

Freddie Mac



Multifamily Mortgage Participation Certificates

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Freddie Mac issues and guarantees Multifamily Mortgage Participation Certificates, or “PCs.” PCs are securities that represent undivided beneficial ownership interests in, and derive payments from, individual or pools of multifamily residential mortgages that are held in trust for investors.

Freddie Mac’s Guarantee

We guarantee the payment of interest and principal on the PCs as described in this Offering Circular. **Principal and interest payments on the PCs are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac.** We alone are responsible for making payments on our guarantee.

Tax Status and Securities Law Exemptions

The PCs are not tax-exempt. The PCs are exempt from registration under the Securities Act of 1933, as amended, and are “exempt securities” under the Securities Exchange Act of 1934, as amended. We have not registered the PCs with any federal or state securities commission and no securities commission has reviewed this Offering Circular.

The PCs may not be suitable investments for you. You should not purchase PCs unless you have carefully considered and are able to bear the associated prepayment, interest rate, yield and market risks of investing in them. The *Risk Factors* section beginning on page 12 highlights some of these risks.

Offering Circular dated July 31, 2020

If you intend to purchase PCs, you should rely on the information in this Offering Circular, in the disclosure documents that we incorporate by reference in this Offering Circular as stated under *Additional Information* and in the related pool supplement (each, a **“Pool Supplement”**) that we will make available on our internet website as to each PC Pool upon its formation.

You can find additional and updated information about our PCs on our internet website at www.freddiemac.com/mbs. We have not authorized anyone to provide you with different information. Any information that may be furnished to you by a third party may not be reliable.

This Offering Circular, any related Pool Supplement and any incorporated documents may not be correct after their dates.

We are not offering the PCs in any jurisdiction that prohibits their offer.

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FREDDIE MAC

General

Freddie Mac was chartered by Congress in 1970 under the Federal Home Loan Mortgage Corporation Act (the “**Freddie Mac Act**”). Our public mission is to provide liquidity, stability and affordability to the U.S. housing market. We do this primarily by purchasing residential mortgages originated by lenders. In most instances, we package these mortgages into guaranteed mortgage-related securities, which are sold in the global capital markets and transfer interest rate and liquidity risks to third-party investors. In addition, we transfer mortgage credit risk exposure to third-party investors through our credit risk transfer programs, which include securities- and insurance-based offerings. We also invest in mortgages and mortgage-related securities. We do not originate mortgage loans or lend money directly to mortgage borrowers.

Although we are chartered by Congress, we alone are responsible for making payments on our securities. Payments on our PCs are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac.

Our statutory mission, as defined in our charter, is to:

- Provide stability in the secondary market for residential mortgages;
- Respond appropriately to the private capital market;
- Provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages 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
- Promote access to mortgage credit throughout the U.S. (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.

Conservatorship

We continue to operate under the conservatorship that commenced on September 6, 2008, conducting our business under the direction of the Federal Housing Finance Agency (“**FHFA**”) as our conservator (the “**Conservator**”). 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 us and our assets. The Conservator also succeeded to the title to all our books, records and assets held by any other legal custodian or third party. The Conservator has provided authority to our Board of Directors to oversee management’s conduct of our business operations so we can operate in the ordinary course. The directors serve on behalf of, exercise authority as provided by, and owe their fiduciary duties of care and loyalty to the Conservator. The Conservator retains the authority to withdraw or revise the authority it has provided at any time. The Conservator also retains certain significant authorities for itself, and has not provided them to the Board. The Conservator continues to provide strategic direction for Freddie Mac and directs the efforts of the Board and management to implement its strategy. Many management decisions are subject to review

and/or approval by FHFA and management frequently receives direction from FHFA on various matters involving day-to-day operations.

It is possible and perhaps likely that future legislative or regulatory action will materially affect our role in the mortgage industry, business model, structure, and results of operations. Some or all of our functions could be transferred to other institutions, and we could cease to exist as a stockholder-owned company, or at all. Several bills have been introduced in past sessions of Congress concerning the future status of Freddie Mac, the Federal National Mortgage Association (“**Fannie Mae,**” together with Freddie Mac, the “**Enterprises**”), and the mortgage finance system, including bills which provided for the wind down of the Enterprises, modification of the terms of the Purchase Agreement, or an increase in credit risk transfer transactions. None of these bills has been enacted. It is likely that similar or new bills will be introduced and considered in the future. In addition, in September 2019, Treasury released a plan to reform the housing finance system, which includes recommended legislative and administrative reforms that would advance the reform goals outlined in the presidential memorandum issued in March 2019, including ending the conservatorships of Freddie Mac and Fannie Mae, facilitating competition in the housing finance system, establishing regulation of the Enterprises that safeguards their safety and soundness and minimizes the risks they pose to financial stability, and providing that the federal government is properly compensated for any explicit or implicit support it provides to the Enterprises or the secondary housing finance market. It is possible that the executive branch could take steps, even in the absence of legislative action, to implement certain aspects of such a plan.

The conservatorship is indefinite in duration. The timing, likelihood, and circumstances under which we might emerge from conservatorship are uncertain. Under the Purchase Agreement, Treasury would be required to consent to the termination of the conservatorship, except in connection with receivership, and there can be no assurance it would do so. Even if the conservatorship is terminated, we would remain subject to the Purchase Agreement and the terms of the senior preferred stock. It is possible that the conservatorship could end with our being placed into receivership. Because Treasury holds a warrant to acquire nearly 80% of our common stock for nominal consideration, we could effectively remain under the control of the U.S. government even if the conservatorship ends and the voting rights of common stockholders are restored.

FHFA’s Strategic Plan for Freddie Mac and Fannie Mae Conservatorships. In October 2019, FHFA issued its 2019 Strategic Plan. The 2019 Strategic Plan described FHFA’s new direction to reform the housing finance system and Freddie Mac and Fannie Mae. The 2019 Strategic Plan established three reformulated strategic goals for the conservatorships of Freddie Mac and Fannie Mae:

- Focus on their core mission responsibilities to foster competitive, liquid, efficient, and resilient (CLEAR) national housing finance markets that support sustainable homeownership and affordable rental housing;
- Operate in a safe and sound manner appropriate for entities in conservatorship; and
- Prepare for their eventual exit from conservatorship. FHFA has also published annual Conservatorship Scorecards for Freddie Mac and Fannie Mae since 2014, which establish annual objectives as well as performance targets and measures. FHFA issued the 2019 Conservatorship Scorecard in December 2018. FHFA issued the 2020 Conservatorship Scorecard in October 2019, which aligns with the reformulated strategic goals of the 2019 Strategic Plan.

