which leases are renewed or replaced;
- the percentage of total property expenses in relation to revenue;
- the ratio of fixed operating expenses to those that vary with revenues; and
- the level of capital expenditures required to maintain the property and to maintain or replace tenants.

Therefore, multifamily properties with short-term or less creditworthy sources of revenue and/or relatively high operating costs can be expected to have more volatile cash flows than multifamily properties with medium- to long-term leases from creditworthy tenants and/or relatively low operating costs. A decline in the real estate market will tend to have a more immediate effect on the net operating income of multifamily properties with short-term revenue sources and may lead to higher rates of delinquency or defaults on mortgage loans secured by those properties.

In addition, some states regulate the relationship of an owner and its tenants at a multifamily rental property. Among other things, these states may—

- require written leases;
- require good cause for eviction;
- require disclosure of fees;
- prohibit unreasonable rules;
- prohibit retaliatory evictions;
- prohibit restrictions on a resident’s choice of unit vendors;
- limit the bases on which a landlord may increase rent; or
- prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner’s building.

Apartment building owners have been the subject of lawsuits under state “Unfair and Deceptive Practices Acts” and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices.

Some counties and municipalities also impose rent control or stabilization regulations on apartment buildings. These regulations may limit rent increases to—

- fixed percentages;
- percentages of increases in the consumer price index;
- increases set or approved by a governmental agency; or
- increases determined through mediation or binding arbitration.

In many cases, the rent control or stabilization laws do not provide for decontrol of rental rates upon vacancy of individual units. Any limitations on a landlord’s ability to raise rents at a multifamily rental property may impair the landlord’s ability to repay a mortgage loan secured by the property or to meet operating costs.

In addition, multifamily rental properties are part of a market that, in general, is characterized by low barriers to entry. Thus, a particular multifamily rental property market with historically low vacancies could experience substantial new construction and a resultant oversupply of rental units within a relatively short period of time. Because units in a multifamily rental property are typically leased on a short-term basis, the tenants residing at a particular property may easily move to alternative multifamily rental properties with more desirable amenities or locations or to single family housing.

The mortgaged real property may be subject to certain restrictions imposed pursuant to restrictive covenants, reciprocal easement agreements and operating agreements or historical landmark designations. Such use restrictions

could include, for example, limitations on the use of the property, the character of improvements on the property, the borrower's right to operate certain types of facilities within a prescribed radius of the property and limitations affecting noise and parking requirements, among other things. In addition, the mortgaged real property may have access to certain amenities and facilities at other local properties pursuant to shared use agreements, and we cannot assure you that such use agreements will remain in place indefinitely, or that any amenities and facilities at other properties will remain available to the tenants of the multifamily rental property. These limitations could adversely affect the ability of the borrower to lease the mortgaged real property on favorable terms, thus adversely affecting the borrower's ability to fulfill its obligations under the Mortgage Loan.

The mortgaged real property may be subject to land use restrictive covenants or contractual covenants in favor of federal or state housing agencies. The obligation of the borrower to comply with such restrictive covenants and contractual covenants, in most cases, constitutes an encumbrance on the mortgaged real property that is superior to the lien of the Mortgage Loan. In circumstances where the mortgaged real property is encumbered by a regulatory agreement in favor of a federal or state housing agency, the borrower is generally required by the loan documents to comply with any such regulatory agreement. The covenants in a regulatory agreement may require, among other things, that a minimum number or percentage of units be rented to tenants who have incomes that are substantially lower than median incomes in the applicable area or region or impose restrictions on the type of tenants who may rent units, such as imposing minimum age restrictions. These covenants may limit the potential rental rates that may govern rentals at any of those properties, the potential tenant base for any of those properties or both. An owner may subject a multifamily rental property to these covenants in exchange for tax credits or rent subsidies. When the credits or subsidies cease, net operating income will decline. We cannot assure you that these requirements will not cause a reduction in rental income. If rents are reduced, we cannot assure you that the related property will be able to generate sufficient cash flow to satisfy debt service payments and operating expenses.

In addition, restrictive covenants and contractual covenants contained in regulatory agreements may require the borrower, among other conditions, (i) to submit periodic compliance reports and/or permit regulatory authorities to conduct periodic inspections of the mortgaged real property, (ii) to meet certain requirements as to the condition of affordable units or (iii) to seek the consent of a regulatory authority in connection with the transfer or sale of the mortgaged real property or in connection with a change in the property management. In some cases, regulatory agreements may provide for remedies other than specific performance of restrictive covenants. Such other remedies may include, but are not limited to, providing for the ability of a regulatory authority to replace the Property Manager. In addition, in some cases, regulatory agreements may impose restrictions on transfers of the mortgaged real property in connection with a foreclosure, including, but not limited to, requiring regulatory authority consent and limiting the type of entities that are permissible transferees of the mortgaged real property. We cannot assure you that these circumstances will not adversely impact operations at or the value of the mortgaged real property, that such consent will be obtained in the event a federal or state housing agency has the right to consent to any change in the property management or ownership of the mortgaged real property or that the failure to obtain such consent will not adversely impact the lender's ability to exercise its remedies upon default of the Mortgage Loan.

The mortgaged real property may have tenants that rely on rent subsidies under various government funded programs, including Section 8. In addition, the borrower may receive subsidies or other assistance from government programs. Generally, a mortgaged real property receiving such subsidy or assistance must satisfy certain requirements, the borrower must observe certain leasing practices and/or the tenant(s) must regularly meet certain income requirements. See "Description of the Mortgage Loan—Additional Loan and Property Information—Rental Subsidy Programs" in this information circular for a description of rental subsidy programs, including Section 8.

We cannot assure you that such programs will continue in their present form or that the borrower will continue to comply with the requirements of the programs to enable the borrower to receive the subsidies in the future or that the level of assistance provided will be sufficient to generate enough revenues for the borrower to meet its obligations under the Mortgage Loan, nor can we assure you that any transferee of the mortgaged real property, whether through foreclosure or otherwise, will obtain the consent of the United States Department of Housing and Urban Development ("HUD") or any state or local housing agency.

The mortgaged real property may entitle or may have entitled its owner to receive low income housing tax credits pursuant to Code Section 42. Code Section 42 provides a tax credit for owners of multifamily rental properties meeting the definition of low income housing who have received a tax credit allocation from a state or

local allocating agency. The total amount of tax credits to which a property owner is entitled is based on the percentage of total units made available to qualified tenants.

The tax credit provisions limit the gross rent for each low income unit. Under the tax credit provisions, a property owner must comply with the tenant income restrictions and rental restrictions over a minimum of a 15-year compliance period. In addition, agreements governing the multifamily rental property may require an “extended use period,” which has the effect of extending the income and rental restrictions for an additional period.

In the event a multifamily rental property does not maintain compliance with the tax credit restrictions on tenant income or rental rates or otherwise satisfy the tax credit provisions of the Code, the property owner may suffer a reduction in the amount of available tax credits and/or face the recapture of all or part of the tax credits related to the period of the noncompliance and face the partial recapture of previously taken tax credits. The loss of tax credits, and the possibility of recapture of tax credits already taken, may provide significant incentive for the property owner to keep the related multifamily rental property in compliance with such tax credit restrictions and limit the income derived from the related property.

See “Description of the Mortgage Loan—Additional Loan and Property Information—Low Income Housing Tax Credits” in this information circular for a description of low income housing tax credits.

The mortgaged real property may entitle or may have entitled its owner to receive tax abatements or exemptions or may be subject to reduced taxes in connection with a “payment in lieu of taxes” (“PILOT”) agreement. See “Description of the Mortgage Loan—Additional Loan and Property Information—Tax Abatements and Exemptions” in this information circular for additional information relating to tax abatements and exemptions applicable to the mortgaged real property.

With respect to a mortgaged real property that entitles its owner to receive tax exemptions, the related Cut-off Date LTVs are often calculated using Appraised Values that assume that the owner of such mortgaged real property receive such property tax exemptions. Such property tax exemptions often require the property owner to be formed and operated for qualifying charitable purposes and to use the property for those qualifying charitable purposes. Claims for such property tax exemptions must often be re-filed annually by the property owner. Although the loan documents generally require the borrower to submit an annual claim and to take actions necessary for the borrower and the mortgaged real property to continue to qualify for a property tax exemption, if the borrower fails to do so, property taxes payable by the borrower on the mortgaged real property could increase, which could adversely impact the cash flow at or the value of the mortgaged real property. In addition, if the Bond Trustee forecloses on the mortgaged real property, the Bond Trustee may be unable to qualify for a property tax exemption. Finally, if the Bond Trustee sells any such mortgaged real property in connection with a default on the Mortgage Loan, prospective purchasers may be unwilling to bid on the mortgaged real property if they are unable to satisfy the requirements of a property tax exemption. This could limit the pool of prospective purchasers for any the mortgaged real property.

We cannot assure you that any tax abatements and exemptions or PILOT agreements will continue to benefit the mortgaged real property or that the continuance or termination of any of the tax abatements or exemptions will not adversely impact the mortgaged real property or the borrower’s ability to generate sufficient cash flow to satisfy debt service payments and operating expenses.

***The Successful Operation of a Multifamily Property Depends on Tenants.*** Generally, multifamily properties are subject to leases. The owner of a multifamily property typically uses lease or rental payments for the following purposes—

- to pay for maintenance and other operating expenses associated with the property;
- to fund repairs, replacements and capital improvements at the property; and
- to pay debt service on mortgage loans secured by, and any other debt obligations associated with operating, the property.

Factors that may adversely affect the ability of a multifamily property to generate net operating income from lease and rental payments include—

- an increase in vacancy rates, which may result from tenants deciding not to renew an existing lease;
- an increase in tenant payment defaults;
- a decline in rental rates as leases are entered into, renewed or extended at lower rates;
- an increase in the capital expenditures needed to maintain the property or to make improvements; and
- an increase in operating expenses.

***The Success of the Property Depends on Reletting Vacant Spaces.*** The operations at or the value of the mortgaged real property will be adversely affected if the borrower or Property Manager is unable to renew leases or relet space on comparable terms when existing leases expire and/or become defaulted. Even if vacated space is successfully relet, the costs associated with reletting can be substantial and could reduce cash flow from the mortgaged real property. Moreover, if a tenant defaults in its lease obligations, the borrower may incur substantial costs and experience significant delays associated with enforcing its rights and protecting its investment, including costs incurred in renovating and reletting the mortgaged real property. We cannot assure you that these circumstances will not adversely impact operations at or the value of the mortgaged real property.

Since the mortgaged real property has multiple tenants, re-leasing expenditures may be more frequent than in the case of a property with fewer tenants, consequently reducing the cash flow generated by the mortgaged real property. If a smaller income-producing property has fewer tenants, increased vacancy rates may have a greater possibility of adversely affecting operations at or the value of such property, consequently reducing the cash flow generated by the property. Similarly, if an income producing property has a number of short-term leases, re-leasing expenditures may be more frequent, consequently reducing the cash flow generated by such property.

***Property Value May Be Adversely Affected Even When Current Operating Income Is Not.*** Various factors may affect the value of multifamily properties without affecting their current net operating income, including—

- changes in interest rates;
- the availability of refinancing sources;
- changes in governmental regulations, licensing or fiscal policy;
- changes in zoning or tax laws; and
- potential environmental or other legal liabilities.

***Maintaining a Property in Good Condition May Be Costly.*** The owner may be required to expend a substantial amount to maintain, renovate or refurbish a multifamily property. Failure to do so may materially impair the property's ability to generate cash flow. The effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements. Even superior construction will deteriorate over time if management does not schedule and perform adequate maintenance in a timely fashion. We cannot assure you that the mortgaged real property will generate sufficient cash flow to cover the increased costs of maintenance and capital improvements in addition to paying debt service on the Mortgage Loan.

We cannot assure you that as the mortgaged real property ages it will not adversely impact cash flow at the mortgaged real property or that it will not adversely affect payments related to your investment.

The mortgaged real property may be expected to undergo future redevelopment or renovation. We cannot assure you that any future redevelopment or renovation will be completed, that such redevelopment or renovation will be completed in the time frame contemplated, or that, when and if redevelopment or renovation is completed, such redevelopment or renovation will improve the operations at, or increase the value of, the mortgaged real

property. Failure of any of the foregoing to occur could have a material negative impact on the Mortgage Loan, which could affect the ability of the borrower to repay the Mortgage Loan.

In the event the borrower (or a tenant, if applicable) fails to pay the costs of work completed or material delivered in connection with ongoing redevelopment or renovation, the portion of the mortgaged real property on which there is construction may be subject to mechanic's or materialmen's liens that may be senior to the lien of the Mortgage Loan.

The existence of construction at a mortgaged real property may make such mortgaged real property less attractive to tenants and, accordingly, could have a negative effect on net operating income.

***Competition Will Adversely Affect the Profitability and Value of an Income-Producing Property.*** The mortgaged real property is located in a highly competitive area. Comparable income-producing properties located in the same area compete on the basis of a number of factors including—

- rental rates;
- location;
- type of services and amenities offered; and
- nature and condition of the particular property.

The profitability and value of an income-producing property may be adversely affected by a comparable property that—

- offers lower rents;
- has lower operating costs;
- offers a more favorable location; or
- offers better facilities and/or amenities.

Costs of renovating, refurbishing or expanding an income-producing property in order to remain competitive can be substantial.

***Borrower Bankruptcy Proceedings Can Delay and Impair Recovery on the Mortgage Loan.*** Under Title 11 of the United States Code, as amended (the "Bankruptcy Code"), the filing of a petition in bankruptcy by or against a borrower, including a petition filed by or on behalf of a junior lienholder, will stay the sale of a real property owned by that borrower, as well as the commencement or continuation of a foreclosure action.

In addition, if a bankruptcy court determines that the value of a real property is less than the principal balance of the mortgage loan it secures, the bankruptcy court may reduce the amount of secured indebtedness to the then-value of the property. This would make the lender a general unsecured creditor for the difference between the then-value of the property and the amount of its outstanding mortgage indebtedness.

A bankruptcy court also may—

- grant a debtor a reasonable time to cure a payment default on a mortgage loan;
- reduce monthly payments due under a mortgage loan;
- change the rate of interest due on a mortgage loan; or
- otherwise alter a mortgage loan's repayment schedule.

Furthermore, the borrower, as debtor-in-possession, or its bankruptcy trustee has special powers to avoid, subordinate or disallow debts. In some circumstances, the claims of a secured lender may be subordinated to financing obtained by a debtor-in-possession subsequent to its bankruptcy.

Under the Bankruptcy Code, a lender will be stayed from enforcing a borrower's assignment of rents and leases. The legal proceedings necessary to resolve these issues can be time consuming and may significantly delay the receipt of rents. Rents also may escape an assignment to the extent they are used by borrower to maintain its property or for other court authorized expenses.

As a result of the foregoing, the Bond Trustee's recovery with respect to the borrower in the context of bankruptcy proceedings may be significantly delayed, and the total amount ultimately collected may be substantially less than the amount owed. This will reduce collections on the certificates, subject to the obligations of Freddie Mac as Bond Credit Enhancer and as Guarantor of the certificates. Certain of the key principals or the sponsor of the borrower may have declared bankruptcy in the past, which may mean they are more likely to declare bankruptcy again in the future or put the borrowing entities into bankruptcy in the future.

Pursuant to the doctrine of substantive consolidation, a bankruptcy court, in the exercise of its equitable powers, has the authority to order that the assets and liabilities of a borrower be consolidated with those of a bankrupt affiliate for the purposes of making distributions under a plan of reorganization or liquidation. Thus, property that is ostensibly the property of a borrower may become subject to the bankruptcy case of an affiliate, the automatic stay applicable to such bankrupt affiliate may be extended to a borrower and the rights of creditors of a borrower may become impaired.

We cannot assure you that these circumstances will not have an adverse impact on the liquidity of the borrower or the sponsor of the borrower. Therefore, we cannot assure that these circumstances will not adversely impact the borrower's or the sponsor's ability to maintain the mortgaged real property or pay amounts owed on the Mortgage Loan.

***Property Management Is Important to the Successful Operation of the Mortgaged Real Property.*** The successful operation of a real estate project depends in part on the performance and viability of the Property Manager. The Property Manager is generally responsible for:

- operating the property and providing building services;
- establishing and implementing the rental structure;
- managing operating expenses;
- responding to changes in the local market; and
- advising the borrower with respect to maintenance and capital improvements.

Properties deriving revenues primarily from short-term leases, such as the leases at multifamily properties, generally are more management intensive than properties leased to creditworthy tenants under long-term leases.

A good property manager, by controlling costs, providing necessary services to tenants and overseeing and performing maintenance or improvements on the property, can improve cash flow, reduce vacancies, reduce leasing and repair costs and preserve building value. On the other hand, management errors can, in some cases, impair short-term cash flow and the long-term viability of an income-producing property.

We do not make any representation or warranty as to the skills of any present or future Property Manager with respect to the mortgaged real property. Furthermore, we cannot assure you that the Property Manager will be in a financial condition to fulfill its management responsibilities throughout the term of its management agreements. In addition, the mortgaged real property is managed by an affiliate of the borrower. If the Mortgage Loan is in default, this could disrupt the management of the mortgaged real property and may adversely affect cash flow.

***The Performance of the Mortgage Loan and the Mortgaged Real Property Depends in Part on Who Controls the Borrower and the Mortgaged Real Property.*** The operation and performance of the Mortgage Loan will depend in part on the identity of the persons or entities that control the borrower and the mortgaged real property. The performance of the Mortgage Loan may be adversely affected if control of the borrower changes, which may occur, for example, by means of transfers of direct or indirect ownership interests in such borrower. See “Description of the Mortgage Loan—Certain Terms and Conditions of the Mortgage Loan—Due-on-Sale and Due-on-Encumbrance Provisions” in this information circular.

***The Borrower’s Other Loans May Reduce the Cash Flow Available to Operate and Maintain the Mortgaged Real Property or May Interfere with the Issuing Entity’s Rights Under the Mortgage Loan, Thereby Adversely Affecting Distributions on the Certificates.*** As described under “Risks Related to the Bonds—The Agency May Issue Additional Bonds With Respect to the Mortgaged Real Property,” “Risks Related to the Mortgage Loan—Subordinate Financing Increases the Likelihood That the Borrower Will Default on the Mortgage Loan” and “Description of the Mortgage Loan—Certain Terms and Conditions of the Mortgage Loan—Permitted Additional Debt” in this information circular, the Agency may issue Additional Bonds with respect to the mortgaged real property and the mortgaged real property may be encumbered in the future by other subordinate debt, in each case, with the consent of the Bond Credit Enhancer.

The existence of other debt could:

- adversely affect the financial viability of the borrower by reducing the cash flow available to the borrower to operate and maintain the mortgaged real property or make debt service payments on the Mortgage Loan;
- adversely affect the security interest of the lender;
- complicate workouts or bankruptcy proceedings; and
- delay foreclosure on the mortgaged real property.

We cannot assure you that these circumstances will not adversely impact operations at or the value of the mortgaged real property.

***The Location of the Mortgaged Real Property May Adversely Affect Distributions on the Certificates.*** The mortgaged real property is located in New York, New York. As a result, the performance of the Mortgage Loan, as a whole, will be more sensitive to the following factors in the State of New York:

- economic conditions, including real estate market conditions;
- changes in governmental rules and fiscal policies;
- regional factors such as earthquakes, floods, tornadoes, forest fires or hurricanes;
- acts of God, which may result in uninsured losses; and
- other factors that are beyond the control of the borrower.

***Subordinate Financing Increases the Likelihood That the Borrower Will Default on the Mortgage Loan.*** The mortgaged real property is not currently encumbered with a subordinate lien, except for limited permitted encumbrances (which limited permitted encumbrances do not secure subordinate mortgage loans).

Moreover, the Mortgage Loan requires the consent of the Bond Credit Enhancer prior to so encumbering the mortgaged real property. However, a violation of this prohibition may not become evident until the Mortgage Loan otherwise defaults, and a lender may not realistically be able to prevent a borrower from incurring subordinate debt.

The existence of any secured subordinated indebtedness or unsecured indebtedness increases the difficulty of making debt service payments or refinancing the Mortgage Loan at the loan’s maturity. In addition, the borrower

may have difficulty repaying multiple loans. Moreover, the filing of a petition in bankruptcy by, or on behalf of, a junior lienholder may stay the senior lienholder from taking action to foreclose out the junior lien.

***The Type of Borrower May Entail Risk.*** Mortgage loans made to partnerships, corporations or other entities may entail risks of loss from delinquency and foreclosure that are greater than those of mortgage loans made to individuals. The borrower's sophistication and form of organization may increase the likelihood of protracted litigation or bankruptcy in default situations.

With respect to the Mortgage Loan, the borrower's organizational documents or the terms of the Mortgage Loan limit the borrower's activities to the ownership of only the mortgaged real property and, subject to exceptions, including relating to future subordinate debt secured by the mortgaged real property, generally limit the borrower's ability to incur additional future indebtedness other than trade payables and equipment financing relating to the mortgaged real property in the ordinary course of business. These provisions are designed to mitigate the possibility that the borrower's financial condition would be adversely impacted by factors unrelated to the mortgaged real property and the Mortgage Loan. However, we cannot assure you that the borrower will comply with these requirements. Also, although the borrower is currently structured as a single-purpose entity, the borrower may have previously owned property other than the mortgaged real property and/or may not have observed all covenants and conditions which typically are required to view a borrower as a "single purpose entity" under standard NRSRO criteria. We cannot assure you that circumstances arising from the borrower's failure to observe the required covenants will not impact the borrower or the mortgaged real property. However, any borrower, even a single-purpose entity structured to be bankruptcy-remote, as an owner of real estate, will be subject to certain potential liabilities and risks. We cannot assure you that the borrower will not file for bankruptcy protection or that creditors of the borrower or a corporation or individual general partner or managing member of the borrower will not initiate a bankruptcy or similar proceeding against the borrower or corporate or individual general partner or managing member.

The borrower and its owners do not have an independent director whose consent would be required to file a voluntary bankruptcy petition on behalf of the borrower. One of the purposes of an independent director of the borrower (or of a single purpose entity having an interest in the borrower) is to avoid a bankruptcy petition filing which is intended solely to benefit an affiliate and is not justified by the borrower's own economic circumstances. Borrowers (and any single purpose entity having an interest in any such borrowers) that do not have an independent director may be more likely to file a voluntary bankruptcy petition and therefore less likely to repay the Mortgage Loan. Even in the case of borrowers with independent directors, we cannot assure you that a borrower will not file for bankruptcy protection, that creditors of a borrower will not initiate a bankruptcy or similar proceeding against such borrower, or that, if initiated, a bankruptcy case of the borrower could be dismissed. Pursuant to Section 364 of the Bankruptcy Code, a bankruptcy court may, under certain circumstances, authorize a debtor to obtain credit after the commencement of a bankruptcy case, secured among other things, by senior, equal or junior liens on property that is already subject to a lien. In the recent bankruptcy case of General Growth Properties, the debtors initially sought approval of a debtor-in-possession loan to the corporate parent entities guaranteed by the property-level single purpose entities and secured by second liens on their properties. Although the debtor-in-possession loan ultimately did not include these subsidiary guarantees and second liens, we cannot assure you that, in the event of a bankruptcy of a sponsor of the borrower, the sponsor of the borrower would not seek approval of a similar debtor-in-possession loan, or that a bankruptcy court would not approve a debtor-in-possession loan that included such subsidiary guarantees and second liens on such subsidiaries' properties.

The bankruptcy of the borrower, or the general partner or the managing member of the borrower, may impair the ability of the lender to enforce its rights and remedies under the mortgage.

***The Mortgage Loan Lacks Customary Provisions.*** The Mortgage Loan lacks one or more features that are customary in mortgage loans intended for securitization. Among other things, the borrower is not required to have an independent director.

***Some Remedies May Not Be Available Following a Mortgage Loan Default.*** The Reimbursement Mortgage contains "due-on-sale" and "due-on-encumbrance" clauses. These clauses permit the Bond Credit Enhancer to accelerate the maturity of the Mortgage Loan if the borrower sells or otherwise transfers or encumbers the mortgaged real property or its interest in the mortgaged real property in violation of the terms of the Reimbursement

Mortgage. In addition, the Mortgage Loan contains a debt-acceleration clause that permits the lender to accelerate the debt upon specified monetary or non-monetary defaults of the borrower.

The courts of all states will enforce clauses providing for acceleration in the event of a material payment default. The equity courts of a state, however, may refuse the foreclosure or other sale of a mortgaged real property or refuse to permit the acceleration of the indebtedness as a result of a default deemed to be immaterial or if the exercise of these remedies would be inequitable or unjust. See “Description of the Mortgage Loan—Certain Legal Aspects of the Mortgage Loan” in this information circular for a discussion of certain legal aspects related to the State of New York, in which the mortgaged real property is located.

The borrower generally may collect rents for so long as there is no default. As a result, the Bond Trustee’s rights to these rents will be limited because:

- the Bond Trustee may not have a perfected security interest in the rent payments until the Bond Trustee collects them;
- the Bond Trustee may not be entitled to collect the rent payments without court action; and
- the bankruptcy of the borrower could limit the ability of the Bond Trustee to collect the rents.

***Sponsor Defaults on Other Loans May Adversely Impact and Impair Recovery on the Mortgage Loan.*** Principals of the borrower and/or their affiliates may be subject to defaults with respect to unrelated mortgage loans or, in some cases, with respect to prior mortgage loans that had been secured by the mortgaged real property. We cannot assure you that these circumstances will not have an adverse effect on the liquidity of the sponsor or the borrower or that such circumstances will not adversely affect the sponsor’s or the borrower’s ability to maintain the mortgaged real property, to pay amounts owed on the Mortgage Loan or to refinance the Mortgage Loan. See “—Borrower Bankruptcy Proceedings Can Delay and Impair Recovery on the Mortgage Loan” above.

***Lending on Income-Producing Real Properties Entails Environmental Risks.*** Under various federal and state laws, a current or previous owner or operator of real property may be liable for the costs of cleanup of environmental contamination on, under, at or emanating from, the property. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of the contamination. The costs of any required cleanup and the owner’s liability for these costs are generally not limited under these laws and could exceed the value of the property and/or the total assets of the owner. Contamination of a property may give rise to a lien on the property to assure the costs of cleanup. An environmental lien may have priority over the lien of an existing mortgage. In addition, the presence of hazardous or toxic substances, or the failure to properly clean up contamination on the property, may adversely affect the owner’s or operator’s future ability to refinance the property.

Certain environmental laws impose liability for releases of asbestos into the air, and govern the responsibility for the removal, encapsulation or disturbance of asbestos-containing materials when the asbestos-containing materials are in poor condition or when a property with asbestos-containing materials undergoes renovation or demolition. Certain laws impose liability for lead-based paint, lead in drinking water, elevated radon gas inside buildings and releases of polychlorinated biphenyl compounds. Third parties may also seek recovery from owners or operators of real property for personal injury or property damage associated with exposure to asbestos, lead, radon, polychlorinated biphenyl compounds and any other contaminants.

Pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, (“CERCLA”) as well as some other federal and state laws, a secured lender may be liable as an “owner” or “operator” of the real property, regardless of whether the borrower or a previous owner caused the environmental damage, if—

- prior to foreclosure, agents or employees of the lender participate in the management or operational affairs of the borrower; or

- after foreclosure, the lender fails to seek to divest itself of the facility at the earliest practicable commercially reasonable time on commercially reasonable terms, taking into account market conditions and legal and regulatory requirements.

Although the Asset Conservation, Lender Liability, and Deposit Insurance Protection Act of 1996 attempted to clarify the activities in which a lender may engage without becoming subject to liability under CERCLA or under the underground storage tank provisions of the federal Resource Conservation and Recovery Act, that legislation itself has not been clarified by the courts and has no applicability to other federal laws or to state environmental laws except as may be expressly incorporated. Moreover, future laws, ordinances or regulations could impose material environmental liability.

Federal law requires owners of residential housing constructed prior to 1978 to disclose to potential residents or purchasers—

- any condition on the property that causes exposure to lead-based paint; and
- the potential hazards to pregnant women and young children, including that the ingestion of lead-based paint chips and/or the inhalation of dust particles from lead-based paint by children can cause permanent injury, even at low levels of exposure.

Property owners may be liable for injuries to their tenants resulting from exposure under various laws that impose affirmative obligations on property owners of residential housing containing lead-based paint.

See “Description of the Mortgage Loan—Underwriting Matters—Environmental Assessments” in this information circular for information relating to environmental site assessments (each, an “ESA”) prepared in connection with the origination of the Mortgage Loan.

Furthermore, any particular environmental testing may not have covered all potential adverse conditions. For example, testing for lead-based paint, asbestos-containing materials, lead in water and radon was done only if the use, age, location and condition of the subject property warranted that testing. In general, testing was done for lead based paint only in the case of a multifamily property built prior to 1978, for asbestos containing materials only in the case of a property built prior to 1981 and for radon gas only in the case of a multifamily property located in an area determined by the Environmental Protection Agency to have a high concentration of radon gas or within a state or local jurisdiction requiring radon gas testing.

We cannot assure you that—

- the environmental testing or assessments referred to above identified all material adverse environmental conditions and circumstances at the subject properties;
- the recommendation of the environmental consultant was, in the case of all identified problems, the appropriate action to take; or
- any of the environmental escrows established or letters of credit obtained with respect to the Mortgage Loan will be sufficient to cover the recommended remediation or other action.

***Risks Relating to Floating Rate Mortgage Loans.*** The Mortgage Loan bears interest at a floating rate based on LIBOR, subject to a cap at the Maximum Interest Rate. Accordingly, debt service for the Mortgage Loan will generally increase as interest rates rise. In contrast, rental income and other income from the mortgaged real property is not expected to rise as significantly as interest rates rise. Accordingly, the debt service coverage ratio of the Mortgage Loan will generally be adversely affected by rising interest rates, and the borrower’s ability to make all payments due on the Mortgage Loan may be adversely affected. Information regarding the Underwritten Debt Service Coverage Ratios of the Mortgage Loan is included in the definitions in the Glossary to this information circular. We cannot assure you that the borrower will be able to make all payments due on the Mortgage Loan if interest rates rise or remain at increased levels for an extended period of time.

As additional security for the benefit of the Bond Credit Enhancer, the borrower obtained an Interest Rate Cap Agreement that is currently in place. Interest rate cap agreements obligate a third-party to pay the applicable borrower an amount equal to the amount by which LIBOR exceeds a specified cap strike rate multiplied by a notional amount at least equal to the principal balance of the related mortgage loan. The Interest Rate Cap Agreement is intended to provide the borrower with some of the income needed to pay a portion of the interest due on the Mortgage Loan. We cannot assure you that the interest rate cap provider for the Interest Rate Cap Agreement will have sufficient assets or otherwise be able to fulfill its obligations under the Interest Rate Cap Agreement. The failure of the interest rate cap provider to fulfill its obligations under the Interest Rate Cap Agreement during periods of higher levels of LIBOR could result in the inability of the borrower to pay its required debt service on the Mortgage Loan. See “The Reimbursement Mortgage and Additional Security for the Bond Credit Enhancer—Interest Rate Caps” in this information circular.

We cannot assure you that the borrower will be able to obtain a new interest rate cap agreement when it is obligated to do so, nor can we assure you that the terms of such new interest rate cap agreement will be similar to the terms of the existing Interest Rate Cap Agreement. The inability of the borrower to obtain a new interest rate cap agreement on similar terms may result in the inability of the borrower to pay its required debt service on the Mortgage Loan.

The Interest Rate Cap Agreement has been collaterally assigned to the Bond Credit Enhancer as security for the borrower’s reimbursement obligations under the Reimbursement Agreement. The Interest Rate Cap Agreement does not secure the Bonds, the Mortgage Loan or the certificates.

***Appraisals and Market Studies May Inaccurately Reflect the Current or Prospective Value of the Mortgaged Real Property.*** In connection with the origination of the Mortgage Loan, the mortgaged real property was appraised by Cushman & Wakefield, Inc. The appraisal valuation provided an “as-stabilized” value of \$1,320,000,000 as of April 6, 2017, which value was estimated assuming that the mortgaged real property has reached stabilization and is operated as a 75/25 apartment building (*i.e.* with 75% market rate units and 25% income restricted units) that benefits from a 35-year Section 421-a tax abatement. See “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Mortgaged Real Property” in this information circular for a discussion of the borrower’s application for the mortgaged real property to benefit from recent changes enacted to the Section 421-a program. The appraisal reflects market conditions as of the date of the appraisal valuation and may not reflect current or prospective value of the mortgaged real property. We cannot assure you that the stabilization assumptions used to determine the “stabilized” appraised value set forth above are or will be accurate or that the prospective value upon stabilization and operation as a 75/25 apartment building that benefits from a 35-year Section 421-a tax abatement will be attained. We have not confirmed the value of the mortgaged real property in the appraisal.

Appraisals are not guarantees, and may not be fully indicative of present or future value because—

- they represent the analysis and opinion of the appraiser at the time the appraisal is conducted and the value of the mortgaged real property may have fluctuated since the appraisal was performed;
- we cannot assure you that another appraiser would not have arrived at a different valuation, even if the appraiser used the same general approach to, and the same method of, appraising the mortgaged real property;
- appraisals seek to establish the amount a typically motivated buyer would pay a typically motivated seller and therefore, could be significantly higher than the amount obtained from the sale of a mortgaged real property under a distress or liquidation sale; and
- appraisal valuations may be based on certain adjustments, assumptions and/or estimates, as further described under “Description of the Mortgage Loan—Underwriting Matters—Appraisals and Market Studies” in this information circular.

***Property Manager and Borrower May Each Experience Conflicts of Interest in Managing Multiple Properties.*** In the case of the Mortgage Loan, the Property Manager and borrower may experience conflicts of interest in the management and/or ownership of the mortgaged real property because—

- the Property Manager is affiliated with the borrower;
- the Property Manager also may manage additional properties, including properties that may compete with those mortgaged real property; and
- affiliates of the Property Manager and/or the borrower, or the Property Manager and/or the borrower themselves, also may own other properties, including properties that may compete with the mortgaged real property.

***The Mortgage Loan Servicer May Experience Conflicts of Interest.*** In the ordinary course of its businesses the Mortgage Loan Servicer will service loans other than the Mortgage Loan. In addition, it may own other mortgage loans. These other loans may be similar to the Mortgage Loan. The mortgaged real properties securing these other loans may—

- be in the same markets as mortgaged real property;
- have owners and/or a property manager in common with mortgaged real property; and/or
- be sponsored by parties that also sponsor the mortgaged real property.

In these cases, the interests of the Mortgage Loan Servicer and its other clients may differ from and compete with the interests of the issuing entity and these activities may adversely affect the amount and timing of collections on the Mortgage Loan.

In addition, the Mortgage Loan Servicer, or one or more of its respective affiliates, may have brokered the origination of the Mortgage Loan. As a result, the Mortgage Loan Servicer may have interests with respect to the Mortgage Loan, such as relationships with the borrower or the sponsors of the borrower, that differ from, and may conflict with, your interests.

***Servicing of the Mortgage Loan Will Not Be Provided For in the Trust Agreement.*** The Mortgage Loan will be serviced by the Mortgage Loan Servicer pursuant to the Mortgage Loan Servicing Agreement. The Mortgage Loan Servicing Agreement requires the Mortgage Loan Servicer to service the Mortgage Loan and the Reimbursement Mortgage in accordance with the Guide, as modified by the Commitment, which requires the Mortgage Loan Servicer to provide certain CREFC® reports. The certificateholders, the trust administrator, the trustee and the certificate administrator will have no control over the servicing of the Mortgage Loan, which could adversely affect the issuing entity's ability to realize on the Bonds or the Mortgage Loan if there is a default on the Bonds or the Mortgage Loan. Pursuant to the Assignment and Intercreditor Agreement, so long as the Credit Enhancement Agreement is in effect and no Wrongful Dishonor exists, Freddie Mac will, in its discretion, have the sole and exclusive (a) right to appoint the Mortgage Loan Servicer and arrange for the servicing of the Mortgage Loan and the assigned documents, *provided* such servicing will be performed by a Freddie Mac approved seller servicer in accordance with the terms and conditions of the Freddie Mac Delegated Underwriting for Targeted Affordable Housing Guide and the Guide (as applicable) (in their present form and as each may be amended, modified, supplemented or reissued from time to time), (b) power and authority, on its own behalf and/or on behalf of the Bond Trustee and the Agency, to do or refrain from doing any act in connection with the Mortgage Loan and/or the assigned documents, including any act provided for in the Assignment and Intercreditor Agreement and (c) right to remove the Mortgage Loan Servicer (for any reason), terminate its right to service the Mortgage Loan, and appoint a new Mortgage Loan Servicer as described in "Description of the Mortgage Loan—Servicing of the Mortgage Loan" in this information circular. In addition, if the Credit Enhancement Agreement is no longer in effect or if there is a Wrongful Dishonor of the Bond Credit Enhancer's obligations under the Credit Enhancement Agreement, the Bond Credit Enhancer will no longer have the right to appoint a Mortgage Loan Servicer and the Mortgage Loan Servicer will no longer have the right to service the Mortgage Loan. In such event, there could be no servicer for the Mortgage Loan, which could adversely affect the ability of the Bond Trustee to collect payments on the Mortgage Loan and remit payments on the Bonds to bondholders.

***If the Mortgage Loan Servicer or the Bond Credit Enhancer Purchases SPCs, a Conflict of Interest Could Arise Between Their Duties and Their Interests in the SPCs.*** The Mortgage Loan Servicer, the Bond Credit Enhancer or an affiliate of the Mortgage Loan Servicer or the Bond Credit Enhancer may purchase or retain any class of SPCs. The ownership of any SPCs by the Mortgage Loan Servicer or the Bond Credit Enhancer could cause a conflict between its duties under the Mortgage Loan Servicing Agreement and its interest as a holder of a certificate or an SPC, especially to the extent that certain actions or events have a disproportionate effect on one or more classes of certificates. However, pursuant to the Mortgage Loan Servicing Agreement, the Mortgage Loan Servicer is required to service the Mortgage Loan in accordance with the Guide as modified by the Commitment.

***Changes in Zoning Laws May Affect Ability to Repair or Restore the Mortgaged Real Property.*** Due to changes in applicable building and zoning ordinances and codes that may affect the mortgaged real property, which changes may have occurred after the construction of the improvements on the property, the mortgaged real property may not comply fully with current zoning laws because of:

- density;
- use;
- parking;
- set-back requirements; or
- other building related conditions.

These ordinance and/or code changes are not expected to materially interfere with the current use of the mortgaged real property. However, these changes may limit the ability of the borrower to rebuild the premises “as is” in the event of a substantial casualty loss, which in turn may adversely affect the ability of the borrower to meet its Mortgage Loan obligations from cash flow. With some exceptions, a mortgaged real property which no longer conforms to current zoning ordinances and codes will require, or contain provisions under which the lender in its reasonable discretion may require, the borrower to maintain “ordinance and law” coverage which, subject to the terms and conditions of such coverage, will insure the increased cost of construction to comply with current zoning ordinances and codes. Insurance proceeds may not be sufficient to pay off the Mortgage Loan in full. In addition, if the mortgaged real property were to be repaired or restored in conformity with then current law, its value could be less than the remaining balance on the Mortgage Loan and it may produce less revenue than before repair or restoration.

In addition, the mortgaged real property may be non-conforming as to setbacks, parking and/or density, and in some cases ordinance and law insurance coverage may be in amounts less than generally required at origination of mortgage loans secured by similar properties.

***Lending on Income-Producing Properties Entails Risks Related to Property Condition.*** With respect to the mortgaged real property, a third-party engineering firm inspected the property to assess exterior walls, roofing, interior construction, mechanical and electrical systems and general condition of the site, buildings and other improvements located at the mortgaged real property in connection with the origination of the Mortgage Loan.

We cannot assure you that all conditions at the mortgaged real property requiring repair or replacement have been identified in these inspections, or that all building code and other legal compliance issues have been identified through inspection or otherwise, or, if identified, have been adequately addressed by escrows or otherwise. Furthermore, the condition of the mortgaged real property may have changed since the origination of the Mortgage Loan. Finally, the loan documents may require the borrower to make certain repairs or replacements on the improvements on the mortgaged real property within certain time periods. Some of these required repairs or replacements may be in progress as of the date of this information circular, and we cannot assure you that the borrower will complete any such required repairs or replacements in a timely manner or in accordance with the requirements set forth in the loan documents. We cannot assure you that these circumstances will not adversely impact operations at or the value of the mortgaged real property. See “Description of the Mortgage Loan—Underwriting Matters—Property Condition Assessments” in this information circular.

***World Events and Natural Disasters Could Have an Adverse Impact on the Mortgaged Real Property and Consequently Could Reduce the Cash Flow Available to Make Payments on the Certificates.*** The economic impact of the United States' military operations in various parts of the world, as well as the possibility of any terrorist attacks domestically or abroad, is uncertain, but could have a material adverse effect on general economic conditions, consumer confidence, and market liquidity. We cannot assure you as to the effect of these events or other world events on consumer confidence and the performance of the Mortgage Loan. Any adverse impact resulting from these events could ultimately be borne by the holders of one or more classes of certificates.

In addition, natural disasters, including earthquakes, floods, droughts and hurricanes, also may adversely affect the mortgaged real property. For example, a mortgaged real property located in a coastal state generally may be more susceptible to hurricanes than properties in other parts of the country. Hurricanes and related windstorms, floods, tornadoes and oil spills have caused extensive and catastrophic physical damage in and to coastal and inland areas located in the eastern, mid-Atlantic and Gulf Coast regions of the United States and certain other parts of the eastern and southeastern United States. The Mortgage Loan does not require the maintenance of flood insurance for the mortgaged real property. We cannot assure you that any damage caused by hurricanes, windstorms, floods, tornadoes or oil spills would be covered by insurance.

***Special Hazard Losses May Cause You to Suffer Losses on the Certificates.*** In general, the standard form of fire and extended coverage policy covers physical damage to or destruction of the improvements of a property by fire, lightning, explosion, smoke, windstorm and hail, and riot, strike and civil commotion, subject to the conditions and exclusions specified in the related policy. Most insurance policies typically do not cover any physical damage resulting from, among other things—

- war;
- nuclear, biological or chemical materials;
- revolution;
- governmental actions;
- floods and other water-related causes;
- earth movement, including earthquakes, landslides and mudflows;
- wet or dry rot;
- vermin; and
- domestic animals.

Unless the related loan documents specifically require (and such provisions were not waived) the borrower to insure against physical damage arising from these causes, then any losses resulting from these causes may be borne by you as a holder of certificates.

If the related loan documents do not expressly require a particular type of insurance but permit the mortgagee to require such other insurance as is reasonable, the borrower may challenge whether maintaining that type of insurance is reasonable in light of all the circumstances, including the cost. The Mortgage Loan Servicer's efforts to require such insurance may be further impeded if the originator did not require the borrower to maintain such insurance regardless of the terms of the related loan documents.

There is also a possibility of casualty losses on a real property for which insurance proceeds, together with land value, may not be adequate to pay the Mortgage Loan in full or rebuild the improvements. Consequently, we cannot assure you that each casualty loss incurred with respect to the mortgaged real property will be fully covered by insurance or that the Mortgage Loan will be fully repaid in the event of a casualty.

We cannot assure you regarding the extent to which the mortgaged real property will be insured against earthquake risks.

***The Absence or Inadequacy of Terrorism Insurance Coverage on the Mortgaged Real Property May Adversely Affect Payments on the Certificates.*** Following the September 11, 2001 terrorist attacks in the New York City area and Washington, D.C. area, many insurance companies eliminated coverage for acts of terrorism from their policies. Without assurance that they could secure financial backup for this potentially uninsurable risk, availability in the insurance market for this type of coverage, especially in major metropolitan areas, became either unavailable, or was offered with very restrictive limits and terms, with prohibitive premiums being requested. In order to provide a market for such insurance, the Terrorism Risk Insurance Act of 2002 was enacted on November 26, 2002, establishing the “Terrorism Risk Insurance Program.” The Terrorism Risk Insurance Program was extended through December 31, 2014 by the Terrorism Risk Insurance Program Reauthorization Act of 2007 and was subsequently reauthorized on January 12, 2015 for a period of six years through December 31, 2020 pursuant to the Terrorism Risk Insurance Program Reauthorization Act of 2015.

Under the Terrorism Risk Insurance Program, the federal government shares in the risk of losses occurring within the United States resulting from acts committed in an effort to influence or coerce United States civilians or the United States government. The federal share of compensation for insured losses of an insurer will be equal to 83% in 2017 (subject to annual decreases of 1% thereafter until equal to 80%) of the portion of such insured losses that exceed a deductible equal to 20% of the value of the insurer’s direct earned premiums over the calendar year immediately preceding that program year. Federal compensation in any program year is capped at \$100 billion (with insurers being liable for any amount that exceeds such cap), and no compensation is payable with respect to a terrorist act unless the aggregate industry losses relating to such act exceed \$140 million in 2017 (subject to annual increases of \$20 million thereafter until equal to \$200 million).

The Terrorism Risk Insurance Program does not cover nuclear, biological, chemical or radiological attacks. Unless borrowers obtain separate coverage for events that do not meet the thresholds or other requirements above, such events would not be covered.

If the Terrorism Risk Insurance Program is not reenacted after its expiration in 2020, premiums for terrorism insurance coverage will likely increase and the terms of such insurance policies may be materially amended to increase stated exclusions or to otherwise effectively decrease the scope of coverage available. We cannot assure you that the Terrorism Risk Insurance Program will create any long term changes in the availability and cost of insuring terrorism risks. In addition, we cannot assure you that terrorism insurance or the Terrorism Risk Insurance Program will be available or provide sufficient protection against risks of loss on the mortgaged real property resulting from acts of terrorism.

The borrower was required to obtain terrorism insurance with respect to the Mortgage Loan.

The loan documents permit the lender to temporarily suspend, cap or otherwise limit the requirement that the borrower maintain insurance against acts of terrorism for a period not longer than one year, which suspension, waiver or cap may be renewed by the lender in one year increments, if insurance against acts of terrorism is not available at commercially reasonable rates and such hazards are not at the time commonly insured against for properties similar to the mortgaged real property and located in and around the region where the mortgaged real property is located.

We cannot assure you regarding the extent to which the mortgaged real property will be insured against acts of terrorism.

If the mortgaged real property sustains damage as a result of an uninsured terrorist or similar act, a default on the Mortgage Loan may result, and such damaged mortgaged real property may not provide adequate collateral to satisfy all amounts owing under the Mortgage Loan. This could result in losses on some classes of certificates, subject to the Freddie Mac Guarantee.

If the borrower is required, under the circumstances described above, to maintain insurance coverage with respect to terrorist or similar acts, the borrower may incur higher costs for insurance premiums in obtaining that coverage which would have an adverse effect on the net cash flow of the mortgaged real property.

***The Absence or Inadequacy of Earthquake, Flood and Other Insurance May Adversely Affect Payments on the Certificates.*** The mortgaged real property may suffer casualty losses due to risks that are not covered by insurance or for which insurance coverage is inadequate. In addition, the mortgaged real property is located in a region that has historically been at greater risk regarding acts of nature (such as hurricanes, floods, droughts and earthquakes) than other regions, as applicable. There is no assurance that the borrower will be able to maintain adequate insurance. Moreover, if reconstruction or any major repairs are required, changes in laws may materially affect the borrower's ability to effect such reconstruction or major repairs or may materially increase the costs of reconstruction and repair. As a result of any of these factors, the amount available to make distributions on the certificates could be reduced.

***Compliance with Americans with Disabilities Act May Result in Additional Costs to Borrowers.*** Under the Americans with Disabilities Act of 1990, as amended (the "ADA"), all existing facilities considered to be "public accommodations" are required to meet certain federal requirements related to access and use by disabled persons such that the borrower is required to take steps to remove architectural and communication barriers that are deemed "readily achievable" under the ADA. Factors to be considered in determining whether or not an action is "readily achievable" include the nature and cost of the action, the number of persons employed at the mortgaged real property and the financial resources of the borrower. To the extent the mortgaged real property does not comply with the ADA, the borrower may be required to incur costs to comply with this law. We cannot assure you that the borrower will have the resources to comply with the requirements imposed by the ADA, which could result in the imposition of fines by the federal government or an award of damages to private litigants.

***Litigation May Adversely Affect Property Performance.*** There may be pending or, from time to time, threatened legal proceedings against the borrower, the Property Manager and their respective affiliates, arising out of the ordinary business of the borrower, the Property Manager and affiliates. See "Description of the Mortgage Loan—Additional Loan and Property Information—Litigation" in this information circular for additional information relating to such pending or threatened litigation. We cannot assure you that litigation will not adversely impact operations at or the value of the mortgaged real property or will not have a material adverse effect on your investment. See "—Borrower Bankruptcy Proceedings Can Delay and Impair Recovery on the Mortgage Loan" and "—Sponsor Defaults on Other Loans May Adversely Impact and Impair Recovery on the Mortgage Loan" above.

***One Action Rules May Limit Remedies.*** New York has laws that prohibit more than one "judicial action" to enforce a mortgage obligation, and some courts have construed the term "judicial action" broadly. Accordingly, the Bond Trustee may need to obtain advice of counsel prior to enforcing any rights under the Mortgage Loan.

***Tax Considerations Related to Foreclosure.*** The Bond Trustee, or its designee, among others, may acquire the mortgaged real property pursuant to a foreclosure or deed-in-lieu of foreclosure. If the Bond Trustee, or its designee, among others, were to acquire the mortgaged real property pursuant to a foreclosure or deed-in-lieu of foreclosure, it may be required to pay state or local transfer or excise taxes upon liquidation of such property. Such state or local taxes may reduce net proceeds available for distribution to the certificateholders, subject to the Freddie Mac Guarantee.

## **Risks Related to the Certificates**

***The Source of Repayment on the Certificates Will Be Limited to Payments and Other Collections on the Bonds.*** The certificates will represent interests solely in the issuing entity. The primary assets of the issuing entity will be a segregated pool of multifamily Bonds. Accordingly, repayment of the certificates will be limited to payments and other collections on the Bonds, subject to the Freddie Mac Guarantee.

The Bonds will not be an obligation of, or be insured or guaranteed by:

- any governmental entity (other than Freddie Mac);
- any private mortgage insurer;
- the depositor;
- any Third Party Trust Administrator;

- the trustee;
- the certificate administrator; or
- any of their or our respective affiliates.

However, Freddie Mac, as Bond Credit Enhancer, will provide credit enhancement on the Bonds by its obligation to make payments of principal and interest on the Mortgage Loan and the Bond Purchase Price as described in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular. In addition, Freddie Mac, as Guarantor of the certificates, is required to make any payments required on the certificates pursuant to the Freddie Mac Guarantee. Thus, investors should consider the risks related to the Bond Credit Enhancer and the Guarantor described in “Risk Factors—Risks Relating to the Bond Seller, Guarantor, Bond Credit Enhancer and Trust Administrator” in this information circular.

***Special Rules Limit the Tax-Exempt Treatment of Original Issue Discount on Tax-Exempt Certificates Representing “Stripped Bonds” or “Stripped Coupons”.*** Under section 1286(d) of the Code, original issue discount on a tax-exempt obligation (or an interest in such tax-exempt obligation) from which one or more coupons have been stripped (such as the Tax-Exempt Certificates) is excluded from a certificateholder’s gross income to the extent it does not exceed the “tax-exempt portion” of such original issue discount. If the Tax-Exempt Certificates have total original issue discount in excess of the “tax-exempt portion” of original issue discount, holders of Tax-Exempt Certificates will have taxable original issue discount income with respect to such certificates. The amount of any such excess will be included in the gross income of the certificateholder. See “Certain Federal Income Tax Consequences—Taxation of the Tax-Exempt Certificates” in this information circular.

***Changes in Tax Law; No Gross Up in Respect of the Certificates.*** No withholding tax is currently imposed on the payments of interest or principal on the certificates in respect of the Bonds if a holder of such certificates provides the appropriate forms and documentation to the certificate administrator and with respect to whom interest on the Bonds is “portfolio interest.” However, any change in any applicable law, treaty, rule or regulation, or in the interpretation of such law, treaty, rule or regulation could subject such payments to withholding taxes. To the extent that any withholding tax is imposed on payments of interest or other payments on any certificates, neither the Bond Seller nor the issuing entity has an obligation to make any “gross-up” payments to certificateholders in respect of such taxes and such withholding tax would therefore result in a shortfall to affected certificateholders.

***The Issuing Entity’s Assets May Be Insufficient to Allow for Repayment in Full on the Certificates.*** The certificates do not represent obligations of any person or entity and do not represent a claim against any assets other than those of the issuing entity. Other than as described under “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this information circular, no governmental agency or instrumentality will guarantee or insure payment on the certificates. In addition, neither we nor our affiliates are responsible for making payments on the certificates if collections on the Bonds are insufficient. If the Bonds are insufficient to make payments on the certificates, other than as described under “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this information circular, no other assets will be available to you for payment of the deficiency, and you will bear the resulting loss.

***Credit Support Is Limited and May Not Be Sufficient to Prevent Loss on the Certificates.*** Any use of credit support will be subject to the conditions and limitations described in this information circular and may not cover all potential losses or risks.

The Freddie Mac Guarantee is intended to provide credit enhancement to the certificates as described in this information circular by increasing the likelihood that holders of the certificates will receive (i) timely payments of interest (excluding interest shortfalls resulting from Prepayment Interest Shortfalls), (ii) payment of principal to holders of the Principal Balance Certificates, on the distribution date immediately following the Extraordinary Mandatory Tender Date of each Bond, (iii) reimbursement of Realized Losses and any Additional Issuing Entity Expenses allocated to the Principal Balance Certificates and (iv) ultimate payment of principal by the Assumed Final Distribution Date to the holders of the Principal Balance Certificates. If, however, Freddie Mac were to experience significant financial difficulties, or if the Conservator placed Freddie Mac in receivership and Freddie Mac’s guarantee was repudiated as described in “—Risks Relating to the Bond Seller, Guarantor, Bond Credit

Enhancer and Trust Administrator” below, the credit enhancement provided by the Freddie Mac Guarantee may be insufficient and the holders of certificates may suffer losses as a result of the various contingencies described in this “Risk Factors” section and elsewhere in this information circular. See “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this information circular for a detailed description of the Freddie Mac Guarantee. The certificates 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.

Freddie Mac’s obligation to serve as Bond Credit Enhancer is intended to provide credit enhancement to the Bonds by increasing the likelihood that all payments of principal and interest on the Bonds will be timely made. If, however, Freddie Mac were to experience significant financial difficulties, or if the Conservator placed Freddie Mac in receivership and Freddie Mac’s obligation to act as Bond Credit Enhancer was repudiated as described in “—Risks Relating to the Bond Seller, Guarantor, Bond Credit Enhancer and Trust Administrator” below, the credit enhancement provided by Freddie Mac as Bond Credit Enhancer may be insufficient and the holders of certificates may suffer losses as a result of the various contingencies described in this “Risk Factors” section and elsewhere in this information circular. See “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular for a detailed description of the Bond Credit Enhancer’s obligations.

When making an investment decision, you should consider, among other things—

- the distribution priorities of the respective classes of certificates;
- the creditworthiness of Freddie Mac;
- the characteristics and quality of the Bonds; and
- the characteristics and quality of the Mortgage Loan and the mortgaged real property.

***The Certificates Have Uncertain Yields to Maturity.*** If you purchase Principal Balance Certificates at a premium, and if payments and other collections of principal on the Bonds occur at a rate faster than you anticipated at the time of your purchase, then your actual yield to maturity may be lower than you had assumed at the time of your purchase. Conversely, if you purchase Principal Balance Certificates at a discount, and if payments and other collections of principal on the Bonds occur at a rate slower than you anticipated at the time of your purchase, then your actual yield to maturity may be lower than you had assumed at the time of your purchase.

The yield to maturity on the Principal Balance Certificates will be highly sensitive to changes in the levels of LIBOR such that decreasing levels of LIBOR will have a negative effect on the yield to maturity of the holders of such certificates. In addition, prevailing market conditions may increase the interest rate margins above LIBOR at which comparable securities are being offered, which would cause the Principal Balance Certificates to decline in value. Investors in the Principal Balance Certificates should consider the risk that lower than anticipated levels of LIBOR could result in lower yield to investors than the anticipated yield and the risk that higher market interest rate margins above LIBOR could result in a lower value of the Principal Balance Certificates. See “—Ongoing Investigations Concerning LIBOR Could Adversely Affect Your Investment in the Certificates” above.

Since the Principal Balance Certificates bear interest at a rate limited by the applicable Weighted Average Bond Pass-Through Rate minus the Guarantee Fee Rate, the pass-through rate on the Principal Balance Certificates may be limited by that pass-through rate cap, even if principal prepayments do not occur. See “Description of the Certificates Distributions—Interest Distributions” in this information circular.

The yield to maturity on the Principal Balance Certificates could be adversely affected if the interest rate on the Bonds becomes capped at the Maximum Interest Rate.

If you purchase the class XTE or XT certificates, your yield to maturity will be particularly sensitive to the rate and timing of principal payments on the Bonds and the extent to which those amounts are applied to reduce the notional amount of those certificates. Each distribution of principal in reduction of the outstanding principal balance of (i) the class ATE certificates will result in a reduction in the notional amount of the class XTE certificates and

(i) the class AT certificates will result in a reduction in the notional amount of the class XT certificates. Your yield to maturity may also be adversely affected by—

- the repurchase of any Bonds by the Bond Seller in connection with a material breach of a representation and warranty, as described under “Description of the Bonds—Cures and Repurchases” in this information circular;
- the timing of defaults and liquidations of Bonds; and
- the termination of the issuing entity, as described under “The Trust Agreement—Termination” in this information circular.

Prior to investing in the class XTE or XT certificates, you should fully consider the associated risks, including the risk that an extremely rapid rate of amortization, prepayments and/or liquidations on or with respect to the Bonds could result in your failure to recoup fully your initial investment. See “Yield and Maturity Considerations—Yield Sensitivity of the Class XTE and XT Certificates” in this information circular. In addition, the amounts payable to (i) the class XTE certificates will vary with changes in the outstanding principal balance of the class ATE certificates and (ii) the class XT certificates will vary with changes in the outstanding principal balance of the class AT certificates.

If the borrower prepays the Mortgage Loan, the Bonds will also be prepaid. Generally, a borrower is less likely to prepay if prevailing interest rates are at or above the interest rate borne by its mortgage loan. On the other hand, a borrower is more likely to prepay if prevailing rates fall significantly below the interest rate borne by its mortgage loan. Borrowers are less likely to prepay mortgage loans with lockout periods or Prepayment Premium provisions, to the extent enforceable, than otherwise identical mortgage loans without these provisions or with shorter lockout periods or with lower or no Prepayment Premiums. But see “—The Bonds May Experience a Higher Than Expected Rate of Prepayment Due to the Right of the Bond Credit Enhancer to Cause the Waiver of Prepayment Premiums and Due to Limited Prepayment Protection” below.

Pursuant to the bond documents, any prepayment of the Bonds will be applied first, to reduce the outstanding principal amount of the Taxable Bonds until such outstanding principal amount is reduced to zero, and then to reduce the outstanding principal amount of the Tax-Exempt Bonds. As a result, any prepayment of the Bonds will first reduce the outstanding principal balance or notional amount of the class AT and XT certificates until such amounts are reduced to zero, and then reduce the outstanding principal balance or notional amount of the class ATE and XTE certificates. As a result, the yield to maturity on the class AT and XT certificates may be lower than expected.

Delinquencies on the Bonds may result in shortfalls in distributions of interest and/or principal to the holders of the certificates for the current month (although such shortfalls may be covered under the Freddie Mac Guarantee, other than those resulting from Prepayment Interest Shortfalls). Furthermore, no interest will accrue on this shortfall during the period of time that the payment is delinquent. The consequent effect on the weighted average lives and yields to maturity of the certificates will depend on the characteristics of the remaining Bonds.

Shortfalls in the (i) Tax-Exempt Available Distribution Amount resulting from Prepayment Interest Shortfalls will generally be allocated to the class ATE and XTE certificates, on a *pro rata* basis, based on interest accrued and (ii) Taxable Available Distribution Amount resulting from Prepayment Interest Shortfalls will generally be allocated to the class AT and XT certificates, on a *pro rata* basis, based on interest accrued. Any shortfalls due to the allocation of Prepayment Interest Shortfalls to the certificates will not be covered under the Freddie Mac Guarantee. See “Description of the Certificates—Distributions—Interest Distributions” in this information circular.

See “Yield and Maturity Considerations” in this information circular.

***The Bonds May Experience a Higher Than Expected Rate of Prepayment Due to the Right of the Bond Credit Enhancer to Cause the Waiver of Prepayment Premiums and Due to Limited Prepayment Protection.*** Pursuant to the Reimbursement Agreement, the Bond Credit Enhancer will be entitled to all Prepayment Premiums, if any, collected by the Mortgage Loan Servicer with respect to the Mortgage Loan. Pursuant to the Reimbursement Agreement, the Bond Credit Enhancer may, in its sole discretion, waive any event of default caused by the failure of

the borrower to pay a Prepayment Premium in connection with any prepayment of the Mortgage Loan. The Bond Credit Enhancer has indicated that the likelihood of its waiver of a Prepayment Premium would increase in certain circumstances, such as if the prepayment is made in connection with a refinancing of the Mortgage Loan that meets certain conditions. The Borrower may have an incentive to prepay the Mortgage Loan (and therefore the Bonds may be more likely to be prepaid) if it is not required to pay a Prepayment Premium in connection with such a prepayment. Waivers of Prepayment Premiums by the Bond Credit Enhancer may cause the Mortgage Loan, and consequently, the Bonds, to experience a higher than expected rate of prepayments, which may adversely affect the yield to maturity of each class of certificates. The yield to maturity on the class XTE or XT certificates, as applicable, will be extremely sensitive to the Bond Credit Enhancer electing to waive payments of Prepayment Premiums because such waivers would tend to increase the rate of prepayments on the Mortgage Loan and the Bonds which would result in a faster than anticipated reduction in the notional amount of the class XTE or XT certificates, as applicable. See “Description of the Bonds—Certain Terms and Conditions of the Bonds—Prepayment Provisions” in this information circular.

***Optional Early Termination of the Issuing Entity May Result in an Adverse Impact on Your Yield or May Result in a Loss.*** The certificates will be subject to optional early termination by means of the purchase of the Bonds in the issuing entity at the time and for the price described in “The Trust Agreement—Termination” in this information circular. We cannot assure you that the proceeds from a sale of the Bonds will be sufficient to distribute the outstanding certificate balance plus accrued interest and any undistributed shortfalls in interest accrued on the certificates that are subject to the termination. Accordingly, the holders of certificates affected by such a termination may suffer an adverse impact on the overall yield on their certificates, may experience repayment of their investment at an unpredictable and inopportune time or may even incur a loss on their investment, subject to the Freddie Mac Guarantee. See “The Trust Agreement—Termination” in this information circular.

***Commencing Legal Proceedings Against Parties to the Trust Agreement May Be Difficult.*** The trustee may not be required to commence legal proceedings against third parties at the direction of any certificateholders unless, among other conditions, at least 25% of the voting rights (determined without notionally reducing the outstanding principal balances of the Principal Balance Certificates) associated with the certificates join in the demand and offer indemnification satisfactory to the trustee. Those certificateholders may not commence legal proceedings themselves with respect to the Trust Agreement or the certificates unless the trustee has refused to institute proceedings after the conditions described in the proceeding sentence have been satisfied. These provisions may limit your personal ability to enforce the provisions of the Trust Agreement.

***The Limited Nature of Ongoing Information May Make It Difficult for You to Resell the Certificates.*** The primary source of ongoing information regarding your certificates, including information regarding the status of the related Bonds, will be the periodic reports delivered by the certificate administrator described under the heading “Description of the Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this information circular. We cannot assure you that any additional ongoing information regarding your certificates will be available through any other source. In addition, the depositor is not aware of any source through which price information about the certificates will be generally available on an ongoing basis. The limited nature of the information regarding the certificates may adversely affect the liquidity of the certificates, even if a secondary market for the certificates is available. There will have been no secondary market for the certificates prior to this offering. We cannot assure you that a secondary market will develop or, if it does develop, that it will provide you with liquidity of investment or continue for the lives of the certificates. The market value of the certificates will fluctuate with changes in prevailing rates of interest or other credit related market changes. Consequently, the sale of the certificates in any market that may develop may be at a discount from the related par value or purchase price. In addition, we have not engaged any NRSRO to rate any class of certificates. The absence of ratings may adversely affect the ability of an investor to purchase or retain, or otherwise impact the liquidity, market value and regulatory characteristics of, the certificates.

***Insolvency Proceedings With Respect to the Trust Administrator, the Trustee or the Certificate Administrator May Adversely Affect Collections on the Bonds and the Ability to Replace the Trust Administrator, the Trustee or the Certificate Administrator.*** The trust administrator, the trustee or the certificate administrator for the certificates may be eligible to become a debtor under the United States Bankruptcy Code or enter into receivership under the Federal Deposit Insurance Act or, in the case of Freddie Mac, be placed into receivership by FHFA. Should this occur, although the issuing entity may be entitled to the termination of any such party, such provision may not be enforceable. An assumption under the Bankruptcy Code of its responsibilities under the Trust Agreement would

require any Third Party Trust Administrator, the trustee or the certificate administrator to cure any of its pre-bankruptcy defaults and demonstrate that it is able to perform following assumption. The impact of insolvency by an entity governed by state insolvency law would vary depending on the laws of the particular state. We cannot assure you that a bankruptcy or receivership of the trust administrator, the trustee or the certificate administrator would not adversely impact the servicing or administration of the Bonds or that the issuing entity would be entitled to terminate any such party in a timely manner or at all.

If the trust administrator, the trustee or the certificate administrator becomes the subject of bankruptcy, receivership or similar proceedings, claims by the issuing entity to funds in the possession of the trust administrator, the trustee or the certificate administrator at the time of the bankruptcy filing or other similar filing may not be perfected due to the circumstances of any bankruptcy or similar proceedings. In this event, funds available to pay principal and interest on the certificates may be delayed or reduced.

***Inability to Replace the Trustee, the Certificate Administrator or the Trust Administrator Could Affect the Issuing Entity.*** The structure of the trustee fee, the certificate administrator fee and the trust administrator fee may affect the ability of the issuing entity to appoint a successor trustee, certificate administrator or trust administrator. Because the trustee fee, the certificate administrator fee and the trust administrator fee are each structured as one-time up-front payments, there is no trustee fee strip, certificate administrator fee strip or trust administrator fee strip available to pay a replacement trustee, certificate administrator or trust administrator, as applicable. Instead, in order to appoint a successor trustee, certificate administrator or trust administrator, the resigning or removed trustee, certificate administrator or trust administrator will be required to pay back the unearned portion of its trustee fee, certificate administrator fee or trust administrator fee to the depositor, on behalf of the issuing entity, which will be required to use such amounts to appoint a successor trustee, certificate administrator or trust administrator, as applicable. In addition, the depositor may reduce the Guarantee Fee payable to the guarantor (and such reduction may reduce the Guarantee Fee to zero) to the extent reasonably necessary (in the sole but reasonable discretion of the depositor) for the depositor to appoint a qualified replacement trustee, certificate administrator or trust administrator that meets the requirements of the Trust Agreement, and the replacement trustee, certificate administrator or trust administrator will be entitled to retain such reduced Guarantee Fee portion. Any reduction of the Guarantee Fee by the depositor will be conclusive and binding on the parties under the Trust Agreement, and the depositor will have no liability for any reduction of the Guarantee Fee. However, any resigning or removed trustee, certificate administrator or trust administrator may be unable to pay back (for example, due to the imposition of an automatic stay in connection with the bankruptcy of the trustee, certificate administrator or trust administrator, as applicable) the unearned portion of its trustee fee, certificate administrator fee or trust administrator fee, and the Guarantee Fee may not be sufficient to provide such compensation necessary to appoint a successor trustee, certificate administrator or trust administrator. In such case, the performance of the issuing entity may be negatively impacted if a replacement trustee, certificate administrator or trust administrator cannot be obtained.

***The Terms of the Mortgage Loan and the Bonds Will Affect Payments on the Certificates.*** The Mortgage Loan will specify the terms on which the borrower must repay the outstanding principal amount of the Mortgage Loan. The rate at which the Mortgage Loan and the Bonds amortize will directly affect the rate at which the principal balance or notional amount of the certificates is paid down or otherwise reduced.

In addition, the Mortgage Loan and the Bonds permit the borrower during some of the bond term to prepay the Mortgage Loan, which would result in a prepayment of the Bonds. In general, a borrower will be more likely to prepay its mortgage loan when it has an economic incentive to do so, such as obtaining a larger mortgage loan on the same mortgaged real property or a lower or otherwise more advantageous interest rate through refinancing. If a mortgage loan or bond includes some form of prepayment restriction, the likelihood of prepayment should decline. These restrictions may include an absolute or partial prohibition against voluntary prepayments during some of the loan term, during which voluntary principal prepayments are prohibited or a requirement that voluntary prepayments made during a specified period of time be accompanied by a Prepayment Premium.

Prepayments of the Mortgage Loan and the Bonds that occur on dates other than an interest payment date will occur without collection of a full month's interest. Should this occur, Prepayment Interest Shortfalls may result, because the amount of interest that was collected on the prepaid principal may be less than the amount of interest that accrues on the certificates and the fees payable to parties under the Trust Agreement. Such shortfalls will not be advanced by the Mortgage Loan Servicer or covered under the Freddie Mac Guarantee or the Credit Enhancement Agreement. However, Freddie Mac agreed in the Trust Agreement that, with respect to any request from the

borrower that would cause a mandatory tender for purchase of the Bonds or redemption of the Bonds that requires the consent of Freddie Mac, Freddie Mac will only grant such consent if such mandatory tender or redemption is scheduled to occur on a date that would otherwise constitute an Interest Payment Date for the Bonds, such that no Prepayment Interest Shortfalls will occur on the certificates in connection with any such mandatory tender or redemption. For the avoidance of doubt, this will not limit the right of the Bond Credit Enhancer to declare all obligations of the borrower on the Mortgage Loan due and payable or cause a mandatory tender of the Bonds, or a mandatory redemption of all or a portion of the Bonds, at any time in connection with an event of default by the borrower under the Reimbursement Agreement or the Reimbursement Mortgage. See “The Trust Agreement—Additional Covenants of Freddie Mac” in this information circular. We cannot assure you that any such redemption will not result in a Prepayment Interest Shortfall, which would not be covered under the Freddie Mac Guarantee or the Credit Enhancement Agreement.

In certain instances, however, there will be no restriction associated with the application of insurance proceeds or condemnation proceeds as a prepayment of principal. See “Description of the Mortgage Loan—Certain Terms and Conditions of the Mortgage Loan—Release of Property Through Prepayment” in this information circular.

***The Terms of the Bonds Do Not Provide Absolute Certainty as Regards the Rate, Timing and Amount of Payments on the Certificates.*** The amount, rate and timing of payments and other collections on the Bonds will be unpredictable because of possible defaults and prepayments on the Bonds and possible casualties or condemnations with respect to the mortgaged real property.

The investment performance of the certificates may vary materially and adversely from your expectations due to—

- the rate of prepayments and other unscheduled collections of principal on the Bonds being faster or slower than you anticipated, and the extent to which such prepayments result in Prepayment Interest Shortfalls, which are not covered under the Freddie Mac Guarantee;
- the rate of defaults on the Bonds being faster, or the severity of losses on the Bonds being greater, than you anticipated;
- the actual net cash flow for the Bonds being different than the Underwritten Net Cash Flow for the Bonds as presented in this information circular; or
- the debt service coverage ratios for the Bonds being different than the debt service coverage ratios for the Bonds as presented in this information circular.

The actual yield to you, as a holder of a certificate, may not equal the yield you anticipated at the time of your purchase, and the total return on investment that you expected may not be realized. In deciding whether to purchase any certificates, you should make an independent decision as to the appropriate prepayment, default and loss assumptions to be used.

In addition, as described under “The Trust Agreement—Certain Indemnities” in this information circular, under the Trust Agreement, any Third Party Trust Administrator may be indemnified by the issuing entity in certain circumstances, but such party’s indemnification is capped at the Third Party Trust Administrator Aggregate Annual Cap, which limits the amount of indemnification payments that can be made in a single year. However, Freddie Mac, acting as trust administrator, is not subject to an aggregate annual cap. This could result in higher up front indemnification payments to Freddie Mac, rather than capped indemnification payments spread out over multiple years. This could result in earlier losses on the certificates (subject to the Freddie Mac Guarantee).

See “Yield and Maturity Considerations” in this information circular.

***Prepayments on the Bonds Will Affect the Average Lives of the Certificates; and the Rate and Timing of Those Prepayments May Be Highly Unpredictable.*** Payments of principal and/or interest on the certificates will depend on, among other things, the rate and timing of payments on the Bonds. The rate of prepayment on the Bonds depends on the rate of prepayment on the Mortgage Loan. Prepayments on the Bonds will result in a faster rate of principal payments on the Principal Balance Certificates, causing shorter average lives for the certificates than if

those prepayments had not occurred. The rate and timing of principal prepayments on mortgage loans such as the Mortgage Loan backing the Bonds are influenced by a variety of economic, demographic, geographic, social, tax and legal factors. Although the Mortgage Loan provides for a prepayment lockout period which covers a portion of the loan term, prepayments may still occur during such periods as a result of a casualty or condemnation event. See “Risk Factors—Risks Related to the Bonds—All of the Bonds Are Secured by a Multifamily Rental Property, Thereby Materially Exposing Certificateholders to Risks Associated with the Performance of Multifamily Rental Properties” and “Description of the Bonds—Certain Terms and Conditions of the Bonds—Release of Property Through Prepayment” in this information circular.

In addition, the Reimbursement Agreement requires the borrower to prepay the Mortgage Loan in part if a tax abatement expected to benefit the mortgaged real property is not obtained. Any such prepayment on the Mortgage Loan will result in a corresponding prepayment of the Bonds. See “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement,” in this information circular. See “Description of the Mortgage Loan—Certain Terms and Conditions of the Bonds—Release of Property Through Prepayment” in this information circular.

In addition, after September 1, 2018, the Bonds are subject to redemption, at the option of the Agency (with the prior written consent of the Bond Credit Enhancer), in whole on any date or in part on any interest payment date, at a Redemption Price of 100% of the principal amount of the Bonds, or portions of the Bonds, to be redeemed plus accrued interest to the date of redemption. However, pursuant to the Financing Agreement, the Agency has agreed that, provided there is no continuing event of default under the Resolution, the Agency will not exercise such option to redeem any or all of the Bonds without the borrower’s prior consent. In addition, pursuant to the Reimbursement Agreement, (i) the borrower will have the right, after September 1, 2018, to cause the Agency to call the Bonds in whole for optional redemption in accordance with the terms of the Resolution in connection with an optional prepayment of the Mortgage Loan in whole, *provided* that such prepayment and corresponding redemption must occur on the first Business Day of a calendar month, and (ii) except in connection with the failure of the borrower to obtain the tax abatement as described under “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement Prepayment” in this information circular, the borrower may not cause the Agency to call the Bonds for optional redemption in part, notwithstanding any right of the borrower to do so under the Resolution. See “Description of the Bonds—Optional Redemption” in this information circular.

In addition, in lieu of redemption, the Bonds may also be subject to mandatory tender in whole at any time after September 1, 2018 in connection with certain events, including the borrower’s replacement of Freddie Mac as the Bond Credit Enhancer, at the Bond Purchase Price. See “Description of the Bonds—Certain Provisions of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates” in this information circular.

In addition, the Bonds are also subject to mandatory redemption at any time, in whole or in part by lot, at a Redemption Price of 100% of the principal amount of such Bonds, or portions of the Bonds to be redeemed, plus accrued interest to the date of redemption as a result of (i) monies derived from net proceeds of insurance or condemnation awards which have been deposited in the revenue fund in accordance with the provisions of the Resolution, (ii) monies derived as a result of a default by the borrower under the Mortgage Loan, or (iii) certain events of mandatory redemption related to the Credit Enhancement Agreement as more particularly described in “Description of the Bonds—Certain Provisions of the Bonds—Extraordinary Redemption” in this information circular.

In addition, any repurchase of a Bond by the Bond Seller due to breach of a representation or warranty will have the same effect as a prepayment of such Bond. See “Description of the Bonds—Cures and Repurchases” in this information circular.

Accordingly, we cannot predict the rate and timing of principal prepayments on the Bonds. As a result, repayment of the certificates could occur significantly earlier or later, and the average lives of the certificates could be significantly shorter or longer, than you expected.

The extent to which prepayments on the Bonds ultimately affect the average lives of the certificates depends on the terms and provisions of the certificates. The class AT and ATE certificates are not entitled to a *pro rata* share of

any prepayments on the Bonds. Pursuant to the Bond documents, any prepayment of the Bonds will be applied first, to reduce the outstanding principal amount of the Taxable Bonds until such outstanding principal amount is reduced to zero, and then to reduce the outstanding principal amount of the Tax-Exempt Bonds. As a result, any prepayment of the Bonds will first reduce the outstanding principal balance or notional amount, as applicable, of the class AT and XT certificates until such amounts are reduced to zero, resulting in an earlier retirement of such classes, and then reduce the outstanding principal balance or notional amount of the class ATE and XTE certificates. As a result, the class AT and XT certificates may have shorter average lives than expected.

***Potential Conflicts of Interest of the Bond Seller, the Depositor and the Depositor's Affiliates.*** The Bond Seller and certain of the depositor's affiliates own, lease or manage a number of properties other than the mortgaged real property and may acquire additional properties in the future. Such other properties, similar to other third-party owned real estate, may compete with the mortgaged real property for existing and potential tenants. We cannot assure you that the activities of the Bond Seller or the depositor's affiliates with respect to such other properties will not adversely impact the performance of the mortgaged real property.

The Bond Seller may also have ongoing relationships with the Agency or the borrower under the Mortgage Loan. If any of the Bonds or the Mortgage Loan are refinanced, the Bond Seller may purchase the refinanced bond or loan. The Bond Seller may be influenced by its desire to maintain good ongoing relationships with the Agency or the borrower.

The Bond Seller, the depositor and the depositor's affiliates (including one of the placement agents of the SPCs) may benefit from this offering in a number of ways, some of which may be inconsistent with the interests of purchasers of the certificates. The Bond Seller, the depositor and their affiliates may benefit from a completed offering of the certificates because the offering would establish a market precedent and a valuation data point for securities similar to the certificates, thus enhancing the ability of the Bond Seller, the depositor and their affiliates to conduct similar offerings in the future and permitting them to write up, avoid writing down or otherwise adjust the fair value of the Bonds or other similar loans or securities held on their balance sheet.

Each of these relationships should be considered carefully by you before you invest in any of the certificates.

***Potential Conflicts of Interest of the Placement Agents and Their Affiliates.*** We expect that Freddie Mac will include the certificates in pass-through pools that it will form in connection with the issuance of its SPCs, which we expect Freddie Mac will offer to investors through placement agents. The activities of those placement agents and their respective affiliates (collectively, the "Placement Agent Entities") may result in certain conflicts of interest. The Placement Agent Entities may retain, or own in the future, classes of SPCs or certificates and any voting rights of those classes could be exercised by any such Placement Agent Entity in a manner that could adversely impact one or more classes of SPCs or one or more classes of certificates. If that were to occur, that Placement Agent Entity's interests may not be aligned with the interests of the holders of the SPCs or the certificates.

The Placement Agent Entities include broker-dealers whose businesses include executing securities and derivative transactions on their own behalf as principals and on behalf of clients. As such, they actively make markets in and trade financial instruments for their own accounts and for the accounts of customers. These financial instruments include debt and equity securities, currencies, commodities, bank loans, indices, baskets and other products. The Placement Agent Entities' activities include, among other things, executing large block trades and taking long and short positions directly and indirectly, through derivative instruments or otherwise. The securities and instruments in which the Placement Agent Entities take positions, or expect to take positions, include loans similar to the Bonds, securities and instruments similar to the SPCs and the certificates, and other securities and instruments. Market making is an activity where the Placement Agent Entities buy and sell on behalf of customers, or for their own accounts, to satisfy the expected demand of customers. By its nature, market making involves facilitating transactions among market participants that have differing views of securities and instruments. As a result, you should expect that the Placement Agent Entities will take positions that are inconsistent with, or adverse to, the investment objectives of investors in one or more classes of SPCs or one or more classes of certificates.

As a result of the Placement Agent Entities' various financial market activities, including acting as a research provider, investment advisor, market maker or principal investor, you should expect that personnel in various businesses throughout the Placement Agent Entities will have and express research or investment views and make

recommendations that are inconsistent with, or adverse to, the objectives of investors in one or more classes of SPCs or one or more classes of certificates.

To the extent a Placement Agent Entity makes a market in the SPCs or certificates (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the SPCs or certificates. The price at which a Placement Agent Entity may be willing to purchase SPCs or certificates, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the SPCs or certificates and significantly lower than the price at which it may be willing to sell the SPCs or certificates.

In addition, the Placement Agent Entities will have no obligation to monitor the performance of the SPCs, the certificates or the actions of the trust administrator, the certificate administrator, the trustee or Freddie Mac, and will have no authority to advise such parties or to direct their actions. Furthermore, the Placement Agent Entities may have ongoing relationships with, render services to, and engage in transactions with the borrower, the sponsor of the borrower and their respective affiliates, which relationships and transactions may create conflicts of interest between the Placement Agent Entities, on the one hand, and the issuing entity, on the other hand.

Furthermore, the Placement Agent Entities expect that a completed offering will enhance their ability to assist clients and counterparties in the transaction or in related transactions (including assisting clients in additional purchases and sales of the certificates and hedging transactions). The Placement Agent Entities expect to derive fees and other revenues from these transactions. In addition, participating in a successful offering and providing related services to clients may enhance the Placement Agent Entities' relationships with various parties, facilitate additional business development, and enable them to obtain additional business and generate additional revenue.

Wells Fargo Securities, LLC, one of the placement agents for the SPCs, is an affiliate of the depositor. This relationship should be considered carefully before making an investment in any class of SPCs or any class of certificates.

***Your Lack of Control Over the Issuing Entity Can Adversely Impact Your Investment.*** Except as described below, investors in the certificates do not have the right to make decisions with respect to the administration of the issuing entity. These decisions are generally made, subject to the express terms of the Trust Agreement, by the trust administrator, the certificate administrator and the trustee. Any decision made by any of those parties in respect of the issuing entity in accordance with the terms of the Trust Agreement, even if it determines that decision to be in your best interests, may be contrary to the decision that you would have made and may negatively affect your interests.

In addition, in certain limited circumstances, certificateholders have the right to vote on matters affecting the issuing entity. In some cases, these votes are by certificateholders taken as a whole and in others the vote is by class. Your interests as a certificateholder of a particular class may not be aligned with the interests of certificateholders of one or more other classes of certificates in connection with any such vote. In all cases, voting is based on the outstanding certificate balance, which is reduced by Realized Losses. These limitations on voting could adversely affect your ability to protect your interests with respect to matters voted on by certificateholders. See "Description of the Certificates—Voting Rights" in this information circular.

A certificate registered in the name of the trustee, the certificate administrator, the trust administrator, Freddie Mac, or any affiliate of any of them, as applicable, will be deemed not to be outstanding and the voting rights to which it is entitled will not be taken into account for the purposes of giving any consent, approval or waiver pursuant to the Trust Agreement with respect to the rights, obligations or liabilities of such party, as further described under "Description of the Certificates—Voting Rights" in this information circular.

***The Interests of Freddie Mac May Be in Conflict with the Interests of the Certificateholders.*** Freddie Mac or its designee has the right to exercise the various rights and powers in respect of the Bonds described under "Description of the Mortgage Loan—Summary of Mortgage Loan Servicing Agreement" in this information circular. You should expect that Freddie Mac or its designee will exercise those rights and powers on behalf of itself, and will not be liable to any certificateholders for doing so.

***You May Be Bound by the Actions of Other Certificateholders.*** In some circumstances, the consent or approval of the holders of a specified percentage of the certificates will be required in order to direct, consent to or approve certain actions, including amending the Trust Agreement. In these cases, this consent or approval will be sufficient to bind all holders of certificates.

***The Volatile Economy and Credit Disruptions May Adversely Affect the Value and Liquidity of Your Investment.*** In recent years, the real estate and securitization markets, including the market for commercial and multifamily mortgage-backed securities (“**CMBS**”), as well as global financial markets and the economy generally, experienced significant dislocations, illiquidity and volatility and thus affected the values of such CMBS. We cannot assure you that another dislocation in CMBS will not occur.

Any economic downturn may adversely affect the financial resources of the borrower and may result in the inability of the borrower to make principal and interest payments on, or to refinance, the Mortgage Loan when due or to sell the mortgaged real property for an amount sufficient to pay off such Bonds when due. In the event of default by any borrower, the issuing entity may suffer a partial or total loss with respect to the related Bond. Any delinquency or loss on any Bond would have an adverse effect on the distributions of principal and interest received by certificateholders.

***Other Events or Circumstances May Affect the Value and Liquidity of Your Investment.*** The value and liquidity of your investment in the certificates may be affected by general economic conditions and financial markets, as well as the following events or circumstances:

- wars, revolts, terrorist attacks, armed conflicts, energy supply or price disruptions, political crises, natural disasters, civil unrest and/or protests and man-made disasters may have an adverse effect on the mortgaged real property and/or the certificates;
- defaults on the Bonds may occur in large concentrations over a period of time, which might result in rapid declines in the value of the certificates;
- although all of the Bonds were recently underwritten and issued, the value of the mortgaged real property may have declined since the related Bonds were issued and may decline following the issuance of the certificates and such decline may be substantial and occur in a relatively short period following the issuance of the certificates; and such decline may occur for reasons largely unrelated to the circumstances of the particular mortgaged real property;
- if the Bonds default, then the yield on your investment may be substantially reduced even though that Liquidation Proceeds may be sufficient to result in the repayment of the principal of and accrued interest on the certificates; an earlier than anticipated repayment of principal (even in the absence of losses) in the event of a default in advance of the maturity date would tend to shorten the weighted average period during which you earn interest on your investment; and a later than anticipated repayment of principal (even in the absence of losses) in the event of a default upon the maturity date would tend to delay your receipt of principal and the interest on your investment may be insufficient to compensate you for that delay;
- even if Liquidation Proceeds received on Defaulted Bonds are sufficient to cover the principal and accrued interest on those Bonds, the issuing entity may experience losses in the form of fees and other expenses, and you may bear losses as a result, or your yield may be adversely affected by such losses;
- the time periods to resolve Defaulted Bonds may be long, and those periods may be further extended because of borrower bankruptcies and related litigation; this may be especially true in the case of bonds made with respect to borrowers that have, or whose affiliates have, substantial debts other than the Bond, including subordinate or mezzanine financing;
- trading activity associated with indices of CMBS may drive spreads on those indices wider than spreads on CMBS, resulting in a decrease in the value of such CMBS, including the certificates, and spreads on those indices may be affected by a variety of factors, and may or may not be affected for reasons involving the commercial and multifamily real estate markets and may be affected for reasons that are unknown and cannot be discerned;

- if you determine to sell the certificates, you may be unable to do so or you may be able to do so only at a substantial discount from the price you paid; this may be the case for reasons unrelated to the then-current performance of the certificates or the Bonds; and this may be the case within a relatively short period following the issuance of the certificates; and
- even if CMBS are performing as anticipated, the value of such CMBS in the secondary market may nevertheless decline as a result of a deterioration in general market conditions for other asset-backed securities or structured products, and you may be required to report declines in the value of the certificates, and/or record losses, on your financial statements or regulatory or supervisory reports, and/or repay or post additional collateral for any secured financing, hedging arrangements or other financial transactions that you are entering into that are backed by or make reference to the certificates, in each case as if the certificates were to be sold immediately.

***Legal and Regulatory Provisions Affecting Investors Could Adversely Affect the Liquidity of Your Investment.*** We make no representation as to the proper characterization of the certificates for legal investment, financial institution regulatory, financial reporting or other purposes, as to the ability of particular investors to purchase the certificates under applicable legal investment or other restrictions or as to the consequences of an investment in the certificates for such purposes or under such restrictions. Changes in federal banking and securities laws and other laws and regulations may have an adverse effect on issuers, investors, or other participants in the asset-backed securities markets including the CMBS market. While the general effects of such changes are uncertain, regulatory or legislative provisions applicable to certain investors may have the effect of limiting or restricting their ability to hold or acquire CMBS, which in turn may adversely affect the ability of investors in the certificates who are not subject to those provisions to resell their certificates in the secondary market. For example:

- Investors should be aware of the risk retention and due diligence requirements in Europe (the “EU Risk Retention and Due Diligence Requirements”) which currently apply, or are expected to apply in the future, to various types of regulated investors in the European Economic Area (“EEA”), including credit institutions, authorized alternative investment fund managers, investment firms, insurance and reinsurance undertakings and Undertakings for Collective Investment in Transferable Securities funds. Among other things, such requirements restrict an investor who is subject to the EU Risk Retention and Due Diligence Requirements from investing in securitizations unless: (i) the originator, sponsor or original lender in respect of the relevant securitization has explicitly disclosed that it will retain, on an on-going basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or securitized exposures; and (ii) such investor is able to demonstrate that they have undertaken certain due diligence in respect of various matters including but not limited to its securities position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the securities acquired by the relevant investor.
- On September 30, 2015, the European Commission (the “European Commission”) published a proposal to amend Capital Requirements Regulation (the “CRR Amendment Regulation”) and a proposed regulation relating to a European framework for simple, transparent and standardized securitization (the “STS Securitization Regulation,” and together with the CRR Amendment Regulation, the “Securitization Regulations”) which would, among other things, re-cast the EU risk retention rules as part of wider changes to establish a “Capital Markets Union” in Europe. The Presidency of the Council of the European Union (the “Council”) and the European Parliament have proposed amendments to the Securitization Regulations. The subsequent trilogue discussions among representatives of the European Commission, the Council, and the European Parliament have resulted in a compromise agreement being reached on the contents of the Securitization Regulations. The Council published the compromise text of the STS Securitization Regulation in a communication dated June 26, 2017. However, the final forms of the Securitization Regulations have not yet been published and so their final contents are not yet known. The current intention is that the Securitization Regulations will only apply from January 1, 2019. Investors should be aware that there are likely to be material differences between the current EU Risk Retention and Due Diligence Requirements and those in the Securitization Regulations.

- None of Freddie Mac, the depositor, their respective affiliates or any other person intends to retain a material net economic interest in the securitization constituted by the issue of the certificates in accordance with the EU Risk Retention and Due Diligence Requirements or to take any other action that may be required by EEA-regulated investors for the purposes of their compliance with the EU Risk Retention and Due Diligence Requirements. Consequently, the certificates are not a suitable investment for EEA credit institutions, EEA investment firms or the other types of EEA-regulated investors mentioned above. As a result, the price and liquidity of the certificates in the secondary market may be adversely affected. EEA-regulated investors are encouraged to consult with their own investment and legal advisors regarding the suitability of the certificates for investment.
- Recent changes in federal banking and securities laws, including those resulting from the Dodd-Frank Act enacted in the United States, may have an adverse effect on issuers, investors, or other participants in the asset-backed securities markets. In particular, new capital regulations were issued by the U.S. banking regulators in July 2013; these regulations implement the increased capital requirements established under the Basel Accord and are being phased in over time. These new capital regulations eliminate reliance on credit ratings and otherwise alter, and in most cases increase, the capital requirements imposed on depository institutions and their holding companies, including with respect to ownership of asset-backed securities such as CMBS. Further changes in capital requirements have been announced by the Basel Committee on Banking Supervision and it is uncertain when such changes will be implemented in the United States. When fully implemented in the United States, these changes may have an adverse effect with respect to investments in asset-backed securities, including CMBS. As a result of these regulations, investments in CMBS, such as the certificates, by financial institutions subject to bank capital regulations may result in greater capital charges to these financial institutions and these new regulations may otherwise adversely affect the treatment of CMBS for their regulatory capital purposes.
- The Financial Accounting Standards Board has adopted changes to the accounting standards for structured products. These changes, or any future changes, may affect the accounting for entities such as the issuing entity, could under certain circumstances require an investor or its owner generally to consolidate the assets of the issuing entity in its financial statements and record third parties' investments in the issuing entity as liabilities of that investor or owner or could otherwise adversely affect the manner in which the investor or its owner must report an investment in CMBS for financial reporting purposes.

Accordingly, all investors whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the certificates will constitute legal investments for them or are subject to investment or other restrictions, unfavorable accounting treatment, capital charges or reserve requirements.

***The Prospective Performance of the Bonds Included in the Issuing Entity Should Be Evaluated Separately from the Performance of the Mortgage Bonds or Loans in Any of Our Other Trusts.*** While there may be certain common factors affecting the performance and value of income-producing real properties and mortgage bonds or loans in general, those factors do not apply equally to all income-producing real properties and mortgage bonds or loans and, in many cases, there are unique factors that will affect the performance and/or value of a particular income-producing real property or mortgage bonds or loans. Moreover, the effect of a given factor on a particular mortgaged real property will depend on a number of variables, including but not limited to property type, geographic location, competition, sponsorship and other characteristics of the property and the related mortgage bond or loan. Each income-producing mortgaged real property represents a separate and distinct business venture and, as a result each mortgage bond or loan requires a unique underwriting analysis. Furthermore, economic and other conditions affecting mortgaged real properties, whether worldwide, national, regional or local, vary over time. The performance of a pool of mortgage bonds issued or loans originated and outstanding under a given set of economic conditions may vary significantly from the performance of an otherwise comparable mortgage bond or loan pool issued or originated and outstanding under a different set of economic conditions. Accordingly, investors should evaluate the Bonds independently from the performance of mortgage bonds or loans underlying any other series of certificates.

***The Market Value of the Certificates Will Be Sensitive to Factors Unrelated to the Performance of the Certificates and the Bonds.*** The market value of the certificates can decline even if the certificates and the Bonds are performing at or above your expectations. The market value of the certificates will be sensitive to fluctuations in current interest rates. However, a change in the market value of the certificates as a result of an upward or downward movement in current interest rates may not equal the change in the market value of the certificates as a result of an equal but opposite movement in interest rates.

The market value of the certificates will also be influenced by the supply of and demand for CMBS generally. The supply of CMBS will depend on, among other things, the amount of commercial and multifamily mortgage loans, whether newly originated or held in portfolio, that are available for securitization. A number of factors will affect investors' demand for CMBS, including—

- the availability of alternative investments that offer high yields or are perceived as being a better credit risk, having a less volatile market value or being more liquid;
- legal and other restrictions that prohibit a particular entity from investing in CMBS or limit the amount or types of CMBS that it may acquire;
- investors' perceptions regarding the commercial and multifamily real estate markets which may be adversely affected by, among other things, a decline in real estate values or an increase in defaults and foreclosures on mortgage loans secured by income-producing properties; and
- investors' perceptions regarding the capital markets in general, which may be adversely affected by political, social and economic events completely unrelated to the commercial and multifamily real estate markets.

If you decide to sell the certificates, you may have to sell at a discount from the price you paid for reasons unrelated to the performance of the certificates or the Bonds. Pricing information regarding the certificates may not be generally available on an ongoing basis.

***The Certificates Will Not Be Rated.*** We have not engaged any NRSRO to rate any class of certificates. The absence of ratings may adversely affect the ability of an investor to purchase or retain, or otherwise impact the liquidity, market value and regulatory characteristics of, the certificates.

If your investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities, then you may be subject to restrictions on investment in the certificates. You should consult your own legal advisors for assistance in determining the suitability of and consequences to you of the purchase, ownership and sale of the certificates.

## **CAPITALIZED TERMS USED IN THIS INFORMATION CIRCULAR**

From time to time we use capitalized terms in this information circular. A capitalized term used throughout this information circular will have the meaning assigned to it in the "Glossary" to this information circular.

## **FORWARD-LOOKING STATEMENTS**

This information circular includes the words "expects," "intends," "anticipates," "likely," "estimates," and similar words and expressions. These words and expressions are intended to identify forward-looking statements. Any forward-looking statements are made subject to risks and uncertainties that could cause actual results to differ materially from those stated. These risks and uncertainties include, among other things, declines in general economic and business conditions, increased competition, changes in demographics, changes in political and social conditions, regulatory initiatives and changes in customer preferences, many of which are beyond our control and the control of any other person or entity related to this offering. The forward-looking statements made in this information circular are accurate as of the date stated on the cover of this information circular. We have no obligation to update or revise any forward-looking statement.

## DESCRIPTION OF THE ISSUING ENTITY

The entity issuing the certificates will be FREMF 2017-KSKY Mortgage Bond Trust, which we refer to in this information circular as the “issuing entity.” The issuing entity is a New York common law trust that will be formed on the Closing Date pursuant to the Trust Agreement. The only activities that the issuing entity may perform are those set forth in the Trust Agreement, which are generally limited to owning and administering the Bonds, issuing the certificates and making distributions and providing reports to certificateholders. Accordingly, the issuing entity may not issue securities other than the certificates, or invest in securities, other than investment of funds in certain accounts maintained under the Trust Agreement in certain short-term, high-quality investments. The issuing entity may not lend or borrow money. The Trust Agreement may be amended as set forth under “The Trust Agreement—Amendment” in this information circular. The issuing entity administers the Bonds through the trust administrator. A discussion of the duties of the trust administrator, including any discretionary activities performed by the trust administrator, is set forth under “The Trust Agreement” in this information circular.

The only assets of the issuing entity other than the Bonds are certain accounts maintained pursuant to the Trust Agreement, the obligations of Freddie Mac pursuant to the Freddie Mac Guarantee and the short-term investments in which funds in the Distribution Accounts and other accounts are invested. The issuing entity has no present liabilities, but has potential liability relating to ownership of the Bonds, and indemnity obligations to the trustee, the certificate administrator and the trust administrator. The fiscal year of the issuing entity is the calendar year. The issuing entity has no executive officers or board of directors. It acts through the trustee, the certificate administrator and the trust administrator.

The depositor is contributing the Bonds to the issuing entity. The depositor is purchasing the Bonds from the Bond Seller pursuant to a Bond Purchase Agreement, as described in “Summary of Information Circular—The Bonds—Source of the Bonds” and “Description of the Bonds—Representations and Warranties” in this information circular.

As a common-law trust, it is anticipated that the issuing entity would not be subject to the Bankruptcy Code. In connection with the sale of the Bonds from the depositor to the issuing entity, a legal opinion is required to be rendered to the effect that if the depositor were to become a debtor in a case under the Bankruptcy Code, a federal bankruptcy court, which acted reasonably and correctly applied the law to the facts as set forth in such legal opinion after full consideration of all relevant factors, would hold that the transfer of the Bonds from the depositor to the issuing entity was a true sale rather than a pledge such that (i) the Bonds, and payments under the Bonds and identifiable proceeds from the Bonds would not be property of the estate of the depositor under Section 541(a)(1) of the Bankruptcy Code and (ii) the automatic stay arising pursuant to Section 362(a) of the Bankruptcy Code upon the commencement of a bankruptcy case of the depositor is not applicable to payments on the certificates. This legal opinion is based on numerous assumptions, and we cannot assure you that all of such assumed facts are true, or will continue to be true. Moreover, we cannot assure you that a court would rule as anticipated in the foregoing legal opinion.

The issuing entity will be relying on an exclusion or exemption under the Investment Company Act contained in Section 3(c)(5) of the Investment Company Act or Rule 3a-7 under the Investment Company Act, although there may be additional exclusions or exemptions available to the issuing entity. Accordingly, the issuing entity is being structured so as not to constitute a “covered fund” for purposes of the regulations adopted on December 10, 2013 to implement Section 619 of the Dodd-Frank Act (such statutory provision, together with such implementing regulations, the “Volcker Rule”). The Volcker Rule generally prohibits “banking entities” (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a “covered fund” and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on July 21, 2012, and final regulations implementing the Volcker Rule were adopted on December 10, 2013. Banking entities are required to be in conformance with the Volcker Rule by July 21, 2015, although ownership interests or sponsorships in covered funds in existence prior to December 31, 2013 are not required to be brought into conformance until July 21, 2017 (with the possibility of an additional five-year extension for certain illiquid funds). Prior to the applicable conformance expiration date, banking entities must make good faith efforts to conform their activities and investments to the Volcker Rule. Under the Volcker Rule, unless otherwise jointly determined otherwise by specified federal regulators, a “covered fund” does not include an issuer that may rely on an exclusion or exemption from the definition of “investment company” under the

Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the certificates, including a U.S. or foreign bank or a subsidiary or other bank affiliate, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

There are no legal proceedings pending against the issuing entity that are material to the certificateholders.

### **DESCRIPTION OF THE DEPOSITOR**

The depositor is Wells Fargo Commercial Mortgage Securities, Inc., a North Carolina corporation. The depositor is an affiliate of Wells Fargo Securities, LLC, which is one of the placement agents for the SPCs. The depositor maintains its principal office at 375 Park Avenue, 2nd Floor, New York, New York 10152. Its telephone number is (212) 214-5600. The depositor does not have, nor is it expected in the future to have, any significant assets or liabilities.

The depositor will have minimal ongoing duties with respect to the certificates and the Bonds. The depositor's duties pursuant to the Trust Agreement include, without limitation, the duty to appoint a successor trustee, certificate administrator or trust administrator in the event of the resignation or removal of the trustee, the certificate administrator or the trust administrator (and to reduce the portion of the Guarantee Fee payable to the Guarantor as necessary in order to appoint such successor trustee, certificate administrator or trust administrator, as applicable), to provide information in its possession to the certificate administrator to the extent necessary to perform grantor trust tax administration and to indemnify the trustee, the certificate administrator, the trust administrator, Freddie Mac and the issuing entity for any liability, assessment or costs arising from its willful misconduct, bad faith, fraud or negligence in providing such information. The depositor is required under the certificate purchase agreement relating to the certificates to indemnify Freddie Mac for certain liabilities.

Under the Trust Agreement, the depositor and various related persons and entities will be entitled to be indemnified by the issuing entity for certain losses and liabilities incurred by the depositor as described in "The Trust Agreement—Certain Indemnities" in this information circular.

There are no legal proceedings pending against the depositor that are material to the certificateholders.

Neither we nor any of our affiliates will guarantee any of the Bonds. Furthermore, except for the obligation of Freddie Mac, as Bond Credit Enhancer, to provide credit enhancement on the Bonds as described in "Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement" in this information circular, no governmental agency or instrumentality will guarantee or insure any of the Bonds.

### **DESCRIPTION OF FREDDIE MAC**

#### **The Bond Seller, Guarantor, Bond Credit Enhancer and Trust Administrator**

In its capacity as Bond Seller, Freddie Mac will sell the Bonds to the depositor. Each Bond was purchased by the Bond Seller from the Agency, and was re-underwritten by the Bond Seller.

In its capacity as Guarantor, Freddie Mac will guarantee certain payments on the Certificates pursuant to the Freddie Mac Guarantee as described in "Description of the Certificates—Distributions—Freddie Mac Guarantee" in this information circular.

In its capacity as Bond Credit Enhancer, Freddie Mac will guarantee payments on the Bonds as described in "Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement" in this information circular.

In its capacity as trust administrator, Freddie Mac will have certain obligations with respect to the administration of the bonds as described in "The Trust Agreement—Trust Administration Under the Trust Agreement" in this information circular.

Freddie Mac is one of the largest participants in the U.S. mortgage market. Freddie Mac is a stockholder-owned government-sponsored enterprise chartered by Congress on July 24, 1970 under the Freddie Mac Act to stabilize residential mortgage markets in the United States and expand opportunities for homeownership and affordable rental housing.

Freddie Mac's statutory purposes are:

- to provide stability in the secondary market for residential mortgages;
- to respond appropriately to the private capital markets;
- to provide ongoing assistance to the secondary market for residential mortgages (including mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and
- to promote access to mortgage credit throughout the United States (including central cities, rural areas and other underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.

Freddie Mac fulfills the requirements of its charter by purchasing residential mortgages and mortgage-related securities in the secondary mortgage market and securitizing such mortgages into mortgage-related securities for its mortgage-related investment portfolio. It also purchases multifamily residential mortgages in the secondary mortgage market and holds these loans either for investment or sale. Freddie Mac finances the purchases of its mortgage-related securities and mortgage loans, and manages its interest-rate and other market risks, primarily by issuing a variety of debt instruments and entering into derivative contracts in the capital markets. Although it is chartered by Congress, Freddie Mac is solely responsible for making payments on its obligations. Neither the U.S. government nor any agency or instrumentality of the U.S. government other than Freddie Mac guarantees its obligations.

### **Freddie Mac Conservatorship**

Freddie Mac continues to operate under the conservatorship that commenced on September 6, 2008, conducting its business under the direction of the FHFA, Freddie Mac's conservator (the "Conservator"). FHFA was established under the Reform Act. Prior to the enactment of the Reform Act, HUD had general regulatory authority over Freddie Mac, including authority over Freddie Mac's affordable housing goals and new programs. Under the Reform Act, FHFA now has general regulatory authority over Freddie Mac, though HUD still has authority over Freddie Mac with respect to fair lending.

Upon its appointment, FHFA, as Conservator, immediately succeeded to all rights, titles, powers and privileges of Freddie Mac and of any stockholder, officer or director of Freddie Mac with respect to Freddie Mac and its assets, and succeeded to the title to all books, records and assets of Freddie Mac held by any other legal custodian or third party. During the conservatorship, the Conservator has delegated certain authority to Freddie Mac's Board of Directors to oversee, and to Freddie Mac's management to conduct, day-to-day operations so that Freddie Mac can continue to operate in the ordinary course of business. There is significant uncertainty as to whether or when Freddie Mac will emerge from conservatorship, as it has no specified termination date, and as to what changes may occur to Freddie Mac's business structure during or following conservatorship, including whether Freddie Mac will continue to exist. While Freddie Mac is not aware of any current plans of its Conservator to significantly change its business structure in the near term, there are likely to be significant changes beyond the near-term that will be decided by Congress and the new presidential administration that took office on January 20, 2017. We have no ability to predict what regulatory and legislative policies or actions the new presidential administration will pursue with respect to Freddie Mac.

To address deficits in Freddie Mac's net worth, FHFA, as Conservator, entered into the Purchase Agreement with Treasury, and (in exchange for an initial commitment fee of senior preferred stock and warrants to purchase common stock) Treasury made a commitment to provide funding, under certain conditions. Freddie Mac is dependent upon the continued support of Treasury and FHFA in order to continue operating its business. Freddie

Mac's ability to access funds from Treasury under the Purchase Agreement is critical to keeping it solvent and avoiding appointment of a receiver by FHFA under statutory mandatory receivership provisions.

On February 11, 2011, the Obama Administration delivered a report to Congress that lays out the Administration's plan to reform the U.S. housing finance market, including options for structuring the government's long-term role in a housing finance system in which the private sector is the dominant provider of mortgage credit. The report recommends winding down Freddie Mac and Fannie Mae, stating that the Administration will work with FHFA to determine the best way to responsibly reduce the role of Freddie Mac and Fannie Mae in the market and ultimately wind down both institutions. The report states that these efforts must be undertaken at a deliberate pace, which takes into account the impact that these changes will have on borrowers and the housing market.

The report states that the government is committed to ensuring that Freddie Mac and Fannie Mae have sufficient capital to perform under any guarantees issued now or in the future and the ability to meet any of their debt obligations, and further states that the Administration will not pursue policies or reforms in a way that would impair the ability of Freddie Mac and Fannie Mae to honor their obligations. The report states the Administration's belief that under the companies' senior preferred stock purchase agreements with Treasury, there is sufficient funding to ensure the orderly and deliberate wind down of Freddie Mac and Fannie Mae, as described in the Administration's plan.

Additional information regarding the conservatorship, the Purchase Agreement and other matters concerning Freddie Mac is available in the annual reports on Form 10-K, quarterly reports on Form 10-Q and other reports filed with the SEC by Freddie Mac.

### **Proposed Operation of Multifamily Mortgage Business on a Stand-Alone Basis**

Legislation has been proposed in Congress that, if passed into law, would require Freddie Mac to transition its multifamily operations to a stand-alone entity. Because proposed legislation ultimately may not be passed into law or may be changed before it is passed into law, it is uncertain whether Freddie Mac will be required to transition its multifamily operations to a stand-alone entity by such proposed legislation or any other method.

If Freddie Mac were to transition its multifamily operations to one or more stand-alone entities, such entities may be entitled to exercise the rights and perform the obligations of Freddie Mac under the Trust Agreement, the Bond Purchase Agreement, the Credit Enhancement Agreement and other transaction documents. However, Freddie Mac's obligations under the Freddie Mac Guarantee and as Bond Seller would continue to be the obligations of Freddie Mac in its capacity as Guarantor of the certificates and Bond Seller, respectively.

### **Litigation Involving Freddie Mac**

For more information on Freddie Mac's involvement as a party to various legal proceedings, see the annual reports on Form 10-K, quarterly reports on Form 10-Q and other reports filed with the SEC by Freddie Mac.

### **Credit Risk Retention**

Freddie Mac, as the sponsor of the securitization in which the certificates are to be issued, will satisfy its credit risk retention requirement under the Credit Risk Retention Rule of the FHFA at 12 C.F.R. Part 1234 (the "Rule") pursuant to Section 1234.8 of the Rule. Freddie Mac is currently operating under the conservatorship of the FHFA with capital support from the United States and will fully guarantee the timely payment of principal and interest on all the certificates.

### **Mortgage Loan and Bond Purchase and Servicing Standards of the Bond Seller**

*General.* Any mortgage loans or bonds that Freddie Mac purchases must satisfy the mortgage loan or bond purchase standards that are contained in the Freddie Mac Act. These standards require Freddie Mac to purchase mortgage loans or bonds of a quality, type and class that meet generally the purchase standards imposed by private institutional mortgage loan or bond investors. This means the mortgage loans or bonds must be readily marketable to institutional mortgage loan or bond investors.

*The Guide.* In addition to the standards in the Freddie Mac Act, which Freddie Mac cannot change, Freddie Mac has established its own multifamily mortgage loan and bond purchase standards, appraisal guidelines and servicing policies and procedures. These are in Freddie Mac’s Multifamily Seller/Servicer Guide which can be accessed by subscribers at [www.allregs.com](http://www.allregs.com) (the “Guide”). Forms of Freddie Mac’s current loan documents can be found on Freddie Mac’s website, [www.freddiemac.com](http://www.freddiemac.com). The Mortgage Loan Servicer will be required to service the Mortgage Loan pursuant to the Mortgage Loan Servicing Agreement in accordance with the Guide, as modified by the Commitment, as described in “Description of the Mortgage Loan—Summary of Mortgage Loan Servicing Agreement” in this information circular.

Freddie Mac may waive or modify its mortgage loan and bond purchase standards and guidelines and servicing policies and procedures when it purchases any particular mortgage loan or bond or afterward. We have described those changes in this information circular if we believe they will materially change the prepayment behavior of the Bonds and the Mortgage Loan. Freddie Mac also reserves the right to change its mortgage loan and bond purchase standards, credit, appraisal, underwriting guidelines and servicing policies and procedures at any time. This means that the Bonds and the Mortgage Loan may not conform at any particular time to all of the provisions of the Guide or Freddie Mac’s mortgage loan and bond purchase documents.

Certain aspects of Freddie Mac’s mortgage loan and bond purchase and servicing guidelines are summarized below. However, this summary is qualified in its entirety by the Guide, any applicable bond purchase documents, any applicable servicing agreement and any applicable supplemental disclosure.

*Mortgage Loan and Bond Purchase Standards.* Freddie Mac uses mortgage loan and bond information available to it to determine which mortgage loans and bonds it will purchase, the prices it will pay for mortgage loans and bonds, how to pool the mortgage loans and bonds it purchases and which mortgage loans and bonds it will retain in its portfolio. The information Freddie Mac uses varies over time, and may include:

- the loan-to-value and debt service coverage ratios of the mortgage loan or bond;
- the strength of the market in which the mortgaged real property is located;
- the strength of the mortgaged real property’s operations;
- the physical condition of the mortgaged real property;
- the financial strength of the borrower and its principals;
- the management experience and ability of the borrower and its principals or the Property Manager, as applicable; and
- Freddie Mac’s evaluation of and experience with the seller of the mortgage loan or bond.

To the extent allowed by the Freddie Mac Act, Freddie Mac has discretion to determine its mortgage loan and bond purchase standards and whether the mortgage loans and bonds it purchases will be securitized or held in its portfolio.

*Eligible Sellers, Servicers and Warranties.* Freddie Mac approves sellers and servicers of mortgage loans or bonds based on a number of factors, including their financial condition, operational capability and mortgage loan or bond issuance and servicing experience. The seller or servicer of a mortgage loan or bond need not be the issuer of that mortgage loan or bond.

In connection with its purchase of the Bonds, Freddie Mac relied on the representations and warranties of the Agency with respect to certain matters, as is customary in the secondary market. These warranties covered such matters as:

- the adoption of the Resolution and the execution of the other Bond documents; and
- the issuance and delivery of the Bonds.

*Mortgage Loan and Bond Servicing Policies and Procedures.* The Mortgage Loan will be serviced by the Mortgage Loan Servicer pursuant to the Mortgage Loan Servicing Agreement in accordance with the Guide as modified by the Commitment. As Bond Credit Enhancer for the Bonds, Freddie Mac may choose the Mortgage Loan Servicer and will make all servicing decisions with respect to the Bonds, the Mortgage Loan and the mortgaged real property. See “Description of the Mortgage Loan—Summary of Mortgage Loan Servicing Agreement” in this information circular.

Freddie Mac generally supervises servicing or administration of mortgage loans and bonds according to its written policies, procedures and the Guide. Each servicer must diligently perform all services and duties customary to the servicing of multifamily mortgage loans and bonds and as required by the Guide. These include:

- collecting and posting payments on the mortgage loans or bonds;
- investigating delinquencies and defaults;
- analyzing and recommending any special borrower requests, such as requests for assumptions, subordinate financing and partial release;
- submitting monthly electronic remittance reports and annual financial statements obtained from borrowers;
- administering escrow accounts;
- inspecting properties;
- responding to inquiries of borrowers or government authorities; and
- collecting and administering insurance claims.

Servicers service mortgage loans, either directly or through approved sub-servicers, and receive fees for their services. Freddie Mac monitors the servicer’s performance through periodic and special reports and inspections to ensure it complies with its obligations. A servicer may remit payments to Freddie Mac under various arrangements but these arrangements do not affect the timing of payments to investors. The Mortgage Loan Servicer will be required to service the Mortgage Loan pursuant to the Guide as, modified by the Commitment, as described in “Description of the Mortgage Loan—Summary of Mortgage Loan Servicing Agreement” in this information circular.

## **DESCRIPTION OF THE BOND ISSUER, THE BOND TRUSTEE AND THE BOND CREDIT ENHANCER**

### **The Bond Issuer**

The New York State Housing Finance Agency (the “Agency”) was created in 1960 by the New York State Housing Finance Agency Act, Article III of the Private Housing Finance Law of the State of New York, as amended (the “Act”) and is a corporate governmental agency, constituting a public benefit corporation. The legislation creating the Agency determined the purpose of the Agency to be, in part, to provide safe and sanitary housing accommodations, at rentals which families and persons of low income can afford, and which the ordinary operations of private enterprise cannot provide. To accomplish such purpose, the Agency is authorized to issue its bonds and notes to the investing public in order to encourage the investment of private capital through the Agency in mortgage loans to housing companies and eligible borrowers which, subject to State of New York or Federal regulations as to rents, profits, dividends and disposition of their property, supply housing accommodations, and other incidental or appurtenant facilities, to such families and persons.

The membership of the Agency consists of the Commissioner of Housing and Community Renewal, the Director of the Budget and the Commissioner of Taxation and Finance of the State of New York and four additional members appointed by the Governor of the State of New York, with the advice and consent of the Senate of the State of New York. The Governor designates from among the members appointed by him a Chairman, who serves

as such during his term as a member. The members appointed by the Governor serve for the full or unexpired portions of six-year terms. The Agency's present members are:

- Kenneth Adams - Chairman
- Nestor M. Davidson - Member
- Joyce L. Miller - Member
- Robert Mujica - Director of the Budget of the State of New York
- Vacant - Commissioner of Taxation and Finance of the State of New York
- RuthAnne Visnauskas - Commissioner of Housing and Community Renewal of the State of New York

The Agency and its corporate existence will continue until terminated by law; *provided, however*, that no such law will take effect so long as the Agency has bonds, notes or other obligations outstanding. The powers of the Agency, as defined in the Act, are vested in and exercised by no less than four of the members of the Agency then in office. The Agency may delegate to one or more of its members, or its officers, agents and employees, such powers and duties as it may deem proper.

The Agency is authorized to issue bonds and notes to provide funds for the purpose of making mortgage loans to limited-profit housing companies, non-profit housing companies, urban rental housing companies, owners of multi-family Federally-aided projects, owners of multi-family housing accommodations, nursing home companies, non-profit hospital and medical corporations, community development corporations, community mental health services and community mental retardation services companies, non-profit corporations authorized to provide youth facilities projects, and community senior citizens centers and services companies; for the purpose of making loans to lending institutions to finance mortgage loans for multi-family housing accommodations; for the purpose of making equity loans to mutual housing companies, and certain other corporations, organized in accordance with the provisions of the Private Housing Finance Law; for the purpose of financing health facilities for municipalities constituting social service districts; for the purpose of making payments to certain public benefit corporations of the State of New York to provide funds to repay the State of New York for amounts advanced to finance the cost of various housing assistance programs administered by such public benefit corporations; and for the purpose of the refunding of any bonds, notes or other obligations issued by the State of New York or a State of New York corporation then outstanding, the payment of debt service and related expenses of which are subject to appropriation by the State of New York and not otherwise secured by a dedication of specific revenues, as permitted by law. The Agency is also authorized to issue bonds and notes to provide funds for the purpose of making mortgage loans to projects combining non-profit housing and health facilities.

As of April 30, 2017, to provide funds for the aforementioned purposes the Agency had issued bonds in the aggregate principal amount of \$33,338,680,000, of which \$15,737,236,000 was outstanding. The bonds issued and to be issued for the aforementioned purposes (other than the Bonds) are not and will not be secured by the mortgage repayments or by funds or accounts established under the Agency's Amended and Restated 605 West 42nd Street Housing Revenue Bond Resolution for the purpose of securing the Bonds. The Bonds are not and will not be secured by the property pledged by the Agency for the purpose of securing other bonds issued by the Agency.

From time to time, legislation is introduced on the Federal and State of New York levels which, if enacted into law, could affect the Agency and its operations. The Agency is not able to represent whether such bills will be introduced in the future or become law. In addition, the State of New York undertakes periodic studies of public authorities in the State of New York (including the Agency) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, could affect the Agency and its operations.

The information set forth above in this section "—Bond Issuer" has been provided by the Agency as of August 10, 2017. Neither the depositor nor any other person other than the Agency makes any representation or warranty as to the accuracy or completeness of such information.

## **The Bond Trustee**

The Bank of New York Mellon, New York, New York, is the bond trustee (the “Bond Trustee”). Among other things, the Bond Trustee will be required collect payments of principal and/or interest on the Mortgage Loan from the Bond Credit Enhancer and distribute such payments to the bondholder (*i.e.*, the issuing entity) by making payments to DTC.

## **The Bond Credit Enhancer**

Freddie Mac will be the bond credit enhancer (in such capacity, the “Bond Credit Enhancer”) with respect to the Bonds pursuant to the Credit Enhancement Agreement. As Bond Credit Enhancer, Freddie Mac will be required to make payments of principal and/or interest on the Mortgage Loan and the Bond Purchase Price, and collect payments of principal and interest on the Mortgage Loan from the borrower.

See “Description of Freddie Mac” in this information circular.

## **DESCRIPTION OF THE BONDS**

### **General**

The assets of the issuing entity will consist primarily of 4 LIBOR-based floating interest rate mortgage bonds, which are secured by a Mortgage Loan that is secured by the multifamily mortgaged real property known as the Sky Apartments, located at 605 West 42nd Street, New York, New York, which is more particularly described in Exhibit A-1. We refer to these bonds that we intend to include in the issuing entity collectively in this information circular as the “Bonds.” The Bonds will have an initial total principal balance of approximately \$550,000,000 as of the Cut-off Date, subject to a variance of plus or minus 5%. The Cut-off Date Principal Balance of any Bond is equal to its outstanding principal balance as of the Cut-off Date, after application of all monthly debt service payments due with respect to the Bond on or before that date, whether or not those payments were received. Exhibit A-1 shows the Cut-off Date Principal Balance of each Bond. See Exhibits A-1 and A-2 for additional statistical information on the Bonds and the Bond pool.

Each of the Bonds is secured by the Mortgage Loan, which is an obligation of the borrower to repay a specified principal amount with interest (corresponding to the principal and interest due on the Bonds). The obligations of the borrower related to the payment of principal and interest and the Bond Purchase Price are guaranteed by the Bond Credit Enhancer. The Mortgage Loan is evidenced by one promissory note and secured by a multifamily mortgage that creates a mortgage lien on the fee interest of the borrower in one multifamily real property. A title policy was delivered in connection with the delivery of the Bonds insuring that the mortgage lien creates a first priority lien subject to certain standard permitted encumbrances and/or any subordinate liens described in this information circular.

Except for certain limited nonrecourse carveouts, the Mortgage Loan is a nonrecourse obligation of the borrower.

We provide in this information circular a variety of information regarding the Bonds. When reviewing this information, please note that—

- The information regarding the Bonds describes the characteristics of the Bonds solely in the initial Index Rate Period in effect on the Cut-off Date and does not describe any other interest rate mode on the Bonds. In connection with any change in interest rate mode on the Bonds, the Bonds will be subject to mandatory tender in whole. See “Description of the Bonds—Certain Provisions of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates” in this information circular.
- The information regarding the Bonds only describes the characteristics of the Bonds up to the earlier of (i) a Change Date or (ii) the Extraordinary Mandatory Tender Date. On either such date, the Bonds will be subject to mandatory tender for purchase. In connection with the scheduled termination of the Credit Enhancement Agreement, the Bonds will be subject to mandatory tender on the Extraordinary Mandatory Tender Date unless the Bond Credit Enhancer extends the Scheduled Termination Date of the Credit

Enhancement Agreement in its sole discretion. If the Bond Credit Enhancer fails to honor a payment under the Credit Enhancement Agreement on the Extraordinary Mandatory Tender Date, the Bonds will either be subject to mandatory tender in whole in connection with the delivery of an alternate credit facility for the Bonds or subject to mandatory redemption in whole as described under “Description of the Bonds—Certain Provisions of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates” and “—Extraordinary Redemption” in this information circular.

- All numerical information provided with respect to the Bonds is provided on an approximate basis.
- All weighted average information provided with respect to the Bonds reflects a weighting by their respective Cut-off Date Principal Balances.
- In calculating the Cut-off Date Principal Balances of the Bonds, we have assumed that:
  1. all scheduled payments of principal and/or interest due on the Bonds on or before their respective due dates in September 2017 are timely made; and
  2. there are no prepayments or other unscheduled collections of principal with respect to any of the Bonds up to and including September 1, 2017.

Statistical information regarding the Bonds may change prior to the Closing Date due to changes in the composition of the Bond pool prior to that date.

Certain terms used under this heading “Description of the Bonds” are defined below under “—Certain Defined Terms Relating to the Bonds.”

### **The Bonds and the Resolution**

The Agency issued its 605 West 42nd Street Housing Revenue Bonds, 2014 Series A (the “2014 Series A Bonds”) and its 605 West 42nd Street Housing Revenue Bonds, 2014 Series B (Federally Taxable) (the “2014 Series B Bonds”) on July 31, 2014, its 605 West 42nd Street Housing Revenue Bonds, 2015 Series A (the “2015 Series A Bonds”) on December 15, 2015, and its 605 West 42nd Street Housing Revenue Bonds, 2017 Series A (Federally Taxable) (the “2017 Series A Bonds”) on August 10, 2017. The 2014 Series A Bonds, the 2014 Series B Bonds, the 2015 Series A Bonds and the 2017 Series A Bonds are collectively referred to as the “Bonds”.

The 2014 Series A Bonds, the 2014 Series B Bonds and the 2015 Series A Bonds were issued pursuant to the Act and the 605 West 42nd Street Housing Revenue Bond Resolution, the 605 West 42nd Street Housing Revenue Bond 2014 Series A Resolution, the 605 West 42nd Street Housing Revenue Bond 2014 Series B Resolution and the 605 West 42nd Street Housing Revenue Bond 2015 Series A Resolution, each adopted by the Agency on May 8, 2014 (collectively, the “Original Resolutions”). Effective August 10, 2017, the Original Resolutions were amended and restated by the Amended and Restated 605 West 42nd Street Housing Revenue Bond Resolution (the “General Resolution”), the Amended and Restated 605 West 42nd Street Housing Revenue Bond 2014 Series A Resolution (the “2014 Series A Resolution”), the Amended and Restated 605 West 42nd Street Housing Revenue Bond 2014 Series B Resolution (the “2014 Series B Resolution”) and the Amended and Restated 605 West 42nd Street Housing Revenue Bond 2015 Series A Resolution (the “2015 Series A Resolution”), each adopted by the Agency on July 13, 2017. The 2017 Series A Bonds were issued pursuant to the Act, the General Resolution and the 605 West 42nd Street Housing Revenue Bond 2017 Series A Resolution (the “2017 Series A Resolution”), adopted by the Agency on July 13, 2017.

The General Resolution, the 2014 Series A Resolution, the 2014 Series B Resolution, the 2015 Series A Resolution and the 2017 Series A Resolution are collectively referred to as the “Resolution”.

This section “—The Bonds and the Resolution” and the following sections entitled “—Security for the Bonds”, “—Description of the Bonds”, “—Summary of Certain Provisions of the Resolution”, “—Agreement of the State of New York”, “—Tax Matters” and “—Certain Defined Terms Relating to the Bonds” (this section and such other sections, collectively, the “Bond Summary Sections”) summarize certain, but not all, provisions of the Bonds, the Resolution, the Act and the Internal Revenue Code of 1986, as amended (the “Code”). In particular, the Bond

Summary Sections describe the Bonds only during the period the initial Index Rate is in effect as described in this information circular and prior to the earlier of a Change Date or the Extraordinary Mandatory Tender Date (assuming no extension of the Scheduled Termination Date by Freddie Mac) (such period being referred to as the “Initial Index Period”). All capitalized terms used in the Bond Summary Sections and not otherwise defined in such sections will have the same meanings as in the Resolution, and certain capitalized terms used in the Bond Summary Sections are set forth in the section entitled “—Certain Defined Terms Relating to the Bonds”.

As provided under the General Resolution, the Bonds and any additional Series of bonds hereafter issued under the General Resolution (“Additional Bonds”) (which Additional Bonds can only be issued with the consent of the Bond Credit Enhancer) will be equally secured thereunder, except with respect to the Bank Repayment Fund, the Purchase Fund, the respective Credit Facility and the respective subaccounts in the Debt Service Fund relating to each such Series of Bonds or Additional Bonds. See “—Summary of Certain Provisions of the Resolution.” The General Resolution authorizes the Agency to issue Additional Bonds thereunder from time to time for the purpose of financing Mortgage Loan increases to the borrower or for the purpose of refunding Bonds. The Bonds are the only outstanding bonds under the General Resolution. The Bank of New York Mellon, New York, New York, is the Bond Trustee and Tender Agent under the Resolution.

The Bonds are special revenue obligations of the Agency payable solely from payments under the Mortgage Loan and other revenues pledged therefor under the Resolution. In addition, the Bonds are payable from advances under the Credit Enhancement Agreement. See “—Security for the Bonds” and “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular.

## **Security for the Bonds**

### *General*

The Bonds are special revenue obligations of the Agency. This means they are payable by the Agency solely from and secured by a pledge of monies and investments held in all funds and accounts (except the Bank Repayment Fund, the Purchase Fund, the respective Credit Facility and the respective subaccounts in the Debt Service Fund relating to each Series of Bonds) established by the Resolution, including the Bond Proceeds Account, Revenue Fund and Debt Service Fund, subject to the application of the monies and investments to the purposes and on the conditions authorized and permitted by the Resolution. Each Series of Bonds is also payable from the proceeds of the Credit Facility issued with respect to such Series. The Bonds will also be payable from and secured by a pledge of all Mortgage Repayments received pursuant to the Mortgage Loan subject to the Assignment and Intercreditor Agreement.

The Resolution creates a continuing pledge and lien to secure the full and final payment of the principal and Redemption Price of and interest on the Bonds and amounts due to the Credit Facility Provider, as their interests may appear. The Mortgage, the Mortgage Note and Mortgage Repayments with respect to the Mortgage Loan and all funds and accounts (except the Bank Repayment Fund, each Purchase Fund, the Credit Facility and the respective subaccounts in the Debt Service Fund relating to each Series of Bonds) established under the Resolution, including the investments of such funds and accounts and the proceeds of such investments, subject to the application of the monies and investments to the purposes authorized and permitted by the Resolution, are also pledged and are not available for the purpose of securing any other obligations of the Agency (other than amounts due to the Credit Facility Provider).

Pursuant to the Resolution, the Agency assigned to Freddie Mac and the Bond Trustee, as their interests may appear in accordance with the terms of the Assignment and Intercreditor Agreement all of its right, title and interest in and to the Mortgage Loan and the Mortgage Documents, except as otherwise provided in the Assignment and Intercreditor Agreement. See “Description of the Assignment and Intercreditor Agreement” in this information circular.

**The Agency has no taxing power. The Bonds are not a debt of the State of New York. The State of New York is not liable on such Bonds and the State of New York is under no legal or moral obligation to provide monies to make up any deficiency in any of the funds or accounts established by the Resolution.**

### *Credit Enhancement Agreement*

The Bonds are payable from funds advanced under the Credit Enhancement Agreement. See “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular.

### *Alternate Security*

Except as described in the last paragraph under this heading “—Alternate Security,” upon replacement or substitution of the Credit Enhancement Agreement with an Alternate Security, the Bonds are subject to mandatory tender as described under the heading “Description of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates”.

The Credit Enhancement Agreement may be replaced or substituted pursuant to the Resolution by another Credit Facility, constituting an Alternate Security, issued with respect to the Bonds in favor of the Bond Trustee under the following circumstances:

- (i) The borrower may, upon giving at least 15 days’ notice (a “Credit Substitution Notice”) to the Credit Facility Provider, the Bond Trustee, the Tender Agent and the Agency, replace such Credit Facility with another Credit Facility on any Business Day occurring not later than 45 days prior to the expiration of the Credit Facility then in effect (a “Credit Substitution Date”), subject to the prior written approval of the Agency and the Credit Facility Provider. However, any such replacement may occur only after September 1, 2018. Additionally, if as of such Credit Substitution Date, the Bonds will bear interest at the Index Rate, such Credit Substitution Notice must be accompanied by, and will be incomplete without, (a) a letter from each Rating Agency then rating the Bonds confirming that as of such Credit Substitution Date the long-term rating assigned by such Rating Agency to such Bonds will be in one of the three highest long-term rating categories of such Rating Agency or stating that such rating will be withdrawn, and (b) in case all such ratings are withdrawn (and not downgraded), a letter from at least one rating agency not then rating the Bonds (a “Substitute Rating Agency”), assigning to the Bonds as of such Credit Substitution Date, a rating in one of the three highest long-term rating categories of such Substitute Rating Agency.
- (ii) The Agency may require, upon notice to the Bond Trustee, the Credit Facility Provider, the Tender Agent and the borrower, that the borrower give a Credit Substitution Notice for replacement of the Credit Facility with another Credit Facility at any time (a “Credit Substitution Date”) that (i) the Bonds are not rated in the highest short-term rating category of each Rating Agency then rating such Bonds, (ii) a Wrongful Dishonor has occurred, or (iii) the Credit Facility Provider has failed to reinstate the Credit Facility, when required thereunder, and the borrower is not in default under the Mortgage Note. However, if as of such Credit Substitution Date, the Bonds will bear interest at the Index Rate, the replacements referred to above may occur only if either (i) the long-term rating assigned by each Rating Agency then rating the Bonds after the replacement will be in one of the three highest short-term rating categories of such Rating Agency, or (ii) in case all such ratings are withdrawn (and not downgraded), a Substitute Rating Agency assigns to the Bonds as of such Credit Substitution Date, a rating in one of the three highest short-term rating categories of such Substitute Rating Agency.

The Credit Substitution Notices referred to in paragraphs (i) and (ii) above may not be given within 90 days preceding the Conversion Date.

In addition to the foregoing requirements, no substitution of one Credit Facility for another Credit Facility may take effect unless the opinions of counsel and other documents described in the following sentences have been delivered and unless the Agency has consented to such substitution or replacement in writing. Concurrently with giving a Credit Substitution Notice and on the Credit Substitution Date with respect to the Bonds, the borrower must deliver to the Agency an opinion of Bond Counsel in form and substance satisfactory to the Agency and the Bond Trustee, to the effect that the substitution of a new Credit Facility for the existing Credit Facility will not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income for Federal income tax purposes. In addition, concurrently with the Credit Substitution Notice for the Bonds, the borrower will be required to deliver to the Bond Trustee a binding commitment of the substitute Credit Facility Provider to issue the substitute Credit Facility.

Except in connection with the replacement or substitution of the Credit Facility issued with respect to the Bonds, in accordance with the Resolution, no application may be made to a Rating Agency for the assignment of a rating to the Bonds unless the Agency so directs or consents to such application in writing.

Upon receipt of a Credit Substitution Notice, the Bond Trustee will be required to, prior to the close of business on the next Business Day after receipt of such Credit Substitution Notice, give Notice to the Holders of the Bonds of the Credit Substitution Date and that on such Credit Substitution Date all of the Bonds will be subject to mandatory tender for purchase at the Bond Purchase Price.

If the proposed substitute Credit Facility or either of the opinions described above is not delivered when due or any other condition to such substitution is not satisfied, (i) the substitution of a new Credit Facility for the existing Credit Facility may not take place, (ii) all of the Bonds will be deemed to have been tendered for purchase on the date that was to have been the Credit Substitution Date unless such date follows the Conversion Date and (iii) the Bond Trustee will give Notice that the Bonds will be deemed to have been tendered for purchase on such date to the Credit Facility Provider. See “—Certain Provisions of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates”.

Freddie Mac may provide or cause to be provided any other form of credit or liquidity facility (or combination of credit and liquidity facility) issued by Freddie Mac, or on its behalf by a federal agency or instrumentality created and backed by the federal government or an agency of the federal government, in substitution for the Credit Enhancement Agreement. Such substitute facility will not be considered an “Alternate Security” and such substitution will not result in a “Credit Substitution Date” or mandatory tender of the Bonds, so long as, among other things, each Rating Agency confirms that such substitution will not adversely affect such Rating Agency’s rating on the Bonds and the Agency and the Bond Trustee receive an opinion of counsel to Freddie Mac to the effect that such facility is enforceable against Freddie Mac in accordance with its terms and an opinion of Bond Counsel to the effect that such substitution will not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. Any such substitute facility provided by Freddie Mac will continue to constitute the “Credit Enhancement Agreement” under the Resolution.

#### *Debt Service Reserve Fund*

No deposit to any debt service reserve fund was required to be made in connection with the issuance of the Bonds.

#### *Principal Reserve Fund*

The Resolution provides for the establishment of a Principal Reserve Fund, and provides that there will be deposited in such fund any periodic payments made by the borrower pursuant to a schedule attached to the Mortgage Note and any other monies that may be provided by the Credit Facility Provider to the Bond Trustee for deposit in such fund. However, the Resolution provides that no monies will be deposited to the Principal Reserve Fund during the Initial Index Period.