See the Incorporated Documents for additional information concerning FHFA’s strategic plan, Conservatorship Scorecards and legislative developments.

Purchase Agreement

On September 7, 2008, the U.S. Department of the Treasury (“**Treasury**”) entered into a senior preferred stock purchase agreement (as amended, the “**Purchase Agreement**”) with our Conservator, acting on our behalf. The amount of available funding remaining under the Purchase Agreement was \$140.2 billion as of December 31, 2019, and will be reduced by any future draws.

The Purchase Agreement requires Treasury, upon request of the Conservator, to provide funds to us after any quarter in which we have a negative net worth (that is, our total liabilities exceed our total assets, as reflected on our consolidated balance sheets prepared in accordance with generally accepted accounting principles). The Purchase Agreement also provides for Treasury, upon the request of the Conservator, to provide funds to us if the Conservator determines, at any time, that it will be mandated by law to appoint a receiver for us unless we receive these funds from Treasury. PC Holders have certain limited rights to bring proceedings against Treasury if we fail to pay under our guarantee and if Treasury fails to perform its obligations under its funding commitment. For a description of PC Holders’ rights to proceed against Freddie Mac and Treasury, see *The Trust Agreement — Rights Upon Event of Default*. The Purchase Agreement contains covenants that significantly restrict our operations.

Treasury, as the holder of the senior preferred stock, is entitled to receive cumulative quarterly cash dividends, when, as and if declared by our Board of Directors. Under the August 2012 amendment to the Purchase Agreement, our cash dividend requirement each quarter is the amount, if any, by which our Net Worth Amount, at the end of the immediately preceding fiscal quarter, less the applicable capital reserve amount, exceeds zero. Pursuant to our September 2019 letter agreement with Treasury, the applicable capital reserve amount is \$20.0 billion. The term “**Net Worth Amount**” is defined as: (a) our total assets (excluding Treasury’s commitment and any unfunded amounts thereof), less (b) our total liabilities (excluding any obligation in respect of capital stock), in each case as reflected on our consolidated balance sheets prepared in accordance with generally accepted accounting principles.

Under the Purchase Agreement, the unpaid principal balance of our mortgage-related investments portfolio is subject to a cap that reached \$250 billion at December 31, 2018. Since 2014, we have been managing the mortgage-related investments portfolio so that it does not exceed 90% of the cap established by the Purchase Agreement.

In February 2019, FHFA directed us to maintain the mortgage-related investments portfolio at or below \$225 billion at all times.

We receive substantial support from Treasury and are dependent upon its continued support in order to continue operating our business. Our ability to access funds from Treasury under the Purchase Agreement is critical to keeping us solvent and avoiding appointment of a receiver by FHFA under statutory mandatory receivership provisions. See the Incorporated Documents for additional information concerning the Purchase Agreement.

ADDITIONAL INFORMATION

Our common stock is registered with the U.S. Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934 (“Exchange Act”). We file reports and other information with the SEC.

As described below, we incorporate certain documents by reference in this Offering Circular, which means that we are disclosing information to you by referring you to those documents rather than by providing you with separate copies. We incorporate by reference in this Offering Circular (1) our most recent Annual Report on Form 10-K, filed with the SEC; (2) all other reports we have filed with the SEC pursuant to Section 13(a) of the Exchange Act since the end of the year covered by that Form 10-K report, excluding any information we “furnish” to the SEC on Form 8-K; and (3) all documents that we file with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act after the date of this Offering Circular and prior to the termination of the offering of the related PCs, excluding any information we “furnish” to the SEC on Form 8-K. These documents are collectively referred to as the “**Incorporated Documents**” and are considered part of this Offering Circular. You should read this Offering Circular and any applicable Pool Supplement, in conjunction with the Incorporated Documents. Information that we incorporate by reference will automatically update information in this Offering Circular. Therefore, you should rely only on the most current information provided or incorporated by reference in this Offering Circular and any applicable Pool Supplement. The applicable Offering Circular Supplement for your PCs shall serve as the Pool 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 other information statements, and other information regarding companies that file electronically with the SEC.

You can obtain, without charge, copies of this Offering Circular, the Incorporated Documents, the Multifamily PC Master Trust Agreement dated as of February 2, 2017 (as amended from time to time, the “**Trust Agreement**”) and the applicable Pool Supplement under which PCs are issued from:

Freddie Mac — Investor Inquiry
1551 Park Run Drive
McLean, Virginia 22102-3110
Telephone: 1-800-336-3672
E-mail: Investor_Inquiry@freddiemac.com

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

Internet Website*: www.freddiemac.com

The multifamily investors section of our website (initially located at <https://mf.freddiemac.com/investors/>) will also be updated, from time to time, with any information on material developments or other events that may be important to investors. You should access this website on a regular basis for such updated information.

This Offering Circular relates to PCs issued on and after July 31, 2020. For information about PCs issued before that date, see the related Offering Circular (available on our internet website) that was in effect at the time of issuance of those PCs. Under the Trust Agreement, Freddie Mac has agreed to act as Trustee for and, as Administrator, to administer all existing PCs substantially in accordance with the Trust Agreement, as described in this Offering Circular.

* 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 reference to this address to incorporate additional information into this Offering Circular or any Pool Supplement, except as specifically stated in this Offering Circular.

SUMMARY

This summary highlights selected information about the PCs. Before buying PCs, you should read this Offering Circular and the other disclosure documents referred to in *Additional Information* . You should rely on the information in an applicable Pool Supplement as to the PC Pool it describes if it is different from the information in this Offering Circular.

Appendix I shows the page numbers where definitions of capitalized terms appear.

**Trustee, Depositor, Administrator
and Guarantor**

Federal Home Loan Mortgage Corporation, or “**Freddie Mac,**” a shareholder-owned government-sponsored enterprise.

On September 6, 2008, the Director of FHFA placed Freddie Mac into conservatorship pursuant to authority granted by the Federal Housing Finance Regulatory Reform Act of 2008 (the “**Reform Act**”). As the Conservator, FHFA 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 the assets of Freddie Mac. For additional information regarding the conservatorship, see *Freddie Mac — Conservatorship and Risk Factors — Governance Factors*.