#### *Additional Bonds*

Additional Bonds on a parity with the Bonds (except with respect to the Bank Repayment Fund, each Purchase Fund, the respective Credit Facility and the respective subaccounts in the Debt Service Fund relating to each Series of Bonds) may be issued under the General Resolution with the consent of the Bond Credit Enhancer. See “Summary of Certain Provisions of the Resolution—Issuance of Additional Obligations.”

### **Certain Provisions of the Bonds**

#### *General*

The Bonds of each Series will bear interest, from August 10, 2017 at the Index Rate (as described below), payable on the first Business Day of each calendar month, beginning September, 2017, and on any Change Date with respect to such Series. Interest on the Bonds at the Index Rate will be computed on the basis of a 360 day year, for the actual number of days elapsed in each year to the date on which interest is due. After September 1, 2018, the

Bonds are subject to conversion to alternate methods of determining interest rates thereon or to an interest rate fixed to maturity, upon mandatory tender for purchase as described under “—Mandatory Tender for Purchase of the Bonds on Change Dates” below.

If the date on which the principal or Redemption Price of and interest on the Bonds is due is not a Business Day, then such amount is required to be paid on the next Business Day with the same force and effect as if made on such due date and no interest will accrue on such amount from the due date to the payment date.

The principal or Redemption Price of and interest on the Bonds will be payable in legal tender of the United States of America at the corporate trust office of The Bank of New York Mellon, New York, New York, the Bond Trustee.

*Provisions of the Resolution with respect to the Book-Entry-Only System*

The Depository Trust Company (“DTC”), New York, New York, is the securities depository for the Bonds. The Bonds have been issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Bond certificate has been issued for each Series of the Bonds, equal to the principal amount of the Bonds of such Series, and has been deposited with DTC.

So long as Cede & Co. is the registered owner of a Series of the Bonds, as nominee for DTC, references in this information circular to the bondholders or registered owners of the Bonds of such Series of Bonds (other than under the heading “Description of the Bonds—Tax Matters” below) will mean Cede & Co., as aforesaid, and will not mean the issuing entity or the certificateholders as the beneficial owner of the Bonds.

The Agency, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to a Series of Bonds, if the Agency determines that (i) DTC is unable to discharge its responsibilities with respect to such Series of Bonds of such Series, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Bond Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the beneficial owners. In the event that the Agency so terminates the services of DTC or DTC discontinues its services with respect to the Bonds, and no substitute securities depository is found by the Agency, the respective Bond certificates will be delivered as described in the Resolution.

*Index Rate*

The index rate is (i) 1.74167% *per annum* for the period from August 10, 2017 to and including August 31, 2017 and (ii) commencing with September, 2017, for each Interest Adjustment Period the sum of (a) One-Month LIBOR (truncated at the fifth decimal place) plus (b) 0.51% *per annum* (the “Index Rate”).

“Interest Adjustment Period” means each successive 1-calendar month period.

“One-Month LIBOR” means the rate of interest determined by the Bond Trustee for any Interest Adjustment Period equal to the rate for the LIBOR Index released most recently preceding the first day of such Interest Adjustment Period, as such LIBOR Index rate is displayed on the LIBOR Index Page; *provided, however*, that if at any time One-Month LIBOR is less than zero, One-Month LIBOR will be deemed to be zero for all purposes of the Bonds.

“ICE” means ICE Benchmark Administration Limited.

“LIBOR Index” means ICE’s one-month London Interbank Offered Rate for United States Dollar deposits, as displayed on the LIBOR Index Page used to establish One-Month LIBOR, or such successor index as selected under the definition of LIBOR Index Page below.

“LIBOR Index Page” is the Bloomberg L.P., page “BBAM”, or such other page for One-Month LIBOR as may replace page BBAM on that service, or, in the event such rate does not appear on a BBAM page or screen, or on any successor or substitute page on such screen that displays such rate, the Bond Trustee will select in its reasonable discretion the applicable page for One-Month LIBOR on another service which electronically transmits or displays

ICE London Interbank Offered Rate, or any publication of London Interbank Offered Rate rates available from ICE. In the event ICE ceases to set or publish a rate for the London Interbank Offered Rate, the Bond Trustee will be required to use the industry-designated alternative index for the one-month London Interbank Offered Rate, as consented to in writing by the Credit Facility Provider, and such alternative index will constitute the LIBOR Index Page. If no alternative index is so designated, the Bond Trustee will be required to use the alternative index set out in any communications made available in writing by the Credit Facility Provider relating to the index being used at such time by the Credit Facility Provider for its taxable multifamily mortgage loans and such alternative index will constitute the LIBOR Index Page. The Bond Trustee will promptly notify the Agency, the borrower, the Credit Facility Provider and the Mortgage Loan Servicer of any designation of an alternative index.

The Bond Trustee will be required to give Notice to the Agency, the borrower, the Credit Facility Provider and the Mortgage Loan Servicer of the Index Rate and the effective date of such Index Rate by 4:00 P.M., New York City time on the date of determination.

The Bond Trustee will be required to make available a telephone number through which bondholders may be informed of the Index Rate in effect from time to time.

Interest payable according to the Index Rate will be computed on the basis of a year of 360 days, for the actual number of days elapsed in each year to the date on which interest is due.

Any determination by the Bond Trustee of One-Month LIBOR will be conclusive and binding upon the Bond Trustee, the Agency, the borrower, the Credit Facility Provider and the Holders of the Bonds.

In no event may the Index Rate exceed the lesser of (a) 15% *per annum* and (b) the highest rate the Agency may legally pay as interest on the Bonds (the “Maximum Interest Rate”).

#### *Mandatory Tender for Purchase of the Bonds on Change Dates*

The Bonds of a Series are subject to mandatory tender for purchase at the Bond Purchase Price on (i) any Interest Mode Change Date, (ii) any Credit Substitution Date, (iii) any Special Mandatory Tender Date, (iv) any Extraordinary Mandatory Tender Date and (v) any Discretionary Tender Date (each, a “Change Date”) with respect to such Series on or prior to the Conversion Date.

An Interest Mode Change Date, a Credit Substitution Date (other than a Credit Substitution Date required by the Agency as described in paragraph (ii) under “—Security for the Bonds—Alternate Security” above), and a Discretionary Tender Date each may occur only after September 1, 2018 and only with the consent of the Bond Credit Enhancer.

The Bonds tendered or deemed tendered must be surrendered at the office of the Tender Agent by 12:00 noon, New York City time, on a Change Date, or on a subsequent Business Day in order to receive payment of the Bond Purchase Price on a Change Date, or such subsequent Business Day.

Bonds to be tendered for mandatory purchase that are not delivered by the Holders of such Bonds to the Tender Agent on the Change Date will be deemed to have been tendered for mandatory purchase on such Change Date. If monies sufficient to pay the Bond Purchase Price are held by the Tender Agent in the Purchase Fund on the Change Date, interest on such Bonds will cease to accrue, and the former Holders of such Bonds will thereafter have no rights with respect to such Bonds except to receive payment from the Purchase Fund of the Bond Purchase Price therefor upon surrender of such Bonds to the Tender Agent.

#### *Notification of a Change in Interest Mode or Replacement or Substitution of the Credit Facility*

In order to change the interest rate on the Bonds of a Series from the Index Rate to a different interest rate mode (an adjustable, weekly-set or daily-set interest rate determined by a remarketing agent, an interest rate or rates fixed to maturity or a fixed or floating interest rate in a Direct Placement Mode) or to replace or substitute the Credit Facility issued with respect to the Bonds with an Alternate Security, the borrower is required under the Resolution to notify the Agency, the Bond Trustee and the Credit Facility Provider no later than 30 days prior to the proposed Change Date (in the case of a change to a different interest rate mode) or no later than 15 days prior to the proposed

Change Date (in the case of the replacement or substitution of the Credit Facility). Any such Change Date for a change to a different interest rate mode or replacement or substitution of the Credit Facility (other than a replacement or substitution required by the Agency as described in paragraph (ii) under “—Security for the Bonds—Alternate Security” above) may occur only after September 1, 2018 and only with the consent of the Bond Credit Enhancer. The Bond Trustee will be required to, prior to the close of business on the Business Day next succeeding the date on which the Bond Trustee received notice from the borrower of a Change Date, notify the Holders of the same. Any such change in interest rate mode or delivery of an Alternate Security will trigger and be preceded by a Mandatory Tender, as described under “Description of the Bonds—Certain Provisions of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates.”

#### *Notification of Discretionary Tender Date*

In order to mandate the tender of all the Bonds of a Series for the Bond Purchase Price on a Discretionary Tender Date, the Agency is required under the Resolution to notify the Bond Trustee and the Credit Facility Provider no later than 15 days prior to the proposed Discretionary Tender Date, which may only be a date on or after September 1, 2018 and only with the consent of the Bond Credit Enhancer. The Bond Trustee will be required to, upon receipt of a Change Notice specifying a Discretionary Tender Date for Bonds of a Series, notify the Holders of such Discretionary Tender Date and that on such Discretionary Tender Date all Bonds of such Series will be subject to mandatory tender at the Bond Purchase Price.

#### *Notification of Special Mandatory Tender*

Upon the occurrence of a Special Tender Event, the Bond Trustee will be required to give notice that the Bonds are subject to mandatory tender for purchase in whole at the Bond Purchase Price on a Special Mandatory Tender Date on or prior to the Conversion Date.

#### *Notification of Extraordinary Mandatory Tender*

On the 31st day preceding the expiration, by its terms, of the Credit Facility then in effect with respect to a Series of the Bonds, the Bond Trustee will be required to give Notice to the owners of the Bonds of such Series of the Extraordinary Mandatory Tender Date and that on such Extraordinary Mandatory Tender Date, all Bonds of such Series will be subject to mandatory tender for purchase at the Bond Purchase Price, unless such expiration occurs at least 5 days after the final scheduled payment of all principal of or interest on such Bonds.

#### *Optional Redemption*

After September 1, 2018, the Bonds are subject to redemption, at the option of the Agency (with the prior written consent of the Credit Facility Provider), in whole on any date or in part on any Interest Payment Date, at a Redemption Price of 100% of the principal amount of the Bonds, or the principal amount of the portions of the Bonds to be redeemed, respectively, plus accrued interest to the date of redemption. However, pursuant to the Financing Agreement, the Agency has agreed that, provided there is no continuing event of default under the Resolution described in “—Summary of Certain provisions of the Resolution—Events of Default” below, the Agency will not exercise such option to redeem any or all of the Bonds without the borrower’s prior consent. In addition, the borrower will have the right to cause the Agency to redeem the Bonds in the circumstances described in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Optional Redemption of the Bonds and Prepayment of the Mortgage Loan” in this information circular.

#### *Extraordinary Redemption*

Each Series of the Bonds is also subject to mandatory redemption at any time, in whole or in part by lot, at a Redemption Price of 100% of the principal amount of such Bonds or the principal amount of the portions of the Bonds to be redeemed, respectively, plus accrued interest to the date of redemption as a result of (i) monies derived from net proceeds of insurance or condemnation awards which have been deposited in the Revenue Fund in accordance with the provisions of the General Resolution, (ii) monies derived as a result of a default by the borrower under the Mortgage, or (iii) certain events of mandatory redemption specified below.

Each Series of the Bonds is subject to mandatory redemption in whole (or, in the case of redemption pursuant to paragraph (i) below, in whole or in part at the election of the Credit Facility Provider) immediately upon the occurrence of an event described in paragraphs (i) through (v) below at a Redemption Price of 100% of the principal amount of such Bonds plus accrued interest to the date of redemption:

- (i) no Wrongful Dishonor has occurred and is continuing, and the Bond Trustee has received from the Credit Facility Provider written notice of an “Event of Default” under the Reimbursement Agreement, which notice expressly states (a) the Credit Facility Provider’s intent that all or a portion of the Bonds of such Series of Bonds be redeemed in accordance with the Resolution, and (b) the aggregate principal amount of said Bonds that the Credit Facility Provider intends to be so redeemed;
- (ii) the Credit Facility will, by its terms, expire within 15 days, unless such expiration date occurs at least 5 days after the final scheduled payment (which for the purpose of this clause (ii) will include payment within the meaning of the Resolution) of all principal of or interest on the Bonds of such Series of Bonds;
- (iii) a Wrongful Dishonor has occurred; *provided that*, respecting a Wrongful Dishonor that relates only to the payment of principal of or interest on the Bonds, but not to the payment of the Bond Purchase Price of any Bond, such Bonds are not the subject of such mandatory redemption for a period of up to three months if on the day of such Wrongful Dishonor the aggregate amount on deposit in the Debt Service Fund and the Debt Service Reserve Fund is at least equal to the amount of the wrongfully dishonored draw and no event of default has occurred and is continuing under the Mortgage. If after exercising its best efforts, the Agency fails to obtain a substitute Credit Facility or Alternate Security, then the Bonds will be the subject of special mandatory redemption;
- (iv) if the Credit Facility does not provide for automatic reinstatement, failure within the reinstatement period, as referred to in the Credit Facility with respect to a Series of Bonds, to reinstate the Credit Facility to an amount which would cause the Credit Facility to satisfy the requirements set forth in the General Resolution or the applicable Series Resolution; or
- (v) if the Credit Enhancement Agreement is no longer in effect, the Agency has notified the Bond Trustee in writing that an event of default has occurred under the Regulatory Agreement and that the Agency intends to have all Bonds of such Series redeemed.

#### *Redemption Provisions Relating to Optional and Extraordinary Redemptions*

In no event will there be any redemption of Bonds that results in there being Outstanding any Bonds of such Series that are not in denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

#### *Priority of Redemption*

No Tax-Exempt Bonds may be redeemed as described under “—Optional Redemption” or “—Extraordinary Redemption” on any date on which any Taxable Bonds or other Additional Bonds issued after August 10, 2017, the interest on which is includible in gross income for Federal income tax purposes, remain Outstanding, except as necessary to maintain the exclusion of interest on the Tax-Exempt Bonds. No 2015 Series A Bonds may be redeemed as described under “—Optional Redemption” or “—Extraordinary Redemption” on any date on which any 2014 Series A Bonds remain outstanding. No 2014 Series B Bonds may be redeemed as described under “—Optional Redemption” or “—Extraordinary Redemption” on any date on which any 2017 Series A Bonds remain outstanding.

#### *Notice of Redemption*

If any Bonds are to be redeemed, notice of redemption will be mailed, postage prepaid, not less than 20 days before the redemption date (except that in the event such Bonds are subject to mandatory redemption upon the occurrence of the events referred to in paragraphs (i) through (v) above under “—Extraordinary Redemption,” the Bond Trustee will be required to give the maximum notice possible (which may be no notice but in no event more than 20 days’ notice)) to the Holders of any such Bonds or portions of such Bonds to be redeemed, but such mailing will not be a condition precedent to such redemption and failure so to mail any such notice will not affect the

validity of the proceedings for the redemption of any such Bonds. If any Bonds are to be redeemed on a date on which all of the Bonds of such Series are subject to mandatory tender, no notice of such redemption need be given to bondholders. Failure to receive any such notice or any defect in any such notice to the Holders of any Bonds or portions of any Bonds to be redeemed will not affect the validity of such proceedings for redemption of such Bonds or portions of such Bonds. Notice of redemption having been given as aforesaid, but subject to the provisions of the Resolution (including the possibility that no notice of redemption may in certain instances be given), the Bonds or portions of the Bonds so called for redemption will become and be due and payable at the applicable Redemption Price provided in the Resolution, from and after the date of redemption, if monies for the payment of the Redemption Price and interest accrued on such Bonds to such redemption date are held by the Bond Trustee, interest on such Bonds or portions of the Bonds so called for redemption, as the case may be, will cease to accrue.

### **Summary of Certain Provisions of the Resolution**

The Resolution contains terms and conditions relating to the issuance and sale of Bonds, including various covenants and security provisions, certain of which are summarized below. This description does not purport to be comprehensive or definitive and is subject to all of the provisions of the Resolution, to which reference is made, copies of which are available to certificateholders from Wells Fargo Securities, LLC, one of the placement agents for the SPCs.

#### *Resolution Constitutes Contract*

The Resolution is a contract between the Agency and the Holders of the Bonds, and the pledges made in the Resolution and the covenants and agreements in the Resolution to be performed by the Agency will be for (i) the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, without regard to the time or times of their issue or maturity, will be of equal rank without preference, priority or distinction of any of the Bonds over any other Bonds, except as expressly provided in or permitted by the Resolution, and (ii) the benefit, protection and security of the Bond Credit Enhancer.

#### *Pledge of Security*

The Resolution creates a continuing pledge and lien to secure the full and final payment of the principal of and redemption premium, if any, and interest on all of the Bonds issued pursuant to the Resolution and to secure the payment of all amounts owing to the Bond Credit Enhancer under the Reimbursement Agreement. The Bonds will be special revenue obligations of the Agency. This means that they are payable solely from the revenues and amounts pledged therefor pursuant to the Resolution.

#### *Establishment of Funds and Accounts*

The Resolution establishes, or provides for the establishment of, the following special Funds and Accounts to be maintained pursuant to the provisions of the Resolution, which are applicable during the Initial Index Period:

- (i) Revenue Fund;
- (ii) Debt Service Fund;
  - (a) Interest Account;
  - (b) Principal Account; and
  - (c) Redemption Account;
- (iii) General Reserve Fund; and
- (iv) Bank Repayment Fund.

### *Revenue Fund*

All Mortgage Repayments (which excludes all amounts to be deposited in the Principal Reserve Fund) held or collected by the Agency or the Bond Trustee will be deposited upon receipt in the Revenue Fund. Any monies available for such purpose will also be transferred to and deposited in the Revenue Fund, as provided in the Resolution or in any of the Mortgage Documents. Monies and the proceeds of sale of securities from time to time in the Revenue Fund will be paid out and applied for the uses and purposes for which the same are pledged or otherwise authorized by the provisions of the Resolution, in the manner provided in the Resolution:

- (i) On each Interest Payment Date, principal payment date (whether by maturity, acceleration or otherwise), or redemption date, as the case may be, while Bonds remain outstanding, the Bond Trustee will (except as otherwise provided in the Resolution) withdraw from the Revenue Fund and deposit in the Bank Repayment Fund an amount equal to the amount drawn by the Bond Trustee under the Credit Facility, the amount (if any) then due as principal or Redemption Price of and interest on Purchased Bonds. After providing for all payments required to be made into the Bank Repayment Fund pursuant to this paragraph, the Bond Trustee will withdraw from the Revenue Fund such amount that is authorized in a written direction of the Agency for the purpose of paying the qualifying bank providing the investment arrangement for the investment of monies held under the General Resolution then coming due, and will apply such amounts to the payment of such fees and expenses.
- (ii) On or before each Interest Payment Date, after providing for the payments into the Bank Repayment Fund and payments to qualifying banks providing investment arrangements pursuant to paragraph (i) above, the Bond Trustee will withdraw from the Revenue Fund and deposit in the Debt Service Reserve Fund the lesser of (a) the aggregate amount previously transferred to the Debt Service Fund as described in the twelfth paragraph under the heading “—Debt Service Fund” below to the extent not yet redeposited in the Debt Service Reserve Fund, or (b) the balance of the monies then remaining in the Revenue Fund.
- (iii) On or before each Interest Payment Date, after providing for all payments required to be made into the Bank Repayment Fund and payments to qualifying banks providing investment arrangements pursuant to paragraph (i) above and after making the transfers, if any, to the Debt Service Reserve Fund pursuant to paragraph (ii) above, the Bond Trustee will, if directed by the Agency, withdraw from the Revenue Fund and deposit to the credit of, or transfer to, the General Reserve Fund the balance of the monies so remaining in the Revenue Fund.

### *Debt Service Fund*

The Resolution creates and establishes a “Debt Service Fund” and the accounts described below and within each such account separate sub-accounts for each Series of Bonds, which will be held by the Bond Trustee and which may be used solely for the purpose of paying the principal and Redemption Price of and interest on the Bonds and of retiring such Bonds at or prior to maturity in the manner provided in the Resolution and in any Series Resolution. All monies deposited in the Debt Service Fund will be disbursed and applied by the Bond Trustee at the times and in the manner provided in the Resolution.

The Resolution creates and establishes in the Debt Service Fund an account called the “Interest Account”. Not later than 12:00 noon, New York City time, on the Business Day preceding each Interest Payment Date of the Bonds of a Series of Bonds, the Bond Trustee will draw on the Credit Facility issued with respect to such Series of Bonds in an amount necessary to pay interest becoming due on the Bonds of such Series of Bonds on such Interest Payment Date and deposit such amount in the Interest Account. The Bond Trustee will, on each Interest Payment Date of the Bonds of a Series of Bonds, pay out of the Interest Account sub-account relating to such Series of Bonds the amounts required for the payment of the interest becoming due on the Bonds of such Series of Bonds on such Interest Payment Date. The Bond Trustee will also pay out of the Interest Account, on any redemption date for Bonds being refunded by a Refunding Issue, the amount required for the payment of interest on the Bonds then to be so redeemed.

The Resolution creates and establishes in the Debt Service Fund an account called the “Principal Account”. Not later than 12:00 noon, New York City time, on the Business Day preceding each principal payment date of the Bonds of a Series of Bonds, the Bond Trustee will draw on the Credit Facility issued with respect to such Series of

Bonds in an amount necessary to pay principal becoming due on the Bonds of such Series of Bonds on such principal payment date and deposit such amount in the Principal Account. The Bond Trustee will, on each principal payment date of the Bonds of a Series of Bonds, pay out of the Principal Account sub-account relating to such Series of Bonds the amounts required for the payment of the principal becoming due on the Bonds of such Series of Bonds on such principal payment date.

The Resolution creates and establishes in the Debt Service Fund an account called the "Redemption Account". Not later than 12:00 noon, New York City time, on the Business Day preceding each date scheduled for the redemption of Bonds of a Series of Bonds, the Bond Trustee will draw on the Credit Facility issued with respect to such Series of Bonds in an amount necessary (less any applicable premium, unless the Credit Facility has been increased to cover such premium in accordance with the Resolution) to pay the Redemption Price of such Bonds of such Series of Bonds scheduled for redemption and deposit such amount in the Redemption Account. The Bond Trustee will, on each date scheduled for the redemption of Bonds of a Series of Bonds, pay out of the Redemption Account sub-account relating to such Series of Bonds the amounts required for the payment of the Redemption Price of the Bonds of such Series then to be redeemed.

The Bond Trustee will promptly apply monies deposited in the Redemption Account to the purchase of Bonds at such Bond Purchase Price, not exceeding the Redemption Price which would be payable on the next ensuing date on which such Bonds are redeemable at the option of the Agency, as determined by the Agency in its discretion and as set forth in written instructions to the Bond Trustee. The Bond Trustee will also draw upon the Credit Facility issued with respect to such Series of Bonds in an amount sufficient to pay the interest accrued on the Bonds so purchased of such Series of Bonds to the date of delivery of such Bonds and deposit such amount in the Interest Account. No such purchase may be made by the Bond Trustee within the period of 45 days next preceding a date on which such Bonds are subject to redemption under the provisions of the Resolution.

If the Bond Trustee is unable to purchase Bonds in accordance with and under the foregoing provisions, the Bond Trustee will call for redemption, on the next applicable redemption date on which such Bonds are redeemable at the option of the Agency, such amount of Bonds as the Agency, in written instructions to the Bond Trustee, determines, at the Redemption Price of such Bonds, will exhaust said monies as nearly as may be. Such redemption will be made pursuant to the provisions of the Resolution. The Bond Trustee will also draw upon the Credit Facility in an amount sufficient to pay the interest accrued on the Bonds so redeemed to the date of redemption and deposit such amount in the Interest Account.

The Agency may, from time to time, direct the Bond Trustee to make purchases as described above only after receipt of tenders after published notice. The Agency may specify the length of notice to be given and the dates on which tenders are to be accepted or may authorize the Bond Trustee to determine the same in its discretion. All such tenders are required to be sealed proposals and no tenders may be considered or accepted at any price exceeding the price specified under the Resolution for the purchase of Bonds. The Bond Trustee will accept bids with the lowest price and if the monies available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and there are tenders at an equal price above the amount of monies available for purchase, then the Bond Trustee will select by lot, in such manner as the Bond Trustee determines in its discretion, the Bonds tendered which will be purchased. No purchase of Bonds, either on tenders or otherwise, may be made by the Bond Trustee within the period of 45 days next preceding any date on which such Bonds are subject to redemption.

The Debt Service Fund will be drawn upon for the sole purposes set forth in the Resolution. Monies held by the Bond Trustee in sub-accounts established with respect to Bonds of particular Series of Bonds for the payment of principal and Redemption Price and interest on Bonds of such Series of Bonds will be held in trust exclusively for the Holders of Bonds of such Series of Bonds.

In the event of a Wrongful Dishonor, amounts in the Debt Service Reserve Fund will be transferred to the Debt Service Fund to make the deposits referred to above and, if not sufficient, Mortgage Repayments will be transferred from the Revenue Fund to the Debt Service Fund to make the deposits referred to above.

In computing the amount to be drawn under the Credit Facility on account of the payment of the principal of or interest on the Bonds of a Series, the Bond Trustee will exclude any such amounts in respect of any Bonds of such Series that are Purchased Bonds on the date such payment is due, and (ii) amounts drawn by the Bond Trustee under

the Credit Facility will not be applied to the payment of the principal of or interest on any Bonds that are Purchased Bonds on the date such payment is due.

#### *General Reserve Fund*

The Resolution creates and establishes a “General Reserve Fund” which will be held by the Bond Trustee and into which all monies transferred from the Revenue Fund will be deposited pursuant to the provisions of the Resolution. In addition, during the term of the Credit Enhancement Agreement, the Bond Trustee, at the direction of the Agency, will obtain monies under the Credit Enhancement Agreement in accordance with the terms of the Credit Enhancement Agreement, in amounts specified by the Agency as sufficient to pay the annual fees of the Agency relating to the Mortgage Loan in the event that the borrower fails to pay such amounts, and the Bond Trustee will promptly deposit all such amounts in the General Reserve Fund.

Monies on deposit in the General Reserve Fund will be applied to the payment of administrative expenses of the Agency relating to the Mortgage Loan. Except as set forth in the Resolution, payments from the General Reserve Fund are required to be made by the Bond Trustee, upon receipt of a requisition, signed by an Authorized Officer, stating in respect to each payment to be made: (i) the item number of the payment, (ii) the name of the person or party to whom payment is made, (iii) the amount to be paid, (iv) that such payment is owing to the Agency in respect of its annual fees or that obligations in the stated amounts have been incurred by the Agency, and (v) that in each case, each item for which payment is requested is a proper charge against the monies in the General Reserve Fund and has not been paid. Upon receipt of each such requisition, the Bond Trustee will pay each such item directly to the person or party entitled to such payment as named in such requisition, or will deliver to the Agency a check, draft or warrant for the payment of the amount as requisitioned. Monies on deposit in the General Reserve Fund may also be transferred by the Bond Trustee to the Revenue Fund at the written direction of the Agency.

On the last day of each Fiscal Year, the Bond Trustee will withdraw the balance of the monies on deposit in the General Reserve Fund and deposit such amount in the Revenue Fund.

#### *Bank Repayment Fund*

The Resolution creates and establishes a “Bank Repayment Fund” which will be held by the Bond Trustee for the exclusive benefit of the Credit Facility Provider. Monies will be deposited in the Bank Repayment Fund as specified in the Resolution.

#### *Credit Facilities Generally*

The Bond Trustee will hold each Credit Facility for the benefit of the Holders of Bonds of the Series of Bonds to which such Credit Facility relates, until such Credit Facility is replaced as permitted under the Resolution or under any applicable Series Resolution or expires in accordance with its terms or, if earlier, until the final payment of principal or interest on Bonds of such Series of Bonds has been made within the meaning of the Resolution. The proceeds of a Credit Facility will be applied only to the amounts owing to the Holders of the Series of Bonds in respect of which the Credit Facility was issued, subject to the provisions of the Resolution, and the payment of annual fees of the Agency, and such proceeds will not be applied or used for any other purpose, including, without limitation, any fees or expenses of the Bond Trustee. In the event that at any time during the term of any Credit Facility, any successor Bond Trustee is appointed and qualified under the Resolution, the resigning Bond Trustee is required to request that the Credit Facility Provider transfer such Credit Facility to the successor Bond Trustee and will take appropriate steps to accomplish such transfer, all as provided in such Credit Facility. If the resigning Bond Trustee fails to make this request, the successor Bond Trustee will do so before accepting assignment. The Bond Trustee will notify the Agency 90 days prior to the expiration date of each Credit Facility held by it and draw on any Credit Facility pursuant to the Resolution or 3 days prior to the expiration date of such Credit Facility, whichever occurs first, unless directed otherwise by an Authorized Officer.

#### *Draw Upon Credit Facilities*

The Bond Trustee will draw upon the Credit Facility relating to a Series of Bonds in the circumstances and amounts and at the times specified in the Resolution. The Bond Trustee will also draw upon the Credit Facility

issued with respect to a Series of Bonds and apply the proceeds from the Credit Facility as and when specified in the Series Resolution authorizing the issuance of such Series of Bonds. Upon (i) the declaration of acceleration of a Series of Bonds or (ii) the declaration of mandatory redemption of a Series of Bonds (or the occurrence of an event which would have caused a declaration of mandatory redemption of the Series of Bonds had the principal of the Series of Bonds not been fully paid) the Bond Trustee will immediately (in one or more draws) draw under the Credit Facility relating to such Series of Bonds to the extent that the Bond Trustee is entitled to so draw upon the Credit Facility. The amount of such draw or draws will be at least equal to the amount of all the principal of and interest on the Bonds of such Series of Bonds then due, or to become due on the date of payment of the amounts due on the Bonds, whether by acceleration, maturity, redemption or otherwise and the proceeds of such draw, or draws, as the case may be, will be deposited in the Redemption Account.

#### *Bond Trustee's Maintenance of Records on Payment of Bonds*

In connection with the payment, redemption or purchase of all Bonds under the provisions of the Resolution, the Bond Trustee will be required to keep accurate records of the source of the monies used to pay, redeem or purchase such Bonds.

#### *Replacement of Credit Facilities*

The Credit Facility issued with respect to a Series of Bonds may be amended or replaced by a substitute Credit Facility issued with respect to the same Series of Bonds under the circumstances and on the conditions specified in the Series Resolution authorizing such Series of Bonds. Notwithstanding any such right of replacement, the same Credit Facility Provider will have issued the Credit Facilities issued with respect to various Series of Bonds and in effect at any particular time.

#### *Security for Deposits and Investment of Funds*

Except as otherwise provided in the Resolution, all monies held by the Bond Trustee will be continuously and fully secured for the benefit of the Agency, the Holders of the Bonds and the Credit Facility Provider, as their respective interests may appear, by Investment Obligations of a market value equal at all times to the amount of the deposit so held by the Bond Trustee. However, it will not be necessary for the Bond Trustee to give security for the deposit of any monies with it held in trust for the payment of the principal, Sinking Fund Payments or Redemption Price of or interest on Bonds, or such amount of monies as is insured by Federal deposit insurance, or for the Bond Trustee to give security for any monies which are represented by obligations purchased under the provisions of the Resolution as an investment of such monies.

Upon direction of the Agency confirmed in writing by an Authorized Officer, monies in the Funds and Accounts established pursuant to the Resolution are required to be invested by the Bond Trustee in Investment Obligations (except with respect to investments of amounts in the Debt Service Fund, the Principal Reserve Fund or the General Reserve Fund, which are required to be invested as described below) so that the maturity date or date of redemption at the option of the holder of such Investment Obligations will coincide with, as nearly as practicable, but not be later, than the times at which monies in said funds or accounts are required for the purposes in the Resolution provided.

Obligations purchased as an investment of monies in any fund or account held by the Bond Trustee under the provisions of the Resolution will be deemed at all times to be a part of such fund or account. The income or interest earned by, or increment to, a fund or account due to the investment of monies from such fund or account or an amount equal to such interest or increment will be transferred, as earned, by the Bond Trustee upon direction of the Agency confirmed in writing by an Authorized Officer (or at the direction of the Bond Trustee, if the Agency fails so to direct) to the Revenue Fund, or as may otherwise be directed by a Series Resolution.

In computing the amount in any fund or account held by the Bond Trustee under the provisions of the Resolution, obligations purchased as an investment of monies in any fund or account will be valued (on the last day of each Fiscal Year) at market value, which will be valued (on the last day of each Fiscal Year) at the lower of cost or market value and the Principal Reserve Fund, which will be valued at market value (unless otherwise provided in a Series Resolution); and any investment of monies as described above, together with any letters of credit held thereunder, will be valued at par.

The Bond Trustee will sell at the best price obtainable by the Bond Trustee, or present for redemption, any obligation purchased by it as an investment whenever it is necessary in order to provide monies to meet any payment or transfer from the fund or account for which such investment was made except that, in the case of investment arrangements involving Investment Obligations or other obligations, the Bond Trustee will sell such obligations in accordance with the terms of said investment arrangement. The Bond Trustee will advise the Agency and the Bond Credit Enhancer, in writing, on or before the twentieth day of each calendar month, of the details of all investments held for the credit of each Fund and Account in its custody under the provisions of the Resolution as of the end of the preceding month.

Except as otherwise permitted in the final sentence of this paragraph, investment of amounts held in the Debt Service Fund (other than Credit Facility Payments) is required to be in (i) Government Obligations which mature not later than 30 days after the making of such investment or such earlier times at which such amounts will be required for the purposes in the Resolution provided, or (ii) repurchase agreements the subject of which are limited to Government Obligations, with any bank, trust company, national banking association or Bank Holding Company in the United States whose short-term unsecured debt obligations are rated in the Highest Rating Category by each Rating Agency then rating the Bonds. Such repurchase agreements are required to provide that Government Obligations will be valued daily at market value and that additional Government Obligations be added or substituted to the repurchase agreement daily to maintain the value of such Government Obligations at their required level, will terminate or be terminable not later than the times at which amounts thereunder will be required for the purposes in the Resolution provided, and will constitute "repurchase agreements" as defined in the Federal Bankruptcy Code. Credit Facility Payments held in the Debt Service Fund are required to be uninvested at all times. In addition, while the Credit Enhancement Agreement is in effect, amounts held in the Debt Service Fund (other than Credit Facility Payments) are required to be invested in Investment Obligations described in clause (A)(1), (A)(2), (A)(3), (A)(6) and/or (A)(8) of such definition and which mature not later than the earlier of 35 days after the making of such investment or the times at which such amounts will be required for the purposes as described under the heading Debt Service Fund.

While the Credit Enhancement Agreement is in effect, amounts held in the General Reserve Fund are required to be invested in Investment Obligations described in clause (A)(1), (A)(2), (A)(3) and/or (A)(8) of such definition and which mature not later than 35 days after the making of such investment or such earlier times at which such amounts will be required for the purposes described under the heading General Reserve Fund.

Upon receipt of written instructions from an Authorized Officer, the Bond Trustee will be required to exchange any coin or currency of the United States of America or Investment Obligations held by it pursuant to this Resolution or any Series Resolution for any coin or currency of the United States of America or Investment Obligations of like amount.

#### *Issuance of Additional Obligations*

So long as any of the Bonds are Outstanding, the Agency may not create or permit the creation of or issue any obligations or create any additional indebtedness whatsoever which will be secured by a charge and lien on any Mortgage Repayments, Mortgage Advance Amortization Payments, Recovery Payments or Principal Reserve Payments, or which will be payable in any respect from the Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund or the Principal Reserve Fund, except that additional Series of Bonds may be issued from time to time pursuant to Series Resolutions subsequent to the issuance of the initial Series of Bonds under the Resolution on a parity with the Bonds of all Series of Bonds with Bonds Outstanding and secured by an equal charge and lien on the Mortgage Repayments, Mortgage Advance Amortization Payments, Recovery Payments and Principal Reserve Payments and be payable equally from the Revenue Fund, the Principal Reserve Fund and the Debt Service Reserve Fund. However, each such Series of Bonds will be exclusively secured by the subaccounts in the Debt Service Fund relating to such additional Series of Bonds and by the Credit Facility relating to such additional Series of Bonds.

No Series of Bonds may be issued under the Resolution, unless:

- (i) the principal amount of the Bonds then to be issued, together with the principal amount of the bonds and notes of the Agency previously issued and outstanding, will not exceed in aggregate principal amount any limitation thereon imposed by law;

- (ii) there is at the time of issuance of such Bonds no deficiency in the amounts required by the Resolution or any Series Resolution to be paid into the Debt Service Fund; and
- (iii) the Credit Facility Provider consents to such issuance and the Bond Trustee receives a Credit Facility with respect to the Series of Bonds then to be issued that was issued by the Credit Facility Provider that issued the Credit Facility then in effect with respect to each Series of Bonds issued and Outstanding under the Resolution.

The Agency reserves the right to issue Notes, bonds and any other obligations so long as the same are not a charge or lien on the Mortgage Repayments, Mortgage Advance Amortization Payments, Recovery Payments or Principal Reserve Payments or payable from the Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Bank Repayment Fund or the Principal Reserve Fund.

#### *Mortgage Provisions*

No proceeds received in connection with the issuance of Bonds under the Resolution may be applied to the making or funding of the Mortgage Loan or to the funding of previously issued Notes, bonds or other obligations for the purpose of making the Mortgage Loan unless such Mortgage Loan and other related documents comply with the following terms, conditions, provisions and limitations, and have been approved by the Agency:

- (i) The borrower must be eligible under the Act, as amended from time to time, and the Mortgage must be executed and recorded in accordance with the requirements of existing laws;
- (ii) The Mortgage must constitute and create a first mortgage lien on a fee interest or leasehold interest in the real property of the mortgaged real property with respect to which the Mortgage Loan secured by such mortgaged real property is made and, so long as the Act so requires, a security interest in the personal property attached to or used in connection with the operation of such mortgaged real property; *provided, however,* that the Mortgage may also be a participation by the Agency with another party or parties (including itself, if financed under a different resolution) in the Mortgage Loan made with respect to the mortgaged real property and similarly secured so long as the interest of the Agency has at least equal priority as to lien in proportion to the amount of the loan secured, but need not be equal as to interest rate, time or rate of amortization or otherwise;
- (iii) The amount of the Mortgage Loan may not exceed the then estimated Project Cost or any other limitation prescribed by law or authorized regulation, whichever is less, provided, that for purposes of the Resolution the amount of the Mortgage Loan will not be deemed to exceed the Project Cost by reason of the issuance of Bonds to fund the Mortgage Loan in connection with the refinancing of outstanding mortgage loans or to refund bonds previously issued in an amount in excess of the principal amount of the Mortgage Loan;
- (iv) The borrower must have provided, or will provide in a manner satisfactory to the Agency, in payment of the Project Cost, an amount equal to the difference between the Project Cost and the Mortgage Loan of the Agency;
- (v) The borrower will be required to pay or cause to be paid, on a monthly basis, the monies required for the Mortgage Repayments to be made by the borrower under the Mortgage. The scheduled Mortgage Repayments must be sufficient to produce monies which the Agency determines are sufficient in amount and time of payment, together with other available monies derived from such Mortgage Loan and any monies available under the Resolution, to permit the Agency to pay debt service on the Bonds issued for the purposes described in the Resolution in connection with the Mortgage Loan;
- (vi) The borrower must have acquired fee title to the site of the mortgaged real property, or an interest in real property sufficient for the location thereon of the mortgaged real property, as evidenced by a title insurance policy, free and clear of all liens and encumbrances which in the opinion of the Agency would materially affect the value or usefulness of such site or interest in real property for the intended use of such mortgaged real property; and

- (vii) The borrower must have obtained all governmental approvals then required by law for the acquisition, construction, or rehabilitation (as the case may be), ownership and operation of the mortgaged real property by the borrower.

#### *Modification of Mortgage Terms*

The Agency may not consent to the modification of, or modify, the rate of interest of, or the amount or time of payment of any installment of principal or interest of the Mortgage Loan, or the security for or any terms or provisions of the Mortgage Loan or the Mortgage in a manner detrimental to bondholders; *provided, however*, that to the extent permitted by law and with the prior written approval of the Credit Facility Provider, and subject to the next sentence of this paragraph, the Agency may consent to the modification of and modify the Mortgage Loan and the Mortgage in order to reflect and accommodate any change in the size or scope of a mortgaged real property or to release real or personal property from the lien of the Mortgage or the security interest granted to the Agency so long as the borrower remains obligated to pay Mortgage Repayments in sufficient amounts to comply with the provisions of the Resolution; and *provided, further*, that with the prior written approval of the Credit Facility Provider, and subject to the next sentence of this paragraph, the Agency may modify in any manner that the Agency deems appropriate the terms of the Mortgage Loan and the Mortgage governing the incurrence by the borrower of additional borrowing. In the event of any conflict between the provisions of the foregoing sentence and the provisions of the Assignment and Intercreditor Agreement during the term of such Assignment and Intercreditor Agreement, the provisions of the Assignment and Intercreditor Agreement will be controlling.

#### *Sale of the Mortgage by Agency*

The Agency may not sell or otherwise transfer the Mortgage or any other obligation securing the Mortgage Loan unless notice is given to the Bond Trustee and the Credit Facility Provider of the proposed sale and the terms of such proposed sale and unless the sales price of such proposed sale received by the Agency is not less than the aggregate of either (i)(a) the principal amount of the Mortgage Loan remaining unpaid, (b) the interest to accrue on the Bonds to the next redemption date of such Bonds not previously paid by the borrower, (c) the redemption premium on the Bonds, and (d) the costs and expenses of the Agency in effecting the redemption of the Bonds and the fees and expenses of the Bond Trustee and Credit Facility Fees or (2) an amount of monies which when invested in the manner provided in the Resolution will be sufficient to comply with the provisions of the Resolution for defeasance less the amount of monies available in the Redemption Account. In the event of any conflict between the provisions of the foregoing sentence and the provisions of the Assignment and Intercreditor Agreement during the term of such Assignment and Intercreditor Agreement, the provisions of the Assignment and Intercreditor Agreement will be controlling.

#### *Disposition of Mortgage Advance Amortization Payments, Proceeds of Sale of the Mortgage and Insurance or Condemnation Payments*

The proceeds received by the Agency or the Bond Trustee from a Mortgage Advance Amortization Payment (except monies transferred to the Redemption Account from the Principal Reserve Fund and applied to redeem Bonds in accordance with a Series Resolution) or from the sale of the Mortgage or as Recovery Payments will, subject to the provisions of the Mortgage and the Assignment and Intercreditor Agreement, be deposited in the Revenue Fund.

#### *Possession of Mortgage Note and Mortgage*

The Bond Trustee will hold the Mortgage Note and Mortgage for the benefit of the bondholders and the Bond Credit Enhancer subject to the provisions of the Assignment and Intercreditor Agreement.

#### *No Disposition of the Credit Enhancement Agreement*

The Bond Trustee may not, without the prior written consent of the Holders of all of the Bonds then Outstanding, transfer, assign or release the Credit Enhancement Agreement except (i) to a successor Bond Trustee, or (ii) to the Bond Credit Enhancer either (a) upon receipt of an Alternate Security, or (b) upon expiration or other termination of the Credit Enhancement Agreement in accordance with its terms, including termination on its stated

expiration date or upon payment thereunder of the full amount payable thereunder, or (c) as provided in the Resolution. Except as aforesaid, the Bond Trustee may not transfer, assign or release the Credit Enhancement Agreement until the principal of and interest on the Bonds has been paid or duly provided for in accordance with the terms of the Resolution.

#### *Accounts and Reports*

The Agency is required to keep proper books of record and account in which complete and correct entries are made of its transactions relating to the Mortgage, the Mortgage Note, Mortgage Repayments, Mortgage Advance Amortization Payments, Principal Reserve Payments, Recovery Payments and all Funds and Accounts established by the Resolution, which will at all reasonable times be subject to the inspection of the Bond Credit Enhancer, the Bond Trustee (it being understood that the Bond Trustee will have no obligation to do so), the Mortgage Loan Servicer (as to the Mortgage Loan) and the Holders of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

The Agency must annually, within 90 days after the close of each Fiscal Year, file with the Bond Trustee a copy of an annual report for such Fiscal Year, accompanied by an Accountant's Certificate, setting forth in complete and reasonable detail: (i) its operations and accomplishments; (ii) its receipts and expenditures during such Fiscal Year in accordance with the categories or classifications established by the Agency for its operating and capital outlay purposes; (iii) its assets and liabilities at the end of such Fiscal Year and the status of reserve, special or other funds and the Funds and Accounts established by the Resolution; and (iv) a schedule of its Bonds Outstanding at the end of such Fiscal Year, together with a statement of the amounts paid or otherwise redeemed during such Fiscal Year. A copy of each such annual report and Accountant's Certificate will be mailed by the Agency to the Bond Credit Enhancer and to each bondholder who has filed his name and address with the Agency for such purpose.

#### *Budgets*

The Agency must, at least 60 days prior to the beginning of each Fiscal Year, prepare and file in the office of the Bond Trustee a preliminary budget covering its fiscal operations for the succeeding Fiscal Year which is open to inspection by any bondholder (it being understood that the Bond Trustee will have no obligation with respect to the budgets referred to in this paragraph). The Agency is also required to prepare a summary of such preliminary budget and on or before 45 days prior to the beginning of each Fiscal Year, mail a copy of the summary to any bondholder who has filed his name and address with the Agency for such purpose. Copies of said preliminary budget filed with the Bond Trustee will be open for inspection by any bondholder (it being understood that the Bond Trustee will have no obligation with respect to such preliminary budget).

The Agency is required to adopt an annual budget covering its fiscal operations for the then current Fiscal Year not later than January 1 of each successive Fiscal Year and file the same with the Bond Trustee and such budget will be open to inspection by any bondholder. In the event the Agency does not adopt an annual budget for a Fiscal Year on or before January 1 of such Fiscal Year, the budget for the preceding Fiscal Year will be deemed to have been adopted and be in effect for such Fiscal Year until the annual budget for such Fiscal Year is adopted as above provided and filed with the Bond Trustee.

#### *Personnel and Servicing of the Mortgage*

The Agency must at all times appoint, retain and employ competent supervisory personnel for the purpose of carrying out its duties with respect to the Mortgage Loan and is required to establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges and all persons employed by the Agency are required to be qualified for their respective positions. Nothing in the Resolution will prohibit the Agency from entering into contracts for the purpose of performing its obligations under this paragraph.

#### *Offices for Payment and Registration of Bonds*

The Agency must at all times maintain an office or agency in the State of New York, where Bonds may be presented for payment. The Agency is required to at all times maintain an office or agency in the State of New York,

where Bonds may be presented for registration, transfer or exchange and the Bond Trustee is appointed pursuant to the Resolution as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds.

#### *Further Assurances*

At any and all times the Agency may, so far as it may be authorized or permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, confirming and effecting all and singular the rights, Mortgage Repayments, the Mortgage, the Mortgage Note, and other monies, securities, funds and property pledged by the Resolution, or intended so to be, or which the Agency may hereafter become bound to pledge or assign.

#### *Power to Issue Bonds and Make Pledges*

The Agency is duly authorized pursuant to law to create and issue the Bonds and to adopt the Resolution and to pledge the Mortgage, the Mortgage Note, Mortgage Repayments and other monies, securities, funds and property purported to be pledged by the Resolution in the manner and to the extent provided in the Resolution. The Mortgage, the Mortgage Note, Mortgage Repayments and other monies, securities, funds and property so pledged are and will be free and clear of any pledge, lien, charge or encumbrance prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Agency to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Agency in accordance with their terms and the terms of the Resolution. The Agency may at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Mortgage, the Mortgage Note, Mortgage Repayments and other monies, securities, funds and property pledged and assigned under the Resolution and all the rights of the bondholders under the Resolution against all claims and demands of all persons whomsoever.

#### *Waiver of Laws*

The Agency may not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension of law now or at any time hereafter in force which may affect the covenants and agreements contained in the Resolution or in any Supplemental Resolution or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the Agency.

#### *Modifications of Resolution*

Any modification or amendment of the Resolution and of the rights and obligations of the Agency, the Credit Facility Provider and the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the prior written consent of the Credit Facility Provider and with the written consent given as provided in the Resolution, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will by its terms not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Resolution. No such modification or amendment may permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price of such Bond or in the rate of interest thereon without the consent of the Holder of such Bond, or may reduce the percentages of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this paragraph, a Series will be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Bond Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination will be binding and conclusive on the Agency and all Holders of Bonds. The Bond Trustee may receive an opinion of counsel, including a Counsel's Opinion, as conclusive evidence as to whether

Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution.

#### *Amendments, Changes and Modifications to the Credit Facility*

Subject to the provisions of this paragraph, the Bond Trustee may, without the consent of the Holders of the Bonds, consent to any amendment of the Credit Facility which is not materially adverse to the interests of the bondholders. Except for such amendment, the Credit Facility may be amended only with the consent of the Agency, the Bond Trustee and the Holders of 66 2/3% in aggregate principal amount of Outstanding Bonds of the Series of Bonds to which the Credit Facility relates then Outstanding, except that, without the written consent of the Agency and the Holders of all Outstanding Bonds of the Series of Bonds to which the Credit Facility relates then Outstanding, no amendment may be made to the Credit Facility which would reduce the amounts required to be paid thereunder or change the time for payment of such amounts; provided that any such amounts may be reduced without such bondholder consent solely to the extent that such reduction represents a reduction in any fees payable from such amounts. The Bond Trustee may rely on an opinion of counsel (other than counsel in the regular employ of the Agency, the Credit Facility Provider or the borrower) as conclusive evidence that any such amendment, change or modification and the evidence of requisite bondholder consent comply with the requirements of this paragraph.

#### *Events of Default*

Each of the following events is declared an “event of default” under the Resolution if:

- (i) default is made in the payment of the principal or Sinking Fund Payments or interest on any Bond (other than any Purchased Bond) after the same becomes due, whether at maturity or upon call for redemption; or
- (ii) (a) the Agency fails or refuses to comply with the provisions of the Act, or defaults in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Resolution, any Series Resolution or Supplemental Resolution, or in the Bonds contained, (b) such default continues for a period of 90 days after written notice of such default requiring the same to be remedied has been given to the Agency by the Bond Trustee, which (1) may give such notice in its discretion and (2) gives such notice at the written request of the Holders of not less than 5% in principal amount of the Outstanding Bonds, and (c) the Bond Credit Enhancer delivers its written consent to the same constituting an event of default; or
- (iii) the Agency files a petition seeking a composition of indebtedness under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or of the State of New York;

*provided, however,* that an event of default will not be deemed to exist under the provisions of clause (ii) above upon the failure of the Agency to enforce any obligation undertaken by the borrower pursuant to the provisions of the Mortgage Loan, including the making of the stipulated Mortgage Repayments, so long as the Agency is provided with monies sufficient in amount to pay the principal of, and interest on all Bonds as the same becomes due.

#### *Acceleration*

Upon the happening of an event of default specified in the Resolution, the Bond Trustee may, with the prior written consent of the Bond Credit Enhancer so long as no Wrongful Dishonor has occurred and is continuing, or the Bond Trustee will be required to, (a) upon written direction by the Bond Credit Enhancer so long as no Wrongful Dishonor has occurred and is continuing or (b) if a Wrongful Dishonor has occurred and is continuing, by notice in writing delivered to the Agency with a copy to the borrower and the Bond Credit Enhancer, declare the entire principal amount of all of the Bonds then Outstanding under the Resolution and the interest accrued thereon immediately due and payable. On the date of such declaration, interest on all of the Bonds will cease to accrue.

#### *Remedies*

Upon the acceleration of the Bonds, and if the Bond Trustee has drawn upon the Credit Facility as provided in the Resolution and any such draw has not been honored for any reason in the necessary amount and in a timely manner, then, and in each such case, the Bond Trustee may proceed, and upon the written request of the Holders of

not less than 25% in principal amount of the Bonds that have been accelerated and are not fully paid, will be required to proceed, in its own name, to protect and enforce its rights and the rights of the bondholders by such of the following remedies, as the Bond Trustee, being advised by counsel, deems most effectual to protect and enforce such rights:

- (i) by suit, action or proceeding in accordance with the Civil Practice Law and Rules to enforce all rights of the bondholders, including the right to require the Agency to collect Mortgage Repayments adequate to carry out the covenants and agreements as to, and pledge of, such Mortgage Repayments and other properties pledged in the Resolution and to require the Agency to carry out any other covenant or agreement with the bondholders and to perform its duties under the Act;
- (ii) by bringing suit upon the Bonds;
- (iii) by action or suit, require the Agency to account as if it were the trustee of an express trust for the Holders of the Bonds;
- (iv) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; and
- (v) in accordance with the provisions of the Act, by declaring all Bonds due and payable, and if all defaults are made good, then, with the written consent of the Holders of not less than 25% in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

In the enforcement of any remedy under the Resolution, the Bond Trustee will be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and any time remaining, due from the Agency for principal, interest or otherwise, under any provision of the Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate of interest specified in the Bonds, that may have been accelerated and are not fully paid, together with any and all costs and expenses of collection and of all proceedings under the Resolution and under the Bonds that have been accelerated and are not fully paid, without prejudice to any other right or remedy of the Bond Trustee or of the Holders of the Bonds that have been accelerated and are not fully paid, and to recover and enforce judgment or decree against the Agency for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

#### *Bondholders' and Bond Credit Enhancer's Direction of Proceedings*

The Bond Credit Enhancer (so long as no Wrongful Dishonor has occurred and is continuing) or the Holders of a majority in aggregate principal amount of the Bonds then Outstanding (if a Wrongful Dishonor has occurred and is continuing) will have the right, by an instrument or concurrent instruments in writing executed and delivered to the Bond Trustee, to direct the method of conducting all remedial proceedings to be taken by the Bond Trustee under the Resolution, *provided* that such direction may not be otherwise than in accordance with law or the provisions of the Resolution, and that the Bond Trustee will have the right to decline to follow any such direction by bondholders which in the opinion of the Bond Trustee would be unjustly prejudicial to bondholders not parties to such direction.

#### *Limitation on Rights of Bondholders*

No Holder of any Bond will have any right to institute any suit, action or other proceeding under the Resolution, or for the protection or enforcement of any right under the Resolution or any right under law unless a Wrongful Dishonor has occurred and is continuing and such Holder has given to the Bond Trustee and to the Bond Credit Enhancer written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than 25% in principal amount of the Bonds then Outstanding have made written request of the Bond Trustee after the right to exercise such powers or right of action, as the case may be, have accrued, and have afforded the Bond Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Resolution or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there has been offered to the Bond Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred in the exercise of such powers or rights of action, and the Bond Trustee has refused or neglected to comply with such request within a reasonable time; and such notification, request and offer

of indemnity are declared by the Resolution in every such case, at the option of the Bond Trustee, to be conditions precedent to the execution of the powers under the Resolution or for any other remedy under the Resolution or under law. It is understood and intended that no one or more Holders of the Bonds secured by the Resolution has any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution, or to enforce any right under the Resolution or under law with respect to the Bonds or the Resolution, including seeking to enforce, collect amounts available under, or otherwise to realize on the Credit Facility, except in the manner provided in the Resolution, and that all proceedings will be instituted, had and maintained in the manner provided in the Resolution and for the benefit of all Holders of the Outstanding Bonds. Notwithstanding anything to the contrary contained in the Resolution, it is further understood and intended that the rights of any bondholder under the Resolution will be subject to the rights of the Bond Credit Enhancer, it being understood that the Bond Credit Enhancer will be entitled to direct the method of conducting all remedial proceedings to be taken by the Bond Trustee under the Resolution so long as no Wrongful Dishonor has occurred and is continuing. Notwithstanding the foregoing provisions or any other provisions of the Resolution, the obligation of the Agency will be absolute and unconditional to pay the principal and Redemption Price of and interest on the Bonds to the respective Holders of such Bonds at the respective due dates of such Bonds. Such Holders have a right of action to enforce such payment.

Anything to the contrary contained in the Resolution notwithstanding, each Holder of any Bond by his acceptance of the Resolution will be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the Resolution or any Supplemental Resolution, or in any suit against the Bond Trustee for any action taken or omitted by it as Bond Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph will not apply to any suit instituted by the Bond Trustee, to any suit instituted by any bondholder, or group of bondholders, holding at least 25% in principal amount of the Bonds Outstanding, or to any suit instituted by any bondholder for the enforcement of the payment of the principal, Sinking Fund Payment or Redemption Price of or interest on any Bond on or after the respective due dates of such Bond expressed in such Bond.

#### *Defeasance*

No defeasance of the Bonds is permitted during the Initial Index Period and the Bonds will not be deemed paid unless such Bonds have actually been paid.

#### **Agreement of the State of New York**

In accordance with the authority granted to the Agency pursuant to the provisions of Section 48 of the Act, the Agency, on behalf of the State of New York, has pledged to and agreed with the Holders of the Bonds that the State of New York will not limit or alter the rights vested by the Act in the Agency to fulfill the terms of any agreements made with bondholders, or in any way impair the rights and remedies of such Holders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such Holders, are fully met and discharged.

#### **Tax Matters**

##### *Tax-Exempt Bonds*

##### Opinions of Bond Counsel to the Agency

On August 10, 2017, Hawkins Delafield & Wood LLP, Bond Counsel to the Agency, rendered its opinion that, under existing statutes and court decisions, (i) interest on the Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion was expressed as to such exclusion of interest on any Tax-Exempt Bond for any period during which such Tax-Exempt Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the Tax-Exempt Bonds or a "related person," and (ii) interest on the Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in adjusted current earnings of corporations for purposes of calculating the

alternative minimum tax. In rendering its opinion, Bond Counsel to the Agency relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Agency, the borrower and others, in connection with the Tax-Exempt Bonds, and Bond Counsel to the Agency assumed compliance by the Agency and the borrower with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Bonds from gross income under Section 103 of the Code.

On July 31, 2014 and December 8, 2015, Bond Counsel to the Agency rendered its opinions that, under existing statutes, interest on the Tax-Exempt Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York (including The City of New York).

Bond Counsel to the Agency expressed no opinion regarding any other Federal, state or local tax consequences with respect to the Tax-Exempt Bonds. Bond Counsel to the Agency rendered its opinions under existing statutes and court decisions as of the dated date of each opinion, and assumed no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to its attention, or changes in law or in interpretations of law that may thereafter occur, or for any other reason. Bond Counsel to the Agency expressed no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Tax-Exempt Bonds, or under state and local tax law.

#### Summary of Certain Ongoing Federal Tax Requirements and Covenants

Under applicable provisions of the Code, the exclusion from gross income of interest on the Tax-Exempt Bonds for purposes of Federal income taxation requires that (i) at least 25% of the units in the Tax-Exempt Project financed by the Tax-Exempt Bonds be occupied during the “Qualified Project Period” (as defined below) by individuals whose incomes, determined in a manner consistent with Section 8 of the United States Housing Act of 1937, as amended, do not exceed 60% of the median income for the area, as adjusted for family size, and (ii) all of the units of the Tax-Exempt Project be rented or available for rental on a continuous basis during the Qualified Project Period. “Qualified Project Period” for the Tax-Exempt Project means a period commencing upon the later of (a) occupancy of 10% of the units in the Tax-Exempt Project or (b) the date of issue of the Tax-Exempt Bonds and running until the later of (1) the date which is 15 years after occupancy of 50% of the units in the Tax-Exempt Project, (2) the first date on which no tax-exempt private activity bonds issued with respect to the Tax-Exempt Project are outstanding or (3) the date on which any assistance provided with respect to the Tax-Exempt Project under Section 8 of the 1937 Housing Act terminates. In the event of noncompliance with the requirements described in the preceding paragraph arising from events occurring after the issuance of the Tax-Exempt Bonds, the Treasury Regulations provide that the exclusion of interest from gross income for Federal income tax purposes will not be impaired if the Agency takes appropriate corrective action within a reasonable period of time after such noncompliance is first discovered or should have been discovered by the Agency.

The Code establishes certain additional requirements that must be met subsequent to the issuance and delivery of the Tax-Exempt Bonds in order that interest on the Tax-Exempt Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Tax-Exempt Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Tax-Exempt Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Agency and the borrower have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Bonds from gross income under Section 103 of the Code.

#### Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds under Federal or state law or otherwise prevent beneficial owners of the Tax-Exempt Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Tax-Exempt Bonds. Purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the foregoing matters.

## *Taxable Bonds*

### Opinions of Bond Counsel to the Agency

On July 31, 2014 and August 10, 2017, Bond Counsel to the Agency rendered its opinions that interest on the Taxable Bonds (i) is included in gross income for Federal income tax purposes pursuant to the Code and (ii) is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York (including The City of New York).

### Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Taxable Bonds under state law and could affect the market price or marketability of the Taxable Bonds. There can be no assurance that any such legislation, actions or decisions, if ever enacted, taken or rendered following the issuance of the Taxable Bonds, will not have an adverse effect on the tax-exempt status under state law, market price or marketability of the Taxable Bonds. Purchasers of the Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

### **Rating of the Bonds**

The Bonds were initially rated “Aaa” by Moody’s in connection with the issuance of the Bonds.

### **Certain Defined Terms Relating to the Bonds**

The following terms under this heading “Description of the Bonds” will have the following meanings unless the context clearly indicates some other meaning:

“Accountant’s Certificate” means an opinion signed by a certified public accountant or a firm of certified public accountants of recognized standing selected by the Agency.

“Alternate Security” means any instrument in effect and purpose similar to the Credit Enhancement Agreement, including but not limited to a letter of credit, guaranty, standby loan commitment, mortgage-backed security, insurance policy or surety bond or structured financing, or any combination of such instruments (i) approved by the Agency and delivered to the Trustee for the benefit of the Holders of all Series of Bonds, (ii) replacing the existing Credit Facility, (iii) dated as of a date prior to the expiration date of the Credit Facility for which the same is to be substituted, (iv) issued on and providing substantially similar terms and conditions with respect to the rights of Holders of Bonds as the Credit Facility to be replaced by the Alternate Security, (v) as to which the Bond Trustee has received evidence that a Rating Agency rating the Bonds has confirmed that upon the replacement of the existing Credit Facility with the instrument said Rating Agency will not withdraw or downgrade its ratings on the Bonds (except to the extent, if any, otherwise provided in the applicable Series Resolution), (vi) as to which the borrower has given (in accordance with the applicable Series Resolution) not less than 15 days or 30 days written notice, as the case may be, to the Agency, the Credit Facility Provider and the Bond Trustee, specifying among other things the borrower’s intention of replacing the then existing Credit Facility with the Alternate Security in question on or before the next ensuing Alternate Security Date, and (vii) as to which the borrower delivers to the Agency and the Bond Trustee an opinion, in form and substance satisfactory to the Agency and the Bond Trustee, of Bond Counsel who is reasonably acceptable to the Agency and the Bond Trustee to the effect that the replacement of the existing Credit Facility with such instrument will not adversely affect the exclusion of interest on any Tax-Exempt Bonds from gross income for Federal income tax purposes; *provided, however*, that any substitute for the Credit Enhancement Agreement provided by the Bond Credit Enhancer, as such substitute may be amended, modified or supplemented from time to time, will not constitute an Alternate Security.

“Alternate Security Date” means a Business Day that is prior to the 15th day before the scheduled expiration date of the Credit Facility initially issued with respect to the Bonds, which expiration date is specified in the Series Resolution authorizing each Series of Bonds, or any Business Day thereafter which is at least 16 days before the expiration date of the then existing Credit Facility issued with respect to the Bonds, and on which the borrower elects to replace the existing Credit Facility issued with respect to the Bonds with an Alternate Security.

“Authorized Officer” means the Chairman or any senior officer of the Agency as defined in the Agency’s by-laws.

“Bank Holding Company” means a corporation that is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956 (12 U.S.C.A. §1841 et seq.).

“Bank Repayment Fund” means the fund by that name established by Section 509 of the General Resolution.

“Bond Proceeds Account” means the account by that name established by paragraph (2) of Section 401 of the General Resolution.

“Bond Purchase Price” means with respect to Constructively Tendered Bonds an amount equal to the unpaid principal amount of such bonds and accrued and unpaid interest thereon to, but not including, the Tender Date, without premium; *provided* that if the Tender Date is also an Interest Payment Date, Bond Purchase Price will not include such accrued and unpaid interest.

“Business Day” means any day other than (i) a Saturday, a Sunday, or a legal holiday, (ii) a day on which the Federal Reserve Bank of New York (or other agent acting as the fiscal agent for the Bond Credit Enhancer) is authorized or obligated by law or executive order to remain closed, (iii) a day on which banking institutions in New York, New York or any city in which the principal office of the Bond Trustee, the Remarketing Agent or the permanent home office of the Bond Credit Enhancer is located are authorized or obligated by law or executive order to remain closed, (iv) a day on which the principal home office of the Bond Credit Enhancer is closed for business, or (v) a day on which DTC or the New York Stock Exchange is closed for business.

“Change Date” means (i) any Interest Mode Change Date, (ii) any Credit Substitution Date, (iii) any Special Mandatory Tender Date, (iv) any Extraordinary Mandatory Tender Date, and (v) any Discretionary Tender Date.

“Change Notice” means Notice to the Agency, the Bond Trustee and the Credit Facility Provider from the borrower (or the Agency or the Bond Credit Enhancer as permitted in a Series Resolution or in regard to a Discretionary Tender Date) in which the borrower (or the Agency or the Bond Credit Enhancer as permitted in a Series Resolution or in regard to a Discretionary Tender Date) declares its election (i) to change the interest rate on the Bonds of a Series from the Index Rate to an alternate method of determining the interest rate thereon, to an interest rate or rates fixed to maturity or to a fixed or floating rate in the Direct Placement Mode, (ii) to replace the existing Credit Facility with an Alternate Security or a substitute Credit Facility, and/or (iii) to mandate the tender of a Series of the Bonds for the Bond Purchase Price on a Discretionary Tender Date. Except as provided below, any Change Notice is required to specify the Change Date, which may be no sooner than 30 days and no more than 90 days after the date of delivery or mailing of the Change Notice, on which the desired change is to take place and describe the desired change. In the case of a change involving replacement of the existing Credit Facility with an Alternate Security or a substitute Credit Facility, the Change Notice is required to describe the Alternate Security or the substitute Credit Facility, as the case may be. In the case of a change involving replacement of the existing Credit Facility with an Alternate Security or a substitute Credit Facility, or the mandatory tender of a Series of Bonds on a Discretionary Tender Date, the Change Date may be no sooner than 15 days after the date of delivery or mailing of the Change Notice. In the case of a change involving a conversion of the interest rate on a Series of Bonds to the Direct Placement Mode, the Change Notice may be delivered by the borrower only with the prior written consent of the Agency (which consent the Agency may grant or withhold in its sole discretion) and the prior written consent of the Credit Facility Provider. Any Change Notice specifying a Discretionary Tender Date may be delivered only by the Agency and only with the prior written consents of the Credit Facility Provider and the borrower.

“Constructively Tendered Bonds” means all Bonds tendered or deemed tendered for purchase in accordance with the Series Resolutions.

“Conversion Date” means the Business Day designated in the Conversion Date Notice on which the interest rate or rates on the Bonds will be fixed at the Fixed Interest Rate or converted to a fixed or floating rate in a Direct Placement Mode.

“Conversion Date Notice” means the Notice given by the borrower of its election to convert the interest rate or rates on the Bonds to the Fixed Interest Rate or the Direct Placement Mode.

“Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys selected by the Agency. Any such attorney may be a lawyer in the regular employment of the Agency.

“Credit Facility” means the Credit Enhancement Agreement or Alternate Security, as the case may be, then providing for the timely payment of the principal of and interest on and Bond Purchase Price, if applicable, of the Bonds.

“Credit Facility Payments” means amounts obtained under a Credit Facility with respect to the Bonds.

“Credit Facility Provider” means, so long as the Credit Enhancement Agreement is in effect, the Bond Credit Enhancer, or, so long as an Alternate Security is in effect, the issuer of or obligor under such Alternate Security.

“Credit Substitution Date” has the meaning set forth in the Resolution. For purposes of the Resolution, a Credit Substitution Date also constitutes an Interest Payment Date.