PC Pools

As Depositor, we transfer and deposit Mortgages that we have acquired into various trust funds established pursuant to the Trust Agreement and applicable Pool Supplements. As Administrator, on behalf of the Trustee for these trust funds, we create and issue under the Trust Agreement and related Pool Supplements PCs representing undivided beneficial ownership interests in individual Mortgages or pools of Mortgages and related assets held by those trust funds (“**PC Pools**”). Investors in PCs own beneficially their pro rata shares of the Mortgage or Mortgages in the related PC Pool.

Types of Mortgages

The assets in each PC Pool include mortgages or participation interests in mortgages that we have acquired (“**Mortgages**”), all proceeds of those Mortgages, amounts on deposit in a custodial account of Mortgage collections from servicers of those Mortgages and the right to receive payments pursuant to our guarantee. Unless it is later defeased, the Mortgages are secured by first or second liens on multifamily residential rental properties and may be either fixed-rate Mortgages or adjustable-rate Mortgages

(“ARMs”), including Floating-Rate Mortgages and Hybrid ARMs.

A “**Fully Amortizing Mortgage**” provides for level monthly payments of principal and interest based upon an amortization schedule calculated to pay the original balance of the Mortgage in full over the original term to maturity.

An “**Amortizing Balloon Mortgage**” provides for level monthly payments of principal and interest for a term of less than 30 years, based upon an amortization schedule calculated to pay the original balance of the Mortgage in full over a period of up to 30 years, and a balloon payment at maturity.

An “**Interest Only Balloon Mortgage**” provides for payments of interest only during its term and a balloon payment at maturity.

A “**Partial Interest Only Mortgage**” provides for payments of interest only during part of its term, followed by level monthly payments of principal and interest for the remainder of its term and a balloon payment at maturity.

A “**Floating-Rate Mortgage**” provides for an adjustable interest rate for the whole term of the Mortgage.

A “**Hybrid ARM**” provides for either a fixed interest rate for a set term and then an adjustable interest rate for the remaining term of the Mortgage or an adjustable interest rate for a set term and then a fixed interest rate for the remaining term of the Mortgage.

Types of PCs

Each “**Fixed-Rate PC**” represents an interest in a PC Pool which contains fixed-rate Mortgages. Each “**Floating-Rate (ARM) PC**” represents an interest in a PC Pool containing Floating-Rate Mortgages. Each “**Hybrid (ARM) PC**” represents an interest in a PC Pool containing Hybrid ARMs. Generally, we will pool fixed-rate Mortgages separately from ARMs.

Pool Characteristics

Each Mortgage in a PC Pool must meet the eligibility standards we have established. The Pool Supplement for each PC Pool will describe on a pool-level basis the types and various characteristics of the Mortgages in the PC Pool. Mortgages may be repurchased from PC Pools or substituted for other Mortgages in certain limited situations described in this Offering Circular.

Payments

As Administrator, we pay principal and interest monthly on each Payment Date beginning in the month after issuance. Payment Dates fall on or about the 25th of each month. Except as provided in the applicable Pool Supplement, our payments on PCs do not include the amounts of any fees, charges or interest in excess of the applicable PC Coupon that may be paid on the underlying Mortgages. These amounts generally are retained by servicers as servicing compensation or retained by us as part of our management and guarantee fees for our services as Administrator and Guarantor.

• **Interest**

We pay interest on each PC at its applicable per annum interest rate (“**PC Coupon**”). Interest payable on a Payment Date accrues during the preceding calendar month.

• **Principal**

We pass through all principal payments made on the Mortgages in a PC Pool. We base the amount of payments on servicers’ reports of principal received on the Mortgages and, for Fixed-Rate PCs, our calculation of scheduled monthly principal payments. Principal payments include full and partial prepayments of principal of Mortgages by borrowers and the principal amount of any Mortgages that are repurchased from PC Pools. The Holders of PCs issued from the same PC Pool receive principal payments on a pro rata basis.

Pool Factors

In any month, you can determine the amount of the principal payment on a PC by reference to the Pool Factor for the related PC Pool. A Pool Factor is an exact decimal rounded to eight places which, when multiplied by the original principal balance of the related PC, equals the remaining principal balance of the PC after giving effect to the principal payment to be made in the same month. As Administrator, we publish Pool Factors on or about the fifth Business Day of each month.

Guarantee

For Fixed-Rate PCs, as Guarantor, we guarantee timely payment of interest at the applicable PC Coupon and the timely payment of scheduled principal, whether or not we receive these payments from the servicers of the underlying Mortgages.

For Floating-Rate or Hybrid (ARM) PCs, as Guarantor, we guarantee timely payment of interest at the applicable PC Coupon, whether or not we receive these payments from

the servicers of the underlying Mortgages, and the full and final payment of any principal no later than the month following the Final Payment Date. We do not guarantee the timely payment of scheduled principal on Floating-Rate or Hybrid (ARM) PCs. **Principal and Interest payments on the PCs are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac.**

In the event the Conservator was to repudiate our guarantee obligation, the ability of PC Holders to enforce the guarantee obligation would be limited to actual direct compensatory damages. The rights of PC Holders to bring proceedings against Treasury are limited if we fail to pay under our guarantee. See *The Trust Agreement — Rights Upon Event of Default*. The Conservator has advised us that it has no intention of repudiating the guarantee obligation because it views repudiation as incompatible with the goals of the conservatorship.

Servicing

As Administrator, we are responsible for monitoring and overseeing the servicing of the Mortgages. We contract with mortgage servicers that perform servicing functions for each PC Pool on Freddie Mac’s behalf and in accordance with standards that we have established and that we may waive or change from time to time.

Trust Agreement

As Trustee, we issue PCs from each PC Pool according to the Trust Agreement, which we summarize in this Offering Circular. You should refer to the Trust Agreement for a complete description of your rights and obligations and those of Freddie Mac as Trustee, Depositor, Administrator and Guarantor.

Proceeds

PCs may be issued in exchange for Mortgages, in which case we would not receive cash proceeds. We may also issue PCs backed by pools of Mortgages we already own, in which case we receive cash proceeds that are generally used for general corporate purposes, including the purchase of additional Mortgages.

Form of PCs

PCs are issued, held and transferable only on the book-entry system of the Federal Reserve Banks. The Holder of a PC is the entity that appears as such on the records of a Federal Reserve Bank. Only institutions that are members of the Federal Reserve System may be Holders of PCs.