“Debt Service Fund” means the fund by that name established by Section 504 of the General Resolution.

“Debt Service Reserve Fund” means the fund by that name established by Section 505 of the General Resolution.

“Direct Placement Mode” means an interest rate mode in which the interest rate for the Bonds is determined pursuant to Section 216 of the related Series Resolution upon remarketing of the Bonds to a purchaser pursuant to a private placement or a direct sale bond purchase agreement.

“Discretionary Tender Date” means a date, specified by the Agency in a Change Notice, upon which all of the Bonds of a Series are subject to mandatory tender at the Bond Purchase Price (which date may not be earlier than 15 days following receipt by the Trustee of such Change Notice); *provided* that while the Bonds bear interest at an Index Rate a Discretionary Tender Date so specified may only be a date after September 1, 2018. For purposes of the Resolution, a Discretionary Tender Date also constitutes an Interest Payment Date.

“DTC” means The Depository Trust Company, New York, New York.

“Extraordinary Mandatory Tender Date” means, at any time prior to the Conversion Date, the 16th day preceding the expiration, by its terms, of the Credit Facility then in effect (unless such expiration occurs at least 5 days after the final scheduled payment of all principal or interest on the Bonds which includes payment within the meaning of Section 1302 of the General Resolution, if earlier). For purposes of this definition, the reference to expiration, by its terms, of the Credit Facility then in effect includes (with respect to the Credit Enhancement Agreement or any Alternate Security delivered in accordance with the terms of any Series Resolution): (i) any earlier date on which the liquidity support for the payment of the Bond Purchase Price on a Change Date is scheduled to expire under the Credit Enhancement Agreement or such Alternate Security, as the case may be, and (ii) the final Scheduled Termination Date of the Credit Enhancement Agreement or such Alternate Security, as the case may be, as any of such dates may be extended from time to time by written agreement of the applicable Credit Facility Provider.

“Federal Bankruptcy Code” means the Bankruptcy Reform Act of 1978, constituting Title 11, United States Code, as amended.

“Fiscal Year” means the 12 consecutive calendar months commencing with the first day of November and ending on the last day of the following October.

“Fixed Interest Rate” means the rate or rates *per annum* at which the interest rate or rates on a Series of Bonds will be fixed on the Conversion Date to the Fixed Interest Rate in accordance with the applicable Series Resolution.

“General Reserve Fund” means the fund by that name established by Section 507 of the General Resolution.

“General Resolution” means the Amended and Restated 605 West 42nd Street Housing Revenue Bond Resolution adopted by the Agency on July 13, 2017.

“Government Obligations” means (i) so long as the Credit Enhancement Agreement is in effect, direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and (ii) so long as the Credit Enhancement Agreement is not in effect, direct obligations of the United States of America, including book-entry securities issued by the United States Treasury (which may include State of New York and local government Series of Bonds).

“Highest Rating Category” means that the Investment or provider, as the case may be, is rated by Standard & Poor’s or Moody’s or both and the rating assigned to the security is the highest rating given by that rating agency for that general rating category. By way of example, the Highest Rating Category for the general category of tax-exempt municipal debt established by Standard & Poor’s is “A-1+” for debt with a term of one year or less and “AAA” for a term greater than one year, with corresponding ratings by Moody’s of “MIG-1” (for fixed rate) or “VMIG-1” (for variable rate) for one year or less and “Aaa” for greater than one year. If both Standard & Poor’s and Moody’s rate the Investment or provider and one of those ratings is not in the Highest Rating Category, then such Investment or provider is not rated in the Highest Rating Category.

“Index Rate Period” means the period from August 10, 2017 to but not including an Interest Mode Change Date.

“Interest Account” means the account by that name established by paragraph (2) of Section 504 of the General Resolution.

“Interest Mode Change Date” means the date on which the interest rate on the Bonds is converted to a mode other than the Index Rate, *provided* that an Interest Mode Change Date may occur only after September 1, 2018. For purposes of the Resolution, an Interest Mode Change Date also constitutes an Interest Payment Date.

“Interest Payment Date” means any of the dates specified in a Series Resolution as a date on which interest on the Series of Bonds authorized by such resolution is payable.

“Investment” means any Investment Obligation and any other investment held under the Resolution that does not constitute an Investment Obligation.

“Investment Obligations” means and includes any of the following obligations, to the extent the same are at the time legal for investment of funds of the Agency under the Act, as may be amended from time to time, or under other applicable law:

- (A) So long as the Credit Enhancement Agreement is in effect,
1. Government Obligations;
  2. direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America (other than the Federal Home Loan Mortgage Corporation) or direct obligations of the World Bank, which obligations are required to be rated in the Highest Rating Category;
  3. obligations, in each case rated in the Highest Rating Category, of any state or territory of the United States of America, or any agency, instrumentality, authority, political subdivision of any state or territory of the United States or public benefit or municipal corporation, the principal of and interest on which are guaranteed by such state or political subdivision, or any state or territory of the United States of America or any agency, instrumentality, authority or political subdivision of a state or territory which have been advance refunded and are secured by Government Obligations or by other such prerefunded municipal securities;
  4. any written repurchase agreement entered into with a Qualified Financial Institution whose unsecured short-term obligations are rated in the Highest Rating Category;

5. commercial paper rated in the Highest Rating Category;
6. (i) interest-bearing negotiable certificates of deposit, interest-bearing time deposits, interest-bearing savings accounts or bankers' acceptances, issued by a Qualified Financial Institution if either the Qualified Financial Institution's unsecured short-term obligations are rated in the Highest Rating Category, or (ii) if such deposits, accounts or acceptances are fully insured by the Federal Deposit Insurance Corporation;
7. an agreement for the investment of monies at a guaranteed rate held by the Bond Trustee with (i) the Credit Facility Provider or (ii) a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category; *provided* that such agreement is required to be in a form acceptable to Credit Facility Provider; *provided, further*, that such agreement is required to include, without limitation, the following restrictions:
  - (a) the invested funds are available for withdrawal without penalty or premium, at any time that (A) the Bond Trustee is required to pay monies from the Funds and Accounts established under the Resolution to which the agreement is credited, or (B) any Rating Agency indicates that it will lower or actually lowers the rating on the Bonds on account of the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement;
  - (b) the investment agreement is the unconditional and general obligation of the provider and, if applicable, the guarantor or insurer of the agreement and ranks *pari passu* with all other unsecured unsubordinated obligations of the provider and, if applicable, the guarantor or insurer of the agreement;
  - (c) the Bond Trustee receives an opinion of counsel, which may be subject to customary qualifications, that such agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and, if applicable, that any guaranty or insurance policy provided by a guarantor or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms; and
  - (d) the agreement provides that if during its term the rating of the long-term unsecured obligations of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn or suspended by any Rating Agency or falls below the Highest Rating Category, the provider must, at the direction of the Bond Trustee (who must give such direction if so directed by the Agency), within 10 days of receipt of such direction, either (A) collateralize the agreement (if the agreement is not already collateralized) with Investment Obligations of the type described in subparagraph (1) or (2) above with the Bond Trustee or a third party custodian, such collateralization to be effected in a manner and in an amount sufficient to maintain the then current rating on the Bonds, or if the agreement is already collateralized, increase the collateral with Investment Obligations of the type described in the subparagraph (1) or (2) above, by depositing collateral with the Bond Trustee or a third party custodian, so as to maintain the then current rating of the Bonds, or (B) unless waived, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium unless required by law or (C) deliver a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long-term obligations are then rated in the Highest Rating Category. The agreement may provide that the down-graded provider may elect which of the remedies to the down-grade to perform; or
8. any other investment authorized by the laws of the State of New York, if such investments are approved in writing by the Credit Facility Provider and each Rating Agency; *provided* that Investment Obligations will not include the following: (s) any investments with a final maturity or any agreement with a term greater than 365 days from the date of the investment (except (i) obligations that provide for the optional or mandatory tender, at par, by the holder of such obligations at least once within 365 days of the date of purchase, (ii) Government Obligations that are irrevocably deposited with the

Bond Trustee for payment of Bonds pursuant to Section 1302 of the Resolution, and (iii) Investment Obligations listed in subparagraph (7) above or this subparagraph (8)), (t) any obligation with a purchase price greater or less than the par value of such obligation (except for obligations described in subparagraphs (1) and (2) above), (u) asset-backed security, including mortgage-backed securities, real estate mortgage investment conduits, collateralized mortgage obligations, credit card receivable asset-backed securities and auto loan asset-backed securities, (v) interest-only or principal-only stripped securities, (w) obligations bearing interest at inverse floating rates, (x) investments which may be prepaid or called at a price less than its purchase price prior to stated maturity, (y) any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index, or (z) an investment described in subparagraph (4) or (7) above with, or guaranteed or insured by a Qualified Financial Institution described in clause (iv) of the definition of Qualified Financial Institution if such institution does not agree to submit to jurisdiction, venue and service of process in the United States of America in the agreement relating to the investment; and *provided, further*, that if any such investment described in subparagraphs (2) through (8) above is required to be rated, such rating requirement will not be satisfied if such rating is evidenced by the designation of an “r” or a “t” highlighter affixed to its rating by Standard & Poor’s.

(B) So long as the Credit Enhancement Agreement is not in effect,

1. Government Obligations;
2. investments which evidence direct ownership of future interest and principal payments of United States Treasury bonds or the obligations described in (4) below;
3. general obligations of any state, municipality or political subdivision or agency of any state or municipality, which obligations are rated in the Highest Rating Category of each Rating Agency then rating the Bonds;
4. municipal obligations the payment of principal, redemption price, if any, and interest on which is irrevocably secured by Government Obligations and which Government Obligations have been deposited in an escrow arrangement which is irrevocably pledged to the credit of such municipal obligations and which municipal obligations are rated in the Highest Rating Category of each Rating Agency then rating the Bonds; and
5. obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, any agency of the United States of America controlled or supervised by and acting as an instrumentality of the United States of America as authorized by the Congress of the United States, which obligations are rated in the Highest Rating Category of each Rating Agency then rating the Bonds.

“Mortgage Advance Amortization Payment” means any payment made by the borrower with respect to a Permanently Financed Project in partial or full satisfaction of the Mortgage Loan at least 30 days in advance of the due date or dates of the Mortgage Loan in accordance with the provisions of the Mortgage and the Mortgage Note.

“Mortgage Documents” means, collectively, (a) the Mortgage, (b) the Mortgage Note and (c) all other documents evidencing, securing or otherwise relating to the Mortgage Loan, other than the Financing Agreement.

“Mortgage Repayments” means the amounts paid or required to be paid from time to time for principal and interest by or on behalf of the borrower on the Mortgage Loan pursuant to the Mortgage and the Mortgage Note.

“Notice” means telephonic notice, telecopied notice, or written notice delivered in person or sent by first-class United States mail to a party at such address as the party may direct in writing, and in the case of Holders of Bonds who do not indicate otherwise, at their addresses appearing on the registration books maintained by the Bond Trustee. In the event such notice is telephonic, it will be promptly confirmed thereafter by telecopied notice or written notice.

“Outstanding” when used with reference to Bonds, means, as of any date, Bonds which have been delivered under the provisions of the Resolution, except: (i) any Bonds cancelled by the Bond Trustee at or prior to such date, (ii) Bonds for the payment or redemption of which monies or investments as referred to in Section 1302 of the General Resolution timely maturing and bearing interest (but only to the extent that the full faith and credit of the United States of America are pledged to the timely payment of such Bonds) equal to the principal amount or Redemption Price of such Bonds, as the case may be, with interest to the date of maturity or redemption date, held by the Bond Trustee in trust (whether at or prior to the maturity or redemption date), *provided* that if such Bonds are to be redeemed, notice of such redemption has been given as in Article III of the General Resolution provided or provision satisfactory to the Bond Trustee has been made for the giving of such notice, (iii) Bonds in lieu of or in substitution for which other Bonds have been delivered pursuant to Article II, Section 307 or Section 1007 of the General Resolution and (iv) Bonds or portions of Bonds deemed to have been paid as provided in Section 1302 of the General Resolution.

“Permanently Financed Project” mean a mortgaged real property with respect to which the Agency has issued Bonds and applied all or a part of the proceeds of such Bonds to the making or funding of the Mortgage Loan or to the refunding and retirement of Notes, bonds or other obligations, or refunding of Bonds issued to make or fund the Mortgage Loan.

“Principal Account” means the account by that name established by paragraph (3) of Section 504 of the General Resolution.

“Principal Reserve Fund” means the fund by that name established pursuant to Section 506 of the General Resolution.

“Project Cost” means all costs incurred by the borrower with respect to the mortgaged real property which are authorized by law as costs which the Agency may finance.

“Purchase Fund” means the fund by that name established by Section 508 of each Series Resolution pertaining to the Bonds.

“Purchased Bond” will mean any Bond during the period from and including the date of its purchase with amounts provided by the Credit Facility Provider under the Credit Facility, to, but excluding, the date on which such Bond is remarketed to any person other than the Credit Facility Provider, the borrower or any member of the borrower.

“Qualified Financial Institution” means any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank, savings and loan association, or insurance company or association chartered or organized under the laws of any state of the United States of America, (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, (v) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, or (vi) securities dealer approved in writing by the Bond Credit Enhancer the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation. With respect to an entity which provides an agreement held by the Bond Trustee for the investment of monies at a guaranteed rate as set forth in paragraph (A) (7) of the definition of Investment Obligations or an entity which guarantees or insures, as applicable, the agreement, a “Qualified Financial Institution” may also be a corporation or limited liability company organized under the laws of any state of the United States of America.

“Rating Agency” means Moody’s Investors Service, Standard & Poor’s Ratings Services, Fitch Ratings, Inc. or any other nationally recognized rating agency, or the successor of such rating agency, which have issued a rating on any Bonds Outstanding at the request of the Agency.

“Recovery Payments” mean monies received by the Agency or the Trustee with respect to the mortgaged real property from (i) proceedings taken in the event of the default by the borrower, including the sale, assignment or other disposition of the Mortgage Loan or the mortgaged real property or (ii) the condemnation of the mortgaged

real property or any part of the mortgaged real property or from hazard insurance payable with respect to the damage or destruction of the Project and which are not applied to the repair or reconstruction of the mortgaged real property.

“Redemption Account” means the account by that name established by paragraph (5) of Section 504 of the General Resolution.

“Redemption Price” means, with respect to any Bond, the principal amount of such Bonds, plus the applicable premium, if any, payable upon redemption of such Bond pursuant to the General Resolution and the Series Resolutions pertaining to the Bonds pursuant to which the same was issued.

“Refunding Issue” means all Bonds delivered pursuant to Section 203 of the General Resolution.

“Regulatory Agreement” means the Amended and Restated Regulatory Agreement, dated as of August 10, 2017, by and between the Agency and the borrower, as the same may be further amended or supplemented from time to time.

“Remarketing Agent” means the entity defined as such in the Series Resolution with Bonds then Outstanding.

“Revenue Fund” means the fund by that name established pursuant to Section 503 of the General Resolution.

“Serial Bonds” means Bonds which mature in semi-annual or annual installments of principal, which need not be equal and the first installment of which may be deferred.

“Series of Bonds” or “Bonds of a Series” means the Series of Bonds authorized by a Series Resolution.

“Series Resolution” means a resolution of the Agency authorizing the issuance of a Series of Bonds in accordance with the terms and provisions of the Resolution adopted by the Agency in accordance with Article IX of the General Resolution.

“Sinking Fund Payments” means, with respect to any Series of Bonds, the payments for Term Bonds established for such Series of Bonds pursuant to Section 202 of the General Resolution.

“Special Mandatory Tender Date” means, upon the occurrence of a Special Tender Event, not later than 8 days preceding the Conversion Date, the date specified to the Bond Trustee by the Credit Facility Provider for purchase of all of the Bonds (which may not be later than 8 days following receipt by the Bond Trustee of such specification). Upon the occurrence of a Special Tender Event, the Bond Trustee will be required to give Notice to the Agency, the Remarketing Agent and the Holders of the Bonds of the Special Mandatory Tender Date and that on such Special Mandatory Tender Date all of the Bonds are subject to mandatory tender for purchase at the Bond Purchase Price.

“Special Tender Event” means receipt by the Bond Trustee of written Notice from the Credit Facility Provider that an “Event of Default” has occurred under the Reimbursement Agreement together with a written direction from the Credit Facility Provider to the Bond Trustee to purchase all of the Bonds on a date specified in such direction by the Credit Facility Provider, which date may not be later than 8 days following receipt by the Bond Trustee of such direction.

“Standard & Poor’s” means Standard & Poor’s Rating Services, a Division of The McGraw Hill Companies, Inc., and its successors and assigns, if such successors and assigns continue to perform the functions of a securities rating agency.

“Supplemental Resolution” means a resolution supplemental to or amendatory of the General Resolution, adopted by the Agency in accordance with Article IX of the General Resolution.

“Tax-Exempt Project” means the portion of the mortgaged real property consisting of (i) 235 residential apartments constituting a single condominium unit owned by the Affordable Unit Owner and (ii) 236 residential apartments constituting a single condominium unit owned by the Market Unit Owner.

“Tender Agent” means the Tender Agent described in the Series Resolution for a Series of Bonds and in the Remarketing Agreement.

“Tender Date” means the date on which Bonds of a Series that are tendered or deemed tendered for purchase are to be purchased in accordance with the applicable Series Resolution.

“Term Bonds” mean Bonds not constituting Serial Bonds and for which Sinking Fund Payments are provided and specified by the Series Resolution authorizing the issuance of such Bonds.

“Wrongful Dishonor” means an uncured default by the Credit Facility Provider of its obligations to honor (a) as to the Bond Credit Enhancer, (i) a request for payment by wire transfer (made in accordance with the terms of the Credit Enhancement Agreement) by supplying the Bond Trustee with the fedwire number relating to the wiring of the requested amount or (ii) a request for payment made in accordance with the terms of the Credit Enhancement Agreement, or (b) as to any other Credit Facility Provider, a drawing as required pursuant to the terms of the Alternate Security.

### **Assignment of the Bonds**

On or before the Closing Date, the Bond Seller will transfer the Bonds to us, and we will transfer all of the Bonds to the trustee. The trustee will hold the Bonds for the benefit of the certificateholders and Freddie Mac within the meaning of Section 1367(b)(19)(B) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended. In each case, the transferor will assign the Bonds, without recourse, to the transferee.

The Bonds are only traded in book-entry form through DTC. Therefore, on the Closing Date, the Bond Seller will not be obligated to deliver an original signed copy of each Bond to the issuing entity. Instead, the Bond Seller and the depositor will only be required to take any actions necessary to ensure that, after the transfer of the Bonds from the Bond Seller to the depositor, and then from the depositor to the issuing entity, the trustee, on behalf of the issuing entity, is listed as the owner of the Bonds on DTC.

### **Representations and Warranties**

As of the Closing Date (or as of the date otherwise indicated on Exhibit C-1 or in the Bond Purchase Agreement), the Bond Seller will make, with respect to each Bond that it is selling to us for inclusion in the issuing entity, representations and warranties that are expected to be generally in the form set forth on Exhibit C-1, subject to exceptions that are expected to be generally in the form set forth on Exhibit C-2. The final forms of those representations and warranties and those exceptions will be made in the Bond Purchase Agreement between Freddie Mac and us, and will be assigned by us to the trustee under the Trust Agreement. You should carefully consider both those representations and warranties and those exceptions.

If—

- there exists a breach of any of those representations and warranties made by the Bond Seller, and
- that breach materially and adversely affects the value of the Bond, or the interests of any class of certificateholders (as determined by the trust administrator),

then that breach will be a material breach of the representation and warranty. The rights of the certificateholders against the Bond Seller with respect to any material breach are described under “—Cures and Repurchases” below.

### **Cures and Repurchases**

If the Bond Seller has been notified of, or itself has discovered, a breach of any of its representations and warranties that materially and adversely affects the value of any Bond or any interests of the holders of any class of certificates, then the Bond Seller will be required to take one of the following courses of action:

- cure such breach in all material respects;

- repurchase the affected Bond at the Purchase Price; or
- for certain breaches, reimburse the issuing entity for certain costs.

The Bond Seller must generally complete the cure or repurchase described above within 90 days following its receipt of notice of the material breach. However, if the material breach is capable of being cured, if the Bond Seller is diligently attempting to correct the material breach, then the Bond Seller will generally be entitled to as much as an additional 90 days to complete that cure or repurchase if any Bond is required to be cured or repurchased as contemplated above.

This obligation to cure, repurchase or reimburse the issuing entity will constitute the sole remedies available to the certificateholders and the trustee for any breach on the part of the Bond Seller of its representations or warranties regarding the Bonds.

We cannot assure you that the Bond Seller has or will have sufficient assets with which to fulfill any cure or repurchase obligations on its part that may arise.

### **Changes in Bond Pool Characteristics**

The description in this information circular of the Bond pool is based on the Bond pool as it is expected to be constituted at the time the certificates are issued. Prior to the issuance of the certificates, one or more mortgage bonds may be removed from the Bond pool if we consider the removal necessary or appropriate. We believe that the information in this information circular will be generally representative of the characteristics of the Bond pool as it will be constituted at the time the certificates are issued. However, the range of mortgage bond interest rates and maturities, as well as the other characteristics of the Bonds described in this information circular, may vary, and the actual initial Bond pool balance may be as much as 5% larger or smaller than the initial Bond pool balance specified in this information circular.

## **DESCRIPTION OF THE MORTGAGED REAL PROPERTY, THE BORROWER, THE SPONSOR OF THE BORROWER AND THE PROPERTY MANAGER**

### **The Mortgaged Real Property**

The Bonds are being issued to finance a Mortgage Loan to the borrower for the purposes of paying a portion of the costs of refinancing the mortgaged real property and paying certain additional costs related to the refinancing of the mortgaged real property. The mortgaged real property consists of a 60-story multifamily rental housing development (with a commercial component) located at 605 West 42nd Street in the Borough of Manhattan in the City of New York, known as the Sky Apartments. The residential component of the mortgaged real property contains a total of 1,175 residential apartments (523 studios, 493 one-bedroom apartments, 157 two-bedroom apartments, and 1 three-bedroom apartment, plus 1 two-bedroom apartment occupied by the building superintendent). In addition to the residential component, the mortgaged real property contains parking for approximately 301 vehicles operated by Quik Park Garage, a health club operated by Life Time Fitness as described below, and approximately 71,529 gross square feet of additional commercial space (collectively, the “Commercial Space”).

Construction of the mortgaged real property (excluding build-out of vacant Commercial Space) has been completed and the last temporary certificate of occupancy for the residential portion of the mortgaged real property was issued on May 23, 2017. As of August 31, 2017, the residential portion of the mortgaged real property was 81.2% occupied. Because of prior uncertainty with respect to the Section 421-a tax abatement as described below, the borrower elected to keep a significant number of units vacant pending a final determination of the scope of affordability, which units are now available for rent to tenants in accordance with the affordability guidelines and protocols. Since April, 2017, the operating income from the mortgaged real property has been sufficient to pay debt service on the construction financing and operating expenses. With respect to the approximately 71,529 square feet of Commercial Space, approximately 59,322 rentable square feet is currently leased by Volvo Car USA, LLC, approximately 2,970 square feet is currently leased by building amenity tenants and the remaining approximately 9,237 rentable square feet is currently vacant.

Currently, at least 20% of the total residential apartments (excluding the building superintendent's apartment), or not less than 235 apartments (the "Low Income Apartments"), are required to be made available for occupancy by households whose gross income are expected to not exceed 60% of the area median income ("AMI") for New York City, adjusted for family size.

The mortgaged real property is subject to a condominium regime (the "Condominium") established pursuant to Article 9-B of the Real Property Law of the State of New York. The Condominium is comprised of 15 condominium units: (i) a residential unit containing 656 market rate apartments (including the superintendent's apartment) ("Market Rate Unit A"), (ii) a second residential unit containing 236 market rate apartments ("Market Rate Unit B"), (iii) a third residential unit containing 225 of the Low Income Apartments ("Affordable Unit A"), (iv) a fourth residential unit containing 10 of the Low Income Apartments ("Affordable Unit B"), (v) a fifth residential unit containing 48 market rate apartments ("Market Rate Unit C"), (vi) 3 parking units containing parking for approximately 301 vehicles (collectively the "Parking Units"), and (vii) 7 commercial units (collectively, the "Commercial Units"). Market Rate Unit A, Market Rate Unit B, Market Rate Unit C, the Parking Units and the Commercial Units are owned by the Market Unit Owner, while Affordable Unit A and Affordable Unit B are owned by the Affordable Unit Owner.

The Condominium is managed and operated by the Condominium board of managers, which includes representatives of the owners of the units in the Condominium. The representatives on the board of managers are affiliated with the borrower. Certain decisions relating to the Condominium, including, but not limited to, decisions relating to restoration following casualty and condemnation, are governed by the terms of the Condominium declaration and by-laws.

In conjunction with the issuance of the 2014 Series A Bonds and 2014 Series B Bonds, an entity affiliated with the borrower conveyed to the Market Unit Owner the fee interest in a condominium unit containing the health club in the Atelier Condominium located at 635 West 42nd Street and adjoining the mortgaged real property (the "Health Club"). The Health Club has been connected to and combined with the health club constructed in the mortgaged real property and is operated as a single health club under a lease with LTF Lease Company LLC (d/b/a Life Time Fitness). The Health Club is part of the mortgaged real property encumbered by the mortgage.

The borrower has obtained a floor area ratio bonus pursuant to certain inclusionary zoning program provisions of the New York City Zoning Resolution (the "Inclusionary Zoning Program"). In order to obtain this floor area ratio bonus, the borrower filed an affordable housing plan with the New York City Department of Housing Preservation and Development ("HPD") and the Market Unit Owner and Affordable Unit Owner entered into a Regulatory Agreement with HPD (the "HPD Regulatory Agreement") that sets forth which units are subject to the Inclusionary Zoning Program along with limitations on the rents, operating budget and other requirements. In the event the Market Unit Owner or Affordable Unit Owner defaults under the HPD Regulatory Agreement, HPD has the right to exercise certain rights and remedies including the right to take over management of the Low Income Apartments and freeze operating accounts associated with the mortgaged real property or, if a separate operating account is maintained for the Low Income Apartments, the operating account for the Low Income Apartments. The mortgage is subordinate to the terms of the HPD Regulatory Agreement pursuant to a subordination agreement entered into with HPD (the "Subordination Agreement"). Pursuant to the Subordination Agreement, the lender under the mortgage may, upon an event of default under the HPD Regulatory Agreement, exercise certain rights and remedies with respect to the HPD Regulatory Agreement.

The mortgaged real property previously qualified for a phased exemption from increases in real estate taxes in accordance with Section 421-a of the Real Property Tax Law of the State of New York, which tax exemption requires that the residential units other than the Low Income Apartments be subject to rent regulation for 20 years in accordance with the New York City Rent Stabilization Code and that the Low Income Apartments be subject to rent regulation for not less than 35 years in accordance with the New York City Rent Stabilization Code. As a result of a dispute between the borrower and The City of New York as to the commencement date of the mortgaged real property, an Article 78 proceeding was instituted by the borrower. This Article 78 proceeding was stayed following enactment of recent changes to the Section 421-a program (now known as the Affordable New York Housing 421-a Program). The borrower has submitted an application to HPD requesting that the mortgaged real property benefit from such new Affordable New York Housing 421-a Program. The borrower believes that making the mortgaged real property subject to such new Affordable New York Housing 421-a Program would benefit the mortgaged real property due to the longer duration of the tax abatement. Under this new program, the borrower is electing that at

least 25% of the total residential apartments (excluding the building superintendent's apartment), or not less than 295 apartments, will be required to be income restricted at the following levels: at least 10% of the residential apartments, or not less than 118 apartments, will be affordable to households earning no more than 40% of AMI, an additional 10% of the residential apartments, or not less than 118 apartments, will be affordable to households earning no more than 60% of AMI, and an additional 5% of the residential apartments in the mortgaged real property, or not less than 59 apartments, will be affordable to households earning no more than 120% of AMI. The Reimbursement Agreement provides that in the event that the full tax abatement under the prior Section 421-a program or the Affordable New York Housing 421-a Program is not in effect as of August 10, 2024, the borrower will be required to prepay the Mortgage Loan in the amount of the Tax Abatement Prepayment set forth in "Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement", in this information circular, which will result in a mandatory redemption of a like amount of the Bonds.

Notwithstanding the rent regulation terms set forth above, the HPD Regulatory Agreement further requires that the 235 Low Income Apartments be made available for occupancy by households whose income does not exceed 80% of AMI, which restriction continues for the life of the mortgaged real property. In addition, the borrower has received an allocation of low-income housing tax credits for the mortgaged real property and may convey up to 99.9% of the interests in the Affordable Unit Owner to one or more tax credit investors.

Due to the inherent uncertainty of future events and conditions, including without limitation general interest rate levels, no assurance can be given that revenues generated by the mortgaged real property will be sufficient to pay debt service on the Mortgage Loan, operating expenses of the mortgaged real property, Credit Facility Fees, Servicing Fees and fees owed to the Agency. The ability of the borrower to generate sufficient revenues will be affected by a variety of factors including, but not limited to, maintenance of a sufficient level of occupancy, the level of rents prevailing in the market, the ability to achieve increases in rent to cover debt service and operating expenses, the level of operating expenses, mortgaged real property management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding metropolitan area of the mortgaged real property, in addition to those factors described in the preceding paragraphs. Adverse changes may occur from time to time with respect to any of these factors which may have a negative impact on the occupancy level and rental income of the mortgaged real property. Failure of the borrower to make payments under the Mortgage Loan will result in an event of default under the Reimbursement Agreement and may, at the option of the Bond Credit Enhancer, result in a mandatory tender in whole or a redemption in whole or in part of the Bonds. See "Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement," "Description of the Bonds—Certain Provisions of the Bonds—Mandatory Tender for Purchase of Bonds on Change Dates," "—Notification of Special Mandatory Tender" and "—Extraordinary Redemption" in this information circular.

### **The Borrower and the Sponsor of the Borrower**

605 West 42nd Owner LLC, a Delaware limited liability company (the "Market Unit Owner"), and 605 West 42nd AHO LLC, a Delaware limited liability company (the "Affordable Unit Owner" and together with the Market Unit Owner, the "borrower"), are the borrower pursuant to the mortgage loan (the "Mortgage Loan") made by the Agency to the borrower with respect to the mortgaged real property.

The Market Unit Owner is a single purpose Delaware limited liability company formed in 2005 for the purpose of acquiring, constructing and equipping the mortgaged real property. The Affordable Unit Owner is a single purpose Delaware limited liability company formed in 2014 for the purposes of owning and operating Affordable Unit A and Affordable Unit B and is 100% owned by the Market Unit Owner. Neither the Market Unit Owner nor the Affordable Unit Owner has any material assets other than their respective interests in the mortgaged real property. Accordingly, it is expected that the Market Unit Owner and Affordable Unit Owner will not have other sources of funds to make payments on the Mortgage Loan other than revenues generated by the mortgaged real property.

The ultimate current owners of the Market Unit Owner and Affordable Unit Owner are Joseph Moinian, the Chief Executive Officer of The Moinian Group (the original sponsor and developer of the mortgaged real property), with an approximately 77% ownership interest, an affiliate of SL Green with a 20% ownership interest and the

remaining approximately 3% owned by family members of Joseph Moinian and the family of a key employee of The Moinian Group (collectively, the “sponsor”). Mr. Moinian has more than 30 years of real estate experience and is responsible for overseeing all aspects of the development and financing of The Moinian Group’s real estate projects in the New York City market. The Moinian Group and its affiliates own numerous commercial, residential, retail and hotel properties throughout the United States and abroad, the majority of which are located in Manhattan, New York.

## **The Property Manager**

### *General*

Columbus Property Management LLC, a New York limited liability company (“Columbus Management”), with its office in New York, New York, will be the property manager with respect to the mortgaged real property (the “Property Manager”). Columbus Management is affiliated with the borrower and the sponsor of the borrower. Columbus Management provides management services to more than 2,600 apartment units in New York, New York.

### *Description of the Property Management Agreement*

The mortgaged real property is managed by the Property Manager pursuant to a property management agreement, dated as of July 31, 2014, to be amended by an amended and restated management agreement, dated as of August 10, 2017 (as so amended and restated, the “Property Management Agreement”), between the borrower and the Property Manager.

Pursuant to the Property Management Agreement, for the period commencing 30 days prior to the issuance of the first residential temporary certificate of occupancy (the “Commencement Date”) and ending on the date on which the residential units at the mortgaged real property are 95.0% occupied (the “Lease Up Period”), the Property Manager is entitled to a monthly management fee equal to (i) the greater of (a) 1.75% of the effective gross revenue of the mortgaged real property and (b) \$50,000 per month, plus (ii) a one-time fee of \$500 per residential market rate unit. From and after the Lease Up Period, the Property Manager is entitled to a monthly management fee equal to the greater of (x) 2.0% of the effective gross revenue of the mortgaged real property and (y) \$60,000 per month. In addition, the borrower is obligated to reimburse the Property Manager for all reasonable costs and expenses to third parties incurred by the Property Manager in the performance of its duties under the Property Management Agreement including, but not limited to, messenger expenses, storage charges for borrower’s documents and filing fees.

The Property Management Agreement commenced on the Commencement Date and has a term of 3 years which will automatically renew for additional successive periods of 30 days unless the Property Management Agreement is otherwise terminated in accordance with one of the following provisions:

- Following the expiration of the 3-year period, each party may terminate the Property Management Agreement, with or without cause, upon 30 days’ written notice to the other party.
- Each party may terminate the Property Management Agreement in the event of bankruptcy, insolvency, receivership or assignment for the benefit of creditors of or by the other party.
- The Property Manager may terminate the Property Management Agreement following 10 days’ notice to the borrower if the borrower (i) refuses to comply with or abide by any rule, order, determination, ordinance or law of any federal, state or municipal authority, in accordance with the terms of the Property Management Agreement, or (ii) fails to maintain the required liability insurance at the mortgaged real property.
- Each party may terminate the Property Management Agreement at the end of any calendar month following 30 days’ written notice to the other party if such party fails to perform or abide by any of its material obligations under the Property Management Agreement, if such default remains uncured by the party within such 30-day period.

Pursuant to the Property Management Agreement, the borrower designated the Property Manager as the sole and exclusive manager of the mortgaged real property. Among other things, the Property Manager is required to (i) annually prepare and submit to the borrower an operating budget setting forth the anticipated income and expenses for the borrower, a comparison of such budget to the income and expenses of the preceding and current years and any reasonably required explanations with respect to such budget, (ii) schedule the moving in and out of tenants, (iii) set-up and maintain separate and accurate books of account, checkbooks, payroll and other corporate books and records for the operation of the mortgaged real property, (iv) provide monthly statements of income and expenses to the borrower, (v) maintain orderly files of all correspondence, insurance policies, leases and subleases, and all other documents and papers pertaining to the mortgaged real property or the operation of the mortgaged real property and (vi) be responsible for the management of all lease renewals for the market rate and low income residential tenants and all new leases of the low income apartments in accordance with the terms of the Property Management Agreement.

With respect to the mortgaged real property, the borrower has conditionally transferred, set over and assigned to the Bond Credit Enhancer its right, title and interest in and to the related Property Management Agreement pursuant to an assignment of management agreement and subordination of management fees, dated as of August 10, 2017 (the “Assignment of Property Management Agreement”). The Bond Credit Enhancer has the option to render the borrower’s conditional transfer and assignment as a present and unconditional transfer and assignment upon the occurrence of an event of default under the related loan agreement. The Assignment of Property Management Agreement provides that the management fee is and will at all times be unconditionally subordinate to the lien and payment of the mortgage loan related to the Bonds.

## **DESCRIPTION OF THE MORTGAGE LOAN**

### **General**

Proceeds of the 2014 Series A Bonds, 2014 Series B Bonds and 2015 Series A Bonds were originally used by the Agency to make the Mortgage Loan to the Market Unit Owner. The Mortgage Loan enabled the Market Unit Owner to finance a portion of the costs of the acquisition, construction and equipping of the Project, which is currently owned by the Market Unit Owner and the Affordable Unit Owner. The 2014 Series A Bonds, 2014 Series B Bonds and 2015 Series A Bonds were reissued, and the 2017 Series A Bonds issued, on August 10, 2017 in connection with the refinancing of the Mortgage Loan and the delivery of the Credit Enhancement Agreement.

### **The Mortgage Note**

The borrower entered into an Amended and Restated Mortgage Note, dated August 10, 2017 (the “Mortgage Note”), in favor of the Agency. The Mortgage Note evidences the borrower’s obligation to repay the Mortgage Loan in the original outstanding principal amount of \$550,000,000.

Pursuant to the Mortgage Note, the borrower is obligated to make monthly interest payments in the amount of (i) the aggregate interest payable on the Bonds (the “Mortgage Loan Pass-Through Rate”) plus (ii) a rate of interest which equals the sum of the following monthly fee payments: (a) the Credit Facility Fee, (b) the Servicing Fee, and (c) certain other fees related to the Bonds. The borrower is obligated to make scheduled payments under the Mortgage Note no later than the second Business Day immediately preceding the first day of each month. In addition to the regularly scheduled monthly payments on the Mortgage Note, payments under the Mortgage Note are due as a result of acceleration, optional prepayment or mandatory prepayment of the Mortgage Loan, including by reason of casualty or condemnation or other application of funds or reserves pursuant to the loan documents, or upon foreclosure (whether by power of sale or judicial proceeding), deed in lieu of foreclosure or other comparable conversion of the Mortgage Loan.

In addition to the foregoing required payments, the borrower will be required to pay any other payments which may become due or payable under or in respect of the Bonds. Any such payment is required to be made by the borrower 2 Business Days prior to any date on which any payment is due on the Bonds. Such payments under the Mortgage Note are required to be, in the aggregate, in the same amount of interest, principal and interest, or otherwise, as the case may be, as is payable on the Bonds on such date.

Any prepayments made by the borrower on the Mortgage Loan are not credited against the unpaid principal balance of the Mortgage Note until the date on which Bonds in a like amount are redeemed or defeased pursuant to the terms of the Resolution.

The borrower's repayment obligations under the Mortgage Note are reduced from time to time by and to the extent of any amounts drawn under the Credit Enhancement Agreement and applied to the payment of debt service on the Bonds, but only when and to the extent the borrower has reimbursed the Bond Credit Enhancer fully for such amounts.

The borrower's obligations under the Mortgage Note are generally non-recourse to the borrower and any principals of the borrower, subject to certain limited carve-outs.

## **The Mortgage**

The Mortgage Note is secured by an Amended and Restated Multifamily Mortgage, Assignment of Rents and Security Agreements, dated as of August 10, 2017 (the "Mortgage") executed by the borrower in favor of the Agency. The Mortgage grants a first priority mortgage and security interest in the mortgaged real property to the Agency to secure the repayment of the Mortgage Loan.

## **Certain Terms and Conditions of the Mortgage Loan**

The Mortgage Loan is the obligation of the borrower to repay the outstanding amount of the Mortgage Loan with interest. The Bond Credit Enhancer guarantees the borrower's repayment obligations with respect to principal and interest on the Mortgage Loan and the Bond Purchase Price.

*Outstanding Principal Balance.* The Mortgage Loan has an outstanding principal balance of \$550,000,000 as of the Cut-off Date.

*Interest Payments.* Interest accrues on the Mortgage Loan commencing on August 10, 2017, at the Mortgage Loan Pass-Through Rate plus certain fees payable with respect to the Mortgage Loan Servicer and the Bond Credit Enhancer and certain other fees related to the Bonds. See "Description of the Bonds—Certain Provisions of the Bonds—Index Rate" in this information circular. Interest at the Mortgage Loan Pass-Through Rate accrues on the Mortgage Loan on an Actual/360 Basis. Interest is payable no later than the second Business Day immediately preceding the first day of each month, beginning on September 1, 2017.

*Principal Payments.* There are no scheduled payments of principal on the Mortgage Loan prior to the Extraordinary Mandatory Tender Date.

*Maturity Date.* The Mortgage Loan matures on May 1, 2048, which is the same as the maturity date for the Bonds. The borrower is required to pay the principal of the Mortgage Loan in full on the maturity date or at such earlier times and in such amounts as may be required on to equal the payment of principal due on the Bonds in the event of an optional or mandatory prepayment of the Bonds.

*Credit Enhancement Agreement.* The borrower's repayment obligations under the Mortgage Loan will be reduced from time to time by and to the extent of any amounts drawn under the Credit Enhancement Agreement and applied to the payment of debt service on the Bonds, provided that such reductions will be credited only at the times and to the extent the borrower has reimbursed the Bond Credit Enhancer fully for such amounts.

*Security for the Mortgage Loan.* Repayment of the Mortgage Loan is secured by a mortgage lien in favor of the Agency on the fee interest of the borrower in the mortgaged real property, which mortgage lien has been assigned to the Bond Trustee and the Bond Credit Enhancer pursuant to the Assignment and Intercreditor Agreement.

As of the date of this information circular, the mortgaged real property is not encumbered by subordinate liens except for certain limited permitted encumbrances that are described in this information circular. See "Risk Factors—Risks Related to the Mortgage Loan—Subordinate Financing Increases the Likelihood That the Borrower Will Default on the Mortgage Loan," "—The Borrower's Other Loans May Reduce the Cash Flow Available to Operate and Maintain the Mortgaged Real Property or May Interfere with the Issuing Entity's Rights Under the

Mortgage Loan, Thereby Adversely Affecting Distributions on the Certificates,” “Description of the Mortgage Loan—General” and “—Certain Terms and Conditions of the Mortgage Loan—Permitted Additional Debt” in this information circular.

*Nonrecourse.* Except with respect to certain limited nonrecourse carveouts, the Mortgage Loan is nonrecourse to the borrower. Except for the obligation of Freddie Mac, as Bond Credit Enhancer, to provide credit enhancement on the Mortgage Loan as described in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular, the Mortgage Loan is not insured or guaranteed by any governmental agency or instrumentality or by any private mortgage insurer.

*Prepayment of the Mortgage Loan.* The Bonds are not subject to optional redemption until after September 1, 2018. Therefore, the Mortgage Loan cannot be voluntarily prepaid until after September 1, 2018. After September 1, 2018, the Bonds are subject to redemption, in whole on any date or in part on any Interest Payment Date, at a Redemption Price of 100% of the principal amount of the Bonds, or portions of the Bonds to be redeemed plus accrued interest to the date of redemption. Therefore, the Mortgage Loan is subject to prepayment, in whole on any date or in part on any Interest Payment Date, together with interest accrued to the date of prepayment.

*Prepayment Premium.* If the borrower prepays the Mortgage Loan at any time until the date that is 114 months after the origination date (the “Prepayment Premium Period”), the Reimbursement Agreement requires the borrower to pay as a prepayment premium, for remittance to the Bond Credit Enhancer, an amount equal to the sum of (i) the present value of the monthly payments of the Credit Facility Fee and the Servicing Fee that would have been earned during the remainder of such Prepayment Premium Period had such event not occurred, plus (ii) 1.0% of the outstanding principal balance of the Mortgage Loan (collectively, the amounts set forth in clauses (i) and (ii), the “Prepayment Premium”). See “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement” in this information circular. No such prepayment premiums will be payable to any certificateholders.

Unless the Mortgage Loan is relatively near its stated maturity date or unless the sale price or the amount of the refinancing of the mortgaged real property is considerably higher than the current outstanding principal balance of the Mortgage Loan due to an increase in the value of the mortgaged real property or otherwise, the prepayment consideration may, even in a relatively low interest rate environment, offset entirely or render insignificant any economic benefit to be received by the borrower upon a refinancing or sale of the mortgaged real property. The prepayment consideration provision is intended to create an economic disincentive for the borrower to prepay the Mortgage Loan voluntarily.

However, we cannot assure you that the imposition of a Prepayment Premium will provide a sufficient disincentive to prevent a voluntary principal prepayment. Furthermore, certain state laws limit the amounts that a lender may collect from a borrower as an additional charge in connection with the prepayment of a Bond. We do not make any representation as to the enforceability of the provision of the Mortgage Loan requiring the payment of a Prepayment Premium. Prepayment Premiums will not be payable to certificateholders, and the Freddie Mac Guarantee excludes the payment of Prepayment Premiums and does not cover Net Aggregate Prepayment Interest Shortfalls.

*Required Prepayment.* In addition, the Reimbursement Agreement requires the borrower to prepay the Mortgage Loan in part if a tax abatement expected to benefit the mortgaged real property is not obtained. See “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement Prepayment” and “Description of the Mortgage Loan—Certain Terms and Conditions of the Bonds—Release of Property Through Prepayment” in this information circular.

*Delinquency Status.* The Mortgage Loan was not delinquent with respect to any monthly debt service payment as of the Cut-off Date.

*Casualty and Condemnation.* In the event of a condemnation or casualty at the mortgaged real property, the borrower will generally be required to restore that mortgaged real property. However, the Bond Credit Enhancer

may under certain circumstances apply the condemnation award or insurance proceeds to the repayment of debt, which will not require payment of any prepayment premium.

*Escrow and Reserve Accounts.* The Reimbursement Security Documents provide for the establishment of escrow and/or reserve accounts for the purpose of holding amounts required to be on deposit as reserves for—

- taxes and insurance;
- capital improvements; and/or
- various other purposes.

As of the Closing Date, these accounts will be under the sole control of the Bond Credit Enhancer. These accounts are required to be funded out of monthly escrow and/or reserve payments by the borrower.

Tax Escrows. Under the Reimbursement Security Documents, escrows are being funded for taxes. The borrower is generally required to deposit on a monthly basis an amount equal to one-twelfth of the annual real estate taxes and assessments. If an escrow was funded, the funds will be applied by the Mortgage Loan Servicer to pay for taxes and assessments at the mortgaged real property.

Insurance Escrows. Under the Reimbursement Security Documents, escrows are being funded for insurance premiums. The borrower is generally required to deposit on a monthly basis an amount equal to one-twelfth of the annual premiums payable on insurance policies that the borrower is required to maintain. If an escrow was funded, the funds will be applied by the Mortgage Loan Servicer to pay for insurance premiums at the mortgaged real property.

Recurring Replacement Reserves. The column titled “Replacement Reserve (Monthly)” on Exhibit A-1 shows reserve deposits (if any) that the borrower is required to make into a separate account for capital replacements and repairs.

Those reserve deposits are initial amounts and may vary over time. The related mortgage instrument and/or other related loan documents may provide for applicable reserve deposits to cease upon achieving predetermined maximum amounts in the related reserve account. In addition, the borrower may be permitted to deliver letters of credit from third parties in lieu of establishing and funding the reserve accounts or may substitute letters of credit and obtain release of established reserve accounts.

Engineering/Deferred Maintenance Reserves. The column titled “Engineering Escrow/Deferred Maintenance” on Exhibit A-1 shows the engineering reserves established at the origination of the Mortgage Loan for repairs and/or deferred maintenance items that are generally required to be corrected within 12 months from origination. In certain cases, the engineering reserve for a mortgaged real property may be less than the cost estimate in the related inspection report because—

- the lender may not have considered various items identified in the related inspection report significant enough to require a reserve; and/or
- various items identified in the related inspection report may have been corrected.

We cannot provide any assurance that the work for which reserves were required will be completed in a timely manner or that the reserved amounts will be sufficient to cover the entire cost of the required work.

*Release of Property Through Prepayment.*

The Mortgage Loan permits the borrower to obtain the release of all of the real property securing the Mortgage Loan after any lockout period upon the prepayment of the Mortgage Loan in full, together with the payment of a Prepayment Premium as described in “—Prepayment Provisions” above.

*Due-on-Sale and Due-on-Encumbrance Provisions.* The Reimbursement Mortgage contains both a due-on-sale clause and a due-on-encumbrance clause. In general, subject to the discussion under “—Permitted Additional Debt” below, these clauses either—

- permit the Bond Credit Enhancer to accelerate the maturity of the Mortgage Loan if the borrower sells or otherwise transfers an interest in the mortgaged real property, borrower or controlling entity or encumbers the mortgaged real property without the consent of the Bond Credit Enhancer, unless such sale, transfer or encumbrance is permitted by the loan documents; or
- unless permitted by the loan documents, prohibit the borrower from otherwise selling, transferring or encumbering the mortgaged real property without the consent of the Bond Credit Enhancer.

We make no representation as to the enforceability of any due-on-sale or due-on-encumbrance provision in any the Mortgage Loan.

*Permitted Additional Debt.*

The Mortgage Loan generally prohibits the borrowers from incurring, without Bond Credit Enhancer consent, any additional debt secured or unsecured, direct or contingent.

*Property Damage, Liability and Other Insurance.* The Mortgage Loan generally requires that with respect to the mortgaged real property the borrower maintain property damage, flood (if any portion of the improvements of the subject property is in a flood zone), commercial general liability and business income/rental value insurance in the amounts required by the loan documents, subject to exceptions in some cases for tenant insurance.

We cannot assure you regarding the extent to which the mortgaged real property securing the Mortgage Loan will be insured against earthquake risks.

The insurance coverage required to be maintained by the borrower may not cover any physical damage resulting from, among other things, war, revolution, or nuclear, biological, chemical or radiological materials. In addition, even if a type of loss is covered by the insurance policies required to be in place at the mortgaged real property, the mortgaged real property may suffer losses for which the insurance coverage is inadequate. For example, in the case where terrorism coverage is included under a policy, if the terrorist attack is, for example, nuclear, biological or chemical in nature, the policy may include an exclusion that precludes coverage for such terrorist attack.

The Mortgage Loan generally provides that insurance and condemnation proceeds are to be applied either—

- to restore the mortgaged real property (with any balance to be paid to the borrower); or
- towards payment of the Mortgage Loan.

*Condominium.* The mortgaged real property is subject to a condominium regime (the “Condominium”) established pursuant to Article 9-B of the Real Property Law of the State of New York. The Condominium is comprised of 15 condominium units as described in “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Mortgaged Real Property” in this information circular.

## **Mortgage Loan Characteristics**

Exhibits A-1 and A-2 present in detail various characteristics of the Mortgage Loan and of the mortgaged real property. The statistics in the tables and schedules on Exhibits A-1 and A-2 were derived, in many cases, from information and operating statements furnished by or on behalf of the borrower. The information and the operating statements were generally unaudited and have not been independently verified by us or Freddie Mac.

## **Additional Loan and Property Information**

*Borrower Structures.* The borrower is a single purpose entity whose organizational documents or the terms of the Mortgage Loan limit its activities to the ownership of only the mortgaged real property and, subject to

exceptions, including relating to subordinate debt secured by the mortgaged real property, generally limit the borrower's ability to incur additional indebtedness other than trade payables and equipment financing relating to the mortgaged real property in the ordinary course of business.

See "Risk Factors—Risks Related to the Mortgage Loan—The Type of Borrower May Entail Risk" in this information circular for a further description of each of this borrower structure.

*Delinquencies.* The Mortgage Loan was not delinquent with respect to any monthly debt service payment as of the Cut-off Date.

*Title, Survey and Similar Issues.* The permanent improvements on the mortgaged real property may encroach over an easement or a setback line or onto another property. In other instances, certain oil, gas or water estates may affect a property. Generally, in those cases, either (i) the related lender's title policy insures against loss if a court orders the removal of the improvements causing the encroachment or (ii) the respective title and/or survey issue was analyzed by the originating lender and determined not to materially affect the respective mortgaged real property for its intended use. There is no assurance, however, that any such analysis in this regard is correct, or that such determination was made in each and every case.

*Restrictive Covenants and Contractual Covenants.* The mortgaged real property is subject to the HPD Regulatory Agreement in favor of the HPD. The HPD Regulatory Agreement generally requires that for the life of the mortgaged real property, at least 235 of the units be reserved for tenants earning no more than 80% of the area median income, subject to rental restrictions in accordance with the terms of such agreement. The HPD Regulatory Agreement was made in connection with the borrower obtaining a zoning bonus under the New York City Inclusionary Housing Program. The HPD Regulatory Agreement does not terminate upon a foreclosure and provides that HPD may exercise remedies, including, but not limited to, (i) change of property manager, (ii) appointment of a receiver, (iii) certain monetary damages upon a default and (iv) rebuilding of the mortgaged property upon casualty with certain exceptions, subject to certain notice and cure rights provided to the Bond Credit Enhancer. See "Description of the Bonds—Additional Loan and Property Information—Tax Abatements and Exemptions" in this information circular.

The mortgaged real property is also subject to a regulatory agreement (the "Tax Abatement Regulatory Agreement") in favor of the City of New York made in connection with an exemption from real property taxation pursuant to Subdivision 16 of the Real Property Tax Law Section 421-a and Chapter 51 of Title 28 of the Rules of the City of New York (collectively, the "421-a Statutes"). The Tax Abatement Regulatory Agreement generally requires that at least 25% of the total residential apartments (excluding the building superintendent's apartment), or not less than 295 apartments, will be required to be income restricted at the following levels: at least 10% of the residential apartments, or not less than 118 apartments, will be affordable to households earning no more than 40% of AMI, an additional 10% of the residential apartments, or not less than 118 apartments, will be affordable to households earning no more than 60% of AMI, and an additional 5% of the residential apartments in the mortgaged real property, or not less than 59 apartments, will be affordable to households earning no more than 120% of AMI. The Tax Abatement Regulatory Agreement is recorded prior to the Mortgage and does not expressly terminate on foreclosure.

*Bonds and Low Income Housing Tax Credits.* The mortgaged real property is subject to a regulatory agreement in favor of New York State Housing Finance Agency made in connection with: (i) the allocation of federal low-income housing tax credits under Code Section 42, (ii) the remarketing of the Bonds and preservation of the tax exempt status of the Tax-Exempt Bonds and (iii) the requirements of Section 44.29-a of the Public Housing Finance Law for the State of New York. The agreement generally requires that at least 235 of the units be reserved for tenants earning no more than 60% of the area median income and that rent at such units be no more than 30% of 60% of area median income, subject to rental restrictions in accordance with the terms of such agreement. The borrower reported that the agreement is scheduled to terminate on the later to occur of (i) the date which is 15 years after the date on which 50% of the residential units are first occupied, (ii) the first date on which no private activity bond issued with respect to the financing of the mortgaged real property is outstanding, (iii) the date on which any assistance provided with respect to the project under Section 8 terminates, (iv) the date on which the Mortgage Loan is no longer outstanding or has been assigned to a third party without retention of any interest in the Mortgage Loan by the Agency or (v) the end of a period consisting of 15 taxable years of the borrower (the "Compliance Period") commencing with the first taxable year in which the mortgaged real property is placed in service, in accordance with

the terms of such agreement. Further, the agreement provides for an additional 15-year extended use period, which begins at the end of the Compliance Period, in which the related rental restrictions will remain in effect.

*Rental Subsidy Programs.* The mortgaged real property may have tenants that rely on rent subsidies under various government funded programs, including Section 8. In addition, the borrower may receive subsidies or other assistance from government programs.

*Tax Abatements and Exemptions.* The mortgaged real property previously qualified for a phased exemption from increases in real estate taxes in accordance with Section 421-a of the Real Property Tax Law of the State of New York, which tax exemption requires that the residential units other than the Low Income Apartments be subject to rent regulation for 20 years in accordance with the New York City Rent Stabilization Code and that the Low Income Apartments be subject to rent regulation for not less than 35 years in accordance with the New York City Rent Stabilization Code. As a result of a dispute between the borrower and The City of New York as to the commencement date of the mortgaged real property, the borrower instituted an Article 78 proceeding. This Article 78 proceeding was stayed following enactment of recent changes to the Section 421-a program (now known as the Affordable New York Housing 421-a Program). The borrower has submitted an application to HPD requesting that the mortgaged real property benefit from such new Affordable New York Housing 421-a Program. The borrower believes that making the mortgaged real property subject to such new Affordable New York Housing 421-a Program would benefit the mortgaged real property due to the longer duration of the tax abatement. Under this new program, the borrower is electing that at least 25% of the total residential apartments (excluding the building superintendent's apartment), or not less than 295 apartments, will be required to be income restricted at the following levels: at least 10% of the residential apartments, or not less than 118 apartments, will be affordable to households earning no more than 40% of AMI, an additional 10% of the residential apartments, or not less than 118 apartments, will be affordable to households earning no more than 60% of AMI, and an additional 5% of the residential apartments in the mortgaged real property, or not less than 59 apartments, will be affordable to households earning no more than 120% of AMI. The Reimbursement Agreement provides that in the event that the full tax abatement under the prior Section 421-a program or the Affordable New York Housing 421-a Program is not in effect as of August 10, 2024, the borrower will be required to prepay the Mortgage Loan in the amount of the Tax Abatement Prepayment set forth in "Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement", in this information circular, which will result in a mandatory redemption of a like amount of the Bonds.

With respect to the mortgaged real property, the related Cut-off Date LTV was calculated using an Appraised Value that assumes that the owners of the mortgaged real property will receive such property tax exemption.

*Litigation.* There may be pending or, from time to time, threatened legal proceedings against the borrower, the Property Manager and their respective affiliates, arising out of the ordinary business of the borrower, the Property Manager and their affiliates.

## **Underwriting Matters**

*General.* The Mortgage Loan was originated substantially in accordance with the standards in the Freddie Mac Act and the Guide, each as described in "Description of Freddie Mac—Bond Purchase and Servicing Standards of the Bond Seller" in this information circular. In connection with the acquisition of each of the Bonds, the Bond Seller evaluated the Mortgage Loan and the mortgaged real property in a manner generally consistent with the standards described in this "—Underwriting Matters" section.

The information provided by us in this information circular regarding the condition of the mortgaged real property, any environmental conditions at the mortgaged real property, valuations of or market information relating to the mortgaged real property or legal compliance of the mortgaged real property is based on reports described below under "—Environmental Assessments," "—Property Condition Assessments," "—Appraisals and Market Studies" and "—Zoning and Building Code Compliance," provided by certain third-party independent contractors. Such reports have not been independently verified by any of the parties to the Trust Agreement, the Bond Seller or the affiliates of any of these parties.

The environmental assessment, property condition assessment and appraisal described in this section were performed in connection with the issuance of the Bonds and the origination of the Mortgage Loan. Neither we nor

the Bond Seller obtained an updated environmental assessment, property condition assessment or appraisal in connection with this securitization. We cannot assure you that the information in such environmental assessment report, property condition report and appraisal reflects the current condition of or estimate of the current or prospective value of the mortgaged real property.

*Environmental Assessments.* With respect to the mortgaged real property, Global Realty Services Group prepared a Phase I ESA dated April 18, 2017 in connection with the issuance of the Bonds and the origination of the Mortgage Loan. The ESA, meeting criteria consistent with the Guide, was prepared pursuant to ASTM International standards for Phase I ESAs. A brownfield report prepared in connection with development of the mortgaged real property was reviewed and included as part of the Phase I ESA. The brownfield report described site sampling investigations that were completed for the mortgaged real property to evaluate and remediate certain environmental issues. The Phase I ESA noted that contaminated soil at the mortgaged real property has been excavated down to bedrock and that the mortgaged real property received a certificate of completion with unrestricted use and no engineering or institutional controls. We cannot assure you that the environmental assessments or investigations, as applicable, identified all environmental conditions and risks at, or that any environmental conditions will not have a material adverse effect on the value of or cash flow from, the mortgaged real property.

A search of environmental databases or ESAs was conducted with respect to the mortgaged real property. We cannot assure you that the environmental database searches identified all environmental conditions and risks at, or that any environmental conditions will not have a material adverse effect on the value of or cash flow from, the mortgaged real property.

If the environmental investigations described above identified material adverse or potentially material adverse environmental conditions at or with respect to the mortgaged real property or at a nearby property with potential to affect the mortgaged real property, then the originator may have taken or caused to be taken one or more of the following actions:

- an environmental consultant investigated those conditions and recommended no further investigations or remediation;
- an operation and maintenance plan or other remediation was required and/or an escrow reserve was established to cover the estimated costs of obtaining that plan and/or effecting that remediation;
- those conditions were remediated or abated prior to the Closing Date;
- a letter was obtained from the applicable regulatory authority stating that no further action was required;
- another responsible party has agreed to indemnify the holder of the Bond from any losses that such party suffers as a result of such environmental conditions;
- an environmental insurance policy was obtained with respect to the mortgaged real property; and/or
- in those cases in which it was known that an offsite property is the location of a leaking underground storage tank (“UST”) or groundwater contamination, a responsible party other than the borrower has been identified under applicable law, and generally one or more of the following are true—
  1. that condition is not known to have affected the mortgaged real property; or
  2. the responsible party has either received a letter from the applicable regulatory agency stating no further action is required, established a remediation fund, engaged in responsive remediation, or provided an indemnity or guaranty to the borrower or the mortgagee/lender.

For the mortgaged real property, the ESA noted that onsite USTs or leaking USTs previously had been removed or closed in place or other types of potential or actual spills or releases may have occurred, and based on criteria such as experience with past investigations, cleanups or other response actions, the quantities or types of hazardous materials involved, the absence of significant risk, tank test results or other records, and/or other circumstances including regulatory closure, the ESA did not recommend any further investigation or other action. Even where

regulatory closure was documented for past incidents, the ESA reported that requests to governmental agencies for any related files are pending. However, the ESA nevertheless concluded that such incidents were not likely to be significant at the time they were prepared.

The borrower may not have satisfied all post-closing obligations required by the related bond documents with respect to environmental matters. We cannot assure you that such post-closing obligations have been satisfied or will be satisfied or that any of the recommended operations and maintenance plans have been or will continue to be implemented.

*Property Condition Assessments.* With respect to the mortgaged real property, Global Realty Services Group, a third-party engineering firm, inspected the property to assess exterior walls, roofing, interior construction, mechanical and electrical systems and general condition of the site, buildings and other improvements located at the mortgaged real property and prepared a property condition report dated April 19, 2017.

The inspections identified various deferred maintenance items and necessary capital improvements at the mortgaged real property. The resulting inspection reports generally included an estimate of cost for any recommended repairs or replacements at the mortgaged real property. When repairs or replacements were recommended and deemed material by the originator, the borrower is required to carry out necessary repairs or replacements and, in some instances, to establish reserves, generally in the amount of 100% to 125% of the cost estimated in the inspection report, to fund deferred maintenance or replacement items that the reports characterized as in need of prompt attention. See the columns titled “Engineering Escrow/Deferred Maintenance,” “Replacement Reserve (Initial)” and “Replacement Reserve (Monthly)” on Exhibit A-1. We cannot assure you that another inspector would not have discovered additional maintenance problems or risks, or arrived at different, and perhaps significantly different, judgments regarding the problems and risks disclosed by the respective inspection reports and the cost of corrective action. In addition, some of the required repairs or replacements may be in progress as of the date of this information circular, and we cannot assure you that the borrower will complete any such required repairs or replacements in a timely manner or in accordance with the requirements set forth in the loan documents.

*Appraisals and Market Studies.* Cushman & Wakefield, Inc., an independent appraiser that is state certified and/or a member of the American Appraisal Institute, conducted an appraisal of the mortgaged real property reflecting an “as-stabilized” value of \$1,320,000,000 as of April 6, 2017, which value was estimated assuming that the mortgaged real property has reached stabilization and is operated as a 75/25 apartment building (*i.e.* with 75% market rate units and 25% income restricted units) that benefits from a 35-year Section 421-a tax abatement. That appraisal valuation is the basis for the Appraised Value for the mortgaged real property set forth on Exhibit A-1. See “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Mortgaged Real Property” in this information circular for a discussion of the borrower’s application for the mortgaged real property to benefit from recent changes enacted to the Section 421-a program.

In general, appraisals seek to establish the amount a typically motivated buyer would pay a typically motivated seller. However, this amount could be significantly higher than the amount obtained from the sale of a particular mortgaged real property under a distress or liquidation sale. Implied in the Appraised Values shown on Exhibit A-1, is the contemplation of a sale at a specific date and the passing of ownership from seller to buyer under the following conditions:

- buyer and seller are motivated;
- both parties are well informed or well advised, and each is acting in what he considers his own best interests;
- a reasonable time is allowed to show the property in the open market;
- payment is made in terms of cash in U.S. dollars or in comparable financial arrangements; and
- the price paid for the property is not adjusted by special or creative financing or sales concessions granted by anyone associated with the sale.

The “as-stabilized” appraised value of the mortgaged real property assumes that the borrower will successfully “opt-in” to the recently codified legislation regarding the new Affordable New York Housing 421-a Program. See “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Mortgaged Real Property” in this information circular. This assumes that the residential component is operated as a 75/25 apartment building (*i.e.* with 75% market rate units and 25% income restricted units) of which 10% of the rental units must be leased to tenants whose household income does not exceed 40% of AMI, 10% of the rental units must be leased to tenants whose household income does not exceed 60% of AMI, and 5% of the rental units must be leased to tenants whose household income does not exceed 120% of AMI. This scenario further assumes that the mortgaged real property benefits from a 35-year 100% tax abatement. See “Description of the Mortgage Loan—Additional Loan and Property Information—Tax Abatements and Exemptions” in this information circular. As part of the qualifications to “opt-in” it is assumed the borrower will successfully demonstrate construction costs that include labor expenses which average no less than \$60 per hour in wages and benefits.

We cannot assure you that these assumptions are or will be accurate or that the “as stabilized” value will be the value of such mortgaged real property at the indicated stabilization date. See “Risk Factors—Risks Related to the Bonds—Appraisals and Market Studies May Inaccurately Reflect the Current or Prospective Value of the Mortgaged Real Property” in this information circular.

The appraisal referred to above involved a physical inspection of the property and reflects a correlation of the values established through the Sales Comparison Approach, the Income Approach and/or the Cost Approach.

Either the appraisal itself, or a separate letter, contains a statement to the effect that the appraisal guidelines set forth in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 were followed in preparing that appraisal. However, we have not independently verified the accuracy of this statement.

The borrower may have acquired the mortgaged real property at a price less than the Appraised Value on which the Bonds were underwritten.

We cannot assure you that information regarding the Appraised Value accurately reflects past, present or future market value of the mortgaged real property. Additionally, we cannot assure you that the “stabilization” assumptions on which the appraised value of the mortgaged real property is based are or will be accurate or that the “as stabilized” value will be the value of the mortgaged real property at the indicated stabilization date.

*Zoning and Building Code Compliance.* In connection with the issuance of the Bonds and the origination of the Mortgage Loan, the originator examined whether the use and operation of the mortgaged real property were in material compliance with zoning, land-use, building, fire and health ordinances, rules, regulations and orders then-applicable to the mortgaged real property. Evidence of this compliance may have been in the form of certifications and other correspondence from government officials or agencies, title insurance endorsements, engineering, consulting or zoning reports, appraisals, legal opinions, surveys, recorded documents, temporary or permanent certificates of occupancy and/or representations by the borrower. Where a material noncompliance was found or the property as currently operated is a legal non-conforming use and/or structure, an analysis was generally conducted as to—

- whether, in the case of material noncompliance, such noncompliance constitutes a legal non-conforming use and/or structure, and if not, whether an escrow or other requirement was appropriate to secure the taking of necessary steps to remediate any material noncompliance or constitute the condition as a legal non-conforming use or structure;
- the likelihood that a material casualty would occur that would prevent the property from being rebuilt in its current form; and
- whether existing replacement cost property damage insurance or, if necessary, supplemental law or ordinance coverage would, in the event of a material casualty, be sufficient—

1. to satisfy the entire Mortgage Loan; or

2. taking into account the cost of repair, to pay down the Mortgage Loan to a level that the remaining collateral would be adequate security for the remaining loan amount.

We cannot assure you that any such analysis in this regard is correct, or that the above determinations were made in each and every case.

### Certain Legal Aspects of the Mortgage Loan

The following discussion contains a summary of certain legal aspects related to mortgage loans secured by mortgaged real properties located in New York, where the mortgaged real property securing the Mortgage Loan is located. The summary is general in nature, does not purport to be complete and is qualified in its entirety by reference to the applicable federal and state laws governing the Mortgage Loan.