PC Denominations	The PCs are issued, held and transferable in minimum denominations of \$1,000 and in \$1 increments above that minimum.
Method of Payment	A Federal Reserve Bank credits payments on each Payment Date to the accounts of Holders on the Federal Reserve Banks' book-entry system. Each Holder, and each financial intermediary in the chain to the beneficial owners of the PCs, will be responsible for remitting payments to their customers.
No "Clean-up Call"	We have no "clean-up call" option to redeem or terminate a PC based on its unpaid principal balance falling below a prescribed level.
Tax Status	We will classify each PC Pool as a grantor trust. As an investor in PCs, you will be treated as the owner of a pro rata undivided interest in the income and the principal of the related grantor trust, and will be considered the owner of a pro rata undivided interest in each of the underlying Mortgages.

RISK FACTORS

Although we guarantee certain payments on PCs and so bear the associated credit risk of the underlying Mortgages, as an investor you will bear the other risks of owning mortgage securities. This section highlights some of these risks. Investors should carefully consider the risks described below and elsewhere in this Offering Circular, the applicable Pool Supplement and the other documents referred to in *Additional Information* before deciding to purchase PCs. However, neither this Offering Circular nor those other documents describe all the possible risks of an investment in PCs that may result from your particular circumstances, nor do they project how PCs will perform under all possible interest rate and economic scenarios.

Investment Factors:

PCs may not be suitable investments for you. PCs are complex securities. You, alone or together with your financial advisor, need to understand the risks of your investment, and you need to be able to analyze the information in this Offering Circular, the applicable Pool Supplement and the documents referred to in *Additional Information*, as well as the economic and other factors that may affect your investment. If you require a definite payment stream, or a single payment on a specific date, PCs are not suitable investments for you. If you purchase PCs, you need to have enough financial resources to bear all of the risks related to your investment.

PCs are subject to liquidity risks. Illiquidity can have a severely negative impact on the prices of PCs, especially those that are particularly sensitive to prepayment or interest rate risk. PCs are not traded on any exchange and the market price of a particular issuance of PCs or a benchmark price may not be readily available. A secondary market for some types of PCs may not develop. Even if a market develops, it may not continue. As a result, you may not be able to sell your PCs easily or at prices that will allow you to realize your desired yield. The secondary markets for some PCs have experienced periods of illiquidity in the past, and can be expected to do so again in the future. Our financial condition, the conservatorship, our future structure and organization, including whether we will continue to exist, the level of governmental support for Freddie Mac and market perceptions or speculation concerning such factors could materially affect the liquidity and pricing of your PCs. Moreover, economic and political conditions in the U.S. and in foreign countries, including those countries that own and trade our PCs and other mortgage-backed securities, and demand for housing in the U.S. may materially affect the liquidity and pricing of your PCs.

Our activities to support the liquidity of our PCs may not be successful. From time to time, we may undertake various activities in an effort to support our presence in the agency securities market or to support the liquidity of our PCs. These activities may include the purchase and sale of agency securities, purchases of loans, and dollar roll transactions, as well as the issuance of securities backed by our PCs. Dollar roll transactions are transactions in which we enter into an agreement to purchase and subsequently resell (or sell and subsequently repurchase) PCs. Our purchases and sales of mortgage-related securities and our issuances of securities backed by our PCs influence the relative supply and demand (i.e., liquidity) for these securities. Depending upon market conditions, there may be substantial variability in any period in the total amount of securities we purchase or sell. In some cases, purchasing or selling agency securities could adversely impact our security performance. While we may employ a variety of strategies in an effort to support the liquidity of our PCs and may consider additional strategies, any such strategies may fail or adversely affect our business or we may cease such activities if deemed appropriate (or if required by FHFA). We incur costs in connection with our efforts to support our presence in the agency securities market or the liquidity of our PCs, including

engaging in transactions that yield less than our target rate of return. We may increase, reduce, or discontinue these or other related activities at any time, which could affect our market presence or the liquidity of our PCs. See also *Secondary Markets, Mortgage Security Performance and Market Support Activities*.

PCs are subject to market risk. The market values of your PCs will vary over time in response to, among other factors: the level of, and changes in, prevailing interest rates; the age and other characteristics of Mortgages backing a PC; the number of and outstanding principal balance of other PCs with similar characteristics; and the availability of comparable securities. Financial, regulatory and legislative developments concerning Freddie Mac generally, including whether we are in conservatorship or receivership, could affect prices for your PCs. In addition, any adverse change in the market perception of our level of governmental support or credit standing could reduce the market price of PCs. If you sell your PCs when their market values are low, you may experience significant losses.

Changes to, or Elimination of, LIBOR Could Adversely Affect Your Investment in the Floating-Rate or Hybrid (ARM) PCs. 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: (1) 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; (2) 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 (3) 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 "IBA") 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 IBA 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 ARMs and the Floating-Rate or Hybrid (ARM) PCs, LIBOR will be based on the IBA's one-month London interbank offered rate for United States Dollar deposits as displayed on the LIBOR Index Page, or another rate as set forth in the definition of LIBOR. For the underlying Mortgage, in the event of a conversion to an alternate index, the selection of the alternate index will be made by Freddie Mac in its sole discretion in accordance with the terms of the underlying Mortgage.

Depending on the language in the applicable loan documents, it is possible that the underlying Mortgage may convert to a different alternate index than other underlying Mortgages, if any. The alternate index as to any underlying Mortgage and the Floating-Rate or Hybrid (ARM) PCs may not move in tandem with LIBOR. In addition, the strike rate in all interest rate cap agreements will be based on LIBOR until the IBA ceases to set or publish a rate for LIBOR. A rise in the level of the alternate index without a corresponding rise in the level of LIBOR could result in the inability of a borrower to pay its required debt service on an underlying Mortgage.

In the event LIBOR is no longer available, a borrower may not be able to extend or replace the interest rate cap agreement it may be required to maintain under the related loan documents with an interest rate cap agreement based upon the alternative index. As a result, the borrower would be in default under the related loan documents.

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, 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 Floating-Rate or Hybrid (ARM) PCs could be adversely affected.

Changes to, or the elimination of, an Index could adversely affect your investment in Floating-Rate or Hybrid (ARM) PCs with PC Coupons based on such Index. Changes to, or the elimination of, an Index could adversely affect your investment in the Floating-Rate or Hybrid (ARM) PCs with PC Coupons based on such Index. If such Index ceases to be published, then we reserve the right to choose an alternative index. If such Index in its current form does not survive or if an alternative index is chosen, the market value and/or liquidity of Floating-Rate or Hybrid (ARM) PCs with PC Coupons based on such Index could be adversely affected.