Various states have imposed statutory prohibitions or limitations that limit the remedies of a mortgagee under a mortgage or a beneficiary under a deed of trust. The Bonds are secured by the Mortgage Loan, which is a limited recourse loan and is, therefore, generally not recourse to the borrower, but limited to the mortgaged real property. Even if recourse is available pursuant to the terms of the Mortgage Loan, the State of New York may have adopted statutes which impose prohibitions against or limitations on such recourse. The limitations described below may restrict the ability of the Mortgage Loan Servicer to realize on the Mortgage Loan and may adversely affect the amount and timing of receipts on the Mortgage Loan.

*Certain Legal Aspects of Mortgaged Real Properties Located in New York.* Mortgage loans in New York are generally secured by mortgages on the related real estate. Foreclosure of a mortgage is usually accomplished in judicial proceedings. After an action for foreclosure is commenced, and if the lender secures a ruling that is entitled to foreclosure ordinarily by motion for summary judgment, the court then appoints a referee to compute the amount owed together with certain costs, expenses and legal fees of the action. The lender then moves to confirm the referee's report and enter a final judgment of foreclosure and sale. Public notice of the foreclosure sale, including the amount of the judgment, is given for a statutory period of time, after which the mortgaged real estate is sold by a referee at public auction. There is no right of redemption after the foreclosure of sale. In certain circumstances, deficiency judgments may be obtained. Under mortgages containing a statutorily sanctioned covenant, the lender has a right to have a receiver appointed without notice and without regard to the adequacy of the mortgaged real estate as security for the amount owned.

### Servicing of the Mortgage Loan

#### *The Mortgage Loan Servicer*

Greystone Servicing Corporation, Inc. ("Greystone"), a Georgia corporation, will be the servicer of the Mortgage Loan and the Reimbursement Mortgage (Greystone, or any successor servicer of the Mortgage Loan appointed by the Bond Credit Enhancer, the "Mortgage Loan Servicer"). Greystone's principal servicing office is located at 419 Belle Air Lane, Warrenton, Virginia 20186.

Greystone's primary servicing system runs on the Benedict! loan servicing system and reporting to trustees and certificate administrators is in CREFC<sup>®</sup> format. The following table sets forth information about Greystone's portfolio of serviced commercial and multi-family mortgage loans (including loans in securitization transactions and loans owned by other investors) as of the dates indicated:

<b>Commercial and Multifamily Mortgage Loans</b>	<b>As of 12/31/2013</b>	<b>As of 12/31/2014</b>	<b>As of 12/31/2015</b>	<b>As of 12/31/2016</b>
By Approximate Number: .....	3,223	3,250	3,530	3,851
By Approximate Aggregate Unpaid Principal Balance (in billions): .....	\$13.8	\$15.0	\$17.3	\$21.0

In its master servicing and primary servicing activities, Greystone utilizes a mortgage-servicing technology platform with multiple capabilities and reporting functions. This platform allows Greystone to process mortgage servicing activities including, but not limited to: (i) performing account maintenance; (ii) tracking borrower communications; (iii) tracking real estate tax escrows and payments, insurance escrows and payments, replacement

reserve escrows and operating statement data and rent rolls; (iv) entering and updating loan transaction data; and (v) generating various reports.

The properties securing the loans in Greystone's servicing portfolio may include multi-family, mixed-use, healthcare and other types of income-producing property. As a result, such properties, depending on their location and/or other specific circumstances, may compete with the mortgaged real property for tenants, purchasers, financing and so forth.

Greystone has developed strategies and procedures as servicer for working with borrowers on problem loans (caused by delinquencies, bankruptcies or other breaches of the underlying loan documents) to maximize the value from the loans. Greystone's strategies and procedures vary on a case by case basis, and include, but are not limited to, note sales, discounted payoffs, and borrower negotiation or workout in accordance with the applicable servicing standard, the underlying loan documents and applicable law, rule and regulation.

Greystone's servicing staff has demonstrated the ability to proactively manage its serviced portfolio through the variable fluctuations of real estate cycles. Greystone maintains significant dedicated commercial mortgage servicing experience. Ultimately, depending on the nature and type of loan, Greystone is responsible for proactive risk mitigation for the benefit of investors, security holders and for its own security and stability. It has developed policies, procedures and controls relating to its servicing functions to maintain compliance with applicable servicing agreements and servicing standards, including procedures for handling delinquent loans during the period prior to the occurrence of a special servicing transfer event, if applicable. Comprised of asset management, operations and construction administration, the company assesses loan performance in the key areas of financial analysis/project operations, project condition, borrower commitment, tax and insurance administration and delinquency control. Greystone's master servicing and special servicing policies and procedures are updated periodically to keep pace with the changes in the industry. Most of the significant changes in Greystone's policies and procedures have come in response to changes in federal or state law or investor requirements, such as updates issued by the Federal Housing Administration/HUD, Fannie Mae or Freddie Mac.

Greystone may perform any of its obligations under the Mortgage Loan Servicing Agreement (as defined below) through one or more third-party vendors, affiliates or subsidiaries. However, Greystone will remain responsible for its duties under the Mortgage Loan Servicing Agreement. Greystone may engage third-party vendors to provide technology or process efficiencies. Greystone monitors its third-party vendors in compliance with its internal procedures and applicable law. Greystone has entered into contracts with third-party vendors for the following functions:

- tracking and reporting of flood zone changes;
- legal representation;
- performance of property inspections;
- performance of tax parcel searches based on property legal description, monitoring and reporting of delinquent taxes, and collection and payment of taxes; and
- Uniform Commercial Code searches and filings.

On occasion, Greystone has custody of certain of such documents as are necessary for enforcement actions involving the Mortgage Loan or otherwise. To the extent Greystone performs custodial functions as a servicer; documents will be maintained in a manner consistent with the Guide.

The information set forth above in this section "—The Mortgage Loan Servicer" has been provided by Greystone. Neither the depositor nor any other person other than Greystone makes any representation or warranty as to the accuracy or completeness of such information.

Certain terms of the Mortgage Loan Servicing Agreement regarding Greystone's obligations as servicer are described under "—Summary of Mortgage Loan Servicing Agreement" below.

*Summary of Mortgage Loan Servicing Agreement.*

Pursuant to a servicing agreement, dated as of August 1, 2017 (the “Mortgage Loan Servicing Agreement”), between the Bond Credit Enhancer and the Mortgage Loan Servicer, the Mortgage Loan Servicer will be required to service the Mortgage Loan and the Reimbursement Mortgage in accordance with the Guide, as modified by the commitment, dated as of July 25, 2017 (the “Commitment”), between the Bond Credit Enhancer and the Mortgage Loan Servicer.

The Mortgage Loan Servicer is solely the Bond Credit Enhancer’s servicer and does not service the Mortgage Loan for the benefit of the holder of the Bonds. If the Credit Enhancement Agreement is no longer in effect or if there is a Wrongful Dishonor of the Bond Credit Enhancer’s obligations under the Credit Enhancement Agreement, the Bond Credit Enhancer will no longer have the right to appoint a Mortgage Loan Servicer and the Mortgage Loan Servicer will no longer have the right to service the Mortgage Loan. In such event, there may be no servicer for the Mortgage Loan.

The Mortgage Loan Servicer’s obligations to the Bond Credit Enhancer with respect to the servicing of the Mortgage Loan and the Reimbursement Mortgage and the Mortgage Loan Servicer’s accounting and reporting functions will be governed by the Guide, as modified by the Mortgage Loan Servicing Agreement, including the provisions regarding the Mortgage Loan Servicer Reporting Package described below.

The Mortgage Loan Servicer will be required to service the Mortgage Loan and the Reimbursement Mortgage for the Bond Credit Enhancer so long as the Mortgage Loan Servicer (i) remains a Freddie Mac Targeted Affordable Housing Seller/Servicer under the TAH Prior Approval Model in good standing, and (ii) performs its duties and responsibilities in accordance with the applicable requirements of the Guide, as modified by the Mortgage Loan Servicing Agreement.

Pursuant to the Mortgage Loan Servicing Agreement, Freddie Mac has notified the Mortgage Loan Servicer that Freddie Mac’s consent to any redemption, in whole, of the Bonds will be conditioned upon such redemption also occurring only on an Interest Payment Date, and the Mortgage Loan Servicer agreed that it will not take any action to permit or facilitate any redemption of the Bonds on any date other than an Interest Payment Date without the prior written consent of Freddie Mac.

The Mortgage Loan Servicing Agreement requires the Mortgage Loan Servicer to deliver each of the following reports (the “Mortgage Loan Servicer Reporting Package”) to the Bond Credit Enhancer by 3:00 p.m., New York City time, each month on the first business day after the determination date commencing in August, 2017:

- (i) CREFC<sup>®</sup> Loan Level Reserve/LOC Report with respect to any reserves and/or letters of credit maintained by the Mortgage Loan Servicer;
- (ii) CREFC<sup>®</sup> Advance Recovery Report;
- (iii) CREFC<sup>®</sup> Loan Periodic Update File;
- (iii) CREFC<sup>®</sup> Delinquent Loan Status Report;
- (iii) CREFC<sup>®</sup> Servicer Watchlist Report;
- (iv) CREFC<sup>®</sup> Historical Loan Modification and Corrected Mortgage Loan Report;
- (v) CREFC<sup>®</sup> REO Status Report;
- (vi) CREFC<sup>®</sup> Total Loan Report;
- (vii) CREFC<sup>®</sup> NOI Adjustment Worksheet; and
- (viii) CREFC<sup>®</sup> Operating Statement Analysis Report.

Pursuant to the Assignment and Intercreditor Agreement, so long as the Credit Enhancement Agreement is in effect and no Wrongful Dishonor exists, Freddie Mac will, in its discretion, have the sole and exclusive (a) right to appoint the Mortgage Loan Servicer and arrange for the servicing of the Mortgage Loan and the assigned documents, *provided* such servicing will be performed by a Freddie Mac approved seller/servicer in accordance with the terms and conditions of the Freddie Mac Delegated Underwriting for Targeted Affordable Housing Guide and the Guide (as applicable) (in their present form and as each may be amended, modified, supplemented or reissued from time to time), (b) power and authority, on its own behalf and/or on behalf of the Bond Trustee and the Agency, to do or refrain from doing any act in connection with the Mortgage Loan and/or the assigned documents, including any act provided for in the Assignment and Intercreditor Agreement and (c) right to remove the Mortgage Loan Servicer (for any reason), terminate its right to service the Mortgage Loan, and appoint a new Mortgage Loan Servicer.

Freddie Mac may waive or modify its servicing policies and procedures, as reflected in the Guide at any time. The Guide can be accessed by subscribers at [www.allregs.com](http://www.allregs.com).

## **DESCRIPTION OF THE CREDIT ENHANCEMENT AGREEMENT, THE REIMBURSEMENT AGREEMENT, THE REIMBURSEMENT MORTGAGE AND THE FINANCING AGREEMENT**

### **The Credit Enhancement Agreement**

Pursuant to a credit enhancement agreement, dated as of August 1, 2017 (the “Credit Enhancement Agreement”), between the Bond Credit Enhancer and the Bond Trustee, subject to certain requirements set forth in such agreement, the Bond Credit Enhancer agrees to make certain guaranteed payments related to the Mortgage Loan to the Bond Trustee and to pay the Bond Purchase Price to the Bond Trustee under certain circumstances, as described below. The following brief description of the payment terms of the Credit Enhancement Agreement does not purport to be complete.

On each interest payment date and on the maturity date of the Mortgage Note, the Bond Credit Enhancer is required to pay the sum of the interest component and the principal component of a Guaranteed Payment. The “Guaranteed Payment” is comprised of (i) the interest component (the “Interest Component”), which is (a) the regularly scheduled monthly payment of interest on the unpaid balance of the Mortgage Loan at the rate corresponding to the interest rate on the Bonds, (b) upon optional or mandatory prepayment of the Mortgage Loan, all accrued and unpaid interest on the amount prepaid at the rate corresponding to the interest rate on the Bonds, (c) on the maturity date or upon acceleration of the Mortgage Note, all accrued and unpaid interest at the rate corresponding to the interest rate on the Bonds, and (d) the regularly scheduled monthly payment of the monthly fee payable by the borrower to the Agency if such fee is not paid by the borrower to the Agency in a timely manner, and (ii) the principal component (the “Principal Component”), which is (a) the regularly scheduled payment of principal on the Mortgage Note, if any, (b) upon optional or mandatory prepayment of the Mortgage Loan, the principal amount of the Mortgage Note being prepaid and (c) on the maturity date or upon acceleration of the Mortgage Note, the unpaid principal balance of the Mortgage Note. The Bond Credit Enhancer has no obligation under any circumstance to provide for any prepayment premium or other prepayment charge payable on the Mortgage Loan or due under the Mortgage Note or payable or due with respect to the Bonds.

In addition, on any date to the extent that Bonds are required to be purchased pursuant to the Resolution and are not remarketed, the Bond Credit Enhancer will be required to pay the Bond Purchase Price of such Bonds. If any Bonds are purchased under such scenario, such Bonds will be held in the name of the borrower subject to the Bond Credit Enhancer’s security interest in such Bonds as evidenced by the pledge, security and custody agreement, dated as of August 1, 2017, among the Bond Trustee, as custodian, the Bond Credit Enhancer and the borrower.

In no event is the Bond Credit Enhancer required to pay the Interest Component and Principal Component of such Guaranteed Payment with respect to any Bonds that are Purchased Bonds. “Purchased Bonds” means any Bond during the period from and including the date of its purchase by the Bond Trustee on behalf of the borrower with amounts provided by the Bond Credit Enhancer under the Credit Enhancement Agreement and pledged to the Bond Credit Enhancer, to, but excluding, the date on which such Bond is remarketed to any person other than the Bond Credit Enhancer, the borrower, any partner, member or guarantor of the borrower or the Agency.

To receive payment under the Credit Enhancement Agreement, the Bond Trustee is required to present certain payment documents on or prior to the expiration date of the Credit Enhancement Agreement pursuant to the requirements set forth in such agreement at the appropriate office of the Bond Credit Enhancer.

The provisions of the Credit Enhancement Agreement that may be drawn on to pay principal of and interest on the Bonds when due terminate on the first to occur of (i) the date the Bonds have been paid in full, (ii) the date the Bonds have been purchased in connection with a Special Mandatory Tender Date, (iii) August 18, 2027 (the “Scheduled Termination Date”), (iv) the date on which the Bond Trustee, after having received sufficient funds to redeem all of the Bonds outstanding in accordance with the terms of the Resolution, has released all monies or securities held by it pursuant to the Resolution and has paid to the Bond Credit Enhancer all amounts required to be paid under the Resolution, the Mortgage Note, the Reimbursement Agreement or the Credit Enhancement Agreement, (v) the day immediately following the effective date of any Alternate Security; and (vi) any Interest Mode Change Date subsequent to which the Bonds will bear interest at a daily rate, weekly rate, adjustable interest rate, Fixed Interest Rate or convert to a Direct Placement Mode.

THE BOND CREDIT ENHANCER’S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THOSE ARE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. THE BOND CREDIT ENHANCER HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS, BUT WILL BE OBLIGATED PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT TO PROVIDE FUNDS TO THE BOND TRUSTEE TO PAY THE BOND PURCHASE PRICE UNDER THE CIRCUMSTANCES DESCRIBED IN SUCH AGREEMENT. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY FEDERAL AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA, OR ANY FEDERAL AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA, OTHER THAN FREDDIE MAC.

In connection with the Scheduled Termination Date, the Bonds will be subject to mandatory tender for purchase on the Extraordinary Mandatory Tender Date as described under “Description of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates” in this information circular, unless such Scheduled Termination Date is extended by the Bond Credit Enhancer in its sole discretion. Additionally, upon replacement of the Credit Enhancement Agreement with an Alternate Security, the Bonds are subject to mandatory tender as described under “Description of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Dates” in this information circular.

Further information regarding the Bond Credit Enhancer is contained in “Description of Freddie Mac” in this information circular.

### **The Reimbursement Agreement**

The following is a brief summary of certain provisions of the Reimbursement Agreement. The summary does not purport to be complete.

#### *General*

The obligations of the borrower to the Bond Credit Enhancer to reimburse amounts advanced by the Bond Credit Enhancer under the Credit Enhancement Agreement are evidenced by the Reimbursement and Security Agreement dated as of August 1, 2017, and amended as of September 1, 2017 (as amended, the “Reimbursement Agreement”), between the borrower and the Bond Credit Enhancer. Pursuant to the Reimbursement Agreement, the borrower agreed to repay the Bond Credit Enhancer all sums of money the Bond Credit Enhancer advances to the Bond Trustee under the Credit Enhancement Agreement to make payments on the Mortgage Loan as well as any payments to purchase the Bonds upon a failed remarketing. The Reimbursement Agreement also provides that the borrower will pay to the Bond Credit Enhancer certain fees and the monthly fee due the Mortgage Loan Servicer. The borrower’s obligations under the Reimbursement Agreement are generally non-recourse to the borrower and any principals of the borrower, subject to certain limited carve-outs.

### *Scheduled Payments and Deposits*

The Reimbursement Agreement requires the borrower to pay the following amounts not less than 2 Business Days prior to the first day of each calendar month, while the Mortgage Loan is outstanding, by remitting such amounts to the Mortgage Loan Servicer (or as otherwise directed or consented to in writing by the Bond Credit Enhancer):

- (i) Accrued but unpaid interest on the Mortgage Loan for the calendar month in which the payment is due, which payment will be applied to the borrower's obligation to reimburse the Bond Credit Enhancer for advances under the Credit Enhancement Agreement.
- (ii) A credit facility fee (the "Credit Facility Fee") equal to one-twelfth of 0.70% *per annum* times the outstanding principal balance of the Mortgage Loan computed on the basis of a 360-day year of 12 30-day months.
- (iii) A servicing fee (the "Servicing Fee") equal to one-twelfth of 0.05% *per annum* times the outstanding principal balance of the Mortgage Loan computed on the basis of a 360-day year of 12 30-day months.
- (iv) The monthly deposit to the Bond Credit Enhancer's cap fee escrow for the purchase of subsequent interest rate cap agreements in an amount which will cause the cap fee escrow to equal 125% of the estimated cost of purchasing a subsequent interest rate cap agreement with a 3-year term at the expiration of the existing cap.
- (v) One-twelfth of the other annual fees payable related to the Bonds.
- (vi) The monthly deposit required by the Bond Credit Enhancer's replacement reserve agreement, which amount is initially equal to \$24,479 per month.

### *Tax Abatement Prepayment*

Pursuant to the Reimbursement Agreement:

- (i) If the Tax Abatement Performance Standard is not achieved on or before August 10, 2024 (the "Tax Abatement Acquisition Date"), upon written direction from the Bond Credit Enhancer, the borrower must partially prepay the Mortgage Loan (and cause a corresponding optional partial redemption of the Bonds and reimburse the Bond Credit Enhancer for the related draw on its Credit Enhancement Agreement to effect the same) in the amount of the Tax Abatement Prepayment on the next succeeding Interest Payment Date. The borrower must also pay a Prepayment Premium with respect to the Tax Abatement Prepayment. The Reimbursement Mortgage Guarantor will be separately liable for this obligation of the borrower under the Reimbursement Mortgage Guaranty.
- (ii) If the borrower has not obtained the Tax Abatement by the Tax Abatement Acquisition Date but the borrower can demonstrate to the Bond Credit Enhancer's reasonable satisfaction that it has made significant progress in obtaining the Tax Abatement and that such Tax Abatement will be granted within 6 months after the Tax Abatement Acquisition Date, the Bond Credit Enhancer will be required to grant an extension of 6 months.

As used under this heading, the following capitalized terms have the following meanings:

"Affordable New York Housing 421-a Program" means the abatement of real estate taxes with respect to the mortgaged real property and/or the borrower pursuant to Section 421-a(16) of the New York State Real Property Tax Law, as amended by Chapter 20 of the Laws of 2015 and Chapter 59 of the Laws of 2017, and related Rules of the City of New York.

"Prior 421-a Program" means the abatement of real estate taxes with respect to the mortgaged real property and/or the borrower pursuant to Section 421-a of the New York State Real Property Tax Law, Administrative Code Sections 11-245.1 and 11.245.1-b and Sections 6-01 through 6-09 of Title 28 of the Rules of the City of New York,

prior to the modifications made to such Prior 421-a Program and related statutes and regulations by Chapter 20 of the Laws of 2015 and Chapter 59 of the Laws of 2017.

“Prior Assessed Value” means the assessed value of the mortgaged real property in the tax year immediately preceding commencement of construction of the mortgaged real property.

“Tax Abatement” means the partial or full exemption or abatement of real estate taxes granted to the mortgaged real property and/or borrower pursuant to the Tax Abatement Program.

“Tax Abatement Performance Standard” means either (i) with respect to the Prior 421-a Program, the borrower has obtained the Tax Abatement under such Prior 421-a Program which provides for a 100% abatement of real estate taxes on the increase in assessed value of the mortgaged real property above the Prior Assessed Value from year 1 through year 12 (commencing no earlier than 2008), with a 20% phase in of real estate taxes in each of years 13, 15, 17, 19 and 21 (such that the mortgaged real property will be subject to full real estate taxes in year 21), and the borrower has delivered evidence of same satisfactory to the Bond Credit Enhancer; or (ii) with respect to the Affordable New York Housing 421-a Program, the borrower has obtained the Tax Abatement under such Affordable New York Housing 421-a Program which provides for a 100% abatement of real estate taxes on the increase in assessed value of the mortgaged real property above the Prior Assessed Value for a period of 35 years following the completion of construction of the mortgaged real property, and the borrower has delivered evidence of same satisfactory to the Bond Credit Enhancer.

“Tax Abatement Prepayment” means the amount necessary to satisfy both of the following tests, which amount will be determined by the Bond Credit Enhancer:

- (i) Loan-to-Value Ratio: the amount of the Mortgage Loan as a percentage of the then current fair market value of the mortgaged real property cannot exceed 55%. The mortgaged real property will be valued based upon the borrower’s provision of a new appraisal acceptable to the Bond Credit Enhancer, but which value may not take into account the value of any tax abatement described in this information circular; and
- (ii) Amortizing Debt Service Coverage Ratio: the ratio of the current net operating income for the mortgaged real property (as calculated by the Bond Credit Enhancer in accordance with its then current underwriting criteria) to debt service is required to be at least 1.30:1.00, as determined by the Bond Credit Enhancer. For purposes of the calculation described in this clause (ii), real estate taxes for the mortgaged real property will be underwritten at an amount that is not less than the average of full real estate taxes due on the mortgaged real property for each remaining year prior to the Scheduled Termination Date.

“Tax Abatement Program” means either (i) the Prior 421-a Program or (ii) the Affordable New York Housing 421-a Program.

#### *Optional Redemption of the Bonds and Prepayment of the Mortgage Loan*

Pursuant to the Reimbursement Agreement, (i) the borrower will have the right, after September 1, 2018, to cause the Agency to call the Bonds in whole for optional redemption in accordance with the terms of the Resolution in connection with an optional prepayment of the Mortgage Loan in whole, *provided* that such prepayment and corresponding redemption must occur on the first Business Day of a calendar month, and (ii) except in connection with the failure of the borrower to obtain the tax abatement as described under “—Tax Abatement Prepayment” above, the borrower may not cause the Agency to call the Bonds for optional redemption in part, notwithstanding any right of the borrower to do so under the Resolution.

The borrower may not voluntarily prepay the Mortgage Loan, in whole or in part, unless the borrower has given the Bond Credit Enhancer at least 30 days' prior notice of its intention to make such prepayment and, on the Business Day preceding the effective date of such prepayment (*provided* that the Bond Credit Enhancer may accept a prepayment in whole on the effective date of such payment, subject to conditions imposed by the Bond Credit Enhancer to ensure its immediate reimbursement for the corresponding draw on the Credit Enhancement Agreement), the borrower has:

- (a) deposited with the Bond Credit Enhancer the amount of principal being prepaid and all interest accrued through the effective date of such prepayment;
- (b) paid to the Bond Credit Enhancer the Prepayment Premium, if the prepayment is effective during the Prepayment Premium Period, and all of the sums due to the Bond Credit Enhancer under the Reimbursement Agreement or any other borrower document at the time of such prepayment; and
- (c) deposited with the Bond Trustee the amount of any premium payable pursuant to the Resolution in connection with the optional redemption of the Bonds.

#### *Prepayment Premium*

If within the Prepayment Premium Period the borrower causes (i) any voluntary prepayment of the Mortgage Loan, (ii) any involuntary prepayment upon acceleration of the Mortgage Note, or mandatory tender of the Bonds, (iii) an involuntary prepayment upon any application by the Bond Credit Enhancer of any collateral or other security to pay amounts due under the Mortgage Loan or the Reimbursement Agreement (excluding any prepayment occurring as a result of the application of any insurance proceeds or condemnation award under the Reimbursement Mortgage), or (iv) the replacement of the Credit Enhancement Agreement, the borrower must pay the Prepayment Premium.

#### *Events of Default*

Under the provisions of the Reimbursement Agreement, the Bond Credit Enhancer may declare an event of default for the following reasons (each, an "Event of Default"):

- (i) the borrower fails to pay when due any amount payable by the borrower under the Reimbursement Agreement, including, without limitation, any fees, costs or expenses;
- (ii) the borrower fails to perform its obligations with respect to certain negative covenants under the Reimbursement Agreement or fails to perform its obligations under the Reimbursement Agreement to deliver any required Interest Rate Cap Agreement;
- (iii) the borrower fails to observe or perform any other term, covenant, condition or agreement set forth in the Reimbursement Agreement which failure continues for a period of 30 days after notice of such failure by the Bond Credit Enhancer to the borrower (unless such default cannot with due diligence be cured within 30 days but can be cured within a reasonable period and will not, in the Bond Credit Enhancer's sole discretion, adversely affect the Bond Credit Enhancer or result in impairment of the Reimbursement Agreement, an Interest Rate Cap Agreement, the Mortgage, the Reimbursement Mortgage or any of the other security document delivered to the Bond Credit Enhancer, in which case no Event of Default will be deemed to exist so long as borrower has commenced to cure the default within 30 days after receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion); *provided, however*, that no such notice or grace period will apply in the case of any such failure which could, in the Bond Credit Enhancer's judgment, absent immediate exercise by the Bond Credit Enhancer of a right or remedy under the Reimbursement Agreement, result in harm to the Bond Credit Enhancer, impairment of the Reimbursement Agreement, Interest Rate Cap Agreement, the Mortgage, the Reimbursement Mortgage or any other security given under any of the other security documents delivered to the Bond Credit Enhancer;
- (iv) the borrower fails to observe or perform any other term, covenant, condition or agreement set forth in any of the other documents to which the borrower is a party related to the Bonds or the Mortgage Loan or there

otherwise occurs an event of default under the Reimbursement Mortgage or an event of default under any of the other borrower documents (taking into account the applicable notice and cure period, if any);

- (v) any representation or warranty made by or on behalf of the borrower in the Reimbursement Agreement, in any other borrower document or in any certificate delivered by the borrower to the Bond Credit Enhancer or to the Mortgage Loan Servicer pursuant to the Reimbursement Agreement or any other borrower document was inaccurate or incorrect in any material respect when made or deemed made;
- (vi) the borrower fails to observe or perform any other term, covenant, condition or agreement set forth in the Tax Abatement; or
- (vii) a default or event of default occurs under the terms of any other indebtedness permitted to be incurred by the borrower (after taking into account any applicable cure period).

Upon the occurrence of an Event of Default, the Bond Credit Enhancer may declare all the obligations of the borrower under the Reimbursement Agreement to be immediately due and payable and will have the right to take any other action at law or equity as it deems advisable to protect its rights against the borrower in the mortgaged real property conveyed by the Mortgage or the Reimbursement Mortgage, including foreclosing against the mortgaged real property under either the Mortgage or the Reimbursement Mortgage. The rights of the Bond Credit Enhancer include, without limitation, the right to give written notice to the Bond Trustee stating that an Event of Default has occurred and is continuing under the Reimbursement Agreement and directing the Bond Trustee to cause the mandatory tender of all of the Bonds or a mandatory redemption of all or part of the Bonds.

### **The Reimbursement Mortgage and Additional Security for the Bond Credit Enhancer**

The following is a brief summary of certain collateral securing the borrower's obligations to the Bond Credit Enhancer under the Reimbursement Agreement. This summary does not purport to be complete. The Reimbursement Mortgage, reserves and escrows, Reimbursement Mortgage Guaranty and Interest Rate Cap Agreements discussed below are for the sole and exclusive benefit of the Bond Credit Enhancer and are not for the benefit of the holders of the Bonds, *provided*, that upon the occurrence of a Wrongful Dishonor, the replacement reserves are required to be transferred to an account controlled by the Agency.

#### *Reimbursement Mortgage*

The borrower's obligations under the Reimbursement Agreement are secured by a Multifamily Mortgage, Assignment of Rents and Security Agreement, dated as of August 10, 2017 (together with all riders and addenda to such agreement, the "Reimbursement Mortgage"), in favor of the Bond Credit Enhancer and constituting a second priority lien on the mortgaged real property subordinate to the Mortgage. The Reimbursement Mortgage solely secures the borrower's obligations to the Bond Credit Enhancer and does not secure the Bonds. Upon the occurrence of an Event of Default under the Reimbursement Agreement, the Bond Credit Enhancer, in its discretion, could exercise remedies under Reimbursement Mortgage, including foreclosure or a deed-in-lieu, while continuing to pay principal and interest due on the Bonds, in which event the Bonds would remain outstanding. Alternatively, the Bond Credit Enhancer, in its discretion, could give written notice to the Bond Trustee stating that an Event of Default has occurred and is continuing under the Reimbursement Agreement and direct the Bond Trustee to cause the mandatory tender of all of the Bonds or a mandatory redemption of all or part of the Bonds.

#### *Escrows and Reserves*

In addition to the Reimbursement Mortgage, the Bond Credit Enhancer requires the borrower to fund certain reserves and escrows, such as tax and insurance escrows, a cap fee escrow for the purchase of required Interest Rate Cap Agreements and replacement reserves to fund the replacement of certain equipment, major components and capital systems related to the mortgaged real property. Such escrows are for the benefit of the Bond Credit Enhancer and do not secure the Bonds, *provided* that, upon the occurrence of a Wrongful Dishonor, the replacement reserves are required to be transferred to an account controlled by the Agency.

### *Reimbursement Mortgage Guaranty*

Joseph Moinian (the “Reimbursement Mortgage Guarantor”) has provided a limited guaranty (the “Reimbursement Mortgage Guaranty”) for the benefit of the Bond Credit Enhancer which covers the carve-outs to non-recourse and the obligation to make the Tax Abatement Prepayment described above. The Reimbursement Mortgage Guaranty does not secure the Bonds.

### *Interest Rate Cap Agreements*

To protect the Bond Credit Enhancer against interest rate fluctuations, the borrower has obtained an initial interest rate cap agreement (together with any replacement interest rate cap agreement, the “Interest Rate Cap Agreement”) from SMBC Capital Markets, Inc., with a 3-year term, a notional amount equal to the outstanding amount of the Mortgage Loan, and an index rate calculated based on one-month LIBOR and a strike rate of 3.75%, which Interest Rate Cap Agreement has been collaterally assigned to the Bond Credit Enhancer. The ratings of the interest rate cap provider are provided in the table below:

<u>Interest Rate Cap Provider</u>	<u>Long-term Senior Unsecured Debt Rating</u>		
	<u>Moody’s</u>	<u>S&amp;P</u>	<u>Fitch</u>
SMBC Capital Markets, Inc.....	A1	NR	NR

The Reimbursement Agreement requires the borrower to maintain Interest Rate Cap Agreements with minimum 3-year terms and otherwise with the same terms and throughout the term of the Credit Enhancement Agreement. The Interest Rate Cap Agreements do not secure the Bonds, the Mortgage Loan or the certificates.

### **The Financing Agreement**

The borrower and the Agency entered into a Financing Agreement, dated as of August 10, 2017 (the “Financing Agreement”). The Financing Agreement sets forth certain agreements between the Agency and the borrower, including the borrower’s obligations to indemnify the Agency and other matters relating to the Mortgage Loan. In addition, the Financing Agreement sets forth certain requirements regarding the prepayment of the Mortgage Loan and a corresponding optional redemption of the Bonds, including the requirement of 60 days’ notice to the Agency, the Bond Credit Enhancer, the Mortgage Loan Servicer and Bond Trustee. Pursuant to the Financing Agreement, the Agency has agreed that, provided there is no continuing event of default under the Resolution, the Agency will not exercise its option to redeem any or all of the Bonds without the borrower’s prior consent. See “Description of the Bonds—Certain Provisions of the Bonds—Optional Redemption” in this information circular.

## **DESCRIPTION OF THE ASSIGNMENT AND INTERCREDITOR AGREEMENT**

### **General**

In connection with the execution of the Credit Enhancement Agreement, the Agency, the Bond Trustee, the Bond Credit Enhancer and the borrower have entered into an assignment and intercreditor agreement, dated August 1, 2017 (the “Assignment and Intercreditor Agreement”). The following brief description of the material terms of the Assignment and Intercreditor Agreement does not purport to be complete.

### **Assignment by the Agency and by the Bond Trustee**

Pursuant to the Assignment and Intercreditor Agreement, (i) the Agency assigned all of its interest in the Mortgage Loan, the Mortgage Note and the Mortgage to the Bond Credit Enhancer and the Bond Trustee and (ii) the Bond Trustee further assigned all of its rights with respect to the Mortgage Loan, the Mortgage Note and the Mortgage to the Bond Credit Enhancer (*provided* that the Bond Trustee has retained custody of the Mortgage Note and the Mortgage subject to the Bond Credit Enhancer's right to request their subsequent assignment upon a default).

### **Exercise of Rights and Remedies by the Bond Credit Enhancer**

Pursuant to the Assignment and Intercreditor Agreement, if no Wrongful Dishonor has occurred by the Bond Credit Enhancer, the Bond Credit Enhancer controls all rights and remedies with respect to the Mortgage Loan, the Mortgage Note and the Mortgage. Upon a Wrongful Dishonor by the Bond Credit Enhancer, the rights and remedies in the Mortgage Loan, the Mortgage Note and the Mortgage automatically revert to the Bond Trustee.

Upon the occurrence of an event of default by the borrower, the Bond Credit Enhancer, in its sole discretion, may elect to foreclose under either the Mortgage or the Reimbursement Mortgage.

### **Regulatory Agreement**

Upon a default under the Regulatory Agreement, as determined in the reasonable judgment of the Agency, the Agency may request that the Bond Credit Enhancer and the Bond Trustee initiate foreclosure proceedings with respect to the mortgaged real property, *provided* that so long as the Credit Enhancement Agreement is in effect and no Wrongful Dishonor exists, such request will be made solely to the Bond Credit Enhancer. The determination whether to pursue foreclosure proceedings upon the occurrence of a default under the Regulatory Agreement will be made by the Bond Credit Enhancer, in its sole and absolute discretion. The Bond Credit Enhancer will not have any obligation to pursue foreclosure proceedings.

### **Servicing of the Mortgage Loan**

Pursuant to the Assignment and Intercreditor Agreement, so long as the Credit Enhancement Agreement is in effect and no Wrongful Dishonor exists, the Bond Credit Enhancer will, in its discretion, have the sole and exclusive (i) right to appoint the Mortgage Loan Servicer and arrange for the servicing of the Mortgage Loan and the assigned documents, provided such servicing will be performed by a Bond Credit Enhancer approved seller servicer in accordance with the terms and conditions of the Freddie Mac Delegated Underwriting for Targeted Affordable Housing Guide and the Guide (as applicable) (in their present form and as each may be amended, modified, supplemented or reissued from time to time), (ii) power and authority, on its own behalf and/or on behalf of the Bond Trustee and the Agency, to do or refrain from doing any act in connection with the Mortgage Loan and/or the assigned documents, including any act provided for in the Assignment and Intercreditor Agreement and (iii) right to remove the Mortgage Loan Servicer (for any reason), terminate its right to service the Mortgage Loan, and appoint a new Mortgage Loan Servicer.

### **Management of the Mortgaged Real Property**

The Agency will not seek to remove the Property Manager without the prior written consent of the Bond Credit Enhancer, except pursuant to the terms and conditions of the Regulatory Agreement. The Bond Credit Enhancer will have the right, in its discretion, without the consent of the Agency or Bond Trustee, to remove the Property Manager to the extent the Bond Credit Enhancer has the right to remove such agent pursuant to the terms and conditions of a Reimbursement Security Document, assigned document or the Reimbursement Mortgage. Any new Property Manager and management agreement will be required to be approved by the Bond Credit Enhancer, except as otherwise provided by the Reimbursement Agreement. The borrower will be required to consult with the Agency prior to the hiring of a new Property Manager and, subject to the next sentence, the Bond Credit Enhancer will be required to consult with the Agency prior to granting consent to a new Property Manager or, after a foreclosure, prior to hiring a new Property Manager. If, pursuant to the provisions of the Reimbursement Agreement, the new Property Manager does not need to be approved by the Bond Credit Enhancer, then the Bond Credit Enhancer does not need to consult with the Agency regarding the appointment of such Property Manager.

## DESCRIPTION OF THE CERTIFICATES

### General

The certificates will be issued on the Closing Date pursuant to the Trust Agreement. They will represent the entire beneficial ownership interest of the issuing entity. The assets of the issuing entity will include:

- the Bonds;
- any and all payments under and proceeds of the Bonds received after the Cut-off Date, in each case exclusive of payments of principal, interest and other amounts due on or before that date;
- our rights under the Bond Purchase Agreement; and
- those funds or assets as from time to time are deposited in the Distribution Accounts described under “—Distribution Accounts” below and in the Initial Interest Reserve Accounts described under “—Initial Interest Reserve Accounts” below .

The certificates will include the class ATE, AT, XTE and XT certificates, which are offered by this information circular and have the benefit of the Freddie Mac Guarantee.

The class ATE and AT certificates are the certificates that will have principal balances (collectively, the “Principal Balance Certificates”). The outstanding principal balance of any of these certificates will represent the total distributions of principal to which the holder of the certificate is entitled over time out of payments and other collections on the assets of the issuing entity or the Freddie Mac Guarantee. Accordingly, on each distribution date, the outstanding principal balance of each of these certificates will be permanently reduced by any principal distributions actually made with respect to the certificates on that distribution date, including any Balloon Guarantor Payment. See “—Distributions” below. On any particular distribution date, the outstanding principal balance of each of these certificates may also be permanently reduced, without any corresponding distribution, in connection with losses on the related Bonds and default-related and otherwise unanticipated issuing entity expenses. See “—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” below.

In general, outstanding principal balances and notional amounts will be reported on a class-by-class basis. In order to determine the outstanding principal balance or notional amount of any of the certificates from time to time, you may multiply the original principal balance or notional amount of that certificate as of the Closing Date, as specified on the face of that certificate, by the then-applicable certificate factor for the relevant class. The certificate factor for any class of certificates, as of any date of determination, will equal a fraction, expressed as a percentage, the numerator of which will be the then-outstanding principal balance or notional amount of that class, and the denominator of which will be the original principal balance or notional amount of that class. Certificate factors will be reported monthly in the certificate administrator’s report.

### Registration and Denominations

The Principal Balance Certificates will be issued to Freddie Mac in physical form in original denominations of \$10,000 initial principal balance and in any whole dollar denomination in excess of \$10,000. The class XTE and XT certificates will be issued to Freddie Mac in physical form in original denominations of \$100,000 initial notional amount and in any whole dollar denomination in excess of \$100,000.

### Distribution Accounts

*General.* The certificate administrator must establish and maintain two separate accounts in which it will hold funds pending their distribution on the certificates and from which it will make those distributions. One account will hold funds received with respect to the Tax-Exempt Bonds (the “Tax-Exempt Distribution Account”), and the other account will hold funds received with respect to the Taxable Bonds (the “Taxable Distribution Account” and together with the Tax-Exempt Distribution Account, the “Distribution Accounts”). The Distribution Accounts must be maintained in a manner and with a depository institution that meets the requirements of the Trust Agreement.

Funds held in the Distribution Accounts may be held in cash or, at the certificate administrator's risk, invested in Permitted Investments. Subject to the limitations in the Trust Agreement, any interest or other income earned on funds in the Distribution Accounts will be paid to the certificate administrator as additional compensation.

*Deposits.* The certificate administrator will be required to promptly deposit in the applicable Distribution Account the following amounts:

- all payments and other collections on the Bonds received by certificate administrator on behalf of the issuing entity;
- any amounts paid by the Bond Seller in connection with the repurchase of, or the curing of any breach of a representation and warranty with respect to, a Bond by that party as described under "Description of the Bonds—Cures and Repurchases" in this information circular;
- any amounts paid to purchase or otherwise acquire all the Bonds in connection with the termination of the issuing entity pursuant to the clean-up call as contemplated under "The Trust Agreement—Termination";
- any amounts required to be deposited by the certificate administrator in connection with losses incurred with respect to Permitted Investments of funds held in the applicable Distribution Account;
- with respect to the distribution date that occurs during October 2017, the Tax-Exempt Initial Interest Reserve Deposit Amount that is then on deposit in the Tax-Exempt Initial Interest Reserve Account described under "—Initial Interest Reserve Accounts" below; and
- with respect to the distribution date that occurs during October 2017, the Taxable Initial Interest Reserve Deposit Amount that is then on deposit in the Taxable Initial Interest Reserve Account described under "—Initial Interest Reserve Accounts" below.

The certificate administrator will be authorized, but will not be obligated, to invest or direct the investment of funds held in the Distribution Accounts and the Initial Interest Reserve Accounts in Permitted Investments. It will be—

- entitled to retain any interest or other income earned on those funds; and
- required to cover any losses of principal of those investments from its own funds, but the certificate administrator is not required to cover any losses incurred solely as a result of the insolvency of the depository institution or trust company holding such account so long as (i) such depository institution or trust company (a) satisfied the requirements set forth in the Trust Agreement at the time such investment was made and (b) is neither the certificate administrator nor an affiliate of the certificate administrator and (ii) such insolvency occurs within 30 days of the date on which such depository institution or trust company no longer satisfies the requirements set forth in the Trust Agreement.

*Withdrawals.* The certificate administrator may from time to time make withdrawals from the Distribution Accounts for any of the following purposes without regard to the order below:

- (A) to reimburse the Guarantor for any unreimbursed Balloon Guarantor Payment, together with any related Timing Guarantor Interest, from collections on any Bond as to which any such Balloon Guarantor Payment was made and (B) to reimburse the Guarantor for any unreimbursed Guarantor Reimbursement Amounts from any amounts collected in connection with the liquidation or other disposition of a Bond solely to the extent that the original payment of such amount resulted in a Deficiency Amount;
- to pay the Guarantor the Guarantee Fee;
- without duplication, to pay indemnity amounts to itself, the trustee, the depositor, the trust administrator and various related persons, subject to the relevant Aggregate Annual Caps, as described under "The Trust Agreement—Certain Indemnities" in this information circular;

- to pay for any opinions of counsel required to be obtained in connection with any amendments to the Trust Agreement, to the extent that the issuing entity is responsible for the cost of such opinions of counsel under the Trust Agreement;
- to pay any federal, state and local taxes imposed on the issuing entity, its assets and/or transactions, together with all incidental costs and expenses, including such taxes, that are required to be borne by the issuing entity;
- to reimburse itself, the depositor, the trustee or the trust administrator, as the case may be, for any unreimbursed expenses reasonably incurred in respect of any material breach of a representation or warranty in respect of a Bond giving rise to a repurchase obligation of the Bond Seller or other party, or the enforcement of such obligation, under the Bond Purchase Agreement;
- to pay to the Bond Seller any amounts that represent monthly debt service payments due on the Bonds on or prior to the Cut-off Date;
- with respect to any replacement trustee, certificate administrator or trust administrator, to the extent any recouped trustee fee, certificate administrator fee or trust administrator fee together with any portion of the Guarantee Fee described in the penultimate paragraph in “The Trust Agreement—Resignation and Removal of the Trustee, the Certificate Administrator and the Trust Administrator” in this information circular is insufficient to pay the fee of such replacement trustee, certificate administrator or trust administrator, the amount reasonably necessary to pay the fee of such replacement trustee, certificate administrator or trust administrator;
- to pay any other items described in this information circular as being payable from the Distribution Accounts; and
- to pay any amounts deposited in the Distribution Accounts in error to the person entitled to them.

The certificate administrator will be required to keep and maintain separate accounting records, on a bond by bond basis, for the purpose of justifying any withdrawal from the Distribution Accounts.

On each distribution date, all amounts on deposit in the Distribution Accounts, exclusive of any portion of those amounts that are to be withdrawn for the purposes contemplated in the prior paragraph, will be applied by the certificate administrator on each distribution date to make distributions on the certificates and to the Guarantor (with respect to the Guarantor Reimbursement Amounts). Generally, for any distribution date, such amounts will be distributed to holders of the certificates in two separate components:

- those funds in the Tax-Exempt Distribution Account, referred to in this information circular as the Tax-Exempt Available Distribution Amount, which will be paid to the holders of the class ATE and XTE certificates and the Guarantor, who is entitled to the Guarantee Fee, as described under “—Distributions—Priority of Distributions” below; and
- those funds in the Taxable Distribution Account, referred to in this information circular as the Taxable Available Distribution Amount, which will be paid to the holders of the class AT and XT certificates and the Guarantor, who is entitled to the Guarantee Fee, as described under “—Distributions—Priority of Distributions” below.

### **Initial Interest Reserve Accounts**

The certificate administrator must maintain accounts or subaccounts in which it will hold the Tax-Exempt Initial Interest Reserve Deposit Amount (the “Tax-Exempt Initial Interest Reserve Account”) and the Taxable Initial Interest Reserve Deposit Amount (the “Taxable Initial Interest Reserve Account”) and, together with the Tax-Exempt Initial Interest Reserve Account, the “Initial Interest Reserve Accounts”) described in the next paragraph. The Initial Interest Reserve Accounts must be maintained in a manner and with a depository institution that satisfies the requirements set forth in the Trust Agreement.

On the Closing Date, Freddie Mac will cause funds to be deposited (i) into the Tax-Exempt Initial Interest Reserve Account, in an amount equal to 5 days of interest at the Bond Pass-Through Rate with respect to each Tax-Exempt Bond (the “Tax-Exempt Initial Interest Reserve Deposit Amount”) and (ii) into the Taxable Initial Interest Reserve Account, in an amount equal to 5 days of interest at the Bond Pass-Through Rate with respect to each Taxable Bond (the “Taxable Initial Interest Reserve Deposit Amount”). The Tax-Exempt Initial Interest Reserve Deposit Amount will be transferred from the Tax-Exempt Initial Interest Reserve Account to the Tax-Exempt Distribution Account to be included, for the distribution date in October 2017, in the Tax-Exempt Available Distribution Amount. The Taxable Initial Interest Reserve Deposit Amount will be transferred from the Taxable Initial Interest Reserve Account to the Taxable Distribution Account to be included, for the distribution date in October 2017, in the Taxable Available Distribution Amount.

The certificate administrator will be required to deposit in the Initial Interest Reserve Accounts the amount of any losses of principal arising from investments of funds held in the Initial Interest Reserve Accounts, but the certificate administrator is not required to cover any losses caused by the insolvency of the depository institution or trust company holding the Initial Interest Reserve Accounts so long as (i) such depository institution or trust company (a) satisfied the requirements set forth in the Trust Agreement at the time such investment was made and (b) is neither the certificate administrator nor an affiliate of the certificate administrator and (ii) such insolvency occurs within 30 days of the date on which such depository institution or trust company no longer satisfies the requirements set forth in the Trust Agreement. However, this exculpation will not be deemed to relieve the certificate administrator from any obligations that arise from it or an affiliate acting as the depository institution or trust company holding such accounts, including, without limitation, any obligation of the certificate administrator to cover losses on such accounts held by it or by an affiliate.

## Fees and Expenses

The amounts available for distribution on the certificates on any distribution date will generally be net of the following amounts which, in the case of recurring fees, accrue at the fee rates shown and are payable to the trust administrator, the trustee, the certificate administrator or the Guarantor, as applicable:

<u>Type/Recipient</u>	<u>Amount/Fee Rate</u>	<u>Frequency</u>	<u>Source of Funds</u>
<u>Fees</u>			
Trust Administrator Fee	\$440,000	one-time up-front fee payable on the Closing Date	depositor
Trustee Fee / Trustee	\$58,500	one-time up-front fee payable on the Closing Date	depositor
Certificate Administrator Fee / Certificate Administrator	\$136,500	one-time up-front fee payable on the Closing Date	depositor
Trustee/Certificate Administrator Acceptance Fee / Trustee/Certificate Administrator	\$5,000	one-time up-front fee payable on the Closing Date	depositor
Additional Certificate Administrator Compensation / Certificate Administrator	all investment income earned on amounts on deposit in the Distribution Accounts and certain reserve accounts	monthly	investment income
Guarantee Fee / Guarantor	0.05000% <i>per annum</i> multiplied by the outstanding principal balance of the Principal Balance Certificates (calculated on an Actual/360 Basis)	monthly	general collections
<u>Expenses</u>			
Indemnification Expenses / Depositor, Trustee, Certificate Administrator and Trust Administrator	amounts for which the depositor, the trustee, the certificate administrator and the trust administrator are entitled to indemnification, in each case, up to any related Aggregate Annual Cap in each calendar year until paid in full	from time to time	general collections
Interest on Unreimbursed Indemnification Expenses / Depositor, Trustee, Certificate Administrator and Third Party Trust Administrator	at Prime Rate	when Unreimbursed Indemnification Expenses are reimbursed	general collections

## Distributions

*General.* On each distribution date, the certificate administrator will, subject to the applicable available funds and the exception described in the next sentence, make all distributions required to be made on the certificates on that date to the holders of record as of the record date, which will be the close of business on the last Business Day of the calendar month preceding the month in which those distributions are to be made. The final distribution of principal or interest on any certificate, however, will be made only upon presentation and surrender of that certificate at the location to be specified in a notice of the pendency of that final distribution.

Distributions made to a class of certificateholders will be allocated among those certificateholders in proportion to their respective percentage interests in that class.

*Interest Distributions.* All of the classes of certificates will bear interest.

With respect to each interest-bearing class of certificates, that interest will accrue on an Actual/360 Basis during each Interest Accrual Period based on:

- the pass-through rate with respect to that class for that Interest Accrual Period; and
- the outstanding principal balance or notional amount, as the case may be, of that class outstanding immediately prior to the related distribution date.

On each distribution date, subject to the applicable Available Distribution Amount for that date and the distribution priorities described under “—Priority of Distributions” below and, subject to the Freddie Mac Guarantee, the holders of each interest-bearing class of certificates will be entitled to receive—

- the total amount of interest accrued during the related Interest Accrual Period, with respect to that class of certificates, reduced (to not less than zero) by
- the total portion of any Prepayment Interest Shortfall for that distribution date that is allocable to that class of certificates (which will not be covered under the Freddie Mac Guarantee).

If the holders of any interest-bearing class of certificates do not receive all of the interest to which they are entitled on any distribution date, as described in the prior two paragraphs (including by means of a Guarantor Payment), then they will continue to be entitled to receive the unpaid portion of that interest on future distribution dates (such unpaid amount being referred to as “Unpaid Interest Shortfall”), subject to the applicable Available Distribution Amount for those future distribution dates and the distribution priorities described below.

The portion of any Prepayment Interest Shortfall for any distribution date that is allocable to reduce the current accrued interest then payable with respect to any particular interest-bearing class of certificates will be allocated to (i) with respect to any Prepayment Interest Shortfall on the Tax-Exempt Bonds, the class ATE and XTE certificates, and (ii) with respect to any Prepayment Interest Shortfall on the Taxable Bonds, the class AT and XT certificates, in each case, based on the amount of interest to which such classes are entitled for such distribution date based on their respective pass-through rates.

Any shortfalls due to the allocation of Prepayment Interest Shortfalls to the certificates will not be covered under the Freddie Mac Guarantee. However, Freddie Mac agreed in the Trust Agreement that, with respect to any request from the borrower or the Agency that would cause a mandatory tender for purchase of the Bonds or redemption of the Bonds that requires the consent of Freddie Mac, Freddie Mac will only grant such consent if such mandatory tender or redemption is scheduled to occur on a date that would otherwise constitute an Interest Payment Date for the Bonds, such that no Prepayment Interest Shortfalls will occur on the certificates in connection with any such mandatory tender or redemption. However, we cannot assure you that any redemption will not result in a Prepayment Interest Shortfall, which would not be covered under the Freddie Mac Guarantee or the Credit Enhancement Agreement. See “The Trust Agreement—Additional Covenants of Freddie Mac” in this information circular.

*Calculation of Pass-Through Rates.* Each class identified in the table on page 5 as having a pass-through rate of LIBOR plus a specified margin has a *per annum* pass-through rate equal to the lesser of—

(i) LIBOR plus the specified margin for that class set forth in that table; and

(ii) (a) with respect to the class ATE certificates, the Tax-Exempt Weighted Average Bond Pass-Through Rate for the related distribution date minus the Guarantee Fee Rate and (b) with respect to the class AT certificates, the Taxable Weighted Average Bond Pass-Through Rate for the related distribution date minus the Guarantee Fee Rate;

*provided* that in no event will the class ATE pass-through rate or the class AT pass-through rate be less than zero.

The pass-through rate for each such class is a floating rate based on LIBOR. LIBOR for the certificates is determined in the same manner and on the same date as LIBOR is determined for the Bonds, as described under “Description of the Bonds—Certain Terms and Conditions of the Bonds—Index Rate” in this information circular.

The class XTE and XT certificates will not have principal balances, and the holders of those certificates will not be entitled to receive distributions of principal. However, for purposes of calculating the accrual of interest as of any date of determination, (i) the class XTE certificates will have a notional amount that is equal to the outstanding principal balance of the class ATE certificates for such date and (ii) the class XT certificates will have a notional amount that is equal to the outstanding principal balance of the class AT certificates for such date.

The pass-through rate for the class XTE certificates for any Interest Accrual Period will equal the Class XTE Strip Rate. The class XTE certificates will have a notional amount equal to the then current principal balance of the class ATE certificates. For purposes of calculating the pass-through rate for the class XTE certificates for each Interest Accrual Period, the “Class XTE Strip Rate” will be a rate *per annum* equal to the excess, if any, of (i) the Tax-Exempt Weighted Average Bond Pass-Through Rate for such distribution date minus the Guarantee Fee Rate, over (ii) the pass-through rate for the class ATE certificates. In no event may the Class XTE Strip Rate be less than zero.

The pass-through rate for the class XT certificates for any Interest Accrual Period will equal the Class XT Strip Rate. The class XT certificates will have a notional amount equal to the then current principal balance of the class AT certificates. For purposes of calculating the pass-through rate for the class XT certificates for each Interest Accrual Period, the “Class XT Strip Rate” will be a rate *per annum* equal to the excess, if any, of (i) the Taxable Weighted Average Bond Pass-Through Rate for such distribution date minus the Guarantee Fee Rate, over (ii) the pass-through rate for the class AT certificates. In no event may the Class XT Strip Rate be less than zero.

“LIBOR” means, for any Interest Accrual Period, “One-Month LIBOR” as defined in the Bond Resolutions, as determined on the related LIBOR Determination Date (truncated at the fifth decimal place); *provided, however*, that, for purposes of the certificates and the Bonds, in the event LIBOR with respect to any Interest Accrual Period is less than zero, LIBOR for such Interest Accrual Period will be deemed to be zero. LIBOR will be 1.23167% for the Interest Accrual Period relating to (a) the first due date after the Cut-off Date for the Bonds and (b) the first distribution date for the certificates. With respect to each LIBOR Determination Date, LIBOR for the Bonds will be determined by the Bond Trustee, and LIBOR for the Principal Balance Certificates will be determined by the Calculation Agent. In the event of a discrepancy between the LIBOR determination made by the Calculation Agent and the LIBOR determination made by the Bond Trustee on any LIBOR Determination Date, LIBOR for the related Interest Accrual Period for the Bonds and the related Interest Accrual Period for the certificates will equal (and the Calculation Agent will be required to rely upon) the LIBOR determination made by the Bond Trustee.

“LIBOR Determination Date” means, with respect to any Interest Accrual Period and (i) any Bond, the first day preceding the beginning of such Interest Accrual Period for which LIBOR has been released by the ICE or (ii) any Principal Balance Certificate, the date on which LIBOR was determined for the Bonds in the month preceding the month in which the applicable Interest Accrual Period for the certificates commenced.

*Principal Distributions.* Subject to (i) the Tax-Exempt Available Distribution Amount and the distribution priorities described under “—Priority of Distributions” below, the total amount of principal payable with respect to the class ATE certificates on each distribution date will equal the Tax-Exempt Principal Distribution Amount for that distribution date and (ii) the Taxable Available Distribution Amount and the distribution priorities described

under “—Priority of Distributions” below, the total amount of principal payable with respect to the class AT certificates on each distribution date will equal the Taxable Principal Distribution Amount for that distribution date.

Pursuant to the bond documents, any prepayment of the Bonds will be applied first, to reduce the outstanding principal amount of the Taxable Bonds until such outstanding principal amount is reduced to zero, and then to reduce the outstanding principal amount of the Tax-Exempt Bonds. As a result, any prepayment of the Bonds will first reduce the outstanding principal balance or notional amount, as applicable, of the class AT and XT certificates until such amounts are reduced to zero, and then reduce the outstanding principal balance or notional amount of the class ATE and XTE certificates.

*Loss Reimbursement Amounts.* As discussed under “—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” below, the outstanding principal balance of any class of Principal Balance Certificates may be reduced without a corresponding distribution of principal. If that occurs, then, subject to the Freddie Mac Guarantee in the case of the class ATE and AT certificates and the applicable Available Distribution Amount for each subsequent distribution date and the priority of distributions described below, the holders of that class will be entitled to be reimbursed for the amount of that reduction, without interest. References to “loss reimbursement amount” in this information circular mean, in the case of any class of Principal Balance Certificates, for any distribution date, the total amount to which the holders of that class are entitled as reimbursement for all previously unreimbursed reductions, if any, made in the outstanding principal balance of that class on all prior distribution dates as discussed under “—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” below.

*Freddie Mac Guarantee.* On each distribution date following the receipt from the certificate administrator of a statement to certificateholders that indicates a Deficiency Amount for any class of certificates for such distribution date, the Guarantor will distribute the related Guarantor Payment in an aggregate amount equal to the Deficiency Amount for such class of certificates for such distribution date directly to the holders of such class of certificates, without first depositing such amount in the applicable Distribution Account. Any Guarantor Payment made to the Principal Balance Certificates in respect of a Deficiency Amount relating to principal (but not in respect of reimbursement of Realized Losses or Additional Issuing Entity Expenses) will reduce the outstanding principal balance of such class by a corresponding amount and will also result in a corresponding reduction in the notional amount of the class XTE or XT certificates, as applicable. On each distribution date on which a Guarantor Payment is due with respect to any class of certificates, the Guarantor is required to notify the certificate administrator, the trustee and the trust administrator that such Guarantor Payment has been made in full (or if such Guarantor Payment was not paid in full, the amount that was unpaid), and specifying the amount of such Guarantor Payment made to each class of certificates. The Freddie Mac Guarantee does not cover any Prepayment Premiums or any other prepayment fees or charges related to the Bonds. In addition, the Freddie Mac Guarantee does not cover any loss of yield on the class XTE or XT certificates due to the payment of Outstanding Guarantor Reimbursement Amounts to the Guarantor or a reduction in the notional amount of the class XTE or XT certificates resulting from a reduction of the outstanding principal balance of any class of Principal Balance Certificates. In addition, the Freddie Mac Guarantee does not cover any shortfalls due to the allocation of Prepayment Interest Shortfalls. In addition, Freddie Mac will be entitled to the Guarantee Fee. The Freddie Mac Guarantee is not backed by the full faith and credit of the United States. If the Guarantor were unable to pay under the Freddie Mac Guarantee, the certificates could be subject to losses.

*Priority of Distributions.* On each distribution date, the certificate administrator will apply the Tax-Exempt Available Distribution Amount for that date to make the following distributions in the following order of priority, in each case to the extent of the remaining portion of the Tax-Exempt Available Distribution Amount:

<b>Order of Distribution</b>	<b>Recipient</b>	<b>Type and Amount of Distribution</b>
1 <sup>st</sup>	ATE and XTE	Interest up to the total interest distributable on those classes based on their respective pass-through rates (including Unpaid Interest Shortfalls from prior distribution dates), <i>pro rata</i> based on such entitlements to interest
2 <sup>nd</sup>	ATE	Up to the Tax-Exempt Principal Distribution Amount, until the outstanding principal balance of such class has been reduced to zero
3 <sup>rd</sup>	ATE	Reimbursement up to the loss reimbursement amount for such class
4 <sup>th</sup>	Guarantor	Any Guarantor Reimbursement Amounts relating to the class ATE and XTE certificates
5 <sup>th</sup>	Guarantor	Any Guarantor Reimbursement Interest Amounts relating to the class ATE and XTE certificates

On each distribution date, the certificate administrator will apply the Taxable Available Distribution Amount for that date to make the following distributions in the following order of priority, in each case to the extent of the remaining portion of the Taxable Available Distribution Amount:

<b>Order of Distribution</b>	<b>Recipient</b>	<b>Type and Amount of Distribution</b>
1 <sup>st</sup>	AT and XT	Interest up to the total interest distributable on those classes based on their respective pass-through rates (including Unpaid Interest Shortfalls from prior distribution dates), <i>pro rata</i> based on such entitlements to interest
2 <sup>nd</sup>	AT	Up to the Taxable Principal Distribution Amount, until the outstanding principal balance of such class has been reduced to zero
3 <sup>rd</sup>	AT	Reimbursement up to the loss reimbursement amount for such class
4 <sup>th</sup>	Guarantor	Any Guarantor Reimbursement Amounts relating to the class AT and XT certificates
5 <sup>th</sup>	Guarantor	Any Guarantor Reimbursement Interest Amounts relating to the class AT and XT certificates

However, payments on the certificates will be covered by the Freddie Mac Guarantee, to the extent described in this information circular.

*Prepayment Premiums.* Pursuant to the Reimbursement Agreement, if any Prepayment Premium is received by the Mortgage Loan Servicer during any particular Collection Period in connection with the prepayment of any of the Bonds, the Mortgage Loan Servicer will be required to distribute that Prepayment Premium to the Bond Credit Enhancer. In addition, pursuant to the Reimbursement Agreement, the Bond Credit Enhancer may, in its sole discretion, waive any Event of Default caused by the failure of the borrower to pay a Prepayment Premium in connection with any prepayment of the Mortgage Loan. See “Risk Factors—Risks Related to the Certificates—The Bonds May Experience a Higher Than Expected Rate of Prepayment Due to the Right of the Bond Credit Enhancer to Cause the Waiver of Prepayment Premiums and Due to Limited Prepayment Protection” in this information circular.

We do not make any representation as to—

- the enforceability of any provision of the Bonds requiring the payment of any prepayment consideration;

- whether or not such provision would be waived by the Bond Credit Enhancer; or
- the collectability of that prepayment consideration.

In no event will the holders of any certificates receive any Prepayment Premium.

### **Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses**

As a result of Realized Losses and the application of principal collections on the Bonds to pay Additional Issuing Entity Expenses, the outstanding principal balance of (i) the class ATE certificates could exceed the total Stated Principal Balance of the Tax-Exempt Bonds in the Bond pool or (ii) the class AT certificates could exceed the total Stated Principal Balance of the Taxable Bonds in the Bond pool. If this occurs following the distributions made to the certificateholders on any distribution date, then the respective outstanding principal balances of any such class of certificates will be reduced, until the outstanding principal balance of that class of certificates equals the total Stated Principal Balance of the Tax-Exempt Bonds or the Taxable Bonds, as applicable, in the Bond pool that will be outstanding immediately following the subject distribution date; *provided* that the total Stated Principal Balance of the Tax-Exempt Bonds or the Taxable Bonds in the Bond pool will be decreased, for this purpose only, by the amount of any unreimbursed Timing Guarantor Payments made with respect to the class ATE or AT certificates, as applicable.

The above-described reductions in the outstanding principal balance of the respective classes of the Principal Balance Certificates will represent an allocation of the Realized Losses and/or Additional Issuing Entity Expenses that caused the particular mismatch in balances between the Bonds and those classes of Principal Balance Certificates. However, Freddie Mac will be required under its guarantee to pay any holder of the Principal Balance Certificates an amount equal to any such loss allocated to its Principal Balance Certificates as described under “—Distributions—Freddie Mac Guarantee” above.

The loss, if any, in connection with the liquidation of a Defaulted Bond will generally be an amount equal to the excess, if any, of:

- the outstanding principal balance of the Bond as of the date of liquidation, together with all accrued and unpaid interest on the Bond through and including the end of the related mortgage Interest Accrual Period in which such liquidation occurred, exclusive, however, of any portion of that interest that represents Default Interest, over
- the total amount of Liquidation Proceeds, if any, recovered in connection with the liquidation that are available to pay interest (other than Default Interest) on and principal of the Bond.

If any portion of the debt due under any of the Bonds is forgiven, whether in connection with a modification, waiver or amendment granted or agreed to by the Mortgage Loan Servicer with the consent of the Bond Credit Enhancer or the trust administrator, as applicable, or in connection with the bankruptcy, insolvency or similar proceeding involving the borrower, the amount forgiven, other than Default Interest, also will be treated as a Realized Loss.

The following items, to the extent that they are paid out of collections on the Bond pool (other than late payment charges and/or Default Interest collected on the Bonds) in accordance with the terms of the Trust Agreement, are some examples of Additional Issuing Entity Expenses:

- the cost of various opinions of counsel required or permitted to be obtained in connection with the administration of the Bonds and the administration of the other assets of the issuing entity;
- any unanticipated expenses of the issuing entity, including—
  1. any reimbursements and indemnifications to the trustee, the certificate administrator and various related persons and entities, as described under “The Trust Agreement—Certain Indemnities” in this information circular,

2. any reimbursements and indemnification to the trust administrator, the depositor, and various related persons and entities, as described under “The Trust Agreement—Certain Indemnities” in this information circular, and
3. any U.S. federal, state and local taxes, and tax-related expenses, payable out of assets of the issuing entity, as described under “Certain Federal Income Tax Consequences” in this information circular, and

### **Reports to Certificateholders and Freddie Mac; Available Information**

*Certificate Administrator Reports.* Based on information provided on a one-time basis by the Bond Seller, and in monthly reports prepared by the trust administrator in accordance with the Trust Agreement, and in any event delivered to the certificate administrator, the certificate administrator will be required to prepare and make available electronically or, upon written request, provide by first class mail, (i) by 12:00 p.m. New York City time on the third Business Day prior to each distribution date to Freddie Mac and (ii) on each distribution date to each registered holder of a certificate, a statement to certificateholders substantially in the form of and containing the information substantially as required by Exhibit B. The certificate administrator’s statement to certificateholders will detail the distributions on the certificates on that distribution date and the performance, both in total and individually to the extent available, of the Bonds and the mortgaged real property. Recipients will be deemed to have agreed to keep the subject information confidential.

As set forth in the Mortgage Loan Servicing Agreement, on a date preceding the applicable distribution date, the Mortgage Loan Servicer is required to deliver the Mortgage Loan Servicer Reporting Package to the Bond Credit Enhancer. Pursuant to the Trust Agreement, on a date preceding the applicable distribution date, the Bond Credit Enhancer is required to deliver the Mortgage Loan Servicer Reporting Package to the trust administrator, and the trust administrator is then required to deliver certain of the reports in the CREFC Investor Reporting Package<sup>®</sup> to the certificate administrator and Freddie Mac. Such reports set forth the information necessary for the certificate administrator to make the distributions set forth under “Description of the Certificates—Distributions” in this information circular and contain certain information to be included in the distribution report for that distribution date delivered by the certificate administrator as described under “Description of the Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this information circular. The certificate administrator will not be obligated to deliver any such report until such reports are provided by the trust administrator.