You may not be allowed to buy PCs. If you are subject to legal investment laws and regulations or to review by regulatory authorities, you may not be allowed to invest in some types of PCs or in PCs generally. If you purchase PCs in violation of such laws or regulations, you may be compelled to divest such PCs.

Potential conflicts of interest. In connection with the PCs that we issue, we act in multiple roles — Trustee, Depositor, Administrator and Guarantor. The Trust Agreement provides that in determining whether a Mortgage shall be repurchased from the related PC Pool, we may in our capacities as Administrator and Guarantor consider factors as we deem appropriate, including the reduction of administrative costs (in the case of the Administrator) and possible exposure under our guarantee (in the case of the Guarantor). There is no independent third party engaged with respect to the PCs to monitor and supervise our activities in our various roles. In connection with our roles as Administrator and Guarantor, we may take certain actions with respect to Mortgages that may adversely affect PC Holders. For example, we may repurchase, or direct sellers or servicers to repurchase, Mortgages from PC Pools in certain situations. A Mortgage repurchase will be treated as a prepayment in full of the Mortgage being repurchased and will increase the prepayment speeds of the

related PCs. See *Description of the Mortgages — Mortgage Purchase and Servicing Standards — Mortgage Repurchases*,

If you own PCs backed by Mortgages that you transferred to us, your voting and consent rights may be limited. Under certain circumstances, if you transferred Mortgages to us in exchange for cash or PCs, when determining whether Holders of PCs have given any request, demand, authorization, direction, notice, consent or waiver, any PCs beneficially held by you may be disregarded and deemed not to be outstanding or may be otherwise limited in voting rights. In addition, your rights may be limited as a result of our conservatorship. See *Governance Factors*.

All of the Mortgages Are Secured by Multifamily Rental Properties, Thereby Materially Exposing Investors to Risks Associated with the Performance of Multifamily Rental Properties.

All of the mortgaged properties are primarily used for multifamily rental purposes which may present more risk than a single family mortgage. 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,
- manufactured housing communities 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 subject property and the absence of borrower recourse; and
- government agency rights to approve the conveyance of such mortgaged properties could potentially interfere with the foreclosure or execution of a deed-in-lieu of foreclosure of such properties.

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. For instance, a significant number of units at a mortgaged property may be leased to military tenants. Base closings and the transient nature of military service may adversely affect the income stream at such mortgaged property. In addition, some units in a multifamily rental property may be leased to corporate entities. Expiration or nonrenewals of corporate leases and vacancies related to corporate tenants may adversely affect the income stream at the mortgaged 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 the foregoing 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 the underlying 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 suits 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 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 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.

Certain of the multifamily rental properties that secure the Mortgages 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 properties, the character of improvements on the properties, the borrowers’ right to operate certain types of facilities within a prescribed radius of the properties and limitations affecting noise and parking requirements, among other things. In addition, certain of the multifamily rental properties that secure the Mortgages 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 any multifamily rental property securing a Mortgage. These limitations

could adversely affect the ability of the related borrower to lease the mortgaged property on favorable terms, thus adversely affecting the borrower's ability to fulfill its obligations under the related Mortgage.

Some of the multifamily rental properties that secure the Mortgages may be subject to land use restrictive covenants or contractual covenants in favor of federal or state housing agencies. The obligations of the related borrowers to comply with such restrictive covenants and contractual covenants, in most cases, constitute encumbrances on the related mortgaged property that are superior to the lien of the related Mortgage. In circumstances where the mortgaged property is encumbered by a regulatory agreement in favor of a federal or state housing agency, the borrower is generally required by the Mortgage 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 the foregoing 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 a borrower, among other conditions, (i) to submit periodic compliance reports and/or permit regulatory authorities to conduct periodic inspections of the related mortgaged 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 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 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 property. We cannot assure you that the foregoing circumstances will not adversely impact operations at or the value of the mortgaged 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 property or that the failure to obtain such consent will not adversely impact the lender's ability to exercise its remedies upon default of a Mortgage.

Green Improvements. Certain Mortgages may be underwritten in accordance with Freddie Mac's Green Up[®] or Green Up Plus[®] programs and will be identified as "Green Advantage" in the applicable Pool Supplement. If identified as such, it means such Mortgage was underwritten assuming that the related borrower will make certain energy and/or water/sewer improvements to the related mortgaged property generally within 2 years after origination of the Mortgage, with the lender typically escrowing 125% of the cost to complete such capital improvements. The related originator will underwrite up to 50%, with respect to the Green Up[®] program, or 75%, with respect to the Green Up Plus[®] program, of the projected energy and/or water/sewer cost savings resulting from such improvements based on a Green Assessment or Green Assessment Plus, respectively. We cannot

assure you that the related borrowers will complete any such capital improvements or realize any such projected cost savings.

A PC Pool may consist of only a single Mortgage and Mortgages underlying PCs may be riskier than single family Mortgages. PCs backed by a single Mortgage present more risk than PCs backed by multiple Mortgages because you may receive early repayment of your entire investment on the PC.

Since the individual Mortgage amounts often are large, one Mortgage is likely to comprise a larger portion of the PC Pool than would one single family mortgage and, therefore, principal prepayments may significantly affect the yield on your PC. This is especially the case if your PC is backed by a single Mortgage.

Governance Factors:

The Conservator may repudiate our contracts, including our guarantee. As Conservator, FHFA may disaffirm or repudiate contracts (subject to certain limitations for qualified financial contracts) that we entered into prior to its appointment as Conservator if it determines, in its sole discretion, that performance of the contract is burdensome and that disaffirmation or repudiation of the contract promotes the orderly administration of our affairs. The Reform Act requires FHFA to exercise its right to disaffirm or repudiate most contracts within a reasonable period of time after its appointment as Conservator. In a final rule published in June 2011, FHFA defines a reasonable period of time following appointment of a conservator or receiver to be 18 months.

The Conservator has advised us that it has no intention of repudiating any guarantee obligation relating to Freddie Mac's mortgage-related securities, including PCs, because it views repudiation as incompatible with the goals of the conservatorship. In addition, the Reform Act provides that mortgage loans and mortgage-related assets that have been transferred to a Freddie Mac securitization trust must be held for the beneficial owners of the related Freddie Mac mortgage-related securities, including PCs, and cannot be used to satisfy our general creditors.