*Information Available Electronically.* To the extent the “deal documents,” “periodic reports” and “special notices” listed in the following bullet points are in the certificate administrator’s possession and prepared by it or delivered to it in an electronic format, the certificate administrator will be required to make available to any Privileged Person via the certificate administrator’s website in accordance with the terms and provisions of the Trust Agreement:

- the following “deal documents”:
  - (a) this information circular;
  - (b) Freddie Mac’s Giant and Other Pass-Through Certificates (Multifamily) Offering Circular Dated February 23, 2017;
  - (c) the Freddie Mac offering circular supplement related to the SPCs;
  - (d) the Trust Agreement;
  - (e) the Mortgage Loan Servicing Agreement;
  - (e) the Bond Purchase Agreement;
  - (f) the Resolution; and
  - (g) the CREFC<sup>®</sup> loan setup file received by the certificate administrator from the trust administrator;

- the following “periodic reports”:
- (a) certain Bond information as presented in the standard CREFC Investor Reporting Package<sup>®</sup> (other than the CREFC<sup>®</sup> loan setup file); and
- (b) statements to certificateholders;
- the following “special notices”:
- (a) notice of any failure by the Bond Seller to repurchase a Bond that has an uncured material breach of a representation or warranty;
- (b) notice of final payment on the certificates;
- (c) notice of the resignation, termination, merger or consolidation of the trust administrator, the certificate administrator or the trustee and any notice of the acceptance of appointment by any successor;
- (d) any amendment of the Trust Agreement; and
- (e) such other reports or information at the reasonable direction of the depositor or the Guarantor;

*provided, however*, that the certificate administrator may not provide to any person that is the borrower under the Mortgage Loan or an affiliate of the borrower under the Mortgage Loan, any supplemental reports in the CREFC Investor Reporting Package<sup>®</sup>. The certificate administrator’s website will initially be located at <https://tss.sfs.db.com/investpublic>. Access will be provided by the certificate administrator to Privileged Persons upon receipt by the certificate administrator from such person of an investor certification in the form(s) described in the Trust Agreement, which form(s) may also be located on and submitted electronically via the certificate administrator’s website. The parties to the Trust Agreement will be given access to the website without providing that certification. For assistance with the certificate administrator’s website, certificateholders may call (800) 735-7777.

The certificate administrator will make no representations or warranties as to the accuracy or completeness of, and may disclaim responsibility for, any report, document or other information made available by it for which it is not the original source. The certificate administrator will not be deemed to have obtained actual knowledge of any information posted on the certificate administrator’s website to the extent such information was not produced by the certificate administrator.

The certificate administrator may require registration and the acceptance of a disclaimer, as well as an agreement to keep the subject information confidential, in connection with providing access to its website. The certificate administrator will not be liable for the dissemination of information made by it in accordance with the Trust Agreement.

*Other Information.* The Trust Agreement will obligate the certificate administrator to make available at its offices, during normal business hours, upon reasonable advance written notice, or electronically via its website, for review by, among others, any holder of a certificate or any person identified to the certificate administrator as a prospective transferee of a certificate or any interest in that certificate, originals or copies, in paper or electronic form, of, among other things, the following items, to the extent such documents have been delivered to the certificate administrator:

- any private placement memorandum or other disclosure document relating to the applicable class of certificates, in the form most recently provided to the certificate administrator;
- the Trust Agreement, including exhibits, and any amendments to the Trust Agreement;

- the Mortgage Loan Servicing Agreement, including exhibits, and any amendments to the Mortgage Loan Servicing Agreement; and
- all monthly reports of the certificate administrator delivered, or otherwise electronically made available, to certificateholders since the Closing Date.

Copies of any and all of these items will be required to be made available by the certificate administrator upon written request. However, the certificate administrator will be permitted to require payment of a sum sufficient to cover the reasonable costs and expenses of providing the copies.

In connection with providing access to or copies of information pursuant to the Trust Agreement, including the items described above, the certificate administrator or the trust administrator will require, in the case of a registered holder or prospective purchaser of a certificate, a written confirmation executed by the requesting person or entity, in the form required by the Trust Agreement, generally to the effect that, among other things, the person or entity (i) is a registered holder or prospective purchaser of certificates, or an investment advisor representing such person, (ii) is requesting the information for use in evaluating such person's investment in, or possible investment in, the certificates, (iii) is or is not the borrower or an affiliate of the borrower under the Mortgage Loan, (iv) will keep the information confidential, and (v) will indemnify the certificate administrator, the trustee, the trust administrator, the issuing entity and the depositor from any damage, loss, cost or liability (including legal fees and expenses and the cost of enforcing this indemnity) arising out of or resulting from any unauthorized use or disclosure of the information. However, the trustee, the certificate administrator, the trust administrator and any sub-servicer may not provide to any person that is a borrower under the Mortgage Loan or an affiliate of a borrower under the Mortgage Loan any supplemental reports in the CREFC Investor Reporting Package<sup>®</sup>.

*Reports to Freddie Mac.* On or before the third Business Day prior to each distribution date, the certificate administrator will be required, in accordance with the terms of the Trust Agreement, to prepare and distribute to Freddie Mac certain supplemental reports related to the certificates.

*Deal Information/Analytics.* Certain information concerning the Bonds and the certificates may be available through the following services:

- BlackRock Financial Management, Inc., Bloomberg, L.P., Moody's Analytics, Trepp, LLC, Intex Solutions, Inc., CMBS.com and Thomson Reuters Corporation;
- the certificate administrator's website initially located at <https://tss.sfs.db.com/investpublic>.

## **Voting Rights**

The voting rights for the certificates will be allocated as follows:

- 99% of the voting rights will be allocated to the class ATE and AT certificates, in proportion to the respective outstanding principal balances of those classes; and
- 1% of the voting rights will be allocated to the class XTE and XT certificates, in proportion to the respective outstanding notional amounts of those classes.

Voting rights allocated to a class of certificateholders will be allocated among those certificateholders in proportion to their respective percentage interests in that class. However, solely for the purposes of giving any consent, approval or waiver pursuant to the Trust Agreement with respect to the rights, obligations or liabilities of the trustee, the certificate administrator, the trust administrator or Freddie Mac, any certificate registered in the name of such trustee, certificate administrator, trust administrator, Freddie Mac or any affiliate of any of them, as applicable, will be deemed not to be outstanding, and the voting rights to which it is entitled will not be taken into account in determining whether the requisite percentage of voting rights necessary to effect any such consent, approval or waiver has been obtained. Such restriction will not apply, except with respect to increases in compensation or material reductions in obligations, if the trustee, the certificate administrator, the trust administrator or Freddie Mac, as the case may be, and/or their affiliates, own the entire class of each certificates affected by the action, vote, consent or waiver. Certificateholders who are not United States Tax Persons will be required to

irrevocably appoint a United States Tax Person to vote on any matter requiring the vote of such non-United States Tax Person.

## YIELD AND MATURITY CONSIDERATIONS

### Yield Considerations

*General.* The yield on the certificates will depend on, among other things—

- the price you pay for your certificates; and
- the rate, timing and amount of distributions on your certificates.

The rate, timing and amount of distributions on the certificates will in turn depend on, among other things—

- the pass-through rate for, and the other payment terms of, the certificates;
- the rate and timing of payments and other collections on the Bonds;
- whether the interest rate on the Bonds is capped at the Maximum Interest Rate;
- the rate and timing of defaults, and the severity of losses, if any, on the Bonds;
- the rate, timing, severity and allocation of other shortfalls and expenses that reduce amounts available for distribution on the certificates (although such shortfalls with respect to the certificates may be covered under the Freddie Mac Guarantee, as further described in this information circular);
- the waiver by the Bond Credit Enhancer of Prepayment Premiums and/or other prepayment premiums with respect to the Bonds;
- the rate at which Prepayment Interest Shortfalls occur; and
- servicing decisions with respect to the Mortgage Loan.

These factors cannot be predicted with any certainty. Accordingly, you may find it difficult to analyze the effect that these factors might have on the yield to maturity of the certificates.

*Freddie Mac Guarantee.* Although the Freddie Mac Guarantee will mitigate the yield and maturity considerations with respect to the certificates discussed in this information circular, the Freddie Mac Guarantee is not backed by the full faith and credit of the United States. If the Guarantor were unable to pay under the Freddie Mac Guarantee, such mitigation would not apply.

*Pass-Through Rates.* The yield to maturity on the Principal Balance Certificates will be highly sensitive to changes in the levels of LIBOR such that decreasing levels of LIBOR will have a negative effect on the yield to maturity of the holders of such certificates. In addition, prevailing market conditions may increase the interest rate margins above LIBOR at which comparable securities are being offered, which would cause the Principal Balance Certificates to decline in value. Investors in the Principal Balance Certificates should consider the risk that lower than anticipated levels of LIBOR could result in a lower yield to investors than the anticipated yield and the risk that higher market interest rate margins above LIBOR could result in a lower value of the Principal Balance Certificates.

The yield to maturity on the Principal Balance Certificates could be adversely affected if the interest rate on the Bonds becomes capped at the Maximum Interest Rate. Since the Principal Balance Certificates bear interest at a rate limited by the applicable Weighted Average Bond Pass-Through Rate minus the Guarantee Fee Rate, the pass-through rate on the Principal Balance Certificates may be limited by that pass-through rate cap, even if principal prepayments do not occur. See “Description of the Certificates—Distributions—Interest Distributions” in this information circular.

*Rate and Timing of Principal Payments.* The yield to maturity of the class XTE and XT certificates will be extremely sensitive to, and the yield to maturity on any Principal Balance Certificates purchased at a discount or a premium will be affected by, the rate and timing of principal distributions made in reduction of the outstanding principal balance of the class ATE certificates, in the case of the class XTE certificates, the outstanding principal balance of the class AT certificates, in the case of the class XT certificates, or the outstanding principal balance of the Principal Balance Certificates, in the case of the Principal Balance Certificates. In turn, the rate and timing of principal distributions that are paid or otherwise result in reduction of the outstanding principal balance of any Principal Balance Certificates will be directly related to the rate and timing of principal payments on or with respect to the Bonds. The rate and timing of principal payments on or with respect to the Bonds will be affected by their amortization schedules, the dates on which balloon payments are due and the rate and timing of principal prepayments and other unscheduled collections on them, including for this purpose, collections made in connection with liquidations of Bonds due to defaults, casualties or condemnations affecting the mortgaged real property, pay downs of bonds due to failure of the related property to meet certain performance criteria or purchases or other removals of Bonds from the issuing entity. In addition, the yield to maturity on the class XTE certificates would be extremely sensitive to, and the yield to maturity on any class ATE certificates purchased at a discount or a premium will be affected by the Bond Credit Enhancer electing to waive payments of Prepayment Premiums on the Tax-Exempt Bonds because such waivers would tend to increase the rate of prepayments on the Tax-Exempt Bonds which would result in a faster than anticipated reduction in the notional amount of the class XTE certificates or the outstanding principal balance of the class ATE certificates. In addition, the yield to maturity on the class XT certificates would be extremely sensitive to, and the yield to maturity on any class AT certificates purchased at a discount or a premium will be affected by the Bond Credit Enhancer electing to waive payments of Prepayment Premiums on the Taxable Bonds, because such waivers would tend to increase the rate of prepayments on the Taxable Bonds which would result in a faster than anticipated reduction in the notional amount of the class XT certificates or the outstanding principal balance of the class AT certificates.

If you are contemplating an investment in the class XTE certificates, you should further consider the risk that an extremely rapid rate of amortization, prepayments and/or liquidations on or with respect to the Tax-Exempt Bonds could result in your failure to fully recoup your initial investment. If you are contemplating an investment in the class XT certificates, you should further consider the risk that an extremely rapid rate of amortization, prepayments and/or liquidations on or with respect to the Taxable Bonds could result in your failure to fully recoup your initial investment.

Prepayments and other early liquidations of the Bonds (including as a result of the Bond Credit Enhancer electing to waive payments of Prepayment Premiums on the Bonds) will result in distributions on the Principal Balance Certificates of amounts that would otherwise be paid over the remaining terms of the Bonds. This will tend to shorten the weighted average life of the Principal Balance Certificates and accelerate the rate at which the notional amount of the class XTE or XT certificates, as applicable, is reduced. Defaults on the Bonds, particularly at or near their maturity dates, may result in significant delays in distributions of principal on the Bonds and, accordingly, on the Principal Balance Certificates, while workouts are negotiated or foreclosures are completed, subject to the Freddie Mac Guarantee. These delays will tend to lengthen the weighted average life of the Principal Balance Certificates. See “The Trust Agreement—Trust Administrator Consent and Consultation Rights” in this information circular.

Pursuant to the bond documents, any prepayment of the Bonds will be applied first, to reduce the outstanding principal amount of the Taxable Bonds until such outstanding principal amount is reduced to zero, and then to reduce the outstanding principal amount of the Tax-Exempt Bonds. As a result, any prepayment of the Bonds will first reduce the outstanding principal balance or notional amount, as applicable, of the class AT and XT certificates until such amounts are reduced to zero, and then reduce the outstanding principal balance or notional amount of the class ATE and XTE certificates. As a result, the class AT and XT certificates may have shorter average lives and lower yields to maturity than expected.

The extent to which the yield to maturity on any Principal Balance Certificate may vary from the anticipated yield will depend on the degree to which the Principal Balance Certificate is purchased at a discount or premium and when, and to what degree payments of principal on the Bonds are in turn paid in a reduction of the outstanding principal balance of the Principal Balance Certificate. If you purchase Principal Balance Certificates at a discount, you should consider the risk that a slower than anticipated rate of principal payments on the Bonds could result in an

actual yield to you that is lower than your anticipated yield. If you purchase Principal Balance Certificates at a premium or class XTE or XT certificates, you should consider the risk that a faster than anticipated rate of principal payments on the Bonds could result in an actual yield to you that is lower than your anticipated yield.

Because the rate of principal payments on or with respect to the Bonds will depend on future events and a variety of factors, no particular assurance can be given as to that rate or the rate of principal prepayments.

*Delinquencies and Defaults on the Bonds.* The rate and timing of delinquencies and defaults on the Bonds will affect—

- the amount of distributions on the certificates;
- the yield to maturity of the certificates;
- the notional amount of the class XTE and XT certificates;
- the rate of principal distributions on the Principal Balance Certificates; and
- the weighted average lives of the certificates.

Delinquencies on the Bonds may result in shortfalls in distributions of interest and/or principal on the certificates for the current month, although Freddie Mac will be required under its guarantee to pay the holder of any certificate an amount equal to any such shortfall allocated to its certificates as set forth in “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this information circular. Although any shortfalls in distributions of interest may be made up on future distribution dates, no interest would accrue on those shortfalls. Thus, any shortfalls in distributions of interest would adversely affect the yield to maturity of each class of certificates.

If—

- you calculate the anticipated yield to maturity for the certificates based on an assumed rate of default and amount of losses on the Bonds that is lower than the default rate and amount of losses actually experienced, and
- the additional losses result in a reduction of the total distributions on or the total outstanding principal balance of the certificates,

then your actual yield to maturity will be lower than you calculated and could, under some scenarios, be negative.

The timing of any loss on a liquidated Bond that results in a reduction of the total distributions on or the total outstanding principal balance of the certificates will also affect your actual yield to maturity, even if the rate of defaults and severity of losses are consistent with your expectations. In general, the earlier your loss occurs, the greater the effect on your yield to maturity.

Even if losses on the Bonds do not result in a reduction of the total distributions on or the total outstanding principal balance of the certificates, the losses may still affect the timing of distributions on, and the weighted average lives and yields to maturity of, the certificates.

*Relevant Factors.* The following factors, among others, will affect the rate and timing of principal payments and defaults and the severity of losses on or with respect to the Bonds:

- prevailing interest rates and prevailing margins over LIBOR for floating rate loans based on LIBOR;
- the terms of the Bonds, including—
  1. provisions that impose prepayment lockout periods or require Prepayment Premiums (and whether the payment of Prepayment Premiums on Bonds are waived by the Bond Credit Enhancer);

2. amortization terms that require balloon payments;
  3. due on sale/encumbrance provisions; and
  4. any provisions requiring draws on letters of credit or escrowed funds to be applied to principal;
- the demographics and relative economic vitality of the area in which the mortgaged real property is located;
  - the general supply and demand for multifamily rental space of the type available at the mortgaged real property in the areas in which the mortgaged real property is located;
  - the quality of management of the mortgaged real property;
  - the servicing of the Bonds;
  - changes in tax laws; and
  - other opportunities for investment.

In addition, the rate and timing of principal prepayments on the Bonds will be affected by the Bond Credit Enhancer electing to waive payments of Prepayment Premiums on the Bonds. See “Risk Factors—Risks Related to the Bonds,” “—Risks Related to the Certificates—The Bonds May Experience a Higher Than Expected Rate of Prepayment Due to the Right of the Bond Credit Enhancer to Cause the Waiver of Prepayment Premiums and Due to Limited Prepayment Protection,” “Description of the Bonds” and “The Trust Agreement” in this information circular.

The rate of prepayments on the Bonds is likely to be affected by prevailing market interest rates or margins over LIBOR for mortgage loans of a comparable type, term and risk level. When the prevailing market interest rate or margin over LIBOR is below the annual rate or margin over LIBOR at which a Bond accrues interest, the borrower may have an increased incentive to refinance that Bond. Conversely, to the extent prevailing market interest rates or margins over LIBOR exceed the annual rate or margin over LIBOR at which a Bond accrues interest, the borrower may be less likely to voluntarily prepay that Bond.

Depending on prevailing market interest rates or margin over LIBOR, the outlook for market interest rates or margin over LIBOR and economic conditions generally, some borrowers may sell their mortgaged real properties in order to realize their equity in those mortgaged real properties, to meet cash flow needs or to make other investments. In addition, some borrowers may be motivated by U.S. federal and state tax laws, which are subject to change, to sell their mortgaged real properties.

In addition, certain of the Bonds may have performance escrows or letters of credit pursuant to which the funds held in escrow or the proceeds of such letters of credit may be applied to reduce the outstanding principal balance of such Bonds if certain performance triggers are not satisfied. This circumstance would have the same effect on the certificate as a partial prepayment on such Bonds without payment of a Prepayment Premium. For more information regarding these escrows and letters of credit, see the footnotes to Exhibit A-1.

We make no representation or warranty regarding:

- the particular factors that will affect the rate and timing of prepayments and defaults on the Bonds;
- the relative importance of those factors;
- the percentage of the total principal balance of the Bonds that will be prepaid or as to which a default will have occurred as of any particular date;
- whether the Bonds that are in a prepayment lockout period or Prepayment Premium Period will be prepaid as a result of involuntary liquidations upon default or otherwise during that period; or
- the overall rate of prepayments or defaults on the Bonds.

All of the Bonds are LIBOR-based floating rate commercial mortgage loans. We are not aware of any publicly available relevant and authoritative statistics that set forth principal prepayment experience or prepayment forecasts of commercial mortgage bonds over an extended period of time. Floating rate commercial mortgage bonds may be subject to a greater rate of principal prepayments in a declining interest rate environment. We cannot assure you as to the rate of prepayments on the Bonds in stable or changing interest rate environments.

The pass-through rates of the Principal Balance Certificates will be capped by (a) with respect to the class ATE certificates, the Tax-Exempt Weighted Average Bond Pass-Through Rate minus the Guarantee Fee Rate (*provided* that in no event will the class ATE pass-through rate be less than zero) and (b) with respect to the class AT certificates, the Taxable Weighted Average Bond Pass-Through Rate minus the Guarantee Fee Rate (*provided* that in no event will the class AT pass-through rate be less than zero), as described in this information circular.

### **Weighted Average Life of the Principal Balance Certificates**

For purposes of this information circular, the weighted average life of any Principal Balance Certificate refers to the average amount of time (in years) that will elapse from the assumed settlement date of September 20, 2017 until each dollar to be applied in reduction of the total outstanding principal balance of those certificates is paid to the investor. For purposes of this “Yield and Maturity Considerations” section, the weighted average life of the Principal Balance Certificates is determined by:

- multiplying the amount of each principal distribution on the Principal Balance Certificates by the number of years from the assumed settlement date to the related distribution date;
- summing the results; and
- dividing the sum by the total amount of the reductions in the outstanding principal balance of the Principal Balance Certificates.

Accordingly, the weighted average life of the Principal Balance Certificates will be influenced by, among other things, the rate at which principal of the Bonds is paid or otherwise collected and the extent to which those payments and/or collections of principal are in turn applied in reduction of the outstanding principal balance of that certificate (including any reductions in outstanding principal balance as a result of Balloon Guarantor Payments).

As described in this information circular, (i) the Tax-Exempt Principal Distribution Amount for each distribution date will be payable, subject to the Tax-Exempt Available Distribution Amount and the distribution priorities described under “Description of the Certificates—Distributions—Priority of Distributions” in this information circular, to make distributions to the holders of the class ATE certificates and (ii) the Taxable Principal Distribution Amount for each distribution date will be payable, subject to the Taxable Available Distribution Amount and the distribution priorities described under “Description of the Certificates—Distributions—Priority of Distributions” in this information circular, to make distributions to the holders of the class AT certificates.

The tables set forth on Exhibit D show with respect to the Principal Balance Certificates—

- the weighted average life of that class, and
- the percentage of the initial principal balance of that class that would be outstanding after each of the specified dates,

based on each of the indicated levels of CPR and CPP and the Modeling Assumptions.

The actual characteristics and performance of the Bonds will differ from the Modeling Assumptions used in calculating the tables on Exhibit D. The tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under the assumed prepayment scenarios. Any difference between the Modeling Assumptions used in calculating the tables on Exhibit D and the actual characteristics and performance of the Bonds, or their actual prepayment or loss experience, will affect the percentages of initial principal balance of the Principal Balance Certificates outstanding over time and their weighted average life.

We cannot assure you that—

- the Bonds will prepay in accordance with the Modeling Assumptions or any other assumptions set forth in this information circular;
- the Bonds will prepay at any of the indicated levels of CPR or CPP or at any other particular prepayment rate;
- the Bonds will not experience losses; or
- the Bonds that are in a prepayment lockout period or prepayable during any period with a Prepayment Premium will not prepay as a result of involuntary liquidations upon default or otherwise, whether voluntarily or involuntarily, during any such period.

You must make your own decisions as to the appropriate loss, prepayment and liquidation assumptions to be used in deciding to purchase any certificates.

### **Yield Sensitivity of the Class XTE and XT Certificates**

The yield to investors on the class XTE certificates will be highly sensitive to the rate and timing of principal payments, including prepayments (in the ordinary course or in connection with the Bond Credit Enhancer electing to waive payments of Prepayment Premiums), on the Tax-Exempt Bonds. The yield to investors on the class XT certificates will be highly sensitive to the rate and timing of principal payments, including prepayments (in the ordinary course or in connection with the Bond Credit Enhancer electing to waive payments of Prepayment Premiums), on the Taxable Bonds. Pursuant to the bond documents, any prepayment of the Bonds will be applied first, to reduce the outstanding principal amount of the Taxable Bonds until such outstanding principal amount is reduced to zero, and then to reduce the outstanding principal amount of the Tax-Exempt Bonds. As a result, any prepayment of the Bonds will first reduce the notional amount of the class XT certificates until such amounts are reduced to zero, and then reduce the outstanding notional amount of the class XTE certificates. As a result, the class XT certificates may have a lower yield to investors than expected. If you are contemplating an investment in the class XTE or XT certificates, you should fully consider the associated risks, including the risk that an extremely rapid rate of amortization, prepayments and/or liquidations on or with respect to the Bonds could result in your failure to recoup fully your initial investment.

The tables set forth on Exhibit E with respect to the class XTE and XT certificates show pre-tax corporate bond equivalent yields for the class XTE and XT certificates based on the Modeling Assumptions except that the optional termination is exercised, and further assuming the specified purchase prices and the indicated levels of CPR and CPP. Those assumed purchase prices are exclusive of accrued interest.

The yields with respect to the class XTE and XT certificates set forth in the table on Exhibit E were calculated by:

- determining the monthly discount rate that, when applied to the assumed stream of cash flows to be paid on the class XTE and XT certificates, as applicable, would cause the discounted present value of that assumed stream of cash flows to equal the assumed purchase price for the class XTE and XT certificates, as applicable; and
- converting those monthly discount rates to corporate bond equivalent rates.

Those calculations do not take into account variations that may occur in the interest rates at which investors in the class XTE and XT certificates may be able to reinvest funds received by them as payments on those certificates. Consequently, they do not purport to reflect the return on any investment on the class XTE and XT certificates when reinvestment rates are considered.

In addition, the actual characteristics and performance of the Bonds will differ from the Modeling Assumptions used in calculating the tables on Exhibit E. That tables are hypothetical in nature and are provided only to give a general sense of how the cash flows might behave under the assumed prepayment scenarios. Any difference

between the Modeling Assumptions used in calculating the tables on Exhibit E and the actual characteristics and performance of the Bonds, or their actual prepayment or loss experience, will affect the yield on the class XTE and XT certificates.

We cannot assure you that—

- the Bonds will prepay in accordance with the Modeling Assumptions or any other assumptions set forth in this information circular;
- the Bonds will prepay at any of the indicated levels of CPR or CPP or at any other particular prepayment rate;
- the Bonds will not experience losses;
- the Bonds that are in a prepayment lockout period or prepayable during any period with a Prepayment Premium will not prepay, whether voluntarily or involuntarily, during any such period;
- the purchase price of the class XTE and XT certificates will be as assumed; or
- the Bond Credit Enhancer would not elect to waive payments of Prepayment Premiums on the Bonds.

It is unlikely that the Bonds will prepay as assumed at any of the specified CPR or CPP levels until maturity or that all of the Bonds will so prepay at the same rate. Actual yield to maturity for investors in the class XTE and XT certificates may be materially different than those indicated in the tables on Exhibit E. Timing of changes in rate of prepayments and other liquidations may significantly affect the actual yield to maturity to investors, even if the average rate of principal prepayments and other liquidations is consistent with the expectations of investors. You must make your own decisions as to the appropriate prepayment, liquidation and loss assumptions to be used in deciding whether to purchase the class XTE and XT certificates.

## THE TRUST AGREEMENT

### General

The certificates will be issued, the issuing entity will be created and the Bonds will be administered under the Trust Agreement, by and among the depositor, the trust administrator, the trustee, the certificate administrator and Freddie Mac.

The certificate administrator will provide a copy of the Trust Agreement to a prospective or actual holder of a certificate, upon written request from such party or a placement agent and the completion of an appropriate confidentiality agreement in the form attached to the Trust Agreement and, at the certificate administrator's discretion, payment of a reasonable fee for any expenses. The Trust Agreement will also be made available by the certificate administrator on its website, at the address set forth under "Description of the Certificates—Reports to Certificateholders and Freddie Mac; Available Information" in this information circular.

### The Trust Administrator

Freddie Mac, a corporate instrumentality of the United States created and existing under the Freddie Mac Act, will be appointed as the trust administrator with respect to the Bonds. Freddie Mac is also the Bond Seller, the Guarantor of the certificates and the Bond Credit Enhancer. Freddie Mac's principal servicing office is located at 8100 Jones Branch Drive, McLean, Virginia 22102. Freddie Mac's Multifamily Division currently has approximately 850 employees in the McLean, Virginia headquarters and in four regional offices and eight field offices.

Freddie Mac conducts business in the U.S. secondary mortgage market by working with a national network of experienced multifamily seller/servicers to finance apartment buildings and other multifamily dwellings around the

country. Freddie Mac performs in-house underwriting and credit reviews of multifamily loans but does not directly originate loans or service non-securitized loans for third-party investors.

Freddie Mac's multifamily mortgage origination and servicing platform has been active for at least 20 years and has experienced significant growth since 1993. Freddie Mac's master servicing operations consist of four separate teams that handle surveillance activities, borrower transactions, asset resolution and REO properties. As part of its surveillance activities, Freddie Mac risk rates loans in its portfolio, performs comprehensive reviews of higher-risk loans (including review of quarterly financial statements, annual business plans and property inspections) and monitors loan performance on Freddie Mac multifamily securitizations. Freddie Mac has extensive experience with borrower transactions, including transfers of ownership, repair escrow extensions, property management changes, releases of collateral and rental achievement releases and modifications. Freddie Mac also has extensive experience processing distressed loans in asset resolution through extensions, forbearance, sale, modification, foreclosure and other loss mitigation activities.

Freddie Mac's senior long-term debt ratings are "AA+" by S&P, "Aaa" by Moody's, and "AAA" by Fitch. Its short-term debt ratings are "A-1+" by S&P, "P-1" by Moody's and "F1+" by Fitch. Freddie Mac is currently rated as a master servicer by S&P (Above Average) and by Fitch (CMS2+).

Freddie Mac has developed detailed operating policies, procedures and controls across the various servicing functions to maintain compliance with the Guide, and to manage delinquent and specially-serviced loans. Freddie Mac may out-source various functions to third-party vendors such as performing site inspections and appraisals. Freddie Mac monitors its third-party vendors in accordance with Freddie Mac's internal policies and procedures, the Guide and applicable laws. Freddie Mac's servicing policies and procedures, as reflected in the Guide, are updated periodically to keep pace with changes in Freddie Mac's underwriting and servicing parameters and with developments in the multifamily mortgage-backed securities industry. Such policies and procedures have been generally consistent for the last three years in all material respects, except that in 2012, Freddie Mac's policies and procedures were updated to reflect (1) modifications to Freddie Mac's insurance requirements to reduce Freddie Mac's exposure to risk, adjust to changes in the insurance market and respond to customer needs and (2) an addition to Freddie Mac's asset resolution policies regarding the timing for obtaining new appraisals in connection with various asset resolution events.

Freddie Mac, as the trust administrator, will be permitted to appoint one or more sub-administrators to perform all or any portion of its trust administration functions under the Trust Agreement pursuant to one or more sub-administration agreements. Additionally, Freddie Mac may from time to time perform some of its trust administration obligations under the Trust Agreement through one or more third-party vendors. Freddie Mac will, in accordance with its internal procedures and applicable law, monitor and review the performance of any third-party vendors retained by it, and Freddie Mac will remain liable for its trust administration obligations under the Trust Agreement as if Freddie Mac had not retained any such vendors.

Freddie Mac will not have primary responsibility for custody services of original documents evidencing the Bonds.

Freddie Mac continues to operate under the conservatorship of the FHFA that commenced on September 6, 2008. From time to time Freddie Mac is a party to various lawsuits and other legal proceedings arising in the ordinary course of business and is subject to regulatory actions that could materially adversely affect its operations and its ability to administer loans pursuant to the Trust Agreement. See "Description of Freddie Mac—Freddie Mac Conservatorship" and "—Litigation Involving Freddie Mac."

The information set forth above in this section "—The Trust Administrator" has been provided by Freddie Mac. Neither the depositor nor any other person other than Freddie Mac makes any representation or warranty as to the accuracy or completeness of such information.

### **The Trustee and the Certificate Administrator**

Deutsche Bank Trust Company Americas, a New York banking corporation ("DBTCA"), will act as trustee, certificate administrator and certificate registrar under the Trust Agreement. DBTCA is a New York banking corporation with its offices for notices under the Trust Agreement located at 1761 East St. Andrew Place, Santa Ana,

California 92705-4934, Attention: Trust Administration—FREM 2017-KSKY, and its telephone number is (714) 247-6000.

Under the terms of the Trust Agreement, DBTCA is responsible for securities administration, which includes pool performance calculations, distribution calculations and the preparation of monthly distribution reports. As certificate administrator, DBTCA is also responsible for the preparation and filing of all grantor trust tax returns on behalf of the issuing entity.

DBTCA and its affiliates have provided corporate trust services since 1991. DBTCA and its affiliates have previously been appointed to the role of trustee for over 1,900 mortgage-backed transactions and have significant experience in this area.

DBTCA and Deutsche Bank National Trust Company (“DBNTC”) have been sued by investors in civil litigation concerning their role as trustees of certain RMBS trusts.

On June 18, 2014, a group of investors, including funds managed by Blackrock Advisors, LLC, PIMCO-Advisors, L.P., and others, filed a derivative action against DBNTC and DBTCA in New York State Supreme Court purportedly on behalf of and for the benefit of 544 private-label RMBS trusts asserting claims for alleged violations of the U.S. Trust Indenture Act of 1939 (“TIA”), breach of contract, breach of fiduciary duty and negligence based on DBNTC and DBTCA’s alleged failure to perform their duties as trustees for the trusts. Plaintiffs subsequently dismissed their state court complaint and filed a derivative and class action complaint in the U.S. District Court for the Southern District of New York on behalf of and for the benefit of 564 private-label RMBS trusts, which substantially overlapped with the trusts at issue in the state court action. The complaint alleges that the trusts at issue have suffered total realized collateral losses of U.S. \$89.4 billion, but the complaint does not include a demand for money damages in a sum certain. DBNTC and DBTCA filed a motion to dismiss, and on January 19, 2016, the court partially granted the motion on procedural grounds: as to the 500 trusts that are governed by pooling and servicing agreements, the court declined to exercise jurisdiction. The court did not rule on substantive defenses asserted in the motion to dismiss. On March 22, 2016, plaintiffs filed an amended complaint in federal court. In the amended complaint, in connection with 62 trusts governed by indenture agreements, plaintiffs assert claims for breach of contract, violation of the TIA, breach of fiduciary duty, and breach of duty to avoid conflicts of interest. The amended complaint alleges that the trusts at issue have suffered total realized collateral losses of U.S. \$9.8 billion, but the complaint does not include a demand for money damages in a sum certain. On July 15, 2016, DBNTC and DBTCA filed a motion to dismiss the amended complaint. On January 23, 2017, the court granted in part and denied in part DBNTC and DBTCA’s motion to dismiss. The court granted the motion to dismiss with respect to plaintiffs’ conflict-of-interest claim, thereby dismissing it, and denied the motion to dismiss with respect to plaintiffs’ breach of contract claim (except as noted below) and claim for violation of the TIA, thereby allowing those claims to proceed. On January 26, 2017, the parties filed a joint stipulation and proposed order dismissing plaintiffs’ claim for breach of fiduciary duty. On January 27, 2017, the court entered the parties’ joint stipulation and ordered that plaintiffs’ claim for breach of fiduciary duty be dismissed. On February 3, 2017, following a hearing concerning DBNTC and DBTCA’s motion to dismiss on February 2, 2017, the court issued a short form order dismissing (i) plaintiffs’ representation and warranty claims as to 21 trusts whose originators and/or sponsors had entered bankruptcy and the deadline for asserting claims against such originators and/or sponsors had passed as of 2009 and (ii) plaintiffs’ claims to the extent they were premised upon any alleged pre-event of default duty to terminate servicers. On March 27, 2017, DBNTC and DBTCA filed an answer to the amended complaint. Discovery is ongoing.

On March 25, 2016, the BlackRock plaintiffs filed a state court action against DBTCA in the Superior Court of California, Orange County with respect to 513 trusts. On May 18, 2016, plaintiffs filed an amended complaint with respect to 465 trusts, and included DBNTC as an additional defendant. The amended complaint asserts three causes of action: breach of contract; breach of fiduciary duty; and breach of the duty to avoid conflicts of interest. Plaintiffs purport to bring the action on behalf of themselves and all other current owners of certificates in the 465 trusts. The amended complaint alleges that the trusts at issue have suffered total realized collateral losses of U.S. \$75.7 billion, but does not include a demand for money damages in a sum certain. On August 22, 2016, DBNTC and DBTCA filed a demurrer as to plaintiffs’ breach of fiduciary duty cause of action and breach of the duty to avoid conflicts of interest cause of action and motion to strike as to plaintiffs’ breach of contract cause of action. On October 18, 2016, the court granted DBNTC and DBTCA’s demurrer, providing plaintiffs with thirty days’ leave to amend, and denied DBNTC and DBTCA’s motion to strike. Plaintiffs did not further amend their

complaint and, on December 19, 2016, DBNTC and DBTCA filed an answer to the amended complaint. Discovery is ongoing.

On December 30, 2015, IKB International, S.A. in Liquidation and IKB Deutsche Industriebank A.G. (collectively, “IKB”), as an investor in 37 RMBS trusts, filed a summons with notice in the Supreme Court of the State of New York, New York County, against DBNTC and DBTCA as trustees of the trusts. On May 27, 2016, IKB served its complaint asserting claims for breach of contract, breach of fiduciary duty, breach of duty to avoid conflicts of interest, violation of New York’s Streit Act, violation of the Trust Indenture Act, violation of Regulation AB, and violation of Section 9 of the Uniform Commercial Code. IKB alleges that DBNTC and DBTCA are liable for over U.S. \$268 million in damages. On October 5, 2016, DBNTC and DBTCA, together with several other trustees defending lawsuits by IKB, filed a joint motion to dismiss. On January 6, 2017, IKB filed a notice of discontinuance, voluntarily dismissing with prejudice all claims as to three trusts. As of January 17, 2017, DBNTC and DBTCA’s motion to dismiss has been briefed and is awaiting decision by the court. On June 20, 2017, the parties filed a stipulation, voluntarily dismissing with prejudice all claims as to four additional trusts. Certain limited discovery is permitted to go forward while the motion to dismiss is pending.

It is DBTCA’s belief that it has no pending legal proceedings (including, based on DBTCA’s present evaluation, the litigation disclosed in the foregoing paragraphs) that would materially affect its ability to perform its duties as trustee or certificate administrator under the Trust Agreement for this transaction.

The information set forth above in this section “—The Trustee and the Certificate Administrator” has been provided by DBTCA. Neither the depositor nor any other person other than DBTCA makes any representation or warranty as to the accuracy or completeness of such information. DBTCA is providing such information at our request to assist us with the preparation of this information circular and, other than with respect to such information, DBTCA assumes no responsibility or liability for the contents of this information circular.

See also “—Rights Upon Event of Default,” “—Matters Regarding the Trustee and the Certificate Administrator” and “—Certain Indemnities” below.

### **Resignation and Removal of the Trustee, the Certificate Administrator and the Trust Administrator**

Each of the trustee, the certificate administrator and the trust administrator will be permitted at any time to resign from its obligations and duties under the Trust Agreement by giving not less than 30 days’ prior written notice to the depositor, Freddie Mac, the trustee, the certificate administrator and the trust administrator, as the case may be, and all certificateholders. Upon receiving a notice of resignation, the depositor will be required to use its reasonable best efforts to promptly appoint a qualified successor trustee, certificate administrator or trust administrator acceptable to Freddie Mac. If no successor trustee, certificate administrator or trust administrator has been so appointed and has accepted an appointment within 30 days after the giving of the notice of resignation, the resigning trustee, certificate administrator or trust administrator may petition any court of competent jurisdiction to appoint a successor trustee, certificate administrator or trust administrator, as applicable.

Each of the trustee, the certificate administrator and any Third Party Trust Administrator must at all times be, and will be required to resign if it fails to be, (i) a corporation, national bank, trust company or national banking association, organized and doing business under the laws of any state or the United States of America or the District of Columbia, authorized under such laws to exercise corporate trust powers and to accept the trust conferred under the Trust Agreement, having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authority and, only in the case of the trustee, may not be an affiliate of the depositor, (ii) an institution insured by the Federal Deposit Insurance Corporation and (iii) an institution whose long term senior unsecured debt (a) is rated “A” or higher by Fitch (or, with respect to DBTCA, “BBB” or higher by Fitch) and “Aa3” or higher by Moody’s (or “A2” or higher by Moody’s if such institution’s short-term unsecured debt obligations are rated “P-1” or higher by Moody’s) (or with respect to DBTCA, either “Baa2” or higher by Moody’s with respect to long term senior unsecured debt, or “P-2” or higher by Moody’s with respect to short term unsecured debt obligations) or (b) is otherwise acceptable to Freddie Mac with respect to such trustee, certificate administrator or Third Party Trust Administrator.

If at any time the trustee, the certificate administrator or any Third Party Trust Administrator ceases to be eligible to continue as the trustee, the certificate administrator or the trust administrator under the Trust Agreement,

and fails to resign after written request by Freddie Mac or the depositor, or if at any time the trustee, the certificate administrator or the trust administrator, as applicable, becomes incapable of acting, or if some events of, or proceedings in respect of, bankruptcy or insolvency occur with respect to the trustee, the certificate administrator or the trust administrator, the depositor will be authorized to remove the trustee, the certificate administrator or the trust administrator and appoint a successor trustee, certificate administrator or trust administrator, as applicable. In addition, holders of the certificates entitled to at least 51% of the voting rights may with cause (at any time) or without cause (at any time upon at least 30 days' prior written notice) remove the trustee, certificate administrator or any Third Party Trust Administrator under the Trust Agreement and appoint a successor trustee, certificate administrator or trust administrator acceptable to Freddie Mac. Any successor trustee, certificate administrator or trust administrator must be an institution that meets the requirements of the immediately preceding paragraph. Further, if the ratings of the trustee, the certificate administrator or any Third Party Trust Administrator fall below the ratings required by the immediately preceding paragraph, Freddie Mac will have the right to remove the trustee, certificate administrator or Third Party Trust Administrator, as applicable, and appoint a successor trustee, certificate administrator or trust administrator that meets the standards set forth in the Trust Agreement and who is otherwise acceptable to Freddie Mac in its sole discretion.

Any resignation or removal of a trustee, a certificate administrator or a trust administrator and appointment of a successor trustee, certificate administrator or trust administrator will not become effective until acceptance of appointment by the successor trustee, certificate administrator or trust administrator, as applicable.

In the event of any resignation or removal of a trustee or a certificate administrator (other than a resignation of a trustee that is required solely due to a change in law or a conflict of interest arising after the Closing Date that is not waived by all of the parties in conflict or is unwaivable), such resignation or removal will be effective with respect to each of such party's other capacities under the Trust Agreement, including, without limitation, such party's capacities as trustee, certificate administrator and certificate registrar, as the case may be.

If any of the trustee, the certificate administrator or the trust administrator resigns or is removed from its applicable role pursuant to the Trust Agreement, such resigning or removed trustee, certificate administrator or trust administrator will be required to pay to the depositor, on behalf of the issuing entity, the unearned portion of its trustee fee, certificate administrator fee or trust administrator fee, as applicable. Such amount will be equal to the product of (i) the one-time up-front trustee fee, certificate administrator fee or trust administrator fee paid to such resigning or removed trustee, certificate administrator or trust administrator and (ii) a fraction, the numerator of which is the number of days from the date of such resignation or removal to and including the Extraordinary Mandatory Tender Date, and the denominator of which is the number of days from the Closing Date to and including the Extraordinary Mandatory Tender Date. The depositor will be required to pay such amount to a successor trustee, certificate administrator or trust administrator at the time such successor assumes its duties under the Trust Agreement. If a replacement trustee, certificate administrator or trust administrator resigns or is removed from its duties under the Trust Agreement, it will similarly be required to pay to the depositor, on behalf of the issuing entity, the unearned portion of its trustee fee, certificate administrator fee or trust administrator fee, as applicable, pursuant to the formula in the second preceding, replacing references to the "Closing Date" with references to the "date such replacement trustee, certificate administrator or trust administrator assumed its duties under the Trust Agreement".

In addition, in order to appoint a successor trustee, certificate administrator or trust administrator, the depositor may reduce the portion of the Guarantee Fee payable to the guarantor (and such reduction may reduce the portion of the Guarantee Fee payable to the Guarantor to zero) to the extent reasonably necessary (in the sole but reasonable discretion of the depositor) for the depositor to appoint a qualified replacement trustee, certificate administrator or trust administrator that meets the requirements of the Trust Agreement, and the replacement trustee, certificate administrator or trust administrator will be entitled to retain such portion of the Guarantee Fee that is no longer payable to the Guarantor. Any reduction of the portion of the Guarantee Fee that is payable to the Guarantor by the depositor will be conclusive and binding on the parties under the Trust Agreement. The depositor will have no liability for any reduction of the portion of the Guarantee Fee that is payable to the Guarantor. If the sum of (i) the unearned portion of the trustee fee, certificate administrator fee or trust administrator fee recovered by the depositor and (ii) the reduced portion of the Guarantee Fee is insufficient for the depositor to appoint a replacement trustee, certificate administrator or trust administrator, as applicable, the certificate administrator will be required to pay any additional amount that is reasonably necessary to pay the fee of such replacement trustee, certificate administrator or

trust administrator to the extent such amounts are on deposit in the Distribution Accounts. In no event will the depositor be required to pay any portion of the trustee fee, the certificate administrator fee or the trust administrator fee from its own funds.

See “—Matters Regarding the Trustee, the Certificate Administrator and the Trust Administrator” and “—Certain Indemnities” below.

### **Assignment of the Bonds**

On the Closing Date, we will sell, assign, transfer or otherwise convey all of our right, title and interest in and to the Bonds acquired from the Bond Seller, without recourse, to the trustee for the benefit of the holders of the certificates. We will also assign to the trustee our rights under the Bond Purchase Agreement pursuant to which we acquired the Bonds from the Bond Seller, except for certain rights to receive notices regarding demands for the Bond Seller to repurchase or replace any of the Bonds.

### **Trust Administration Under the Trust Agreement**

The trust administrator will be required to act as an administrator, having certain duties set forth in the Trust Agreement, on behalf of the issuing entity and in the best interests of, and for the benefit of, the certificateholders (as a collective whole), as determined by the trust administrator in its reasonable judgment, in accordance with—

- any and all applicable laws,
- the express terms of the Trust Agreement, and
- the express terms of the respective Bonds, the Assignment and Intercreditor Agreement and any related intercreditor agreement, co-lender and/or similar agreement(s).

In performing its obligations under the Trust Agreement, the trust administrator will be required to use the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.

The obligations of the trust administrator will generally be limited to:

- exercising certain consent and consultation rights on behalf of the issuing entity as described in “—Trust Administrator Consent and Consultation Rights” below;
- delivering certain of the reports in the CREFC Investor Reporting Package<sup>®</sup> to the certificate administrator and Freddie Mac as described in “—Trust Administrator Reports” below;
- enforcing the obligation of the Bond Seller to cure, repurchase or reimburse the issuing entity with respect to any Bond for which there has been a material breach of the Bond Seller’s representations and warranties as described in “Description of the Bonds—Cures and Repurchases” in this information circular; and
- in the case of a Third Party Trust Administrator, exercising the option to purchase all of the Bonds remaining in the issuing entity on any distribution date on which the total Stated Principal Balance of the Bond pool is less than 10.0% of the initial Bond pool balance as described in “—Termination” below.

### **Trust Administrator Consent and Consultation Rights**

To the extent the issuing entity, as holder of the Bonds, has any consent or consultation rights pursuant to the Bond documents, the trust administrator will be the sole party entitled to exercise any such consent or consultation rights on behalf of the issuing entity.

## **Trust Administrator Reports**

As set forth in the Trust Agreement, on a date preceding a distribution date, the Bond Credit Enhancer is required to deliver the Mortgage Loan Servicer Reporting Package to the trust administrator on behalf of the issuing entity, and the trust administrator is then required to deliver certain of the reports in the CREFC Investor Reporting Package<sup>®</sup> to the certificate administrator and Freddie Mac. Such reports are required to account for amounts received on the Bonds on a Bond by Bond basis. Such reports set forth the information necessary for the certificate administrator to make the distributions set forth under “Description of the Certificates—Distributions” in this information circular and contain certain information to be included in the distribution report for that distribution date delivered by the certificate administrator as described under “Description of the Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this information circular.

## **Delegation of Trust Administrator Obligations**

The trust administrator may delegate any or all of its obligations under the Trust Agreement, and may enter into certain agreements related to such obligations. However, the trust administrator will remain obligated and liable to the trustee, the certificate administrator, the certificateholders and the other parties to the Trust Agreement for the performance of its obligations and duties under the Trust Agreement in accordance with the provisions of the Trust Agreement to the same extent and under the same terms and conditions as if it alone were administering the Bonds. The trust administrator will be required to pay the fees of any party to which it has delegated any obligations under the Trust Agreement from the trust administrator’s own funds (or from funds otherwise payable to it under the Trust Agreement).

## **Additional Covenants of Freddie Mac**

### *Additional Bonds*

Pursuant to the Trust Agreement, Freddie Mac agreed that it will not consent to any request from the Agency to issue Additional Bonds with respect to the mortgaged real property unless such Additional Bonds will be subordinated to the Bonds as to payment and voting rights.

### *Consents to Borrower or Agency Requests that Would Cause Mandatory Tenders or Redemptions*

Pursuant to the Trust Agreement, Freddie Mac agreed that, with respect to any request from the borrower or the Agency that would cause a mandatory tender for purchase of the Bonds or redemption of the Bonds that requires the consent of Freddie Mac, Freddie Mac will only grant such consent if such mandatory tender or redemption is scheduled to occur on a date that would otherwise constitute an Interest Payment Date for the Bonds, such that no Prepayment Interest Shortfalls will occur on the certificates in connection with any such mandatory tender or redemption. For the avoidance of doubt, this will not limit the right of the Bond Credit Enhancer to declare all obligations of the borrower on the Mortgage Loan due and payable or cause a mandatory tender of the Bonds, or a mandatory redemption of all or a portion of the Bonds, at any time in connection with an event of default by the borrower under the Reimbursement Agreement or the Reimbursement Mortgage.

## **Matters Regarding the Trustee, the Certificate Administrator and the Trust Administrator**

Each of the trustee, the certificate administrator and any Third Party Trust Administrator is at all times required to be a corporation, national bank, trust company or national banking association organized and doing business under the laws of the U.S. or any State of the U.S. or the District of Columbia. Furthermore, the trustee, the certificate administrator and any Third Party Trust Administrator must at all times, among other things—

- be authorized under those laws to exercise corporate trust powers;
- have a combined capital and surplus of at least \$50,000,000; and
- be subject to supervision or examination by federal or state authority.

If the corporation, national bank, trust company or national banking association publishes reports of condition at least annually, in accordance with law or the requirements of the supervising or examining authority, then the combined capital and surplus of that corporation, national bank, trust company or national banking association will be deemed to be its combined capital and surplus as described in its most recent published report of condition.

We, Freddie Mac and our and their respective affiliates, may from time to time enter into normal banking and trustee relationships with the trustee, the certificate administrator, the trust administrator and their affiliates. The trustee, the certificate administrator, the trust administrator and any of their respective affiliates may hold certificates in its own name. In addition, for purposes of meeting the legal requirements of some local jurisdictions, the trustee will have the power to appoint a co-trustee or separate trustee of all or any part of the assets of the issuing entity. All rights, powers, duties and obligations conferred or imposed upon the trustee will be conferred or imposed upon the trustee and the separate trustee or co-trustee jointly or, in any jurisdiction in which the trustee is incompetent or unqualified to perform some acts, singly upon the separate trustee or co-trustee, who may exercise and perform its rights, powers, duties and obligations solely at the direction of the trustee.

The trustee, the certificate administrator and the trust administrator will each be entitled to one-time up-front fee payable on the Closing Date by the depositor for their services as trustee, certificate administrator and trust administrator, as applicable, in each case, in the amount set forth in “Description of the Certificates—Fees and Expenses” in this information circular. If any of the trustee, the certificate administrator or the trust administrator resigns or is removed from its applicable role pursuant to the Trust Agreement, such resigning or removed trustee, certificate administrator or trust administrator will be required to pay to the depositor, on behalf of the issuing entity, the unearned portion of its trustee fee, certificate administrator fee or trust administrator fee, as applicable, which amount will be used by the depositor to appoint a successor trustee, certificate administrator or trust administrator as described in “—Resignation and Removal of the Trustee, the Certificate Administrator and the Trust Administrator” above. In order to appoint a successor trustee, certificate administrator or trust administrator, the depositor may reduce the portion of the Guarantee Fee payable to the guarantor as described in “—Resignation and Removal of the Trustee, the Certificate Administrator and the Trust Administrator” above, and the replacement trustee, certificate administrator or trust administrator will be entitled to retain such portion of the Guarantee Fee that is no longer payable to the Guarantor.

In addition, for serving as trustee and certificate administrator, DBTCA will be entitled to receive a one-time up-front trustee/certificate administrator acceptance fee. See “Description of the Certificates—Fees and Expenses” in this information circular for the amount of such fee. The trustee/certificate administrator acceptance fee will not be subject to recapture by the depositor if DBTCA resigns or is removed as trustee or certificate administrator.

### **Certain Indemnities**

The depositor and any officer, director, general or limited partner, shareholder, member, manager, employee, agent, affiliate or controlling person of the depositor will be entitled to be indemnified and held harmless by the issuing entity against any and all losses, liabilities, damages, claims, judgments, costs, fees, penalties, fines, forfeitures or other expenses (including reasonable legal fees and expenses) that may be imposed on, incurred by or asserted against them in connection with, related to, or arising out of, the Trust Agreement, the transactions contemplated by the Trust Agreement or the certificates, other than any loss, liability, damage, claim, judgment, cost, fee, penalty, fine, forfeiture or other expense (including reasonable legal fees and expenses) (i) that is specifically required to be borne by the party seeking indemnification, without right of reimbursement pursuant to the terms of the Trust Agreement or (ii) incurred by reason of a breach of any representation or warranty by the depositor under the Trust Agreement, or by reason of the willful misconduct, bad faith, fraud or negligence of the depositor in the performance of its respective duties under the Trust Agreement or negligent disregard of its respective obligations or duties under the Trust Agreement.

The trustee (in each of its capacities under the Trust Agreement), the certificate administrator (in each of its capacities under the Trust Agreement), the trust administrator and their respective officers, directors, general or limited partners, shareholders, members, managers, employees, agents, affiliates and controlling persons will be entitled to be indemnified and held harmless by the issuing entity against any and all losses, liabilities, damages, claims, judgments, costs, fees, penalties, fines, forfeitures or other expenses (including reasonable legal fees and expenses) that may be imposed on, incurred by or asserted against the trustee, the certificate administrator or the

trust administrator, as applicable, in connection with, related to, or arising out of the Trust Agreement, the transactions contemplated by the Trust Agreement or the certificates other than any loss, liability, damage, claim, judgment, cost, fee, penalty, fine, forfeiture or other expense (including reasonable legal fees and expenses) (i) that constitutes a specific liability of the trustee, the certificate administrator or the trust administrator, as applicable, under the Trust Agreement, (ii) incurred by reason of any breach of any representation or warranty by the trustee, the certificate administrator or the trust administrator, as applicable, under the Trust Agreement or by reason of the willful misconduct, bad faith, fraud or negligence of the trustee, the certificate administrator or the trust administrator, as applicable, in the performance of its duties under the Trust Agreement or negligent disregard of its obligations or duties under the Trust Agreement or (iii) that would not constitute unanticipated expenses.

However, subject to the last two sentences of this paragraph, in any calendar year, indemnification to us, the trustee, the certificate administrator, any Third Party Trust Administrator and their respective general or limited partners, members, managers, shareholders, affiliates, directors, officers, employees, agents and controlling persons will not exceed an amount equal to the Depositor Aggregate Annual Cap, the Trustee Aggregate Annual Cap or the Certificate Administrator Aggregate Annual Cap (if different persons or entities are the trustee and the certificate administrator), the Trustee/Certificate Administrator Aggregate Annual Cap (if the same person or entity is the trustee and the certificate administrator) or the Third Party Trust Administrator Aggregate Annual Cap, as applicable. Any amounts payable in excess of the relevant Aggregate Annual Cap will be required to be paid, to the extent the funds are available, in the subsequent calendar year or years (subject to the applicable Aggregate Annual Cap for each such calendar year) until paid in full. Any indemnification amounts unpaid as a result of the relevant Aggregate Annual Cap will accrue interest at a rate equal to the Prime Rate from the date on which such amounts would have otherwise been paid had such Aggregate Annual Cap not applied to (but not including) the date on which such amount is paid. The foregoing Aggregate Annual Caps will not apply after the Aggregate Annual Cap Termination Date. Freddie Mac will have the right, in its sole and absolute discretion, to waive (as evidenced by a waiver signed by both Freddie Mac) the Depositor Aggregate Annual Cap, the Trustee Aggregate Annual Cap, the Certificate Administrator Aggregate Annual Cap, the Trustee/Certificate Administrator Aggregate Annual Cap or the Third Party Trust Administrator Aggregate Annual Cap upon the written request of the depositor, the trustee, the certificate administrator or any Third Party Trust Administrator, as applicable.

## **Termination**

The obligations created by the Trust Agreement will terminate following the earliest of—

1. the final payment on, or other liquidation of, the last Bond remaining in the issuing entity; and
2. the purchase of all of the Bonds remaining in the issuing entity by Freddie Mac or any Third Party Trust Administrator.

Written notice of termination of the Trust Agreement will be given to each certificateholder and Freddie Mac. The final distribution with respect to each certificate will be made only upon surrender and cancellation of that certificate at the office of the certificate registrar or at any other location specified in the notice of termination.

Freddie Mac and any Third Party Trust Administrator, in that order, will have the option to purchase all of the Bonds remaining in the issuing entity on any distribution date on which the total Stated Principal Balance of the Bond pool is less than 10.0% of the initial Bond pool balance, upon written notice to the trustee and the other parties to the Trust Agreement.

Any purchase by Freddie Mac or any Third Party Trust Administrator of all the Bonds remaining in the issuing entity is required to be made at a price equal to:

- the sum of—
  1. the Purchase Price of all the Bonds;
  2. without duplication, any unreimbursed Additional Issuing Entity Expenses; and
  3. any Unreimbursed Indemnification Expenses; minus

- solely in the case of a purchase by a Third Party Trust Administrator, the total of all amounts payable or reimbursable to the purchaser under the Trust Agreement.

The purchase will result in early retirement of the then outstanding certificates. However, the right of Freddie Mac and any Third Party Trust Administrator to make the purchase is subject to the requirement that the total Stated Principal Balance of the Bond pool be less than 10.0% of the initial Bond pool balance. The termination price, exclusive of any portion of the termination price payable or reimbursable to any person other than the certificateholders, will constitute part of the applicable Available Distribution Amount for the final distribution date. Any person or entity making the purchase will be responsible for reimbursing the parties to the Trust Agreement for all reasonable out-of-pocket costs and expenses incurred by those parties in connection with the purchase.

### **Amendment**

In general, the Trust Agreement may be amended by mutual agreement of the parties to the Trust Agreement without the consent of any of the holders of the certificates for the following reasons—

1. to cure any ambiguity;
2. to correct, modify or supplement any provision in the Trust Agreement which may be inconsistent with this information circular;
3. to correct, modify or supplement any provision in the Trust Agreement which may be inconsistent with any other provision in that document or to correct any error;
4. to make any other provisions with respect to matters or questions arising under the Trust Agreement that are not inconsistent with the existing provisions of that document;
5. with an opinion of counsel delivered to the trustee, the certificate administrator and the trust administrator, to relax or eliminate (i) any requirement under the Trust Agreement imposed by the grantor trust provisions of the Code or (ii) any transfer restriction imposed on the certificates, in each case, if such laws are amended or clarified such that any such restriction may be relaxed or eliminated;
6. with an opinion of counsel delivered to the trustee, the certificate administrator and the trust administrator, to comply with the Code, avoid the occurrence of a prohibited transaction or reduce any tax that would arise from any actions taken with respect to the operation of either grantor trust;
7. to allow the Bond Seller and its affiliates to obtain accounting “sale” treatment for the Bonds sold by the Bond Seller to the depositor under applicable accounting standards;
8. to modify the procedures in the Trust Agreement relating to Rule 15Ga-1 under the Exchange Act; or
9. to modify, alter, amend, add to or rescind any of the provisions contained in the Trust Agreement to comply with any rules or regulations promulgated by the SEC from time to time.

No amendment described in clauses 3, 4 or 7 above may adversely affect in any material respect the interests of any certificateholder or any third party beneficiary to the Trust Agreement or any provision of the Trust Agreement, as evidenced by the receipt by the trustee and the certificate administrator of an opinion of counsel to that effect or, alternatively, in the case of any particular certificateholder or third party beneficiary, an acknowledgment to that effect from such person.

In addition, the Trust Agreement may be amended by the parties to the Trust Agreement with the consent of the holders of not less than 51% of the voting rights that are materially affected by the amendment, to (i) add to, change or eliminate any of the provisions of the Trust Agreement or (ii) modify the rights of the holders of the certificates. However, no such amendment may:

1. reduce the amount of, or delay the timing of, payments received on the Bonds which are required to be distributed on any certificate, without the consent of the holder of such certificate;

2. adversely affect in any material respect the interests of the holders of any class of certificates in a manner other than as described in clause 1 above, without the consent of the holders of all certificates of such class;
3. modify the obligation of the Guarantor to guarantee the certificates;
4. significantly change the activities of the issuing entity, without the consent of holders of certificates entitled to not less than 66<sup>2</sup>/<sub>3</sub>% of the voting rights (not taking into account certificates held by the depositor or any of its affiliates or agents or Freddie Mac); or
5. adversely affect in any material respect the interests of any third party beneficiary to the Trust Agreement without the consent of such third party beneficiary.

The Trust Agreement provides that any amendments made to it must be accompanied by an opinion of counsel stating that the amendment will not adversely affect the grantor trust status of either grantor trust created under the Trust Agreement.

## **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

### **General**

The following is a general discussion of the anticipated material federal income tax consequences of the purchase, ownership and disposition of the certificates. This discussion is directed solely to Holders that purchase certificates at their initial issuance for cash and that will hold the certificates as capital assets (generally, property held for investment) and not as part of a “straddle,” “hedge,” “synthetic security” or a “conversion transaction” for federal income tax purposes, or as part of some other integrated investment. This discussion below does not purport to address all federal income tax consequences (such as alternative minimum tax) that may be applicable to particular categories of investors, some of which (such as banks, thrifts, or other financial institutions; insurance companies; securities dealers or brokers, or traders in securities electing mark-to-market treatment; mutual funds or real estate investment trusts; small business investment companies; S corporations; partnerships or other entities treated as partnerships for federal income tax purposes; Holders whose functional currency is not the U.S. dollar; certain former citizens or residents of the United States; retirement plans or other tax-exempt entities, or persons holding the certificates in tax-deferred or tax-advantaged accounts; “controlled foreign corporations” or “passive foreign investment companies” for federal income tax purposes) may be subject to special rules. The authorities on which this discussion is based are subject to change or differing interpretations, and any such change or interpretation could apply retroactively. This discussion reflects the applicable provisions of the Code and Treasury Regulations. Investors should consult their own tax advisors in determining the federal, state, local or any other tax consequences to them of the purchase, ownership and disposition of certificates. For the purposes of the discussion under this section entitled “Certain Federal Income Tax Consequences,” “Holder” and “Certificateholder” mean the beneficial owner of a certificate.

The assets of the issuing entity will be held in two separate Grantor Trusts for U.S. federal income tax purposes. The class ATE and XTE certificates will represent beneficial ownership interests in a Grantor Trust that will contain the Tax-Exempt Bonds and the proceeds of such Bonds. The class AT and XT certificates will represent beneficial ownership interests in a Grantor Trust that will contain the Taxable Bonds and the proceeds of such Bonds.

Except as specifically described below, this discussion does not address the consequences to a Certificateholder following a foreclosure or deed-in-lieu of foreclosure on any of the assets securing the Bonds.

### **Characterization of the Issuing Entity**

Upon the issuance of the certificates, Cadwalader, Wickersham & Taft LLP, special counsel to the depositor, will deliver its opinion to the effect that, under then existing law and assuming compliance with all provisions of the Trust Agreement and the other operative documents, although there is no authority directly addressing securities like the certificates, the assets of the issuing entity will be classified as two grantor trusts under subpart E, part I of subchapter J of Chapter 1 of the Code and not as a taxable mortgage pool, an association taxable as a corporation or a publicly traded partnership taxable as a corporation. Each Certificateholder, by acquiring a certificate, agrees to treat the assets of the issuing entity as two grantor trusts and the certificates as interests in the related assets of the

applicable grantor trust for all U.S. federal, state and local income and franchise tax purposes unless otherwise required by applicable law.

Opinions of counsel are not binding on the IRS or the courts. If the assets of the issuing entity were not treated as grantor trusts for U.S. federal income tax purposes, the issuing entity likely would be treated as one or more partnerships if there is more than one holder of the certificates. Prospective holders of certificates should consult their tax advisors regarding the proper tax characterization of the certificates. The remainder of the discussion below assumes that the assets of the issuing entity will be treated as grantor trusts and that the certificates will be treated as representing an interest in the applicable assets of their respective grantor trusts.

### **Tax-Exemption of the Tax-Exempt Bonds**

On the date of the initial issuance and delivery of the Tax-Exempt Bonds, Hawkins Delafield & Wood LLP, as bond counsel to the Agency (“Bond Counsel”), rendered its opinion generally to the effect that, under existing laws, (i) interest on the Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code (and is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York (including The City of New York)), except that no opinion was expressed as to such exclusion of interest on any Tax-Exempt Bond for any period during which such Tax-Exempt Bond is held by a person who, within the meaning of section 147(a) of the Code, is a “substantial user” of the facilities financed with the proceeds of the Tax-Exempt Bonds or a “related person,” and (ii) interest on the Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In order to maintain the tax-exempt status of the Tax-Exempt Bonds, the issuer and certain other persons must comply with certain on-going requirements of federal income tax law, and the failure to satisfy any such requirements could cause interest on the Tax-Exempt Bonds to become taxable retroactively to the date of issuance. Cadwalader, Wickersham and Taft LLP, counsel to the depositor, has not independently verified, and will not independently verify, the federal income tax-exemption of interest on any issue of the Tax-Exempt Bonds, and has assumed, without any inquiry, (i) the continuing correctness of the related opinion of Bond Counsel and (ii) that no events or circumstances have occurred since the original issuance of the Tax-Exempt Bonds that would adversely affect the exemption from federal income tax (and any applicable state and local income taxes) of interest on the Tax-Exempt Bonds. Assuming the above, Cadwalader, Wickersham and Taft LLP is of the opinion that, subject to the limitation described under “—Taxation of the Tax-Exempt Certificates” with respect to stripped bonds and stripped coupons under section 1286(d) of the Code, interest on the Tax-Exempt Bonds that is distributed to the Holder of a certificate will be excludable from the gross income of the Holder for federal income tax purposes to the extent interest on the Tax-Exempt Bonds is excludable from gross income.

### **Tax Treatment of Foreclosure Property**

If the issuing entity acquires the mortgaged real property on foreclosure (or deed-in-lieu) upon the Tax-Exempt Bonds, income, if any, recognized with respect to such foreclosure property will not be excludable from gross income for federal income tax purposes. To the extent Holders of Tax-Exempt Certificates are allocated any income attributable to such foreclosure property such income will not be treated as interest income with respect to Tax-Exempt Bonds and will be taxable to Holders.

### **Tax Status of the Certificates**

Certificates owned by a real estate investment trust likely will not be considered to represent “real estate assets” within the meaning of section 856(c)(5)(B) of the Code, and interest or original issue discount income on the certificates will not be considered “interest on obligations secured by mortgages on real property” within the meaning of section 856(c)(3)(B) of the Code. A certificate owned by a “domestic building and loan association” within the meaning of section 7701(a)(19) of the Code likely will not be considered to represent “loans . . . secured by an interest in real property which is . . . residential real property” within the meaning of section 7701(a)(19)(C)(v) of the Code. In addition, it is unlikely that a certificate will constitute a “qualified mortgage” for a “real estate mortgage investment conduit” (a “REMIC”), as those terms are defined in sections 860G(a)(3) and 860D(a) of the Code, respectively. Certificateholders should consult their own tax counsel regarding the applicability of these Code provisions.

## Tax Treatment of Certificates

*General.* Under the federal income tax rules applicable to grantor trusts, Holders of each class of certificates will be treated as the beneficial owners of such Holders' *pro rata* shares of the related portions of the related Bonds. More specifically, (i) Holders of the Principal Balance Certificates will be treated as the beneficial owners of undivided interests in the principal and a portion of the interest on the related Bonds and as owners of multiple "stripped bonds," and (ii) Holders of the class XTE or XT certificates will be treated as the beneficial owners of undivided interests in a portion of the interest payments on the related Bonds and as owners of multiple "stripped coupons." See "—Stripped Bonds and Stripped Coupons" below.