If our guarantee obligations were repudiated, payments of principal and/or interest to PC Holders would be reduced in the event of any borrowers' late payments or failure to pay or a servicer's failure to remit borrower payments to the trust. In that case, trust administration and servicing fees could be paid from Mortgage payments prior to distributions to PC Holders. Any actual direct compensatory damages owed due to the repudiation of our guarantee obligations may not be sufficient to offset any shortfalls experienced by PC Holders.

The Conservator also has the right to transfer or sell any asset or liability of Freddie Mac, including our guarantee obligation, without any approval, assignment or consent. If the Conservator were to transfer our guarantee obligation to another party, PC Holders would have to rely on that party for satisfaction of the guarantee obligation and would be exposed to the credit risk of that party.

The liability of the Conservator, in the event it repudiates our guarantee, is limited. In general, the liability of the Conservator for the disaffirmance or repudiation of any contract, including our guarantee, is limited to actual direct compensatory damages determined as of September 6, 2008, which is the date we were placed into conservatorship.

FHFA could terminate the conservatorship by placing us into receivership, which could adversely affect our guarantee, and restrict or eliminate certain rights of PC Holders. Under the Reform Act, FHFA must place us into receivership if the Director of FHFA determines in writing that

our assets are, and for a period of 60 days have been, less than our obligations. FHFA has notified us that the measurement period for any mandatory receivership determination with respect to our assets and obligations would commence no earlier than the SEC public filing deadline for our quarterly or annual financial statements and would continue for 60 calendar days after that date. FHFA has also advised us that, if, during that 60-day period, we receive funds from Treasury in an amount at least equal to the deficiency amount under the Purchase Agreement, the Director of FHFA will not make a mandatory receivership determination.

In addition, we could be put into receivership at the discretion of the Director of FHFA at any time for a number of reasons as set forth under the Reform Act. Several bills considered by Congress in the past several years provided for Freddie Mac to be placed into receivership. In addition, FHFA could be required to place us into receivership if Treasury is unable to provide us with funding requested under the Purchase Agreement to address a deficit in our net worth. Treasury might not be able to provide the requested funding if, for example, the U.S. government were not fully operational because Congress had failed to approve funding or if the U.S. government reached its borrowing limit and, as a result, Treasury was unable to obtain funds sufficient to cover the request.

Being placed into a receivership would terminate the current conservatorship. The purpose of receivership is to liquidate our assets and resolve claims against us. The appointment of FHFA as our receiver would terminate all rights and claims that our stockholders and creditors may have against our assets or under our charter as a result of their status as stockholders or creditors, other than possible payment upon our liquidation.

If FHFA were to become our receiver, it could exercise certain powers that could adversely affect PC Holders. As receiver, FHFA could repudiate any contract entered into by us 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 our 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. FHFA has defined such a reasonable period to be 18 months.

If FHFA, as receiver, were to repudiate our 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 our assets were available for that purpose.

Moreover, if our guarantee obligations were repudiated, payments of principal and/or interest to PC Holders would be reduced in the event of any borrowers' late payments or failure to pay or a servicer's failure to remit borrower payments to the trust. In that case, trust administration and servicing fees could be paid from Mortgage payments prior to distributions to PC Holders. Any actual direct compensatory damages owed due to the repudiation of our guarantee obligations may not be sufficient to offset any shortfalls experienced by PC Holders. PC Holders would experience delays in receiving payments on their PCs because the relevant systems are not designed to make partial payments.

In its capacity as receiver, FHFA would have the right to transfer or sell any asset or liability of Freddie Mac, including our guarantee obligation, without any approval, assignment or consent of any party. If FHFA, as receiver, were to transfer our guarantee obligation to another party, PC Holders would have to rely on that party for satisfaction of the guarantee obligation and would be exposed to the credit risk of that party.

During a receivership, certain rights of PC Holders under the Trust Agreement may not be enforceable against FHFA, or enforcement of such rights may be delayed. The Trust Agreement provides that upon the occurrence of a Guarantor event of default, which includes the appointment of a receiver, PC Holders have the right to replace Freddie Mac as Trustee and Administrator if the requisite percentage of PC Holders consent. Pursuant to the Reform Act, FHFA, as receiver, may prevent PC Holders from enforcing their rights to replace Freddie Mac as Trustee and Administrator if the event of default arises solely because a receiver has been appointed.

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 we are placed into receivership and do not or cannot fulfill our guarantee obligation to PC Holders, PC Holders could become unsecured creditors of Freddie Mac with respect to claims made under our guarantee. For a description of certain rights of PC Holders to proceed against the Treasury if we fail to pay under our guarantee, see *The Trust Agreement — Rights Upon Event of Default*.

See the Incorporated Documents for additional information regarding the possible implications of a receivership.

Prepayment and Yield Factors:

Principal payment rates are uncertain. Principal payment rates on PCs will depend on the rates of principal payments on the underlying Mortgages. Mortgage principal payments include scheduled payments and full or partial prepayments. Prepayment rates fluctuate continuously and (in some market conditions) substantially.

We cannot predict the rate of prepayments on the Mortgages, which is influenced by a variety of economic, social and other factors, including local and regional economic conditions, the existence and enforceability of lockout periods and prepayment premiums and the availability of alternative financing. Prepayments are also affected by servicing decisions and policies, such as decisions to pursue alternatives to foreclosure.

Principal payment behavior varies over time and among PC Pools. The rate of principal payments on a PC Pool may vary significantly from month to month as a result of fluctuations in the principal payment rates of its underlying Mortgages. A PC Pool may experience payment behavior that is similar to or different from that experienced by other PC Pools consisting of similar Mortgages. Any PC Pool could experience payment behavior that is significantly different from other PC Pools, particularly if it contains a relatively small number of Mortgages, contains Mortgages from only one seller or has been formed specifically to emphasize one or more loan characteristics, such as property location or loan size. Changes in payment behavior could also result from changes in or waivers of our Mortgage purchasing or servicing requirements or standards.