*Stripped Bonds and Stripped Coupons.* Pursuant to section 1286 of the Code, the separation of ownership of the right to receive some or all of the interest payments on a debt obligation from ownership of the right to receive some or all of the principal payments results in the creation of "stripped bonds" with respect to principal payments and "stripped coupons" with respect to interest payments. A Certificateholder will be treated as owning "stripped bonds" to the extent of its share of principal payments from the assets of the issuing entity and as owning "stripped coupons" to the extent of its share of interest payments from the assets of the issuing entity for U.S. federal income tax purposes, except as discussed below. Because the Principal Balance Certificates are entitled to both principal and interest payments, the IRS could contend that the Principal Balance Certificates should be treated (i) as an interest in the assets of the issuing entity that is not a "stripped bond" or "stripped coupon" to the extent that the Principal Balance Certificates represent an equal *pro rata* portion of principal and interest on the related Bond and (ii) with respect to the remainder, an installment obligation consisting of "stripped bonds" to the extent of its share of principal payments of the related Bond and "stripped coupons" to the extent of its share of interest payments from the related Bond. For tax information reporting purposes, the issuing entity will take the position that each certificate will be treated as a single debt instrument that is taxed under section 1286 of the Code. Prospective investors should consult their own tax advisors as to the proper treatment of a certificate in this regard.

*Issuing Entity Expenses.* The issuing entity also will incur various expenses, which may be considered "miscellaneous itemized deductions" for a Holder of certificates that is an individual, estate or trust. Expenses (including fees) constituting miscellaneous itemized deductions are deductible only to the extent that such amounts exceed 2% of the "adjusted gross income" of the individual, estate or trust. Furthermore, the method to allocate such expenses among classes of stripped bonds and stripped coupons is unclear. In the absence of statutory or administrative clarification as to the method to be used, it is currently intended that, for purposes of any applicable tax information reporting rules, the expenses of the issuing entity will be allocated among the certificates in each accrual period based on the relative amounts of interest accrued during such accrual period. Prospective investors should consult their own tax advisors, however, as to the proper allocation of aggregate issuing entity expenses for U.S. federal income tax purposes.

Holders of Tax-Exempt Certificates that are individuals and other non-corporate Holders of Tax-Exempt Certificates should consult their own tax advisors regarding the ability to deduct expenses allocable to tax-exempt interest.

## Taxation of the Certificates

*General.* In general, taxable interest and taxable original issue discount ("OID") and market discount on a certificate will be treated as ordinary income to a Certificateholder. However, tax-exempt interest and the "tax-exempt portion" of OID on a Tax-Exempt Certificate (as described below in "Taxation of the Tax-Exempt Certificates") will be excluded from a Holder's gross income. Finally, principal payments on a Principal Balance Certificate will be treated as a return of capital to the extent of the Certificateholder's basis allocable to its Principal Balance Certificate (other than accrued market discount, if any, not yet reported as income).

*Original Issue Discount.* The following discussion is based in part upon the rules governing OID and stripped bonds and coupons that are set forth in sections 1271 through 1273, 1275 and 1286 of the Code and the Treasury regulations thereunder (the "OID Regulations"). In addition, certain special rules apply to tax-exempt obligations such as the Tax-Exempt Certificates, as described below under "—Taxation of the Tax-Exempt Certificates". Under section 1286 of the Code, a Certificateholder must treat the certificate as a debt instrument originally issued on the date the Certificateholder acquires it having OID equal to the excess, if any, of its "stated redemption price at maturity" (in the case of a stripped coupon, the amount payable on the due date of such coupon) over the price

considered paid by the Certificateholder to acquire it. Under applicable Treasury regulations, the interest payable on each Principal Balance Certificate with respect to the related Bond will be “qualified stated interest” that is excluded from the stated redemption price at maturity. Accordingly, the stated redemption price at maturity of each Principal Balance Certificate should include only the principal balance of the related Bond. Certificateholders must include OID (other than the “tax-exempt portion” of such OID with respect to the Tax-Exempt Certificates, as described below in “—Taxation of the Tax-Exempt Certificates”) in its ordinary income for U.S. federal income tax purposes as it accrues, in accordance with the method described below, generally in advance of receipt of the cash attributable to that income. The OID Regulations provide that a holder of a debt instrument may use an accrual period of any length, up to one year, as long as each distribution of principal or interest occurs on either the final day or the first day of an accrual period. The certificate administrator will report OID based on accrual periods of one (1) month. Each of these accrual periods (other than the first accrual period) will begin on a Distribution Date and end on the day before the next Distribution Date. Based on the foregoing, it is anticipated that the class ATE and AT certificates will not be issued with OID.

It is anticipated that the certificate administrator will treat the class XTE and XT certificates as having no qualified stated interest. Accordingly, the class XTE and XT certificates will be considered to be issued with OID in amounts equal to the excess of all distributions of interest expected to be received on such certificates. Any “negative” amounts of taxable OID on such classes attributable to rapid prepayments with respect to the Bonds will not be deductible currently. A Holder of a class XTE or XT certificate may be entitled to a deduction for a loss, which may be a capital loss, to the extent it becomes certain that such Holder will not recover a portion of its basis in the related certificate, assuming no further prepayments. In the alternative, it is possible that rules similar to the “noncontingent bond method” of the contingent interest rules of the OID Regulations may be promulgated with respect to the class XTE and XT certificates. Unless and until required otherwise by applicable authority, it is not anticipated that the contingent interest rules will apply.

Under a *de minimis* rule, OID on a Taxable Certificate will be considered to be zero if such OID is less than 0.25% of the stated redemption price at maturity of such Taxable Certificate multiplied by the weighted average maturity of such Taxable Certificate. For this purpose, the weighted average maturity is computed as the sum of the amounts determined by multiplying the number of full years (*i.e.*, rounding down partial years) from the Closing Date until each distribution scheduled to be made by a fraction, the numerator of which is the amount of each distribution included in the stated redemption price at maturity of such Taxable Certificate and the denominator of which is the stated redemption price at maturity of such Taxable Certificate. The Conference Committee Report to the 1986 Act provides that the schedule of such distributions should be determined in accordance with the assumed rate of prepayment of the Bonds, *i.e.*, no prepayments and no extensions (the “Prepayment Assumption”). Holders generally must report *de minimis* taxable OID *pro rata* as principal payments are received, and such income will be capital gain if the Taxable Certificate is held as a capital asset. However, under the OID Regulations, Holders of Taxable Certificates may elect to accrue all *de minimis* OID as well as premium under the constant yield method. See “—Election To Treat All Interest Under the Constant Yield Method” below. It is unclear whether the rules pertaining to *de minimis* OID apply to the portion of OID that is not tax-exempt interest with respect to the Tax-Exempt Certificates.

*Premium.* A certificate purchased upon initial issuance at a cost greater than its remaining stated redemption price at maturity generally is considered to be purchased at a premium. If the Certificateholder holds such certificate as a “capital asset” within the meaning of section 1221 of the Code, the Certificateholder may elect under section 171 of the Code to amortize such premium under the constant yield method. Final Treasury Regulations under section 171 of the Code do not, by their terms, apply to prepayable obligations such as the certificates. The Conference Committee Report to the 1986 Act provides that bond premium would amortize under section 171 of the Code on installment obligations such as the certificates on the basis of a constant interest rate, although it is unclear whether the alternative to the constant interest method, where the ratio of interest amortized for the relevant period to the sum of the interest amortized for such period plus the remaining interest after the end of such period, is available. Amortizable bond premium will be treated as an offset to interest income on a certificate rather than as a separate deduction item. See “—Election To Treat All Interest Under the Constant Yield Method” below regarding an alternative manner in which the election under section 171 of the Code may be deemed to be made with respect to the Taxable Certificates. Based on the foregoing, it is anticipated that the class ATE and AT certificates will not be issued at a premium. Because the stated redemption price at maturity of the class XTE and XT certificates will

include all anticipated distributions of interest on such class, it is unlikely that such classes could be purchased at a premium.

*Election To Treat All Interest Under the Constant Yield Method.* A Holder of a taxable debt instrument such as a Taxable Certificate may elect to treat all taxable interest that accrues on the instrument using the constant yield method, with none of the interest being treated as qualified stated interest. For purposes of applying the constant yield method to a debt instrument subject to such an election, (i) “interest” includes stated interest, taxable OID and *de minimis* taxable OID, as adjusted by any amortizable bond premium and (ii) the debt instrument is treated as if the instrument were issued on the Holder’s acquisition date in the amount of the Holder’s adjusted basis immediately after acquisition. A Holder generally may make such an election on an instrument-by-instrument basis or for a class or group of debt instruments. The election is made on the Holder’s federal income tax return for the year in which the debt instrument is acquired and is irrevocable except with the approval of the IRS. Investors should consult their own tax advisors regarding the advisability of making such an election. Holders of Tax-Exempt Certificates will not be permitted to make such an election with respect to their Tax-Exempt Certificates.

*Treatment of Losses.* Holders of the certificates will be required to report income with respect to them on the accrual method of accounting, without giving effect to delays or reductions in distributions attributable to a default or delinquency on the Bonds, except to the extent it can be established that such losses are uncollectible. Accordingly, the Holder of a Certificate may have income, or may incur a diminution in cash flow as a result of a default or delinquency, but may not be able to take a deduction (subject to the discussion below) for the corresponding loss until a subsequent taxable year. In this regard, investors are cautioned that while they generally may cease to accrue taxable interest income if it reasonably appears that such interest will be uncollectible, the IRS may take the position that OID must continue to be accrued in spite of its uncollectibility until the debt instrument is disposed of in a taxable transaction or becomes worthless in accordance with the rules of section 166 of the Code. Under section 166 of the Code, other than with respect to Holders of the class XTE or XT certificates, Certificateholders that are corporations or that otherwise hold the certificates in connection with a trade or business should in general be allowed to deduct as an ordinary loss any such loss sustained during the taxable year on any such certificates becoming wholly or partially worthless, and, in general, Certificateholders that are not corporations and do not hold the certificates in connection with a trade or business will be allowed to deduct as a short-term capital loss any loss with respect to principal sustained during the taxable year on any class of such certificates becoming wholly worthless. Although the matter is not free from doubt, such non-corporate Certificateholders should be allowed a bad debt deduction at such time as the outstanding principal balance of any class of such certificates is reduced to reflect losses resulting from liquidation of the related Bond to the extent the outstanding principal balance of such certificate is reduced below the Certificateholder’s basis in such certificate. Notwithstanding the foregoing, Holders of class XTE or XT certificates will not be entitled to a bad debt loss under section 166 of the Code. The IRS could also assert that losses on a class of Certificates are deductible based on some other method, such as reducing future cash flow for purposes of computing OID. This may have the effect of creating “negative” OID which, with the possible exception of the method discussed in the following sentence, would be deductible only against future positive OID or otherwise upon termination of the applicable class. Although not free from doubt, a Certificateholder with negative OID may be entitled to deduct a loss to the extent that its remaining basis would exceed the maximum amount of future payments to which such Holder was entitled, assuming no further prepayments. Certificateholders are urged to consult their own tax advisors regarding the appropriate timing, amount and character of any loss sustained with respect to such certificates. Special loss rules are applicable to banks and thrift institutions, including rules regarding reserves for bad debts. Such taxpayers are advised to consult their tax advisors regarding the treatment of losses on the certificates.

### **Taxation of the Tax-Exempt Certificates**

*Original Issue Discount.* Special rules limit the amount of OID that will be treated as tax-exempt on a tax-exempt obligation that is a stripped bond or a stripped coupon. Under section 1286(d) of the Code, OID on a tax-exempt obligation (or interest in such tax-exempt obligation) from which one or more coupons have been stripped (such as the Tax-Exempt Certificates) is excluded from a Holder’s gross income to the extent it does not exceed the “tax-exempt portion” of such OID. The “tax-exempt portion” of OID on a tax-exempt obligation is an amount equal to (i) the stated redemption price at maturity of the tax-exempt obligation over (ii) an issue price which would produce a yield to maturity on such tax-exempt obligation as of the purchase date equal to the lower of (a) the coupon rate of the tax-exempt obligation (or, at the purchaser’s election, the original yield to maturity of the tax-

exempt obligation) or (b) the yield to maturity (on the basis of such Holder's purchase price) of the stripped bond or stripped coupon. This determination is made with respect to each class of Tax-Exempt Certificates without regard to any other class of Tax-Exempt Certificates. For these purposes, the amount of OID on the Tax-Exempt Certificates will be determined without regard to the *de minimis* OID rules described above in "—Taxation of the Certificates—Original Issue Discount". The Holder of a Tax-Exempt Certificate issued with taxable OID will be required to accrue such OID in the same manner as Holders of Taxable Certificates pursuant to section 1272(a) of the Code (but without regard to the rule that reduces daily portions of such Holder's OID by a subsequent purchaser's acquisition premium). If the class XTE certificates have total OID in excess of the "tax-exempt portion" of OID, Holders of class XTE certificates will have taxable OID income with respect to such certificates.

**Holders of Tax-Exempt Certificates should consult their tax advisors regarding the federal income tax treatment of OID on their Tax-Exempt Certificates.**

*Market Discount.* A purchaser of a Tax-Exempt Certificate also may be subject to the market discount rules of sections 1276 through 1278 of the Code. Under these sections of the Code and the principles applied by the OID Regulations in the context of OID, "market discount" is the amount by which the purchaser's original basis in the Certificate (i) is exceeded by the remaining outstanding principal payments and non-qualified stated interest payments due on a Tax-Exempt Certificate, or (ii) in the case of a Tax-Exempt Certificate having OID, is exceeded by the adjusted issue price of such Tax-Exempt Certificate at the time of purchase. Such purchaser generally will be required to recognize ordinary income to the extent of accrued market discount on such Tax-Exempt Certificate as distributions includible in the stated redemption price at maturity of such Tax-Exempt Certificate are received, in an amount not exceeding any such distribution. Such market discount would accrue in a manner to be provided in Treasury Regulations. The Conference Committee Report to the 1986 Act provides that until such regulations are issued, such market discount would accrue, at the election of the Certificateholder, either (i) on the basis of a constant interest rate or (ii) in the ratio of interest accrued for the relevant period to the sum of the interest accrued for such period plus the remaining interest after the end of such period, or, in the case of classes issued with OID, in the ratio of OID accrued for the relevant period to the sum of the OID accrued for such period plus the remaining OID after the end of such period. Such purchaser also generally will be required to treat a portion of any gain on a sale or exchange of such Tax-Exempt Certificate as ordinary income to the extent of the market discount accrued to the date of disposition under one of these methods, less any accrued market discount previously reported as ordinary income as partial distributions in reduction of the stated redemption price at maturity were received. The amount of market discount on any Tax-Exempt Certificate will not be tax-exempt, and Holders of Tax-Exempt Certificates who purchased their Tax-Exempt Certificates with market discount will be subject to tax on the gain from the disposition of such Tax-Exempt Certificate, including accrued market discount.

Market discount with respect to a Tax-Exempt Certificate will be considered to be zero if such market discount is less than 0.25% of the remaining stated redemption price at maturity of such Tax-Exempt Certificate multiplied by the weighted average maturity of the Tax-Exempt Certificate remaining after the date of purchase. For this purpose, the weighted average maturity is determined by multiplying the number of full years (*i.e.*, rounding down partial years) from the Closing Date until each distribution in reduction of stated redemption price at maturity is scheduled to be made by a fraction, the numerator of which is the amount of each such distribution included in the stated redemption price at maturity of the Tax-Exempt Certificate and the denominator of which is the total stated redemption price at maturity of the Tax-Exempt Certificate. It appears that *de minimis* market discount would be reported *pro rata* as principal payments are received. Treasury Regulations implementing the market discount rules have not yet been issued, and investors should therefore consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect to any market discount. Investors should also consult Revenue Procedure 92-67 concerning the elections to include market discount in income currently and to accrue market discount on the basis of the constant yield method.

*Disallowance of Interest and Other Expenses.* The interest expense of Holders of Tax-Exempt Certificates for indebtedness incurred or continued (or deemed incurred or continued) to purchase or carry the portion of the Tax-Exempt Certificates attributable to tax-exempt interest will not be deductible for federal income tax purposes. Other expenses allocable to tax-exempt interest are not deductible for such purposes by individuals and other non-corporate Holders.

## Sales and Other Dispositions of Certificates

*General.* Upon the sale, exchange, or other disposition of a certificate, a Certificateholder generally will recognize gain or loss equal to the difference between the amount realized and the Certificateholder's adjusted basis in the certificate. The adjusted basis of a certificate generally will equal the cost of the certificate to the Certificateholder, increased by any taxable OID included in the Certificateholder's gross income with respect to the certificate (including any tax-exempt OID) and reduced (but not below zero) by distributions previously received by the Certificateholder of amounts included in the certificate's stated redemption price at maturity and by any premium that has reduced the Certificateholder's interest income with respect to the certificate. Any such gain or loss generally will be capital gain or loss, except as provided in section 582(c) of the Code (which generally applies to banks). Generally, any capital gain (or loss) will be long-term capital gain (or loss) if at the time of disposition the Certificateholder held the certificates for more than one year. The ability to deduct capital losses is subject to limitations.

*Deemed Sale or Exchange.* If a Bond is modified (by the trust administrator or otherwise) in a manner that constitutes a "significant modification" of the Bond (within the meaning of Treasury Regulations Section 1.1001-3), a Certificateholder will be treated for federal income tax purposes as having exchanged its interest in the Bond immediately prior to the modification for an interest in the modified Bond and will realize gain or loss equal to the difference, if any, between such Certificateholder's "issue price" of its interest in the modified Bond and such Holder's adjusted basis in its certificate prior to the modification. Certificateholders should consult their tax advisors regarding the federal income tax consequences of any modification of a Bond.

## Foreign Investors

Generally, interest, including OID, distributable to beneficial owners of certificates who are nonresident aliens, foreign corporations, or other non U.S. Persons (i.e., any person who is not a "U.S. Person," as defined in the next paragraph), will be considered "portfolio interest" and, therefore, generally will not be subject to 30% United States withholding tax, provided that such non U.S. Person (i) is not a "10 percent shareholder" within the meaning of section 871(h)(3)(B) of the Code, or a controlled foreign corporation described in section 881(c)(3)(C) of the Code related to, the Agency and (ii) provides the certificate administrator, or the person who would otherwise be required to withhold tax from such distributions under section 1441 or 1442 of the Code, with an appropriate statement, signed under penalties of perjury, identifying the beneficial owner and stating, among other things, that the beneficial owner of the certificate is a non-U.S. Person. The appropriate documentation includes IRS Form W-8BEN-E or IRS Form W-8BEN, if the non-U.S. Person is an entity (such as a corporation) or individual, respectively, eligible for the benefits of the portfolio interest exemption or an exemption based on a treaty; IRS Form W-8ECI if the non-U.S. Person is eligible for an exemption on the basis of its income from the certificate being effectively connected to a United States trade or business; IRS Form W-8BEN-E or IRS Form W-8IMY if the non-U.S. Person is a trust, depending on whether such trust is classified as the beneficial owner of the certificate; and IRS Form W-8IMY, if the non-U.S. Person is a partnership, with supporting documentation as is specified in the Treasury Regulations, required to substantiate exemptions from withholding on behalf of its partners. An intermediary (other than a partnership) must provide IRS Form W-8IMY, revealing all required information, including its name, address, taxpayer identification number, the country under the laws of which it is created, and certification that it is not acting for its own account. A "qualified intermediary" must certify that it has provided, or will provide, a withholding statement as required under Treasury Regulations Section 1.1441-1(e)(5)(v), but need not disclose the identity of its account holders on its IRS Form W-8IMY, and may certify its account holders' status without including each beneficial owner's certification. A "non-qualified intermediary" must additionally certify that it has provided, or will provide, a withholding statement that is associated with the appropriate IRS Forms W-8 and W-9 required to substantiate exemptions from withholding on behalf of its beneficial owners. The term "intermediary" means a person acting as a custodian, a broker, nominee or otherwise as an agent for the beneficial owner of a certificate. A "qualified intermediary" is generally a foreign financial institution or clearing organization or a non-U.S. branch or office of a U.S. financial institution or clearing organization that is a party to a withholding agreement with the IRS.

If such statement, or any other required statement, is not provided, 30% withholding will apply with respect to taxable interest and taxable OID unless such taxable interest or taxable OID on the certificate is effectively connected with the conduct of a trade or business within the United States by such non-U.S. Person. In that case,

such non-U.S. Person will be subject to U.S. federal income tax at regular rates. The term “U.S. Person” means a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States, any State in the United States or the District of Columbia, including an entity treated as a corporation or partnership for U.S. federal income tax purposes, an estate whose income is subject to U.S. federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of such trust, and one or more such U.S. Persons have the authority to control all substantial decisions of such trust (or, to the extent provided in applicable Treasury Regulations, certain trusts in existence on August 20, 1996 that have elected to be treated as U.S. Persons).

The Bond Trustee may acquire ownership of the mortgaged real property securing the Bonds by foreclosure, deed in lieu of foreclosure or otherwise following an event of default. Non-U.S. Persons should consult their tax advisors concerning the consequences of the acquisition of the mortgaged real property by the Bond Trustee.

**Prospective investors that are not U.S. Persons are urged to consult their own tax advisors with respect to an investment in the certificates.**

### **Backup Withholding with Respect to Certificates**

Distributions made on the certificates, and proceeds from the sale of the certificates to or through certain brokers may be subject to a “backup” withholding tax under section 3406 of the Code at the current rate of 28% on “reportable payments” (including interest distributions, OID, and, under certain circumstances, principal distributions) unless the Certificateholder is a U.S. Person and provides IRS Form W-9 with the correct taxpayer identification number; is a non-U.S. Person and provides IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, identifying the non-U.S. Person and stating that the beneficial owner is not a U.S. Person; or can be treated as an exempt recipient within the meaning of Treasury Regulations Section 1.6049-(c)(1)(ii). Any amounts withheld from distribution on the certificates would be refunded by the IRS or allowed as a credit against the Certificateholder’s federal income tax liability. Information reporting requirements may also apply regardless of whether withholding is required. Investors are urged to contact their own tax advisors regarding the application to them of backup withholding and information reporting.

### **FATCA**

Under the “Foreign Account Tax Compliance Act” (“FATCA”) provisions of the Hiring Incentives to Restore Employment Act, a 30% withholding tax is generally imposed on certain payments, including U.S.-source interest (except interest that is excluded from gross income), and, on or after January 1, 2019, gross proceeds from the sale or other disposition of debt obligations that give rise to U.S.-source interest, to “foreign financial institutions” and certain other foreign financial entities if those foreign entities fail to comply with the requirements of FATCA. The certificate administrator will be required to withhold amounts under FATCA on payments made to Certificateholders who are subject to the FATCA requirements and who fail to provide the certificate administrator with proof that they have complied with such requirements. Prospective investors should consult their tax advisors regarding the applicability of FATCA to their certificates.

### **3.8% Medicare Tax on “Net Investment Income”**

Certain non-corporate U.S. Persons will be subject to an additional 3.8% tax on all or a portion of their “net investment income,” which may include the interest payments on the Taxable Certificates, taxable OID on the Tax-Exempt Certificates and any gain realized with respect to the certificates, to the extent of their net investment income that, when added to their other modified adjusted gross income, exceeds \$200,000 for an unmarried individual, \$250,000 for a married taxpayer filing a joint return (or a surviving spouse), or \$125,000 for a married individual filing a separate return. The 3.8% Medicare tax is determined in a different manner than the regular income tax. U.S. Persons should consult their tax advisors with respect to their consequences with respect to the 3.8% Medicare tax.

## Reporting Requirements

Treasury Regulations require the certificate administrator to file an annual information return with the IRS and to furnish to holders of the certificates their respective shares of income and expenses with respect to their interests in the grantor trusts.

The IRS has published final regulations which establish a reporting framework for interests in “widely held fixed investment trusts” and place the responsibility of reporting on the person in the ownership chain who holds an interest for a beneficial owner. A widely-held fixed investment trust is defined as an arrangement classified as an “investment trust” under Treasury Regulations Section 301.7701-4(c), in which any interest is held by a middleman, which includes, but is not limited to (i) a custodian of a person’s account, (ii) a nominee and (iii) a broker holding an interest for a customer in street name.

Under these regulations, the certificate administrator will be required to file IRS Form 1099 (or any successor form) with the IRS with respect to Holders of the certificates who are not “exempt recipients” (a term that includes corporations, trusts, securities dealers, middlemen and certain other non-individuals) and do not hold such certificates through a middleman, to report the gross income of the issuing entity and, in certain circumstances, if any issuing entity assets were disposed of or certificates are sold in secondary market sales, the portion of the gross proceeds relating to the issuing entity assets that are attributable to such Holder. The same requirements would be imposed on middlemen holding certificates on behalf of Holders.

These regulations also require that the certificate administrator make available information regarding interest income and information necessary to compute any OID to (i) exempt recipients (including middlemen) and non-calendar year taxpayers, upon request, in accordance with the requirements of the regulations and (ii) holders who do not hold their certificates through a middleman. The information must be provided to parties specified in clause (i) on or before the later of the 30th day after the close of the calendar year to which the request relates and 14 days after the receipt of the request. The information must be provided to parties specified in clause (ii) on or before March 15th of the calendar year for which the statement is being furnished.

## Future Legislation

Various proposals have been, and in the future may be, introduced before Congress to restrict or eliminate the federal income tax exemption or to impose certain collateral tax consequences on the ownership of municipal obligations (such as the Tax-Exempt Bonds). In addition, various proposals have been made and bills introduced that would substantially alter the federal income tax base or the rate structure or both, which could affect the value of the Tax-Exempt Bonds. No prediction can be made regarding what additional legislation, if any, may be proposed and enacted with respect to the tax-exempt status of interest on municipal obligations, nor can any prediction be made whether any such proposed legislation, if enacted, would apply to the Tax-Exempt Bonds or the certificates.

## Substantial Users

Section 147(a) of the Code generally provides that interest on tax-exempt private activity bonds will be subject to federal income tax during any period that the tax-exempt private activity bonds are held by a “substantial user” of the facilities financed by the tax-exempt private activity bonds or a related person. A Holder of certificates will acknowledge (by its purchase of certificates) that it is neither a substantial user nor a related person to a substantial user, within the meaning of section 147(a) of the Code.

**DUE TO THE COMPLEXITY OF THESE RULES AND THE CURRENT UNCERTAINTY AS TO THE MANNER OF THEIR APPLICATION TO THE ISSUING ENTITY AND CERTIFICATEHOLDERS, IT IS PARTICULARLY IMPORTANT THAT POTENTIAL INVESTORS CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX TREATMENT OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE CERTIFICATES.**

## **STATE, LOCAL AND OTHER TAX CONSIDERATIONS**

In addition to the federal income tax consequences described in “Certain Federal Income Tax Consequences,” potential investors should consider the state, local and other income tax consequences of the acquisition, ownership, and disposition of the certificates. State and local income tax law may differ substantially from the corresponding federal law, and this discussion does not purport to describe any aspect of the income tax laws of any state, local or other jurisdiction. Bond Counsel provided an opinion on the Bonds that generally interest paid on such bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York (including The City of New York). However, the amount of OID that is tax-exempt under such jurisdictions likely will be limited to the “tax-exempt portion” applicable to “stripped bonds” and “stripped coupons” under section 1286(d) of the Code described under “Certain Federal Income Tax Consequences—Taxation of the Tax-Exempt Certificates” in this information circular. Potential investors should consult their own tax advisors with respect to the various tax consequences of investments in the certificates, including whether interest income on the certificates is subject to state or local income tax.

## **USE OF PROCEEDS**

We will use the net proceeds from the sale of the certificates to pay part of the purchase price of the Bonds.

## **PLAN OF DISTRIBUTION**

Subject to the terms and conditions of a certificate purchase agreement, we have agreed to sell to Freddie Mac the certificates and Freddie Mac has agreed to purchase the certificates from us. Freddie Mac intends to include the certificates in pass-through pools that it will form for its SPCs.

## **LEGAL MATTERS**

The validity of the certificates and certain federal income tax matters will be passed upon for us by Cadwalader, Wickersham & Taft LLP, New York, New York. Cadwalader, Wickersham & Taft LLP also regularly provides legal representation to Freddie Mac.

## GLOSSARY

The following capitalized terms will have the respective meanings assigned to them in this “Glossary” section whenever they are used in this information circular, including in any of the exhibits to this information circular.

“2014 Series A Bonds” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“2014 Series A Resolution” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“2014 Series B Bonds” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“2014 Series B Resolution” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“2015 Series A Bonds” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“2015 Series A Resolution” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“2017 Series A Bonds” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“2017 Series A Resolution” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“Act” has the meaning assigned to such term in “Description of the Bond Trustee, the Bond Issuer and the Bond Credit Enhancer—The Bond Trustee” in this information circular.

“Actual/360 Basis” means the accrual of interest based on the actual number of days elapsed during each one-month accrual period in a year assumed to consist of 360 days.

“Additional Bonds” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“Additional Issuing Entity Expense” means an expense (other than the Guarantee Fee) of the issuing entity that—

- arises out of a default on a Bond or an otherwise unanticipated event affecting the issuing entity, whether or not related to a particular Bond;
- is not covered by a corresponding collection from the Agency, Bond Credit Enhancer or indemnification from another person; and
- to the extent that it is allocable to a particular Bond, is not covered by late payment charges or Default Interest collected on that Bond.

We provide some examples of Additional Issuing Entity Expenses under “Description of the Certificates—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” in this information circular.

“Affordable New York Housing 421-a Program” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement Prepayment” in this information circular.

“Affordable Unit Owner” has the meaning assigned to such term in “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Borrower and the Sponsor of the Borrower” in this information circular.

“Agency” has the meaning assigned to such term in “Description of the Bond Issuer, the Bond Trustee and the Bond Credit Enhancer—The Bond Issuer” in this information circular.

“Aggregate Annual Cap” means, with respect to the trustee, the Trustee Aggregate Annual Cap; with respect to the certificate administrator, the Certificate Administrator Aggregate Annual Cap; with respect to any Third Party Trust Administrator, the Third Party Trust Administrator Aggregate Annual Cap; and with respect to the depositor, the Depositor Aggregate Annual Cap; *provided* that if the same person or entity is the trustee and the certificate administrator, Aggregate Annual Cap will refer to the Trustee/Certificate Administrator Aggregate Annual Cap, and not the Trustee Aggregate Annual Cap or the Certificate Administrator Aggregate Annual Cap.

“Aggregate Annual Cap Termination Date” means the earlier to occur of (i) the determination date in August 2026 and (ii) any determination date immediately following the date on which the certificate administrator determines, and indicates on the statement to certificateholders, that the aggregate amount of Unreimbursed Indemnification Expenses (with interest on such amounts) and unreimbursed Additional Issuing Entity Expenses equals or exceeds an amount equal to 50% of the outstanding principal balance of the Bond pool on such determination date (after the application of all payments of principal and/or interest collected during the related Collection Period).

“Alternate Security” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Appraised Value” means, for the mortgaged real property, the “as is” value estimate reflected in the most recent appraisal obtained by or otherwise in the possession of the Bond Seller, except as described in Exhibit A-1 and/or the related footnotes as to any Bond with a “prospective value upon stabilization,” which value is estimated assuming satisfaction of projected re-tenanting or increased tenant occupancy conditions, or with an “as-complete” value, which value is estimated assuming completion of certain deferred maintenance.

In general, the amount of costs assumed by the appraiser for these purposes is based on—

- an estimate by the individual appraiser;
- an estimate by the borrower;
- the estimate set forth in the property condition assessment conducted in connection with the origination of the related Bond; or
- a combination of these estimates.

“Assignment and Intercreditor Agreement” has the meaning assigned to such term under “Description of the Assignment and Intercreditor Agreement—General” in this information circular.

“Assumed Final Distribution Date” means, with respect to any class of certificates, the date set forth for such class in the table on page 5.

“Available Distribution Amount” means, (i) with respect to collections on the Tax-Exempt Bonds and distributions on the class ATE and XTE certificates, the Tax-Exempt Available Distribution Amount and (ii) with respect to collections on the Taxable Bonds and distributions on the class AT and XT certificates, the Taxable Available Distribution Amount, as applicable.

“Balloon Guarantor Payment” means, with respect to any distribution date and the Principal Balance Certificates, the amount of additional principal that would have been distributed to the class ATE certificates if the Tax-Exempt Principal Distribution Amount or the class AT certificates if the Taxable Principal Distribution Amount, as applicable, had been increased by an amount equal to the aggregate amount of the Stated Principal Balance of each related Bond that reached its Extraordinary Mandatory Tender Date (without giving effect to any acceleration of principal of such Bond by reason of a default and without regard to any grace period permitted by the Resolution or any modifications, waivers or amendments granted by the Agency or the Bond Trustee after the Closing Date) during the related Collection Period but as to which the borrower or Bond Credit Enhancer failed to pay the entire outstanding principal balance of the related Bond, including the balloon payment by the end of such Collection Period (and with respect to which no final recovery determination has been made prior to its Extraordinary Mandatory Tender Date); such aggregate amount not to exceed the outstanding principal balance of (i) the class ATE certificates, as reduced by the Tax-Exempt Principal Distribution Amount or (ii) the class AT certificates, as reduced by the Taxable Principal Distribution Amount, to be applied in reduction of the outstanding principal balance of the such class of certificates on such distribution date. If the Scheduled Termination Date is extended, for purposes of this definition, an Extraordinary Mandatory Tender Date will be deemed to occur on August 2, 2027.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

“BBA” means The British Bankers’ Association.

“Bond Counsel” has the meaning assigned to such term in “Certain Federal Income Tax Consequences—Tax-Exemption of the Tax-Exempt Bonds” in this information circular.

“Bond Credit Enhancer” has the meaning assigned to such term in “Description of the Bond Issuer, the Bond Trustee and the Bond Credit Enhancer—The Bond Credit Enhancer” in this information circular.

“Bond Interest Rate” has the meaning assigned to such term under “Summary of Information Circular—Transaction Overview” in this information circular.

“Bond Pass-Through Rate” has the meaning assigned to such term under “Summary of Information Circular—Transaction Overview” in this information circular.

“Bond Purchase Price” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Bond Seller” means Freddie Mac, or any successor, in its capacity as Bond seller.

“Bond Summary Sections” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“Bond Trustee” has the meaning assigned to such term in “Description of the Bond Issuer, the Bond Trustee and the Bond Credit Enhancer—The Bond Trustee” in this information circular.

“Bonds” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“Business Day” means (i) with respect to the Bonds and the Mortgage Loan, the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular, and (ii) with respect to the certificates, any day other than a Saturday, a Sunday or any day on which banking institutions in the City and State of New York or in the cities in which the principal offices of Freddie Mac, the certificate administrator or the trust administrator are located or the city in which the corporate trust office of the trustee is located, are authorized or obligated by law, executive order or governmental decree to remain closed.

“Calculation Agent” means, for so long as any of the certificates remain outstanding, an agent appointed to determine LIBOR in respect of each Interest Accrual Period for the certificates. The certificate administrator will be the initial Calculation Agent for purposes of determining LIBOR for each Interest Accrual Period for the certificates.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

“Certificate Administrator Aggregate Annual Cap” means \$50,000 per calendar year.

“Certificateholder” or “Holder” has the meaning assigned to such term under “Certain Federal Income Tax Consequences—General” in this information circular.

“Certificates” means the class ATE, AT, XTE and XT certificates.

“Change Date” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Class Final Guarantor Payment” means any payment made by the Guarantor in respect of clause 4 of the definition of “Deficiency Amount.”

“Class XT Strip Rate” has the meaning assigned to such term under “Description of the Certificates—Distributions—Calculation of Pass-Through Rates” in this information circular.

“Class XTE Strip Rate” has the meaning assigned to such term under “Description of the Certificates—Distributions—Calculation of Pass-Through Rates” in this information circular.

“Closing Date” means the date of initial issuance for the certificates, which will be on or about September 20, 2017.

“CMBS” means commercial and multifamily mortgage-backed securities.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collection Period” means, with respect to any distribution date for the certificates, the related period commencing immediately following the determination date in the calendar month preceding the month in which such distribution date occurs and ending on and including the determination date in the calendar month in which such distribution date occurs, or, with respect to the first distribution date for the certificates, the period commencing on the Cut-off Date and ending on and including the determination date in October 2017.

“Commitment” has the meaning assigned to such term under “Description of the Mortgage Loan—Servicing of the Mortgage Loan—Summary of Mortgage Loan Servicing Agreement” in this information circular.

“Conservator” means FHFA, in its capacity as Freddie Mac’s conservator.

“Conversion Date” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Cost Approach” means the determination of the value of a mortgaged real property arrived at by adding the estimated value of the land to an estimate of the current replacement cost of the improvements, and then subtracting depreciation from all sources.

“CPP” means an assumed constant rate of prepayments each month after the expiration of any lockout and prepayment premium period, which is expressed on a *per annum* basis, relative to the then-outstanding principal balance of a pool of mortgage bonds for the life of those bonds.

“CPR” means an assumed constant rate of prepayments each month after the expiration of any lockout period, which is expressed on a *per annum* basis, relative to the then-outstanding principal balance of a pool of mortgage bonds for the life of those bonds.

“Credit Enhancement Agreement” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular.

“Credit Facility” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Credit Facility Fee” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement” in this information circular.

“Credit Facility Provider” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Credit Substitution Date” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“CREFC®” means the Commercial Real Estate Finance Council, an international trade organization for the commercial real estate capital markets.

“CREFC Investor Reporting Package®” means:

1. the following 6 electronic files: (i) CREFC® Loan Setup File, (ii) CREFC® Loan Periodic Update File, (iii) CREFC® Property File, (iv) CREFC® Bond Level File, (v) CREFC® Financial File and (vi) CREFC® Collateral Summary File; and
2. the following 9 supplemental reports, if applicable: (i) CREFC® Delinquent Loan Status Report, (ii) CREFC® Historical Loan Modification/Forbearance and Corrected Mortgage Loan Report, (iii) CREFC® Historical Liquidation Loss Report, (iv) CREFC® Loan Level Reserve/LOC Report, (v) CREFC® Comparative Financial Status Report, (vi) CREFC® Servicer Watchlist, (vii) CREFC® Operating Statement Analysis Report, (viii) CREFC® NOI Adjustment Worksheet and (ix) CREFC® Reconciliation of Funds Report; or
3. in lieu of (1) and (2), such new CREFC Investor Reporting Package® consented to by Freddie Mac and the trust administrator.

“Cut-off Date” has the meaning assigned to such term under “Summary of the Information Circular—Transaction Overview” in this information circular.

“Cut-off Date Balance/Unit” means, with respect to any Bond, the ratio of—

1. the Cut-off Date Principal Balance of all of the Bonds, to
2. the Total Units at the mortgaged real property.

“Cut-off Date Loan-to-Value Ratio” or “Cut-off Date LTV” means, with respect to any Bond, the ratio of—

1. the Cut-off Date Principal Balance of all of the Bonds, to
2. the most recent Appraised Value of the mortgaged real property.

“Cut-off Date Principal Balance” or “Cut-off Date Loan Amount” means, with respect to any Bond, the outstanding principal balance of such Bond as of the Cut-off Date.

“DBTCA” means Deutsche Bank Trust Company Americas, a New York banking corporation, and its successors-in-interest.

“Default Interest” means any interest that—

1. accrues on a Defaulted Bond solely by reason of the subject default; and
2. is in excess of all interest at the regular bond interest rate for the Bond.

“Defaulted Bond” means any Bond (a) that is at least 60 days delinquent in respect of its monthly payments without giving effect to any grace period permitted by the Resolution or (b) that is delinquent in respect of its balloon payment, without giving effect to any grace period permitted by the Resolution; *provided, however*, that no monthly payment (other than a balloon payment) will be deemed delinquent if less than \$10 of all amounts due and payable on such Bond has not been received.

“Deficiency Amount” means, with respect to any distribution date and any class of certificates, the sum of:

1. the amount, if any, by which, with respect to each class of certificates, the interest payable on such class exceeds the amount of interest actually distributed to the holders of such class of certificates on such distribution date, excluding any such excess caused by the application of Prepayment Interest Shortfalls;
2. any Balloon Guarantor Payment for the Principal Balance Certificates;
3. the amount, if any, of Realized Losses and Additional Issuing Entity Expenses allocated to the Principal Balance Certificates; and
4. on the Assumed Final Distribution Date for the Principal Balance Certificates, the outstanding principal balance of such class on such Assumed Final Distribution Date (after giving effect to all amounts distributable and allocable to principal on such class but prior to giving effect to any Guarantor Payment including any Balloon Guarantor Payment for such class on such final distribution date).

“Depositor Aggregate Annual Cap” means \$300,000 per calendar year.

“Direct Placement Mode” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Discretionary Tender Date” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Distribution Accounts” has the meaning assigned to such term in “Description of the Certificates—Distribution Accounts” in this information circular.

“Dodd-Frank Act” means The Dodd-Frank Wall Street Reform and Consumer Protection Act.

“DTC” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“ESA” means an environmental site assessment.

“Estimated Annual Operating Expenses” means, for the mortgaged real property securing the Bonds, the historical annual operating expenses for the property, adjusted upward or downward, as appropriate, to reflect, among other things, any expense modifications made as discussed below.

For purposes of calculating the Estimated Annual Operating Expenses for the mortgaged real property:

- the “historical annual operating expenses” for that property normally consist of historical expenses that were generally obtained/estimated—
  1. from operating statements relating to a complete fiscal year of the borrower for the prior three calendar years or a trailing 12-month period ended in one such year,
  2. by annualizing the most recent partial calendar year amount of operating expenses for which operating statements were available, with adjustments for some items deemed inappropriate for annualization,
  3. by calculating a stabilized estimate of operating expenses which takes into consideration historical financial statements and material changes in the operating position of the property, such as newly signed leases and market data, or

4. if the property was recently constructed, by calculating an estimate of operating expenses based on the appraisal of the property or market data; and
- the “expense modifications” made to the historical annual operating expenses for that property often include—
  1. assuming, in most cases, that a management fee, equal to approximately 2.5% to 5.0% of total revenues, was payable to the Property Manager,
  2. adjusting historical expense items upwards or downwards to reflect inflation and/or industry norms for the particular type of property,
  3. the underwritten recurring replacement reserve amounts, and
  4. adjusting historical expenses downwards by eliminating various items which are considered non-recurring in nature or which are considered capital improvements, including recurring capital improvements.

The amount of any underwritten recurring replacement reserve amounts and/or underwritten leasing commissions and tenant improvements for the mortgaged real property is shown in the table titled “Engineering Reserves and Recurring Replacement Reserves” on Exhibit A-1. The underwritten recurring replacement reserve amounts shown on Exhibit A-1 are expressed as dollars per unit.

By way of example, Estimated Annual Operating Expenses generally include—

- salaries and wages;
- the costs or fees of—
  1. utilities,
  2. repairs and maintenance,
  3. replacement reserves,
  4. marketing,
  5. insurance,
  6. management,
  7. landscaping, and/or
  8. security, if provided at the property, and
- the amount of taxes, general and administrative expenses and other costs.

Estimated Annual Operating Expenses generally do not reflect, however, any deductions for debt service, depreciation and amortization or capital expenditures or reserves for any of those items, except as described above.

Estimated Annual Operating Expenses for the mortgaged real property are calculated on the basis of numerous assumptions and subjective judgments, which, if ultimately proven erroneous, could cause the actual operating expenses for such mortgaged real property to differ materially from the Estimated Annual Operating Expenses set forth in this information circular. Some assumptions and subjective judgments relate to future events, conditions and circumstances, including future expense levels, which will be affected by a variety of complex factors over which none of the depositor, the Bond Seller, the trust administrator, the certificate administrator or the trustee have control. In some cases, the Estimated Annual Operating Expenses for the mortgaged real property are lower, and may be materially lower, than the annual operating expenses for the mortgaged real property based on historical

operating statements. In determining the Estimated Annual Operating Expenses for the mortgaged real property, the Bond Seller in most cases relied on generally unaudited financial information provided by the respective borrowers. No assurance can be given with respect to the accuracy of the information provided by any borrowers, or the adequacy of any procedures used by the Bond Seller in determining the Estimated Annual Operating Expenses.

“Estimated Annual Revenues” generally means, for the mortgaged real property, the base estimated annual revenues for the property, adjusted upward or downward, as appropriate, to reflect any revenue modifications made as discussed below.

For purposes of calculating the Estimated Annual Revenues for the mortgaged real property:

- the “base estimated annual revenues” for that property were generally assumed to equal the annualized amounts of gross potential rents; and
- the “revenue modifications” made to the base estimated annual revenues for that property often include—
  1. adjusting the revenues downwards by applying a combined vacancy and rent loss, including concessions, adjustment that reflected then current occupancy or, in some cases, a stabilized occupancy or, in some cases, an occupancy that was itself adjusted for historical trends or market rates of occupancy with consideration to competitive properties,
  2. adjusting the revenues upwards to reflect, in the case of some tenants, increases in base rents scheduled to occur during the following 12 months,
  3. adjusting the revenues upwards for estimated income consisting of, among other items, late fees, laundry income, application fees, cable television fees, storage charges, electrical pass-throughs, pet charges, janitorial services, furniture rental and parking fees, and
  4. adjusting the revenues downwards in some instances where rental rates were determined to be significantly above market rates and the subject space was then currently leased to tenants that did not have long-term leases or were believed to be unlikely to renew their leases.

Estimated Annual Revenues for the mortgaged real property are calculated on the basis of numerous assumptions and subjective judgments, which, if ultimately proven erroneous, could cause the actual revenues for such mortgaged real property to differ materially from the Estimated Annual Revenues set forth in this information circular. Some assumptions and subjective judgments relate to future events, conditions and circumstances, including the re-leasing of vacant space and the continued leasing of occupied spaces, which will be affected by a variety of complex factors over which none of the depositor, the Bond Seller, the trust administrator, the certificate administrator or the trustee have control. In some cases, the Estimated Annual Revenues for the mortgaged real property are higher, and may be materially higher, than the annual revenues for that mortgaged real property based on historical operating statements. In determining the Estimated Annual Revenues for the mortgaged real property, the Bond Seller in most cases relied on rent rolls and/or generally unaudited financial information provided by the respective borrowers. No assurance can be given with respect to the accuracy of the information provided by any borrowers, or the adequacy of any procedures used by the Bond Seller in determining the Estimated Annual Revenues.

“Event of Default” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement” in this information circular.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Extraordinary Mandatory Tender Date” has the meaning assigned to such term under “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Fannie Mae” means the Federal National Mortgage Association.

“FHFA” means the Federal Housing Finance Agency.

“Financing Agreement” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Financing Agreement” in this information circular.

“Fitch” means Fitch Ratings, Inc., and its successors-in-interest.

“Fixed Interest Rate” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Freddie Mac” means Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created and existing under Title III of the Emergency Home Finance Act of 1970, as amended, or any successor to it (“FHLMC”), or certain of its affiliates, if any, who assume certain obligations or are assigned certain rights under the Trust Agreement, as described under “Description of Freddie Mac—Proposed Operation of Multifamily Mortgage Business on a Stand-Alone Basis” in this information circular; *provided, however*, that “Freddie Mac” means FHLMC with respect to its obligations as:

- (i) Bond Seller pursuant to the Bond Purchase Agreement and the Trust Agreement; and
- (ii) Guarantor pursuant to the Freddie Mac Guarantee.

“Freddie Mac Act” means Title III of the Emergency Home Finance Act of 1970, as amended.

“Freddie Mac Guarantee” means obligations of the Guarantor as described under “Description of the Certificates—Distributions—Freddie Mac Guarantee” in this information circular.

“GAAP” means generally accepted accounting principles.

“General Resolution” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“Grantor Trust” means each portion of the trust fund constituting a “grantor trust” under subpart E, part I, subchapter J, chapter 1 of subtitle A of the Code.

“Greystone” has the meaning assigned to such term under “Description of the Mortgage Loan—Servicing of the Mortgage Loan—The Mortgage Loan Servicer” in this information circular.

“Gross Interest Rate Margin” means the spread over One-Month LIBOR on the Mortgage Loan, which includes the Credit Facility Fee, the Servicing Fee and the other annual fees payable related to the Bonds.

“Guarantee Fee” means, for any distribution date and with respect to the certificates, the fee payable to the Guarantor in respect of its services as Guarantor, which fee accrues at the Guarantee Fee Rate on a balance equal to the total outstanding principal balance of the Principal Balance Certificates immediately prior to such distribution date. The Guarantee Fee with respect to the certificates will accrue on an Actual/360 Basis and will be based on the number of days in the related Interest Accrual Period for the certificates.

“Guarantee Fee Rate” means the guarantee fee rate set forth in “Description of the Certificates—Fees and Expenses” in this information circular.

“Guarantor” means Freddie Mac, in its capacity as the guarantor of the certificates.

“Guarantor Payment” means any payment made by the Guarantor in respect of a Deficiency Amount.

“Guarantor Reimbursement Amount” means, with respect to any distribution date and any class of certificates, the sum of all amounts paid by the Guarantor in respect of Deficiency Amounts for such class of certificates on such distribution date and on all prior distribution dates, to the extent not previously reimbursed (including from collections in respect of any Bond on which a Balloon Guarantor Payment was made).

“Guarantor Reimbursement Interest Amount” means, with respect to any distribution date and any class of certificates, interest on any Guarantor Reimbursement Amount (other than a Timing Guarantor Payment) for such

class of certificates at a *per annum* rate for each day (calculated on a daily basis) equal to the Prime Rate for such day plus 2.00%, calculated on an Actual/360 Basis.

“Guide” means the Freddie Mac Multifamily Seller/Servicer Guide, as amended or supplemented from time to time. To the extent the Freddie Mac Multifamily Seller/Servicer Guide is no longer published by Freddie Mac, either directly or indirectly, “Guide” will refer to any successor guide as prescribed by Freddie Mac, which will be provided by Freddie Mac upon request if not otherwise reasonably accessible to the parties to the Trust Agreement; *provided, however*, that in the event that no successor guide is prescribed by Freddie Mac within 90 days of the date on which the Guide is no longer published by Freddie Mac, all references to the “Guide” in the Trust Agreement will be disregarded and the Guide will no longer be applicable. For purposes of the Trust Agreement, the term “Guide” will not include any form referenced in the Freddie Mac Multifamily Seller/Servicer Guide. Such forms will be applicable at the option of the trust administrator.

“HPD” has the meaning assigned to such term in “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Mortgaged Real Property” in this information circular.

“HPD Regulatory Agreement” has the meaning assigned to such term in “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Mortgaged Real Property” in this information circular.

“HUD” means United States Department of Housing and Urban Development.

“ICE” has the meaning assigned to such term in “Description of the Bonds—Certain Provisions of the Bonds—Index Rate” in this information circular.

“Income Approach” means the determination of the value of a mortgaged real property by using the discounted cash flow method of valuation or by the direct capitalization method. The discounted cash flow analysis is used in order to measure the return on a real estate investment and to determine the present value of the future income stream expected to be generated by the mortgaged real property. The future income of the mortgaged real property, as projected over an anticipated holding period, and the resulting net operating incomes or cash flows are then discounted to present value using an appropriate discount rate. The direct capitalization method generally converts an estimate of a single year’s income expectancy, or, in some cases, a hypothetical stabilized single year’s income expectancy, into an indication of value by dividing the income estimate by an appropriate capitalization rate. An applicable capitalization method and appropriate capitalization rates are developed for use in computations that lead to an indication of value. In utilizing the Income Approach, the appraiser’s method of determination of gross income, gross expense and net operating income for the subject property may vary from the method of determining Underwritten Net Operating Income for that property, resulting in variances in the related net operating income values.

“Index Rate Period” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Index Rate” has the meaning assigned to such term in “Description of the Bonds—Certain Provisions of the Bonds—Index Rate” in this information circular.

“Initial Index Period” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“Initial Interest Reserve Accounts” has the meaning assigned to such term in “Description of the Certificates—Initial Interest Reserve Accounts” in this information circular.

“Interest Accrual Period” means, with respect to (i) the certificates and any distribution date, the period beginning on and including the 25th day of the month preceding the month in which such distribution date occurs (or beginning on and including the Closing Date, in the case of the first distribution date) and ending on and including the 24th day of the month in which such distribution date occurs, and (ii) any Bond (a) any due date other than the due date related to the Extraordinary Mandatory Tender Date, the calendar month immediately preceding the month in which such due date occurs and (b) the due date related to the Extraordinary Mandatory Tender Date,

the calendar month preceding the month in which such due date occurs plus any days in such calendar month up to, but excluding, the Extraordinary Mandatory Tender Date.

“Interest Mode Change Date” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Interest Payment Date” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Interest Rate Cap Agreements” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Mortgage and Additional Security for the Bond Credit Enhancer” in this information circular.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“IRS” means the Internal Revenue Service.

“LIBOR” means, for any Interest Accrual Period, “One-Month LIBOR” as defined in the Bond Resolutions, as determined on the related LIBOR Determination Date (truncated at the fifth decimal place); *provided, however*, that, for purposes of the certificates and the Bonds, in the event LIBOR with respect to any Interest Accrual Period is less than zero, LIBOR for such Interest Accrual Period will be deemed to be zero. LIBOR will be 1.23167% for the Interest Accrual Period relating to (a) the first due date after the Cut-off Date for the Bonds and (b) the first distribution date for the certificates. With respect to each LIBOR Determination Date, LIBOR for the Bonds will be determined by the Bond Trustee, and LIBOR for the Principal Balance Certificates will be determined by the Calculation Agent. In the event of a discrepancy between the LIBOR determination made by the Calculation Agent and the LIBOR determination made by the Bond Trustee on any LIBOR Determination Date, LIBOR for the related Interest Accrual Period for the Bonds and the related Interest Accrual Period for the certificates will equal (and the Calculation Agent will be required to rely upon) the LIBOR determination made by the Bond Trustee.

“LIBOR Determination Date” means, with respect to any Interest Accrual Period and (i) any Bond, the first day preceding the beginning of such Interest Accrual Period for which LIBOR has been released by the ICE or (ii) any Principal Balance Certificate, the date on which LIBOR was determined for the Bonds in the month preceding the month in which the applicable Interest Accrual Period for the certificates commenced.

“LIBOR Index” has the meaning assigned to such term in “Description of the Bonds—Certain Provisions of the Bonds—Index Rate” in this information circular.

“LIBOR Index Page” has the meaning assigned to such term in “Description of the Bonds—Certain Provisions of the Bonds—Index Rate” in this information circular.

“Liquidation Proceeds” means cash amounts actually received, net of expenses, in connection with (i) the repurchase of a Bond by or on behalf of the Bond Seller in connection with a breach of any of its representations and warranties; or (ii) the purchase of all of the Bonds remaining in the issuing entity by Freddie Mac or any Third Party Trust Administrator pursuant to the terms of the Trust Agreement.

“Market Unit Owner” has the meaning assigned to such term in “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Borrower and the Sponsor of the Borrower” in this information circular.

“Maturity Balance” means, with respect to any Bond, the outstanding principal balance of the Bond immediately prior to its maturity, according to the payment schedule for the Bond and otherwise assuming no prepayments, defaults or extensions.

“Maturity Loan-to-Value Ratio” or “Maturity LTV” means, with respect to any Bond, the ratio of—

1. the Maturity Balance of all of the Bonds, to

2. the most recent Appraised Value of the mortgaged real property.

“Maximum Interest Rate” has the meaning assigned to such term under “Description of the Bonds—Index Rate” in this information circular.

“Modeling Assumptions” means, collectively, the following assumptions regarding the certificates and the Bonds:

- the Bonds have the characteristics set forth on Exhibit A-1 (except the Bond Interest Rate for each Bond is assumed to be 1.74167% and the Bond interest rate margin is assumed to be 0.51%) and the initial Bond pool balance is approximately \$550,000,000;
- the initial principal balance or notional amount, as the case may be, of each class of certificates is as described in this information circular;
- the pass-through rate for each interest-bearing class of certificates is as described in this information circular;
- LIBOR remains constant at 1.23167%;
- there are no delinquencies, modifications or losses with respect to the Bonds;
- there are no modifications, extensions, waivers or amendments affecting the monthly debt service or balloon payments on the Bonds;
- there are no casualties or condemnations affecting the mortgaged real property;
- each of the Bonds provides monthly debt service payments to be due on the first day of each month, regardless of whether the subject date is a business day or not;
- monthly debt service payments on the Bonds are timely received on their respective due dates in each month, regardless of whether the subject date is a business day or not;
- no voluntary or involuntary prepayments are received as to any Bond during that Bond’s prepayment lockout period or any Prepayment Premium Period;
- except as otherwise assumed in the immediately preceding bullet point, prepayments are made on each of the Bonds at the indicated CPR or CPP set forth in the subject tables or other relevant part of this information circular, without regard to any limitations in those Bonds on partial voluntary principal prepayments;
- the Bonds are not tendered or redeemed prior to their Extraordinary Mandatory Tender Date pursuant to a mandatory tender, an optional redemption or a mandatory redemption described under the heading “Description of the Bonds” in this information circular;
- all prepayments on the Bonds are assumed to be—
  1. accompanied by a full month’s interest, and
  2. received on the applicable due date of the relevant month;
- no person or entity entitled under the Trust Agreement exercises its right of optional termination as described under “The Trust Agreement—Termination” in this information circular;
- none of the Bonds is required to be repurchased or replaced by the Bond Seller or any other person, as described under “Description of the Bonds—Cures and Repurchases” in this information circular;
- the only issuing entity expense is the Guarantee Fee;

- there are no Additional Issuing Entity Expenses;
- payments on the certificates are made on the 25th day of each month, commencing in October 2017; and
- the certificates are settled on an assumed settlement date of September 20, 2017.

“Moody’s” means Moody’s Investors Service, Inc., and its successors-in-interest.

“Morningstar” means Morningstar Credit Ratings, LLC, and its successors-in-interest.

“Mortgage” has the meaning assigned to such term in “Description of the Mortgage Loan—The Mortgage” in this information circular.

“Mortgage Loan” has the meaning assigned to such term in “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Borrower and the Sponsor of the Borrower” in this information circular.

“Mortgage Loan Pass-Through Rate” has the meaning assigned to such term under “Description of the Mortgage Loan—The Mortgage Note” in this information circular.

“Mortgage Loan Servicer” has the meaning assigned to such term under “Description of the Mortgage Loan—Servicing of the Mortgage Loan—The Mortgage Loan Servicer” in this information circular.

“Mortgage Loan Servicer Reporting Package” has the meaning assigned to such term under “Description of the Mortgage Loan—Servicing of the Mortgage Loan—Summary of Mortgage Loan Servicing Agreement” in this information circular.

“Mortgage Loan Servicing Agreement” has the meaning assigned to such term under “Description of the Mortgage Loan—Servicing of the Mortgage Loan—Summary of Mortgage Loan Servicing Agreement” in this information circular.

“Mortgage Note” has the meaning assigned to such term in “Description of the Mortgage Loan—The Mortgage Note” in this information circular.

“Mortgage Repayments” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Most Recent EGI” generally means, for the mortgaged real property that secures the Bonds, the revenues received (effective gross income), or annualized or estimated in some cases, in respect of the property for the 12-month period ended as of the Most Recent Financial End Date, based on the latest available annual or, in some cases, partial-year operating statement and other information furnished by the borrower. For purposes of the foregoing, revenues generally consist of all revenues received in respect of the property, including rental and other revenues.

In determining the Most Recent EGI for the mortgaged real property, the Bond Seller may have made adjustments to the financial information provided by the borrower similar to those used in calculating the Estimated Annual Revenues for the property.

Most Recent EGI for the mortgaged real property is calculated on the basis of numerous assumptions and subjective judgments, which, if ultimately proven erroneous, could cause the actual revenues for such mortgaged real property to differ materially from the Most Recent EGI set forth in this information circular. Some assumptions and subjective judgments relate to future events, conditions and circumstances, including the re-leasing of vacant space and the continued leasing of occupied spaces, which will be affected by a variety of complex factors over which none of the depositor, the Bond Seller, the trust administrator, the certificate administrator or the trustee have control. In some cases, the Most Recent EGI for the mortgaged real property are higher, and may be materially higher, than the annual revenues for that mortgaged real property based on historical operating statements. In determining the Most Recent EGI for the mortgaged real property, the Bond Seller in most cases relied on rent rolls and/or generally unaudited financial information provided by the respective borrowers. No assurance can be given

with respect to the accuracy of the information provided by the borrower, or the adequacy of any procedures used by the Bond Seller in determining the Most Recent EGI.

“Most Recent Expenses” means, for the mortgaged real property, the expenses incurred, or annualized or estimated in some cases, for the property for the 12-month period ended as of the most recent operating statement date, based on the latest available annual or, in some cases, partial-year operating statement and other information furnished by the borrower.

Expenses generally consist of all expenses incurred for the property, including—

- salaries and wages;
- the costs or fees of—
  1. utilities,
  2. repairs and maintenance,
  3. marketing,
  4. insurance,
  5. management,
  6. landscaping, and/or
  7. security, if provided at the property; and
- the amount of—
  1. real estate taxes,
  2. general and administrative expenses, and
  3. other costs.

For purposes of the foregoing, expenses do not reflect, however, any deductions for debt service, depreciation, amortization or capital expenditures.

In determining the Most Recent Expenses for any property, the Bond Seller may have made adjustments to the financial information provided by the borrower similar to those used in calculating the Estimated Annual Operating Expenses for that property. Most Recent Expenses for each mortgaged real property are calculated on the basis of numerous assumptions and subjective judgments, which, if ultimately proven erroneous, could cause the actual operating expenses for such mortgaged real property to differ materially from the Most Recent Expenses set forth in this information circular. Some assumptions and subjective judgments relate to future events, conditions and circumstances, including future expense levels, which will be affected by a variety of complex factors over which none of the depositor, the Bond Seller, the trust administrator, the certificate administrator or the trustee have control. In some cases, the Most Recent Expenses for the mortgaged real property are lower, and may be materially lower, than the annual operating expenses for the mortgaged real property based on historical operating statements. In determining the Most Recent Expenses for the mortgaged real property, the Bond Seller in most cases relied on generally unaudited financial information provided by the respective borrowers. No assurance can be given with respect to the accuracy of the information provided by any borrowers, or the adequacy of any procedures used by the Bond Seller in determining the Most Recent Expenses.

“Most Recent Financial End Date” means, with respect to each of the Bonds, the date indicated on Exhibit A-1 as the Most Recent Financial End Date with respect to that Bond. In general, this date is the end date of the period covered by the latest available annual or, in some cases, partial-year operating statement for the mortgaged real property.

“Most Recent NCF” or “Most Recent Net Cash Flow” means, with respect to each mortgaged real property, the Most Recent Net Operating Income, less the most recent replacement reserve amounts.

“Most Recent NOI” or “Most Recent Net Operating Income” means, with respect to the mortgaged real property, the total cash flow derived from the property that was available for annual debt service on the Mortgage Loan, calculated as the Most Recent EGI less Most Recent Expenses for that property.

“Net Interest Rate Margin” means the spread over One-Month LIBOR on the Bonds.

“NRSRO” means a nationally recognized statistical rating organization, as defined in Section 3(a)(62) of the Exchange Act.

“One-Month LIBOR” has the meaning assigned to such term in “Description of the Bonds—Certain Provisions of the Bonds—Index Rate” in this information circular.

“Original Bond Interest Rate” has the meaning assigned to such term under “Summary of Information Circular—Transaction Overview” in this information circular.

“Original Resolution” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“Outstanding Guarantor Reimbursement Amount” means, with respect to any distribution date, the amount, if any, by which the sum of any Guarantor Reimbursement Amounts payable to the Guarantor exceeds the sum of the amounts distributed to the Guarantor pursuant to priority 4<sup>th</sup> or 5<sup>th</sup> in each of the tables under “Description of the Certificates—Distributions—Priority of Distributions” in this information circular on such distribution date.

“Permitted Investments” means the U.S. government securities and other obligations specified in the Trust Agreement.

“Placement Agent Entities” means the placement agents for the SPCs and their respective affiliates.

“Prepayment Assumption” means an assumption that there are no prepayments and no extensions of the Bonds.

“Prepayment Interest Shortfall” means, with respect to any distribution date, for each Bond that was subject to a principal prepayment in full or in part that is not accompanied by an amount of interest representing scheduled interest due on such Bond through the next due date, which is received by the certificate administrator after the determination date in the calendar month preceding such distribution date but prior to the due date in the related Collection Period, the amount of interest that would have accrued at the Bond Interest Rate for such Bond, on the amount of such principal prepayment.

“Prepayment Premium” has the meaning assigned to such term in “Description of the Mortgage Loan—Certain Terms and Conditions of the Mortgage Loan—Prepayment Premium” in this information circular.

“Prepayment Premium Period” has the meaning assigned to such term in “Description of the Mortgage Loan—Certain Terms and Conditions of the Mortgage Loan—Prepayment Premium” in this information circular.

“Prime Rate” means an annual rate equal to the “prime rate” as published in the “Money Rates” section of *The Wall Street Journal* (or, if such section or publication is no longer available, such other comparable publication as is determined by the certificate administrator in its sole discretion, in consultation with the trust administrator) as may be in effect from time to time (or if the “Prime Rate” is not published on any calculation date, then the “Prime Rate” for such day will be the most recently published “Prime Rate” prior to such calculation date), or if the “Prime Rate” no longer exists, such other comparable rate (as determined by the certificate administrator, in its reasonable discretion, in consultation with the trust administrator) as may be in effect from time to time. If the certificate administrator and the trust administrator cannot agree on a comparable publication or comparable rate, the certificate administrator will have the sole right to determine such publication or rate.

“Principal Balance Certificates” means the class ATE and AT certificates.

“Prior 421-a Program” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement Prepayment” in this information circular.

“Privileged Person” means each party to the Trust Agreement and, upon receipt by the certificate administrator of an investor certification in the form required by the Trust Agreement, each holder of a certificate, each holder or prospective purchaser of an SPC and, upon receipt of a certification from an NRSRO, substantially in the form as provided in the Trust Agreement, any NRSRO that does not have a conflict of interest identified in paragraph (b)(9) of Rule 17g-5 under the Exchange Act with respect to the certificates or SPCs (as certified by such NRSRO) and that has been engaged by a certificateholder or a holder of an SPC, which NRSRO has provided, or will provide an on-going rating to a class of certificates or SPCs after the Closing Date and that is requesting access to such information solely for the purpose of assessing or reaffirming such on-going rating. Any Privileged Person that is the borrower or an affiliate of the borrower, as evidenced by the information set forth in the investor certification, will only be entitled to limited information as described in “Description of the Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this information circular.

“Property Management Agreement” has the meaning assigned to such term in “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Property Manager” in this information circular.

“Property Manager” has the meaning assigned to such term in “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Property Manager” in this information circular.

“Purchase Agreement” means the senior preferred stock purchase agreement between FHFA, as conservator of Freddie Mac, and Treasury.

“Purchase Price” means, with respect to any Bond if it is to be purchased as contemplated under the Trust Agreement, a price equal to the outstanding principal balance of such Bond, plus (i) accrued and unpaid interest on such Bond through and including the end of the related mortgage Interest Accrual Period in which such purchase is made, (ii) all related Additional Issuing Entity Expenses and (iii) solely if such Bond is being purchased by the borrower or an affiliate of such borrower, all Default Interest, late payment fees, extension fees and similar fees or charges incurred with respect to such Bond and all out-of-pocket expenses reasonably incurred (whether paid or then owing) by the trust administrator, the depositor, the certificate administrator and the trustee in respect of such purchase, including, without duplication of any amounts described above in this definition, any expenses incurred prior to such purchase date with respect to such Bond.

“Purchased Bond” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Realized Losses” means losses on or with respect to the Bonds arising from the inability of the Mortgage Loan Servicer to collect all amounts due and owing under those Bonds, including by reason of the fraud or bankruptcy of a borrower or, to the extent not covered by insurance, a casualty of any nature at a mortgaged real property. We discuss the calculation of Realized Losses under “Description of the Certificates—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” in this information circular.