Prepayments can reduce your yield. Your yield on a PC will depend on its price, the interest rate payable on the PC, the payment delay on the PC, the rate of prepayments on its underlying Mortgages, and other characteristics of those Mortgages. Certain Mortgages may be voluntarily prepaid at any time, subject to any applicable lockout period and to the payment of any applicable prepayment premiums. The Mortgages with lockout periods may be voluntarily prepaid at any time

outside of the lockout period. The Mortgages also may be prepaid due to defaults, casualties, condemnations and repurchases. You should carefully consider the yield risks associated with PCs, including these:

- If you purchase a PC at a discount to its principal amount and the rate of principal payments on the underlying Mortgages is slower than you expect, you will receive payments over a longer period than you expect, so the yield on your investment will be lower than you expect.
- If you purchase a PC at a premium over its principal amount and the rate of principal payments on the underlying Mortgages is faster than you expect, you will receive payments over a shorter period than you expect, so the yield on your investment will be lower than you expect.
- In general, the rate of Mortgage prepayments early in your investment has the greatest effect on your yield to maturity. A negative effect on your yield produced by principal prepayments at a higher (or lower) rate than you expect in the period immediately following your purchase of a PC is not likely to be fully offset by an equivalent reduction (or increase) in that rate in later periods.

The yield on your PCs may be less than the PC Coupon. The effective yield on any PC will be less than the yield that its PC Coupon and purchase price would otherwise produce, because:

- On its first Payment Date, 30 days' interest will be payable on the PC even though interest began to accrue approximately 55 days earlier.
- On each Payment Date after the first Payment Date, the interest payable on the PC will accrue during its Accrual Period, which will end approximately 25 days before that Payment Date.

Reinvestment of principal payments may produce lower yields. The Mortgages tend to prepay fastest when current interest rates are low. When you receive principal payments in a low interest rate environment, you may not be able to reinvest them in comparable securities with as high a yield as your PC. When current interest rates are high, Mortgages tend to prepay more slowly and your ability to reinvest principal payments could be delayed. If the yield on comparable investments is higher than the yield of your PCs at that time, you could be disadvantaged by not receiving principal for reinvestment as quickly as you expected.

Index levels will affect yields of Floating-Rate or Hybrid (ARM) PCs. If you invest in Floating-Rate or Hybrid (ARM) PCs, and the index level used to adjust the interest rates on the underlying Mortgages is lower than you expect, the yield on your investment could be lower than you expect, especially if prepayments are slow. Even if the index level is high but prepayments are fast, your yield could be lower than you expect. ARM interest rate adjustments typically occur less frequently than monthly, and all adjustments have "lookback" periods. As a result, interest rates on the ARMs and the related Floating-Rate or Hybrid (ARM) PCs may not reflect current index levels.

General economic conditions resulting from COVID-19 could adversely affect your PCs. Beginning in early 2020, financial markets have been significantly adversely affected and experienced substantial volatility in reaction to concerns regarding the outbreak of COVID-19, commonly referred to as "coronavirus," in the global population. The World Health Organization has declared the outbreak to be a pandemic, and President Trump has declared the outbreak a national emergency in the United

States. State emergency or public health emergency declarations have been issued for each state and territory, as well as the District of Columbia. Most states and some local jurisdictions have also enacted measures requiring closure of numerous businesses, curtailing consumer activity, and other economically restrictive efforts, to combat COVID-19. These pandemic mitigation efforts have created sharp rises in unemployment and severe economic contraction. The pandemic has also led to severe disruptions in global economies, markets and supply chains, and those disruptions may intensify and continue for some time, with significant near- and long-term effects on the real estate and securitization markets, including the multifamily mortgage-backed securities market. The value and liquidity of your investment in the PCs may also be adversely affected by other pandemics or wars, revolts, terrorist attacks, armed conflicts, energy supply or price disruptions, political crises, natural disasters, civil unrest and/or protests and man-made disasters. See *Risk Factors — Investment Factors — PCs are subject to market risk.*

In addition, pursuant to the guidance in an announcement dated March 27, 2020 (the “**Initial Period Guidance**”), Freddie Mac made changes to its servicing standard to provide temporary relief in the form of forbearance to borrowers whose mortgaged properties or related operations are affected by the pandemic. Freddie Mac’s Initial Period Guidance provides that a borrower that has been current in its payments as of February 1, 2020, and who documents financial hardship as a consequence of the COVID-19 pandemic, will be permitted to defer payment for a forbearance period of 90 days (three consecutive monthly payments). The borrower will then be permitted to repay the total amount for which forbearance is given, without additional interest or prepayment premiums, over a period of 12 months in no more than 12 equal monthly installments following the end of the applicable forbearance period. The period in which a borrower may request forbearance ends on the earlier of December 31, 2020, or upon the termination date of the presidentially-declared national emergency, if earlier.

Pursuant to additional period guidance in an announcement made on June 28, 2020, Freddie Mac will provide additional temporary relief to borrowers who have already received and remain in full compliance with the relief measures outlined under the Initial Period Guidance and as to whom the Mortgage servicer determines that (1) COVID-19 continues to be the underlying cause of the impairment of performance at the related mortgaged property, and (2) one of the options described in the bullet points below (the “**Supplemental Relief Options**”) will provide a reasonably foreseeable recovery of performance of such mortgaged property to that existing prior to the impacts of COVID-19 (the “**Minimum Requirements**”). The Supplemental Relief Options are described as follows:

- Under the first option, if the borrower and the related mortgaged property satisfy the Minimum Requirements, the forbearance period will remain at 90 days (as under the Initial Period Guidance) and the repayment period during which borrowers are required to repay the total amount for which forbearance was given will remain at 12 months (as under the Initial Period Guidance); however, borrowers that receive this option will be permitted to repay the owed amounts in 9 equal monthly installments starting with the fourth month of such 12-month repayment period, thereby having a reprieve in repayment of three months.
- Under the second option, if the debt service coverage ratio for the year-to-date operation of the related mortgaged property is less than 1.0x, and if the borrower and the mortgaged property satisfy the Minimum Requirements, the forbearance period will remain at 90 days (as under the Initial Period Guidance) but the repayment period during which the borrower is required to repay the total amount for which forbearance was given will be extended by

either three months (thereby having a repayment period of 15 months) or six months (thereby having a repayment period of 18 months).

- Under the third option, if the debt service coverage ratio for the year-to-date operation of the related mortgaged property is less than 1.0x, and the borrower and the mortgaged property satisfy the Minimum Requirements, the forbearance period will be extended by three months (thereby having a forbearance period of six months) and the repayment period will either be 12 months following the end of the extended forbearance period or 24 months following the end of the extended forbearance period. The terms of the forbearance agreement initially entered into with the borrower will apply for the duration of the extended forbearance period.