“Redemption Price” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Reform Act” means the Federal Housing Finance Regulatory Reform Act.

“Regulation AB” means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§ 229.1100-229.1125, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the SEC or by the staff of the SEC, or as may be provided by the SEC or its staff from time to time, in each case, effective as of the compliance dates specified in such rules.

“Regulatory Agreement” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Reimbursement Agreement” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement” in this information circular.

“Reimbursement Mortgage” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Mortgage and Additional Security for the Bond Credit Enhancer” in this information circular.

“Reimbursement Mortgage Guarantor” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Mortgage and Additional Security for the Bond Credit Enhancer” in this information circular.

“Reimbursement Mortgage Guaranty” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Mortgage and Additional Security for the Bond Credit Enhancer” in this information circular.

“Reimbursement Security Documents” means, any documents evidencing the obligations of the borrower under the Reimbursement Agreement or the Reimbursement Mortgage or securing payment or performance of such obligations or otherwise pertaining to performance of such obligations, including, the Reimbursement Agreement, the Reimbursement Mortgage, the Reimbursement Mortgage Guaranty, the Interest Rate Cap Agreement (and any replacement Interest Rate Cap Agreements), a replacement reserve agreement, the title policy, UCC fixture filings and financing statements, the Assignment and Intercreditor Agreement and a repair agreement.

“Resolution” has the meaning assigned to such term in “Description of the Bonds—The Bonds and the Resolution” in this information circular.

“Rule” has the meaning assigned to such term under “Description of Freddie Mac—Credit Risk Retention” in this information circular.

“S&P” means S&P Global Ratings, and its successors-in-interest.

“Sales Comparison Approach” means a determination of the value of a mortgaged real property based on a comparison of that property to similar properties that have been sold recently or for which listing prices or offering figures are known. In connection with that determination, data for generally comparable properties are used and comparisons are made to demonstrate a probable price at which the subject mortgaged real property would sell if offered on the market.

“Scheduled Termination Date” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Credit Enhancement Agreement” in this information circular.

“SEC” means the U.S. Securities and Exchange Commission.

“Section 8” means the Section 8 Tenant-Based Assistance Rental Certificate Program of the United States Department of Housing and Urban Development.

“Series of Bonds” or “Bonds of a Series” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Servicing Fee” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement” in this information circular.

“SPCs” means Freddie Mac’s series K-SKY structured pass-through certificates.

“Stated Principal Balance” means, with respect to any Bond, as of any date of determination, an amount equal to (i) the Cut-off Date Principal Balance of such Bond, minus (ii) the sum of:

- (a) the principal portion of each monthly payment due on such Bond after the Cut-off Date, to the extent received from the borrower or Bond Credit Enhancer and distributed to the certificateholders, on or before such date of determination;
- (b) all principal prepayments received with respect to such Bond after the Cut-off Date, to the extent distributed to the certificateholders, on or before such date of determination;
- (c) the principal portion of all Liquidation Proceeds received with respect to such Bond after the Cut-off Date, to the extent distributed to the certificateholders, on or before such date of determination; and
- (d) any reduction in the outstanding principal balance of such Bond due to a modification by the trust administrator pursuant to the Trust Agreement, which reduction occurred prior to the determination date for the most recent distribution date.

However, the “Stated Principal Balance” of any Bond will, in all cases, be zero as of the distribution date following the Collection Period in which it is determined that all amounts ultimately collectible with respect to that Bond have been received.

Any payment or other collection of principal on or with respect to any Tax-Exempt Bond that constitutes part of the Tax-Exempt Principal Distribution Amount for any distribution date, without regard to the last sentence of the definition of “Tax-Exempt Principal Distribution Amount,” and further without regard to any Tax-Exempt Principal Distribution Adjustment Amount for such distribution date, will be deemed to be distributed to certificateholders on such distribution date for purposes of this definition.

Any payment or other collection of principal on or with respect to any Taxable Bond that constitutes part of the Taxable Principal Distribution Amount for any distribution date, without regard to the last sentence of the definition of “Taxable Principal Distribution Amount,” and further without regard to any Taxable Principal Distribution Adjustment Amount for such distribution date, will be deemed to be distributed to certificateholders on such distribution date for purposes of this definition.

“Special Mandatory Tender Date” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Tax Abatement” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement Prepayment” in this information circular.

“Tax Abatement Acquisition Date” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement Prepayment” in this information circular.

“Tax Abatement Performance Standard” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement Prepayment” in this information circular.

“Tax Abatement Prepayment” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement Prepayment” in this information circular.

“Tax Abatement Program” has the meaning assigned to such term in “Description of the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage and the Financing Agreement—The Reimbursement Agreement—Tax Abatement Prepayment” in this information circular.

“Taxable Available Distribution Amount” means, with respect to any distribution date, an amount generally equal to (a) the sum (without duplication) of (i) the aggregate amount received on or with respect to the Taxable Bonds by the certificate administrator on or prior to the related determination date and (ii) for the first distribution date only, the Taxable Initial Interest Reserve Deposit Amount, minus (b) without duplication (i) all monthly payments collected but due after the end of the related Collection Period, (ii) all amounts payable or reimbursable to any person from the Taxable Distribution Account pursuant to the terms of the Trust Agreement for the payment of certain expenses, fees and indemnities, (iii) all amounts deposited in the Taxable Distribution Account in error and (iv) any net interest or net investment income on funds in the Taxable Distribution Account or Permitted Investments.

The certificate administrator will apply the Taxable Available Distribution Amount as described under “Description of the Certificates—Distributions” in this information circular to pay principal and accrued interest on the class AT and XT certificates on that date.

“Taxable Certificates” means the class AT and XT certificates.

“Taxable Distribution Account” has the meaning assigned to such term in “Description of the Certificates—Distribution Accounts” in this information circular.

“Taxable Initial Interest Reserve Account” has the meaning assigned to such term in “Description of the Certificates—Initial Interest Reserve Accounts” in this information circular.

“Taxable Initial Interest Reserve Deposit Amount” has the meaning assigned to such term in “Description of the Certificates—Initial Interest Reserve Accounts” in this information circular.

“Taxable Principal Distribution Adjustment Amount” means, with respect to any distribution date, any principal collections for the related Collection Period on the Taxable Bonds used to reimburse Balloon Guarantor Payments or other unreimbursed Guarantor Reimbursement Amounts since the preceding distribution date pursuant to the terms of the Trust Agreement.

“Taxable Principal Distribution Amount” means:

- for any distribution date prior to the final distribution date, an amount equal to the total, without duplication, of the following—
  1. all payments of principal, including principal prepayments, received by or on behalf of the issuing entity with respect to the Taxable Bonds during the related Collection Period, and
  2. all other collections, including Liquidation Proceeds that were received by or on behalf of the issuing entity with respect to any of the Taxable Bonds during the related Collection Period and that were identified and applied as recoveries of principal of a Taxable Bond; and
- for the final distribution date, an amount equal to the total Stated Principal Balance of the Taxable Bonds in the Bond pool outstanding immediately prior to that final distribution date.

However, the Taxable Principal Distribution Amount will be reduced on any distribution date by an amount equal to the Taxable Principal Distribution Adjustment Amount calculated with respect to such distribution date.

“Taxable Weighted Average Bond Pass-Through Rate” has the meaning assigned to such term under “Summary of Information Circular—Transaction Overview” in this information circular.

“Tax-Exempt Available Distribution Amount” means, with respect to any distribution date, an amount generally equal to (a) the sum (without duplication) of (i) the aggregate amount received on or with respect to the Tax-Exempt Bonds by the certificate administrator on or prior to the related determination date and (ii) for the first distribution date only, the Tax-Exempt Initial Interest Reserve Deposit Amount, minus (b) without duplication (i) all monthly payments collected but due after the end of the related Collection Period, (ii) all amounts payable or reimbursable to any person from the Tax-Exempt Distribution Account pursuant to the terms of the Trust Agreement for the

payment of certain expenses, fees and indemnities, (iii) all amounts deposited in the Tax-Exempt Distribution Account in error and (iv) any net interest or net investment income on funds in the Tax-Exempt Distribution Account or Permitted Investments.

The certificate administrator will apply the Tax-Exempt Available Distribution Amount as described under “Description of the Certificates—Distributions” in this information circular to pay principal and accrued interest on the class ATE and XTE certificates on that date.

“Tax-Exempt Certificates” means the class ATE and XTE certificates.

“Tax-Exempt Distribution Account” has the meaning assigned to such term in “Description of the Certificates—Distribution Accounts” in this information circular.

“Tax-Exempt Initial Interest Reserve Account” has the meaning assigned to such term in “Description of the Certificates—Initial Interest Reserve Accounts” in this information circular.

“Tax-Exempt Initial Interest Reserve Deposit Amount” has the meaning assigned to such term in “Description of the Certificates—Initial Interest Reserve Accounts” in this information circular.

“Tax-Exempt Principal Distribution Adjustment Amount” means, with respect to any distribution date, any principal collections for the related Collection Period on the Tax-Exempt Bonds used to reimburse Balloon Guarantor Payments or other unreimbursed Guarantor Reimbursement Amounts since the preceding distribution date pursuant to the terms of the Trust Agreement.

“Tax-Exempt Principal Distribution Amount” means:

- for any distribution date prior to the final distribution date, an amount equal to the total, without duplication, of the following—
  1. all payments of principal, including principal prepayments, received by or on behalf of the issuing entity with respect to the Tax-Exempt Bonds during the related Collection Period, and
  2. all other collections, including Liquidation Proceeds that were received by or on behalf of the issuing entity with respect to any of the Tax-Exempt Bonds during the related Collection Period and that were identified and applied as recoveries of principal of a Tax-Exempt Bond; and
- for the final distribution date, an amount equal to the total Stated Principal Balance of the Tax-Exempt Bonds in the Bond pool outstanding immediately prior to that final distribution date.

However, the Tax-Exempt Principal Distribution Amount will be reduced on any distribution date by an amount equal to the Tax-Exempt Principal Distribution Adjustment Amount calculated with respect to such distribution date.

“Tax-Exempt Weighted Average Bond Pass-Through Rate” has the meaning assigned to such term under “Summary of Information Circular—Transaction Overview” in this information circular.

“Third Party Trust Administrator” means any entity other than Freddie Mac appointed as a successor trust administrator under the Trust Agreement or any successor to such successor entity.

“Third Party Trust Administrator Aggregate Annual Cap” means \$100,000 per calendar year with respect to the Third Party Trust Administrator under the Trust Agreement.

“Timing Guarantor Interest” means, with respect to any distribution date and any class of Principal Balance Certificates, the sum of (i) an amount equal to interest at the applicable Weighted Average Bond Pass-Through Rate for the related Interest Accrual Period, calculated on an Actual/360 Basis, on any unreimbursed Timing Guarantor Payment for such class and (ii) any such amount set forth in clause (i) for prior distribution dates that remains unreimbursed.

“Timing Guarantor Payment” means, with respect to any distribution date and the Principal Balance Certificates, any Balloon Guarantor Payment or Class Final Guarantor Payment.

“Total Units” means, the estimated number of apartments at the particular mortgaged real property, regardless of the number or size of rooms in the apartments as reflected in information provided by the borrower or in the appraisal on which the most recent Appraised Value is based.

“Treasury” means the U.S. Department of the Treasury.

“Trust Agreement” means the trust agreement, to be dated as of September 1, 2017, among Wells Fargo Commercial Mortgage Securities, Inc., as depositor, Freddie Mac, as trust administrator, DBTCA, as trustee and certificate administrator, and Freddie Mac.

“Trustee Aggregate Annual Cap” means \$50,000 per calendar year.

“Trustee/Certificate Administrator Aggregate Annual Cap” means if the same person or entity is acting as the trustee and the certificate administrator, \$100,000 per calendar year with respect to such person or entity.

“U.S. Person” means a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States, any State in the United States or the District of Columbia, including an entity treated as a corporation or partnership for federal income tax purposes, an estate whose income is subject to U.S. federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of such trust, and one more such U.S. Persons have the authority to control all substantial decisions of such trust (or, to the extent provided in applicable Treasury Regulations, certain trusts in existence on August 20, 1996 that have elected to be treated as U.S. Persons).

“Underwritten Debt Service Coverage Ratio” means, with respect to any Bond, the ratio of—

1. the Underwritten Net Cash Flow for the mortgaged real property, to
2. 12 times the monthly debt service payment for all of the Bonds, at an assumed LIBOR of 1.50000%;

*provided* that, if the Bonds are currently in an interest-only period, then the amount in clause 2 of this definition with respect to the Bonds will be either (a) if that interest-only period extends to maturity, the aggregate of the first 12 monthly debt service payments to be due on the Bonds or (b) if that interest-only period ends prior to maturity, 12 times the monthly debt service payment to be due on the Bonds on the first due date after amortization begins.

“Underwritten Debt Service Coverage Ratio (IO)” means, with respect to any Bond that is currently in an interest-only period, the ratio of—

1. the Underwritten Net Cash Flow for the mortgaged real property, to
2. an amount equal to the aggregate of the first 12 monthly debt service payments due on all of the Bonds at an assumed LIBOR of 1.50000%.

“Underwritten Net Cash Flow” means, with respect to the mortgaged real property securing the Bonds, the estimated total cash flow from that property expected to be available for annual debt service on the related Bond. In general, that estimate:

- was made at the time of origination of the related Bond or in connection with the transactions described in this information circular; and
- is equal to the excess of—
  1. the Estimated Annual Revenues for the property, over
  2. the Estimated Annual Operating Expenses for the mortgaged real property.

The management fees and reserves assumed in calculating Underwritten Net Cash Flow differ in many cases from actual management fees and reserves actually required under the bond documents for the related Bonds. In addition, actual conditions at the mortgaged real property will differ, and may differ substantially, from the conditions assumed in calculating Underwritten Net Cash Flow. Furthermore, the Underwritten Net Cash Flow for the mortgaged real property does not reflect the effects of future competition or economic cycles. Accordingly, we cannot assure you that the Underwritten Net Cash Flow for the mortgaged real property shown on Exhibit A-1 will be representative of the actual future net cash flow for the particular mortgaged real property.

Underwritten Net Cash Flow and the revenues and expenditures used to determine Underwritten Net Cash Flow for the mortgaged real property are derived from generally unaudited information furnished by the borrower. However, in some cases, an accounting firm performed agreed upon procedures, or employees of the originator performed cash flow verification procedures, that were intended to identify any errors in the information provided by the borrower. Audits of information furnished by borrowers could result in changes to the information. These changes could, in turn, result in the Underwritten Net Cash Flow shown on Exhibit A-1 being overstated. Net income for the mortgaged real property as determined under GAAP would not be the same as the Underwritten Net Cash Flow for the property shown on Exhibit A-1. In addition, Underwritten Net Cash Flow is not a substitute for or comparable to operating income as determined in accordance with GAAP as a measure of the results of the property's operations nor a substitute for cash flows from operating activities determined in accordance with GAAP as a measure of liquidity.

“Underwritten Net Operating Income” means, with respect to the mortgaged real property securing the Bonds, the Underwritten Net Cash Flow for the property, increased by any and all of the following items that were included in the Estimated Annual Operating Expenses for the property for purposes of calculating that Underwritten Net Cash Flow:

- underwritten recurring replacement reserve amounts; and
- capital improvements, including recurring capital improvements.

“United States” or “U.S.” means the United States of America.

“United States Tax Person” means a citizen or resident of the United States, a corporation, partnership (except to the extent provided in applicable Treasury Regulations), or other entity (including any entity treated as a corporation or partnership for federal income tax purposes) created or organized in, or under the laws of, the United States, any State or the District of Columbia, or an estate whose income is includible in gross income for United States federal income tax purposes regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States Tax Persons have the authority to control all substantial decisions of the trust, all within the meaning of Section 7701(a)(30) of the Code (including certain trusts in existence on August 20, 1996 that have elected to be treated as United States Tax Persons).

“Unpaid Interest Shortfall” has the meaning assigned to such term under “Description of the Certificates—Distributions—Interest Distributions” in this information circular.

“Unreimbursed Indemnification Expenses” means indemnification amounts payable by the issuing entity to the depositor, the certificate administrator, the trustee or any Third Party Trust Administrator in excess of the Depositor Aggregate Annual Cap, the Trustee Aggregate Annual Cap or the Certificate Administrator Aggregate Annual Cap (if different persons or entities are the trustee and certificate administrator), the Trustee/Certificate Administrator Aggregate Annual Cap (if the same person or entity is the trustee and certificate administrator) and the Third Party Trust Administrator Aggregate Annual Cap, together with any accrued and unpaid interest on such amounts, which have not been previously reimbursed.

“UST” means an underground storage tank.

“Weighted Average Bond Pass-Through Rate” means, as applicable, (i) with respect to the calculation of pass-through rates for the class ATE and XTE certificates, the Tax-Exempt Weighted Average Bond Pass-Through Rate,

and (ii) with respect to the calculation of pass-through rates for the class AT and XT certificates, the Taxable Weighted Average Bond Pass-Through Rate.

“Wrongful Dishonor” has the meaning assigned to such term in “Description of the Bonds—Certain Defined Terms Relating to the Bonds” in this information circular.

“Year Built” means, with respect to the mortgaged real property, the year when construction of the property was principally completed, as reflected in information provided by the borrower or in the appraisal on which the most recent Appraised Value of the property is based or the engineering report.

“Year Renovated” means, with respect to the mortgaged real property, the year when the most recent substantial renovation of the property, if any, was principally completed, as reflected in information provided by the borrower or in the appraisal on which the most recent Appraised Value of the property is based or the engineering report.

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**EXHIBIT A-1**

**CERTAIN CHARACTERISTICS OF THE BONDS  
AND THE MORTGAGED REAL PROPERTY**

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**Exhibit A-1 FREMF 2017-KSKY**

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Originator	Street Address	Property City	Property State	Zip Code	County	Property Type	Property Subtype	Year Built	Year Renovated	Total Units	Low Income Units <sup>(1)</sup>	Very Low Income Units <sup>(1)</sup>	Cut-Off Date Balance/Unit <sup>(2)</sup>	Unit of Measure
1		1	Sky Apartments Taxable Bond - 2014 Series B	Greystone Servicing Corporation, Inc.	605 West 42nd Street	New York	NY	10036	New York	Multifamily	High Rise	2016	N/A	1,175	176	74	468,085	Units
2		1	Sky Apartments Tax Exempt Bond - 2014 Series A	Greystone Servicing Corporation, Inc.	605 West 42nd Street	New York	NY	10036	New York	Multifamily	High Rise	2016	N/A	1,175	176	74	468,085	Units
3		1	Sky Apartments Tax Exempt Bond - 2015 Series A	Greystone Servicing Corporation, Inc.	605 West 42nd Street	New York	NY	10036	New York	Multifamily	High Rise	2016	N/A	1,175	176	74	468,085	Units
4		1	Sky Apartments Taxable Bond - 2017 Series A	Greystone Servicing Corporation, Inc.	605 West 42nd Street	New York	NY	10036	New York	Multifamily	High Rise	2016	N/A	1,175	176	74	468,085	Units

**Exhibit A-1 FREMF 2017-KSKY**

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Occupancy %	Occupancy As of Date	Loan Purpose (Acquisition, Refinance)	Single Purpose Borrowing Entity / Single Asset Borrowing Entity	Crossed Loans	Related Borrower Loans <sup>(3)</sup>	Payment Date	Late Charge Grace Period	Note Date	First Payment Date	Maturity Date	Extraordinary Mandatory Tender Date <sup>(3)</sup>	Original Loan Amount	Cut-Off Date Loan Amount
1		1	Sky Apartments Taxable Bond - 2014 Series B	81.2%	8/31/2017	Refinance	SPE	Yes (Cross Defaulted)	Group 1	1	0	8/10/2017	9/1/2017	5/1/2048	8/2/2027	375,000,000	375,000,000
2		1	Sky Apartments Tax Exempt Bond - 2014 Series A	81.2%	8/31/2017	Refinance	SPE	Yes (Cross Defaulted)	Group 1	1	0	8/10/2017	9/1/2017	5/1/2048	8/2/2027	84,000,000	84,000,000
3		1	Sky Apartments Tax Exempt Bond - 2015 Series A	81.2%	8/31/2017	Refinance	SPE	Yes (Cross Defaulted)	Group 1	1	0	8/10/2017	9/1/2017	5/1/2048	8/2/2027	80,000,000	80,000,000
4		1	Sky Apartments Taxable Bond - 2017 Series A	81.2%	8/31/2017	Refinance	SPE	Yes (Cross Defaulted)	Group 1	1	0	8/10/2017	9/1/2017	5/1/2048	8/2/2027	11,000,000	11,000,000

**Exhibit A-1 FREMF 2017-KSKY**

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	% of Cut-Off Date Pool Balance	Maturity Balance	Interest Adjustment Period (months)	First Interest Adjustment Date In Trust	Rate Index	Margin	Gross Interest Rate	Administration Fee Rate <sup>(4)</sup>	Net Interest Rate	Rate Rounding Methodology	Interest Accrual Period Day Of Month (Start/End) <sup>(5)</sup>	Rate Cap (Lifetime)	LIBOR Floor
1		1	Sky Apartments Taxable Bond - 2014 Series B	68.2%	375,000,000	1	10/1/2017	1-MO LIBOR	1.43455%	2.93455%	0.92455%	2.01000%	Truncated to 5th decimal	First/Last (Arrears)	N/A	N/A
2		1	Sky Apartments Tax Exempt Bond - 2014 Series A	15.3%	84,000,000	1	10/1/2017	1-MO LIBOR	1.43455%	2.93455%	0.92455%	2.01000%	Truncated to 5th decimal	First/Last (Arrears)	N/A	N/A
3		1	Sky Apartments Tax Exempt Bond - 2015 Series A	14.5%	80,000,000	1	10/1/2017	1-MO LIBOR	1.43455%	2.93455%	0.92455%	2.01000%	Truncated to 5th decimal	First/Last (Arrears)	N/A	N/A
4		1	Sky Apartments Taxable Bond - 2017 Series A	2.0%	11,000,000	1	10/1/2017	1-MO LIBOR	1.43455%	2.93455%	0.92455%	2.01000%	Truncated to 5th decimal	First/Last (Arrears)	N/A	N/A

**Exhibit A-1 FREMF 2017-KSKY**

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	LIBOR Cap (Yes/No)	LIBOR Cap Expiration Date	LIBOR Cap Strike Price <sup>(6)</sup>	Accrual Basis	Loan Amortization Type	Monthly Debt Service Amount (Amortizing)	Monthly Debt Service Amount (IO) <sup>(7)</sup>	Actual First Monthly Payment to Trust <sup>(7)</sup>	Monthly Debt Service Amount (at Cap) <sup>(7)</sup>	Amortization Term (Original)	Amortization Term (Remaining)	Loan Term (Original)	Loan Term (Remaining)	IO Period	Seasoning
1		1	Sky Apartments Taxable Bond - 2014 Series B	Yes	8/14/2020	3.750%	Actual/360	Interest Only	929,783.64	929,783.64	833,193.75	1,642,674.26	0	0	120	119	120	1
2		1	Sky Apartments Tax Exempt Bond - 2014 Series A	Yes	8/14/2020	3.750%	Actual/360	Interest Only	208,271.53	208,271.53	186,635.40	367,959.03	0	0	120	119	120	1
3		1	Sky Apartments Tax Exempt Bond - 2015 Series A	Yes	8/14/2020	3.750%	Actual/360	Interest Only	198,353.84	198,353.84	177,748.00	350,437.18	0	0	120	119	120	1
4		1	Sky Apartments Taxable Bond - 2017 Series A	Yes	8/14/2020	3.750%	Actual/360	Interest Only	27,273.65	27,273.65	24,440.35	48,185.11	0	0	120	119	120	1

**Exhibit A-1 FREMF 2017-KSKY**

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Prepayment Provision <sup>(8)</sup>	Appraisal Valuation Date	Appraised Value	Appraised Value Type <sup>(9)</sup>	Cut-Off Date LTV <sup>(2)</sup>	Maturity LTV <sup>(2)</sup>	UW NCF DSCR <sup>(2)</sup>	UW NCF DSCR (IO) <sup>(2)</sup>	UW EWI	UW Expenses	UW NOI
1		1	Sky Apartments Taxable Bond - 2014 Series B	L(13) 1%+Present Value of Credit Facility Fee and Servicing Fee(101) O(6)	4/6/2017	1,320,000,000	As-Stabilized	41.7%	41.7%	2.40x	2.40x	50,717,675	11,146,768	39,570,906
2		1	Sky Apartments Tax Exempt Bond - 2014 Series A	L(13) 1%+Present Value of Credit Facility Fee and Servicing Fee(101) O(6)	4/6/2017	1,320,000,000	As-Stabilized	41.7%	41.7%	2.40x	2.40x	50,717,675	11,146,768	39,570,906
3		1	Sky Apartments Tax Exempt Bond - 2015 Series A	L(13) 1%+Present Value of Credit Facility Fee and Servicing Fee(101) O(6)	4/6/2017	1,320,000,000	As-Stabilized	41.7%	41.7%	2.40x	2.40x	50,717,675	11,146,768	39,570,906
4		1	Sky Apartments Taxable Bond - 2017 Series A	L(13) 1%+Present Value of Credit Facility Fee and Servicing Fee(101) O(6)	4/6/2017	1,320,000,000	As-Stabilized	41.7%	41.7%	2.40x	2.40x	50,717,675	11,146,768	39,570,906

**Exhibit A-1 FREMF 2017-KSKY**

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	UW NCF	Most Recent Financial End Date	Most Recent EGI	Most Recent Expenses	Most Recent NOI	Most Recent NCF	2nd Most Recent Financial End Date	2nd Most Recent EGI	2nd Most Recent Expenses	2nd Most Recent NOI	2nd Most Recent NCF	3rd Most Recent Financial End Date	3rd Most Recent EGI	3rd Most Recent Expenses	3rd Most Recent NOI
1		1	Sky Apartments Taxable Bond - 2014 Series B	39,277,156	6/30/2017	53,256,485	35,460,539	17,795,946	17,795,945	12/1/2016	20,541,851	26,570,767	-6,028,916	-6,028,916	N/A	N/A	N/A	N/A
2		1	Sky Apartments Tax Exempt Bond - 2014 Series A	39,277,156	6/30/2017	53,256,485	35,460,539	17,795,946	17,795,945	12/1/2016	20,541,851	26,570,767	-6,028,916	-6,028,916	N/A	N/A	N/A	N/A
3		1	Sky Apartments Tax Exempt Bond - 2015 Series A	39,277,156	6/30/2017	53,256,485	35,460,539	17,795,946	17,795,945	12/1/2016	20,541,851	26,570,767	-6,028,916	-6,028,916	N/A	N/A	N/A	N/A
4		1	Sky Apartments Taxable Bond - 2017 Series A	39,277,156	6/30/2017	53,256,485	35,460,539	17,795,946	17,795,945	12/1/2016	20,541,851	26,570,767	-6,028,916	-6,028,916	N/A	N/A	N/A	N/A

**Exhibit A-1 FREMF 2017-KSKY**

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	3rd Most Recent NCF	Lien Position	Title Vesting (Fee/Leasehold/Both)	Ground Lease Maturity Date	Cash Management (Description or N/A)	Engineering Escrow/Deferred Maintenance	Tax Escrow (Initial)	Tax Escrow (Monthly)	Insurance Escrow (Initial)	Insurance Escrow (Monthly)	Replacement Reserve (Initial)	Replacement Reserve (Monthly)	Replacement Reserve - Contractual - Cap (\$ or N/A)	Interest Rate Cap Reserve (Initial)
1		1	Sky Apartments Taxable Bond - 2014 Series B	N/A	First Mortgage	Fee Simple	N/A	N/A	N/A	43,399	N/A	40,857	N/A	N/A	24,479	N/A	N/A
2		1	Sky Apartments Tax Exempt Bond - 2014 Series A	N/A	First Mortgage	Fee Simple	N/A	N/A	N/A	43,399	N/A	40,857	N/A	N/A	24,479	N/A	N/A
3		1	Sky Apartments Tax Exempt Bond - 2015 Series A	N/A	First Mortgage	Fee Simple	N/A	N/A	N/A	43,399	N/A	40,857	N/A	N/A	24,479	N/A	N/A
4		1	Sky Apartments Taxable Bond - 2017 Series A	N/A	First Mortgage	Fee Simple	N/A	N/A	N/A	43,399	N/A	40,857	N/A	N/A	24,479	N/A	N/A

**Exhibit A-1 FREMF 2017-KSKY**

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Interest Rate Cap Reserve (Monthly)	Other Escrow (Initial)	Other Escrow (Monthly) <sup>(10)</sup>	Other Escrow Reserve Description	Springing Reserve Type	Springing Reserve Amount	Seismic Insurance if PML >= 20% (Yes/No)	Green Advantage	Monthly Rent Per Unit	Additional Financing In Place (existing) (Yes/No) <sup>(11)</sup>	Additional Financing Amount (existing) <sup>(11)</sup>	Additional Financing Description (existing) <sup>(11)</sup>	Future Supplemental Financing (Yes/No)	Future Supplemental Financing Description	Type of Regulatory Agreements
1		1	Sky Apartments Taxable Bond - 2014 Series B	N/A	N/A	6,554	Cap Fee Escrow	N/A	N/A	No	N/A	3,755	No	N/A	N/A	No	N/A	LIHTC; LURA
2		1	Sky Apartments Tax Exempt Bond - 2014 Series A	N/A	N/A	6,554	Cap Fee Escrow	N/A	N/A	No	N/A	3,755	No	N/A	N/A	No	N/A	LIHTC; LURA
3		1	Sky Apartments Tax Exempt Bond - 2015 Series A	N/A	N/A	6,554	Cap Fee Escrow	N/A	N/A	No	N/A	3,755	No	N/A	N/A	No	N/A	LIHTC; LURA
4		1	Sky Apartments Taxable Bond - 2017 Series A	N/A	N/A	6,554	Cap Fee Escrow	N/A	N/A	No	N/A	3,755	No	N/A	N/A	No	N/A	LIHTC; LURA

# Exhibit A-1 FREMF 2017-KSKY

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Description of Regulatory Agreements
1		1	Sky Apartments Taxable Bond - 2014 Series B	20% of units (235 units) must be rented to low income households, at 60% of AMI, adjusted for family size; 20% of units (235 units) must be rented to low income households, at 80% of AMI
2		1	Sky Apartments Tax Exempt Bond - 2014 Series A	20% of units (235 units) must be rented to low income households, at 60% of AMI, adjusted for family size; 20% of units (235 units) must be rented to low income households, at 80% of AMI
3		1	Sky Apartments Tax Exempt Bond - 2015 Series A	20% of units (235 units) must be rented to low income households, at 60% of AMI, adjusted for family size; 20% of units (235 units) must be rented to low income households, at 80% of AMI
4		1	Sky Apartments Taxable Bond - 2017 Series A	20% of units (235 units) must be rented to low income households, at 60% of AMI, adjusted for family size; 20% of units (235 units) must be rented to low income households, at 80% of AMI

# Exhibit A-1 FREMF 2017-KSKY

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Number of LIHTC Units	Rental/Income/Age Restrictions (Yes/No)	Issuer
1		1	Sky Apartments Taxable Bond - 2014 Series B	235	Yes	New York State Housing Finance Agency; Department of Housing Preservation and Development
2		1	Sky Apartments Tax Exempt Bond - 2014 Series A	235	Yes	New York State Housing Finance Agency; Department of Housing Preservation and Development
3		1	Sky Apartments Tax Exempt Bond - 2015 Series A	235	Yes	New York State Housing Finance Agency; Department of Housing Preservation and Development
4		1	Sky Apartments Taxable Bond - 2017 Series A	235	Yes	New York State Housing Finance Agency; Department of Housing Preservation and Development

## Footnotes to Exhibit A-1

- (1) Low Income Units are affordable to families with incomes no greater than 80.0% of AMI in multifamily rental properties. Very Low Income Units are affordable to families with incomes no greater than 50.0% of AMI in multifamily rental properties.
- (2) All Cut-Off Date Balance/Unit, Cut-Off Date LTV, Maturity LTV, UW NCF DSCR and UW NCF DSCR (IO) calculations presented are based on the aggregate indebtedness of the Bonds in the pool and the aggregate Cut-Off Date Loan Amount, Maturity Balance, Total Units, Appraised Value, Monthly Debt Service Amount (Amortizing) and UW NCF of the Mortgage Loan securing the Bonds in the pool.
- (3) The Extraordinary Mandatory Tender Date represents the 16th business day preceding the expiration date of the Credit Facility (as defined in the Information Circular) then in effect. See "*Description of the Bonds—Mandatory Tender for Purchase of the Bonds on Change Date*" in this Information Circular.
- (4) The Administration Fee Rate includes the credit facility fee rate, the servicing fee rate and other annual fees payable related to the Bonds. See "*Description of the Credit Enhancement Agreement, Reimbursement Agreement and the Reimbursement Mortgage*" in this Information Circular. Although obligations of the borrower, these fees do not reduce the Bond interest rate of LIBOR + 0.51000%.
- (5) The Bond accrues interest from the first day to the last day of the respective month prior to any scheduled payment date. For each interest accrual period, LIBOR is determined on the first day preceding the beginning of such interest accrual period for which LIBOR has been released by the ICE.
- (6) The LIBOR Cap Strike Price is the strike price for the LIBOR cap agreement that the borrower has pledged as collateral to the Bond Credit Enhancer (Freddie Mac) as security for the borrower's reimbursement obligations under the Reimbursement Agreement. The LIBOR cap agreement requires the cap counterparty to make payments to the Bond Credit Enhancer upon the occurrence of an increase in LIBOR over the LIBOR Cap Strike Price. The Interest Rate Cap Agreement does not secure the Bonds, the Mortgage Loan or the certificates.
- (7) Monthly Debt Service Amount (IO) is calculated based on the Original Loan Amount, Accrual Basis divided by 12 months, an assumed LIBOR of 1.5000% and the Margin.

Actual First Monthly Payment to Trust for the Bond is calculated based on the Original Loan Amount, Accrual Basis of 30 days, an actual LIBOR of 1.23167% as of August 31, 2017 and the Margin.

Monthly Debt Service Amount (at Cap) is calculated based on the Cut-Off Date Loan Amount, the Rate Cap (Lifetime) or LIBOR Cap Strike Price plus the Margin, and a 365-day year divided by 12 months.

- (8) Prepayment Provision is shown from the Mortgage Loan origination date.

Prepayment Premiums, if any, received by the Mortgage Loan Servicer with respect to the Mortgage Loan will be paid to the Bond Credit Enhancer pursuant to the Reimbursement Agreement. Pursuant to the Reimbursement Agreement, the Bond Credit Enhancer may, in its sole discretion, waive any event of default caused by the failure of the borrower to pay a Prepayment Premium in connection with any prepayment of the Mortgage Loan. The certificateholders will not be entitled to receive any Prepayment Premiums.

The Reimbursement Agreement requires the borrower to pay to the Bond Credit Enhancer (Freddie Mac) (i) the Credit Facility Fee equal to 0.70% *per annum* and (ii) the Servicing Fee equal to 0.05% *per annum*. Although obligations of the borrower, these fees do not reduce the Bond interest rate of LIBOR + 0.51000%.

- (9) The as-is appraised value as of April 6, 2017 is \$1,070,000,000.
- (10) With respect to the Cap Fee Escrow, during the first twelve (12) months of any such 3-year period, the monthly deposit shall be equal to a fraction, the numerator of which is 125% of the cost of the subsequent cap which is a cap required under the Reimbursement Agreement and the denominator of which is the number of months remaining until the termination of the then existing cap.
- (11) The aggregate \$550,000,000 financing for the mortgaged property located at 605 West 42nd Street, New York, New York, consists of one Mortgage Loan that secures the Sky Apartments Taxable Bond - 2014 Series B, Sky Apartments Tax Exempt Bond - 2014 Series A, Sky Apartments Tax Exempt Bond - 2015 Series A and Sky Apartments Taxable Bond - 2017 Series A, respectively. There is no additional financing in place.

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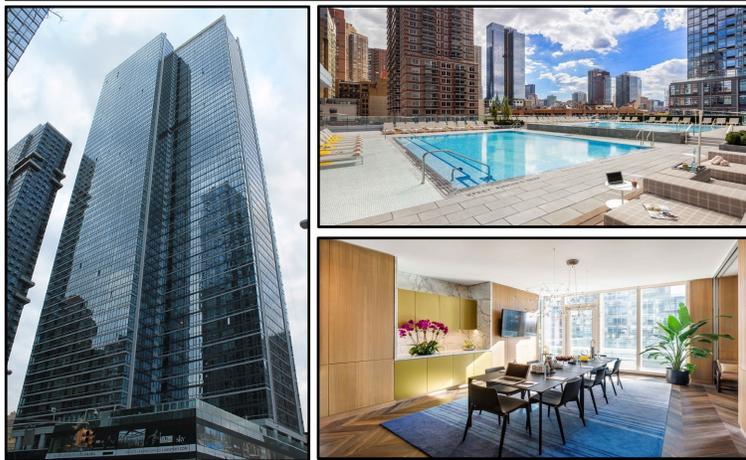
**EXHIBIT A-2**

**DESCRIPTION OF THE MORTGAGED REAL PROPERTY, THE MORTGAGE LOAN AND THE BONDS**

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## Description of the Mortgaged Property, Mortgage Loan & Bonds

### Sky Apartments (605 West 42nd Street)



Original Principal Balance:	\$550,000,000
Cut-off Date Principal Balance:	\$550,000,000
Maturity Date Principal Balance:	\$550,000,000
Loan Purpose:	Refinance
Gross Interest Rate:	L + 1.43455%
Net Interest Rate:	L + 0.51000%, subject to a cap at the Maximum Interest Rate <sup>(1)</sup>
LIBOR Strike Price:	3.750%
LIBOR Cap Provider:	SMBC Capital Markets, Inc.
First Payment Date:	September 1, 2017
Extraordinary Mandatory Tender Date:	August 2, 2027
Maturity Date:	May 1, 2048
Amortization:	Interest Only
Call Protection:	L(13) 1%+Present Value of Credit Facility Fee and Servicing Fee(101) O(6)
Cash Management:	N/A
Cut-off Date Principal Balance/Unit:	\$468,085
Maturity Date Principal Balance/Unit:	\$468,085
Cut-off Date LTV:	41.7%
Maturity Date LTV:	41.7%
Underwritten DSCR <sup>(2)</sup> :	2.40x
# of Units:	1,175
Collateral:	Fee Simple
Location:	New York, NY
Property Sub-type:	High Rise
Year Built / Renovated:	2016 / N/A
Occupancy:	81.2% (8/31/2017) 77.5% (4/6/2017)
Underwritten / Most Recent NCF:	\$39,277,156 / \$17,795,945
Avg. Effective Annual Rent/Unit:	\$45,062 (8/31/2017)

(1) Maximum Interest Rate is 15% per annum, or, if less than such rate, the highest rate the Agency may legally pay as interest on the Bonds.

(2) Calculated based on the Gross Interest Rate.

**New York State Housing Finance Agency 605 West 42nd Street Housing Revenue Bonds.** The following four Bonds are each secured by a first mortgage loan as follows:

Loan Name	Number of Mortgaged Properties	Property Sub-Type	Location	Cut-off Date Principal Balance	% of Initial Cut-off Date Principal Balance	Underwritten DSCR <sup>(1)</sup>	Underwritten DSCR at Cap <sup>(1)</sup>	Cut-off Date LTV Ratio	Margin
Sky Apartments Taxable Bond -2014 Series B	1	High Rise	New York, NY	\$375,000,000	68.2%	2.40x	1.36x	41.7%	1.43455%
Sky Apartments Tax Exempt Bond - 2014 Series A	1	High Rise	New York, NY	84,000,000	15.3	2.40x	1.36x	41.7%	1.43455%
Sky Apartments Tax Exempt Bond - 2015 Series A	1	High Rise	New York, NY	80,000,000	14.5	2.40x	1.36x	41.7%	1.43455%
Sky Apartments Taxable Bond -2017 Series A	1	High Rise	New York, NY	11,000,000	2.0	2.40x	1.36x	41.7%	1.43455%
<b>Total/Wtd. Average</b>	<b>1</b>			<b>\$550,000,000</b>	<b>100.0%</b>	<b>2.40x</b>	<b>1.36x</b>	<b>41.7%</b>	<b>1.43455%</b>

(1) Calculated based on the Gross Interest Rate.

**The Property.** The Sky Apartments mortgage loan is secured by a 60-story high rise tower totaling 1,175 units (the "Mortgaged Property") located at 605 West 42nd Street in the Clinton/Midtown West neighborhood of the Manhattan borough of New York. The Mortgaged Property was completed in 2016 and was valued at \$1,320,000,000 on as-stabilized basis (\$1,123,404 per unit) based on the appraisal valuation as of April 6, 2017. See "Description of the Mortgage Loans – Underwriting Matters – Appraisals and Market Studies" in the accompanying Information Circular for a description of the assumptions used to calculate the "as-stabilized" value of the Mortgaged Property.

**Sponsorship.** The sponsor of the borrower is The Moinian Group, a diversified privately-owned real estate company founded in 1982 by Joseph Moinian and the original developer of the Mortgaged Property. The Moinian Group has developed, owned and operated properties across all major asset categories with the development of over 8 million square feet and ownership of more than 20 million square feet including significant holdings in New York City. The current ultimate ownership structure is as follows: The Moinian Group (77%), an affiliate of SL Green Realty Corp. (20%), and family members of Joseph Moinian and the family of a key employee of The Moinian Group (3%).

**Property Management.** Columbus Property Management LLC, a borrower affiliate, is the property manager for the Mortgaged Property. See “Description of the Mortgaged Real Property, the Borrower, the Sponsor of the Borrower and the Property Manager—The Property Manager” in the Information Circular.

**Unit Mix.** Presented below is the unit mix at the Mortgaged Property as of April 6, 2017.

Sky Apartments Mortgaged Property Unit Mix <sup>(1)</sup>				
Unit Type	No. of Units	Avg. SF	Total SF	Avg. Annual Rent/SF
<b>Market Rents</b>				
Studio	453	475	214,989	\$85.04
One Bedroom	373	683	254,598	\$85.43
Two Bedroom	112	1,042	116,715	\$85.22
Three Bedroom	1	2,173	2,173	\$124.25
<b>Subtotal / Weighted Average</b>	<b>939</b>	<b>627</b>	<b>588,475</b>	
<b>Affordable Units</b>				
Studio	70	493	34,491	NAV <sup>(2)</sup>
One Bedroom	120	661	79,341	NAV <sup>(2)</sup>
Two Bedroom	45	945	42,516	NAV <sup>(2)</sup>
<b>Subtotal / Weighted Average</b>	<b>235</b>	<b>665</b>	<b>156,348</b>	
<b>Total / Weighted Average</b>	<b>1,174</b>	<b>634</b>	<b>744,823</b>	

(1) Source: Appraisal.

(2) Per the appraisal, the occupied affordable apartments had generated annual revenues of \$1,285,824, which equated to \$16.99 per square foot and according to the April 6, 2017 rent roll, the affordable component was 48% occupied with 123 vacant units.

**EXHIBIT B**

**FORM OF CERTIFICATE ADMINISTRATOR'S STATEMENT TO CERTIFICATEHOLDERS**

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# Wells Fargo Commercial Mortgage Securities, Inc.

FREMF 2017-KSKY Mortgage Bond Trust, Multifamily Mortgage Bond Pass-Through Certificates, Series 2017-KSKY

October 25, 2017

1761 E. St. Andrew Place  
Santa Ana, CA 92705

Website:  
<https://tss.sfs.db.com/investpublic>

Associated Files  
Supplements  
Pool Periodic  
Bond Periodic  
Loan Periodic  
Loan Setup  
Governing Documents  
Annex A

Factor Information:  
(800) 735-7777

Main Phone Number:  
714-247-6000

**Administrator**

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## Contacts

Depositor	Wells Fargo Commercial Mortgage Securities, Inc.
Trust Administrator	Federal Home Loan Mortgage Corporation
Underwriters	Wells Fargo Securities, LLC
	Citigroup Global Markets Inc.
	Jefferies LLC
	Mischler Financial Group, Inc.
	Stifel, Nicolaus & Company, Incorporated
Trustee	Deutsche Bank Trust Company Americas
Certificate Administrator	Deutsche Bank Trust Company Americas

## Dates

<b>Current Distribution Date</b>	<b>10/25/2017</b>
<b>Distribution Count</b>	<b>1</b>
Prior Distribution Date	N/A
Next Distribution Date	11/27/2017
Trust Collection Period	09/01/2017 to 10/11/2017
Record Date	09/29/2017
Determination Date	10/11/2017
Cut-off Date	09/01/2017
Closing Date	09/20/2017
Initial Distribution Date	10/25/2017

*In connection with the Certificate Administrator's preparation of this Statement to Certificateholders, the Certificate Administrator is conclusively relying upon, and has not independently verified, information provided to it by various third parties, including the Master Servicer, Special Servicer and other parties to the transaction. The Certificate Administrator makes no representations as to the completeness, reliability, accuracy or suitability for any purpose of the information provided to it by such third parties.*

**October 25, 2017**

**Certificate Payment Report**

Class	Class Type	CUSIP	Balance and Principal Components				Interest		Pass-Through Rate		Credit Support		
			Original Balance	Beginning Balance	Principal	Non-Prin Adj/ Loss/Accretion	Ending Balance	Interest Distributed	Excess/ Shortfall	Current	Next	Original %	Current %
ATE													
AT													
XTE													
XT													
<b>SubTotal</b>													
<b>Total</b>													

October 25, 2017

**Certificate Factor Report**

Class	Cusip	Accrual			Balance Factors			Payment Factors		
		Start Date	End Date	Methodology	Original Balance	Beginning Balance	Ending Balance	Interest Distributed	Principal Distributed	Total Distributed
ATE										
AT										
XTE										
XT										

October 25, 2017

**Cash Reconciliation**

Servicer Remittance Non-Adjusted
<b>Principal</b>
<b>A. Scheduled Principal</b>
Current Principal
Scheduled Maturity Payoff
<b>B. Unscheduled Principal</b>
Voluntary
Post-Maturity
Liquidation
Curtailment
Defeasance
Neg Am/Deferred
<b>Principal Non-Adjusted</b>
<b>Interest</b>
<b>A. Scheduled Interest</b>
Current Interest
Delinquent Interest
<b>Interest Non-Adjusted</b>
<b>Principal &amp; Interest Non-Adjusted</b>
<b>Notes</b>

(1) Reimbursement to the Guarantor sourced from Servicer  
 (2) Timing Guarantor Payment (Balloon and/or Class Final)  
 (3) Reimbursement to the Guarantor sourced from Trust for deficiency payments and amounts accrued thereon

Adjustments
<b>Principal</b>
<b>A. Excess Amounts</b>
Subsequent Recovery
Guarantor Reimbursement (1)
Gain-on-Sale
<b>B. Shortfalls Amounts</b>
Realized Loss
Additional Loss Claim
Principal Deficiency (2)
<b>Net Excess/Shortfall</b>
<b>Interest</b>
<b>A. Excesses</b>
Default Interest
Prepay Interest Excess (PPIE)
Interest Recovery
Other Interest Proceeds
Guarantor Reimbursement (1)
<b>B. Shortfalls</b>
Gross PPIS (Prepay Interest Shortfall)
Deferred Interest
Modification Shortfall
Liquidation Fees
Various Expenses
Other Interest Loss
<b>Net Excess/Shortfall</b>

Trust			
<b>Trust Related Fees &amp; Expenses</b>			
Trust Expense(s)			
Guarantor Fee			
Guarantor Deficiency Payment			
Guarantor Reimbursement (3)			
Unreimbursed Indemnification Expense			
<b>Trust Related Fees &amp; Expenses</b>			
<b>Deficiency/Reimbursement</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Prior Deficiency			
Unpaid Deficiency			
Paid Reimbursement			
Unpaid Reimbursement			

Summary
Principal Adjusted
Scheduled Interest
Interest Shortfall Expense
<b>Servicer Wire</b>
Trust Expense
Guarantor Pmt/Reimbursement
<b>Due to Certificates</b>

**Other Related Information**

<u>Disclosable Fees*</u>
Commissions
Brokerage fees
Commissions
Other
*Fee-sharing arrangement

**Pool and Performance Detail**

<b>Pool Detail</b>				
<b>Current</b>	<b>Amt</b>	<b>%</b>	<b>Cnt</b>	<b>%</b>
Smallest Balance				
Average Balance				
Largest Balance				

<b>WA Rates/Terms</b>			
<b>Cutoff</b>	<b>Prior</b>	<b>Current</b>	<b>Next</b>
One-Month LIBOR			
WAC			
WAMM			
AWAM			

<b>Current</b>
<b>Beginning Balance</b>
Scheduled Principal
Voluntary Payoff
Scheduled Maturity Payoff
Post-Maturity Payoff
Net Liquidation
Realized Loss
Curtailement
Negative Amortization/Deferred
<b>Ending Balance</b>

<b>Performance Snapshot</b>						
<b>Current</b>	<b>3 Mo Avg</b>		<b>6 Mo Avg</b>		<b>12 Mo Avg</b>	
	<b>% Bal</b>	<b>% Cnt</b>	<b>% Bal</b>	<b>% Cnt</b>	<b>% Bal</b>	<b>% Cnt</b>
Current						
30 Day						
60 Day						
90 Day Plus						
Foreclosures						
REOs						
Bankruptcies						
Liquidations						
Modifications						

<b>Cumulative</b>
Scheduled Principal
Voluntary Payoff
Scheduled Maturity Payoff
Post-Maturity Payoff
Net Liquidation
Realized Loss
Curtailement
Negative Amortization/Deferred

October 25, 2017

**Certificate Interest Reconciliation**

Class	Accrual				Beginning Balance	Pass-Through Rate	Prior Shortfall	Current Accrued	Current Additions	Current Deductions	Distributable Interest	Distributed Interest	Outstanding Shortfall
	Prior Due	Curr Due	Method	Days									
ATE													
AT													
XTE													
XT													
<b>SubTotal</b>													
<b>Total</b>													

**October 25, 2017**

**Interest Shortfall Reconciliation**

Investor No.	Scheduled Principal Balance at Contribution	Current Ending Scheduled Balance	Prepayment Interest Excess/ (Shortfall)	Non Recoverable (Scheduled Interest)	Modified Interest Rate (Reduction)/ Excess	Other (Shortfalls)/ Refunds	Comments - IS
<b>Totals</b>							
<b>Total Interest Shortfall hitting the Trust</b>							

October 25, 2017

**Certificate Reconciliation Detail**

Class	Principal Components				Interest Additions			Interest Deductions		
	Scheduled	Unscheduled	Current Loss	Cumulative Loss	Interest Adjustment	Interest on Prior Shortfall	Interest on Prior Loss	Net PPIS	Deferred Accretion	Interest Loss Expense
ATE										
AT										
XTE										
XT										
<b>SubTotal</b>										
<b>Total</b>										

**October 25, 2017**

**Certificate Reconciliation Detail - Guaranteed Deficiency Detail**

Class	Deficiency Detail						Guarantor Reimbursable Amounts					
	Current Deficiency		Guarantee Payment		Outstanding Deficiency		Prior Reimbursable Amount		Guarantor Payment		Outstanding Reimbursable Amount	
	Principal (1)	Interest (2)	Principal	Interest	Principal	Interest	Principal (3)	Interest (4)	Current	Cumulative	Principal	Interest
ATE												
AT												
XTE												
XT												
<b>Total</b>												

Notes:

- (1) Timing Guarantor Payment (Balloon/Final), plus Realized Loss/Trust Expense
- (2) Accrued Certificate Interest Amount shortfall
- (3) Timing Guarantor Payment plus Timing Guarantor Interest
- (4) Guarantor Reimbursement Amount and interest thereon for non-Timing Guarantor Payments

October 25, 2017

**Performance History**

Dist Date Dist Cnt	Delinquency Categories								Impaired Loans								Modification		
	30 Day		60 Day		90 Day		120+ Day		Foreclosure		REO		Bankruptcy		Curr FC not REO		Cnt	Bal	
	Cnt	Bal	Cnt	Bal	Cnt	Bal	Cnt	Bal	Cnt	Bal	Cnt	Bal	Cnt	Bal	Cnt	Bal			

**Delinquency Detail**

Investor No.	PTD	Tracking		Bond Status	Resoln Code	Status/Resolution w Relevant Dates			Bond Description			
		Month(s) Delinquent	Month(s) Recoved			ARA Date	Fcls/REO Date	Bkrpt Date	Prop Type	DSCR	LTV	

Totals

**Resolution Strategy Code**

1	Modification	6	DPO	10	Deed in Lieu Of
2	Foreclosure	7	REO		Foreclosure
3	Bankruptcy	8	Resolved	11	Full Payoff
4	Extension	9	Pending Return	12	Reps and Warranties
5	Note Sale		to Master Servicer	13	TBD
				98	Other

**Loan Status Code**

0	Current	3	90 Days Delinquent
A	Grace	4	Matured Balloon
B	0 - 29 Days	5	Non Performing
1	30 Days Delinquent		Matured Balloon
2	60 Days Delinquent	6	121+ Days Delinquent

**Property Type Code**

MF	Multi-Family	OF	Office	CH	Cooperating Housing
RT	Retail	MU	Mixed Use	ZZ	Missing Information
HC	Health Care	LO	Lodging	SF	Single Family
IN	Industrial	SS	Self Storage		
WH	Warehouse	98	Other		
MH	Mobile Home Park	SE	Securities		



**REO Historical Detail**

Investor No.	REO		Balances		Appraisal Information				Static			Liquidation Detail			
	Date	Type	Scheduled	Actual	Most Recent Appraisal	Appraisal Date	Appraisal Redn Amt	DSCR	Prop Type	Amort State	Cutoff Maturity	Liquidation Date	Net Liquidation Proceeds	Realized Loss	Type

REO Type

- 1 Paid-in-Full
- 2 Final Recovery Mode
- 3 Permitted Purchase

- 4 Final Recovery REO
- 5 Permitted Purchase of REO

Amortization Type

- 1 Fully Amortizing
- 2 Amortizing Balloon
- 3 Interest Only/Balloon
- 4 Interest Only/Amortizing
- 5 Interest Only/Amortizing/Balloon
- 6 Principal Only

- 7 Hyper-Amortization
- 98 Other

**Historical Certificate/Collateral Loss Reconciliation**

Investor No.	Period	Liquidation Summary		Certificate Level						Cash Adjustment	
		Beginning Balance (1)	Aggregate Loss (2)	Prior Certificate Writedown (3)	OC, Credit Support (4)	Shortfalls/ Excesses (5)	Modification, ARA Adjs (6)	Subseq Claims Recoveries (7)	Curr Certificate Writedown (8)	Cash Recovery (9)	Curr Certificate Writedown Adj.(10)

Loan Status Code

- 1 Current Scheduled Beginning Balance of the Loan at Liquidation
- 2 Aggregate Realized Loss on Loans
- 3 Prior Realized Loss Applied to Certificates
- 4 Amounts covered by Overcollateralization and other Credit Supports
- 5 Interest (Shortages)/Excesses applied to Realized Losses
- 6 Modification Adjustments/Appraisal Reduction Adjustments
- 7 Additional (Recoveries) Expenses applied to Realized Losses
- 8 Realized Loss Applied to Certificates to Date ((3) -(4) - (5) - (6) + (7))
- 9 Recoveries of Realized Losses Paid as Cash
- 10 Recoveries/Realized Losses applied to Certificate Interest

Note: In the initial period, the Realized Loss Applied to certificates to Date will equal Aggregate Realized Loss on Loans ( - (4) - (5) -(6) +(7)) versus ( (3) - (4) - (5) -(6) +(7))

October 25, 2017

**Historical Loss Liquidation**

Investor No.	Period	Liquidation Components (time of resolution)								Subsequent Adjustments			
		Begin Bal	Most Recent Appraisal	Liquidation Sales Price	Liquidation Proceeds	Liquidation Expense	Net Liquidation Proceeds	Loss to Trust	Loss Type	Adjustment Date	Adjustment Amount	Minor Adjustment	Adjusted Loss Cumulative

**Mortgage Bond Level Detail**

Investor No.	Current P&I						Current Status			Additional Loan Interest Detail			Financial				
	Principal Components			Interest			PTD	Bond Status	Rsln Strgy	Int on Adv	Default Int	Penalty Int	Most Recent		Cutoff		
	Begin Bal	Principal	Ending Bal	Rate	Accrual	Interest							DSCR	LTV*	Phy Occ %	DSCR	LTV

<u>Resolution Strategy Code</u>			<u>Loan Status Code</u>			<u>Property Type Code</u>			<u>Amortization Type</u>		
1 Modification	6 DPO	10 Deed in Lieu Of	0 Current	3 90 Days Delinquent	MF Multi-Family	LO Lodging	1 Fully Amortizing				
2 Foreclosure	7 REO	Foreclosure	A Grace	4 Matured Balloon	RT Retail	SS Self Storage	2 Amortizing Balloon				
3 Bankruptcy	8 Resolved	11 Full Payoff	B 0 - 29 Days	5 Non Performing	HC Health Care	98 Other	3 Interest Only/Balloon				
4 Extension	9 Pending Return	12 Reps and Warranties	1 30 Days Delinquent	Matured Balloon	IN Industrial	SE Securities	4 Interest Only/Amortizing				
5 Note Sale	to Master Servicer	13 TBD	2 60 Days Delinquent	6 121+ Days Delinquent	WH Warehouse	CH Cooperative	5 Interest Only/Amortizing/Balloon				
		98 Other			MH Mobile Home Park	Housing	6 Principal Only				
					OF Office	ZZ Missing	7 Hyper-Amortization				
					MU Mixed Use	Information	98 Other				
						SF Single Family					

October 25, 2017

**Property Detail (Default/Transfer)**

Property No.	Name	City	State	Status	Foreclosure Date	Valuation Amount	Valuation Date	Conveyance/ Transfer (Y/N)	Description

October 25, 2017

**Material Breaches and Document Defects**

Investor No.	Status/Resolutions				Description
	PTD	Bond Status	Breach or Defect Date	Resoln Strategy	

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## EXHIBIT C-1

### BOND SELLER'S REPRESENTATIONS AND WARRANTIES

As of the Closing Date, the Bond Seller will make, with respect to each of the Bonds sold by it that we include in the issuing entity, representations and warranties that are expected to be generally in the form set forth below. The exceptions to those representations and warranties are expected to be generally in the form set forth on Exhibit C-2. Capitalized terms used but not otherwise defined in this Exhibit C-1 will have the meanings set forth in this information circular or, if not defined in this information circular, in the Bond Purchase Agreement.

The Bond Purchase Agreement, together with the representations and warranties, serves to contractually allocate risk between the Bond Seller, on the one hand, and the issuing entity, on the other. We present the representations and warranties set forth below for the sole purpose of describing some of the expected terms and conditions of that risk allocation. The presentation of representations and warranties below is not intended as statements regarding the actual characteristics of each of the Bonds or the Mortgage Loan, the mortgaged real property or other matters. We cannot assure you that each of the Bonds actually conforms to the statements made in the representations and warranties that we present below.

For purposes of these representations and warranties, the phrase "to the knowledge of the Bond Seller" or "to the Bond Seller's knowledge" will mean, except where otherwise expressly set forth below, the actual knowledge of any of the individuals at the Bond Seller who were actively involved in the purchase and servicing of the Bonds regarding the matters referred to below.

The Bond Seller represents and warrants, subject to the exceptions set forth on Exhibit C-2, with respect to each of the Bonds and the Mortgage Loan, that as of the date specified below or, if no date is specified, as of the Closing Date, the following representations and warranties are true and correct in all material respects:

(1) Ownership.

(a) Immediately prior to the transfer to the depositor of each of the Bonds, the Bond Seller had good title to, and was the sole owner of, each of the Bonds.

(b) The Bond Seller has full right, power and authority to transfer and assign each of the Bonds to the depositor and has validly and effectively conveyed (or caused to be conveyed) to the depositor all of the Bond Seller's legal and beneficial interest in and to each of the Bonds free and clear of any and all liens, pledges, charges, security interests and/or other encumbrances of any kind.

(2) Bond and Mortgage Loan Status; Waivers and Modifications.

Since the origination date and except as described in the Trust Agreement as a Freddie Mac pre-approved servicing request, each of the following is true and correct:

(a) the material terms of the Bonds, the Mortgage Loan and the related documents have not been waived, impaired, modified, altered, satisfied, canceled, subordinated or rescinded in any respect,

(b) neither the mortgaged real property or any portion thereof has been released from the lien of the Mortgage or the Reimbursement Mortgage in any manner which materially interferes with the security intended to be provided by the Mortgage or the Reimbursement Mortgage or the use, value or operation of the mortgaged real property, and

(c) neither borrower nor guarantor has been released from its obligations with respect to the Mortgage Loan.

(3) Whole Bond.

Each Bond is a whole bond and is not a participation interest in a Bond.

(4) Defaults.

(a) There exists no monetary default (other than payments due but not yet more than 30 days past due) or, to Bond Seller's knowledge, material non-monetary default, breach, violation or event of acceleration under the Bonds or the Mortgage Loan.

(b) To Bond Seller's knowledge, there exists no event that, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a material default, breach, violation or event of acceleration under any of the Bonds or the Mortgage Loan.

(c) Since the origination date, neither the Bond Seller nor the Bond Credit Enhancer has waived any material default, breach, violation or event of acceleration under any of the Bonds, the Mortgage Loan or any of the related documents.

(d) Pursuant to the terms of the Bond documents and the Mortgage Loan documents, no person or party other than the holder of the Bonds or the Bond Credit Enhancer may declare an event of default or accelerate the indebtedness under the Bonds, the Mortgage Loan or any of the related documents.

(5) Federal Income Tax Matters.

As of the origination date, to Freddie Mac's knowledge, based on the borrower's representations and warranties in the Reimbursement Agreement, (i) the borrower has not taken any action, omitted to take any action, or permitted to be taken any action that would impair the exclusion from gross income for federal income tax purposes of the interest payable on any of the Tax-Exempt Bonds and (ii) the borrower is in compliance with all material requirements of the Regulatory Agreement and any tax certificate relating to the Tax-Exempt Bonds.

**EXHIBIT C-2**

**EXCEPTIONS TO BOND SELLER'S REPRESENTATIONS AND WARRANTIES**

<b>Representation and Warranty</b>	<b>Bond Number *</b>	<b>Bond Name</b>	<b>Issue</b>
2 (Bond and Mortgage Loan Status; Waivers and Modifications)	1 2 3 4	Sky Apartments Taxable Bond - 2014 Series B Sky Apartments Tax Exempt Bond - 2014 Series A Sky Apartments Tax Exempt Bond - 2015 Series A Sky Apartments Taxable Bond - 2017 Series A	The Reimbursement Agreement has been modified to provide that any optional prepayment by the borrower of the Mortgage Loan in whole may occur only on the first Business Day of a calendar month.

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\* As specified on Exhibit A-1.

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**EXHIBIT D**

**DECREMENT TABLES FOR THE PRINCIPAL BALANCE CERTIFICATES**

**Percentage of Initial Principal Balance Outstanding For:**

**Class ATE Certificates**

<b><u>Following the Distribution Date in—</u></b>	<b><u>0% CPR</u></b>	<b><u>100% CPP</u></b>	<b><u>100% CPR</u></b>
Closing Date .....	100%	100%	100%
September 2018 .....	100%	100%	100%
September 2019 .....	100%	100%	0%
September 2020 .....	100%	100%	0%
September 2021 .....	100%	100%	0%
September 2022 .....	100%	100%	0%
September 2023 .....	100%	100%	0%
September 2024 .....	100%	100%	0%
September 2025 .....	100%	100%	0%
September 2026 .....	100%	100%	0%
September 2027 and thereafter .....	0%	0%	0%
<b>Weighted average life (in years) .....</b>	<b>9.93</b>	<b>9.51</b>	<b>1.10</b>

**Class AT Certificates**

<b><u>Following the Distribution Date in—</u></b>	<b><u>0% CPR</u></b>	<b><u>100% CPP</u></b>	<b><u>100% CPR</u></b>
Closing Date .....	100%	100%	100%
September 2018 .....	100%	100%	100%
September 2019 .....	100%	100%	0%
September 2020 .....	100%	100%	0%
September 2021 .....	100%	100%	0%
September 2022 .....	100%	100%	0%
September 2023 .....	100%	100%	0%
September 2024 .....	100%	100%	0%
September 2025 .....	100%	100%	0%
September 2026 .....	100%	100%	0%
September 2027 and thereafter .....	0%	0%	0%
<b>Weighted average life (in years) .....</b>	<b>9.93</b>	<b>9.51</b>	<b>1.10</b>

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**Exhibit E**

**PRICE/YIELD TABLES FOR THE CLASS XTE AND XT CERTIFICATES**

**Corporate Bond Equivalent (CBE) Yield of the Class XTE Certificates\*  
0.10000% Per Annum Initial Coupon  
\$164,000,000 Initial Notional Amount**

<b>Price (%)</b>	<b>0% CPR CBE Yield (%)</b>	<b>100% CPP CBE Yield (%)</b>	<b>100% CPR CBE Yield (%)</b>
0.26000	41.19	40.98	(95.48)
0.27000	39.38	39.16	(98.19)
0.28000	37.69	37.45	**
0.29000	36.12	35.86	**
0.30000	34.65	34.37	**
0.31000	33.26	32.97	**
0.32000	31.96	31.66	**
0.33000	30.73	30.41	**
0.34000	29.57	29.23	**
<b>Weighted Average Life (in years)</b>	<b>9.93</b>	<b>9.51</b>	<b>1.10</b>

\* Yields presented in the table above are based on an assumed LIBOR of 1.23167% *per annum* and discounting on a 30/360 day count convention. Assumes the exercise of the right to purchase the Bonds in the event the total Stated Principal Balance of the Bond pool is less than 10.0% of the initial Bond pool balance, as described under “The Trust Agreement—Termination” in this information circular.

\*\* Yields are less than (100.00)%.

**Corporate Bond Equivalent (CBE) Yield of the Class XT Certificates\*  
0.02000% Per Annum Initial Coupon  
\$386,000,000 Initial Notional Amount**

<b>Price (%)</b>	<b>0% CPR CBE Yield (%)</b>	<b>100% CPP CBE Yield (%)</b>	<b>100% CPR CBE Yield (%)</b>
0.03000	77.66	77.62	(43.25)
0.04000	55.87	55.76	(73.91)
0.05000	43.15	42.95	(92.57)
0.06000	34.65	34.37	**
0.07000	28.46	28.12	**
0.08000	23.70	23.29	**
0.09000	19.88	19.41	**
0.10000	16.72	16.19	**
0.11000	14.04	13.46	**
<b>Weighted Average Life (in years)</b>	<b>9.93</b>	<b>9.51</b>	<b>1.10</b>

\* Yields presented in the table above are based on an assumed LIBOR of 1.23167% *per annum* and discounting on a 30/360 day count convention. Assumes the exercise of the right to purchase the Bonds in the event the total Stated Principal Balance of the Bond pool is less than 10.0% of the initial Bond pool balance, as described under “The Trust Agreement—Termination” in this information circular.

\*\* Yields are less than (100.00)%.

If you intend to purchase SPCs, you should rely only on the information in this Supplement, the Offering Circular and the Information Circular, including the information in the Incorporated Documents. We have not authorized anyone to provide you with different information.

This Supplement, the Offering Circular, the Information Circular and the Incorporated Documents may not be correct after their dates.

We are not offering the SPCs in any jurisdiction that prohibits their offer.

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**\$550,000,000**  
**(Approximate)**

# Freddie Mac

**Structured Pass-Through Certificates (SPCs)**  
**Series K-SKY**



*Co-Lead Managers and Joint Bookrunners*

**Wells Fargo Securities**  
**Jefferies**

*Co-Managers*

**Citigroup**  
**Mischler Financial Group, Inc.**  
**Stifel, Nicolaus & Company, Incorporated**

**September 12, 2017**