During the forbearance period and the repayment period, certain borrower restrictions may apply, including manner of use of rents, charging of tenant late fees, penalties or other charges, repayment plans for unpaid rental payments and eviction moratorium or notice to vacate requirements. In addition, a number of states and local jurisdictions have declared states of emergency and have enacted, or may in the future enact, measures to protect tenants and borrowers. Such measures may include state and local forbearance protections for borrowers that may be in addition to the measures described above. Many jurisdictions in the United States have suspended foreclosures or evictions, either due to announced policy or court closures.

These changes may adversely impact cash flow from or operations at a mortgaged property, including the borrower's ability to resume the timely payment of principal and/or interest and other amounts due on the Mortgage. In addition, any economic downturn or recession may adversely affect any Mortgage servicer's performance of its duties and, accordingly, may adversely affect the performance of the Mortgages or the performance of the PCs. Notwithstanding any forbearance relief that may be granted to a borrower as described above, each Holder of a PC will receive interest at the applicable PC Coupon and scheduled monthly principal payments, if any, during the applicable forbearance period.

Operational Risks:

As indicated under *The Trust Agreement — Collection and Other Servicing Procedures*, Mortgage payments remitted to Freddie Mac from seller/servicers are deposited into the custodial account that contains both property of Freddie Mac and property applicable to the PC Pools and certain of our other securitization trusts, including:

- Mortgage payments of principal and/or interest owed to PC Holders;
- Mortgage payments of principal and/or interest owed to Freddie Mac;
- Management and guarantee fees due to Freddie Mac;
- Excess payments as to which a refund or credit may be owed to a seller/servicer; and
- Earnings owed to Freddie Mac from the investment of the funds in the custodial account.

The custodial account also holds the funds applicable to the PC Pools and certain of our other securitization trusts arising from transactions between Freddie Mac and the trusts, such as advances and guarantee payments by Freddie Mac to the trusts and payments by Freddie Mac for its purchases of defaulted loans from the trusts. Funds in the custodial account are restricted (that is, not available for Freddie Mac's general corporate purposes) even though some of the funds in that account are owed to

Freddie Mac. Amounts owed to Freddie Mac are reclassified as unrestricted when such funds are transferred into an operating cash account.

Freddie Mac's processes and controls provide reasonable assurance that: (i) amounts that should be received from seller/servicers into the custodial account are so received; and (ii) amounts that should be paid to PC Holders are so paid. However, we have concluded that some of our operating procedures are not sufficiently detailed to comply with certain of our obligations under the Trust Agreement or to enable Freddie Mac to optimize its cash management.

Specifically, we:

- Have not kept detailed pool-by-pool records of funds in the custodial account, as required by the Trust Agreement; and
- Have not been withdrawing from the custodial account all amounts due to Freddie Mac, as required by previous Trust Agreements, except for earnings from investment of funds.

Also, instead of recording separate, individual payments in the custodial account to reflect transactions between Freddie Mac and the trusts, Freddie Mac has been netting amounts due to and due from the trusts and then making monthly transfers to the custodial account of any aggregate net amount required to be paid to the trusts. Since amounts owing to Freddie Mac have generally exceeded amounts owed by Freddie Mac to the trusts in recent periods, this practice has led to a build-up in the custodial account of funds that may belong to Freddie Mac.

We initiated a project to correct these operational deficiencies, to attribute the funds in the custodial account as between the PC Pools and certain of our other securitization trusts and Freddie Mac and to record the relevant transactions and balances at a more detailed level. We do not believe that this issue has had or will have a material adverse effect on Holders of PCs or on Freddie Mac's financial condition or results.

APPLICATION OF PROCEEDS

Some PCs may be issued in exchange for Mortgages, in which case we would not receive cash proceeds. We may also issue PCs backed by pools of Mortgages we already own, in which case we receive cash proceeds that are generally used for general corporate purposes, including the purchase of additional Mortgages.

DESCRIPTION OF THE MORTGAGES

General

Mortgages typically are evidenced by mortgage notes secured by mortgages or deeds of trust or other similar security instruments creating first or second liens on multifamily properties containing five or more dwelling units and designed in whole or in part for residential use. They may have been originated for the purpose of purchasing, refinancing or rehabilitating the mortgaged properties. The mortgaged properties may include high-rise buildings, garden apartments, townhouse apartments and assisted living or skilled nursing properties. Under certain circumstances, the Mortgages may be secured by properties subject to ground leases or similar leases or to subordinate liens. Borrowers may be individuals, partnerships, limited liability companies, special purpose entities, corporations, trusts or other entities, including cooperative corporations or associations.

Mortgages bear interest at either a fixed or an adjustable interest rate. Most of the Mortgages we purchase are fixed-rate Mortgages with level monthly payments. Mortgages have payments that are due monthly. We acquire Mortgages with various original or modified terms to maturity. The actual period from origination to maturity of a Mortgage may be slightly longer than the stated term set out in the applicable Pool Supplement because the first payment on a Mortgage frequently is not due until the second month after origination.

Interest on the Mortgages may be payable on the basis of a 360-day year and the actual number of days elapsed in the month for which interest is being calculated (“**Actual/360 Basis**”) or on the basis of a 360-day year, with each month being assumed to have 30 days (“**30/360 Basis**”).

A description of the specific types of Mortgages in a Pool will be described in the applicable Pool Supplement and may include Amortizing Balloon Mortgages, Fully Amortizing Mortgages, Interest Only Balloon Mortgages or Fixed to Floating Mortgages.

Transfer and Assumption Policies

The Mortgage documents may permit the transfer of the related mortgaged property, or any interest therein, or the transfer of any interest in the borrower, if certain conditions are met, or in some instances, without lender approval. In the event the Mortgages allow certain transfers only upon our consent, we consider various factors in determining whether to permit an assumption or transfer of the related Mortgage and may specify conditions for such consent. Upon any such transfer, the related Mortgage may be assumed at the existing interest rate (the “**Mortgage Coupon**”) for the remaining Mortgage term. For additional information concerning our policies on assumptions, see — *Mortgage Purchase and Servicing Standards — Transfer and Assumption Policies*.

We or the servicer will retain any fees collected in connection with assumptions as compensation for services and will not distribute those fees to Holders. See — *Mortgage Purchase and Servicing Standards — Fees*.

We will provide information regarding any permissible transfers and assumptions in the applicable Pool Supplement.

Prepayment Premium and Lockout Provisions

The Mortgage documents may allow voluntary prepayment in full at any time, subject to the payment of a prepayment fee (a “**Prepayment Premium**”). The Mortgages also generally require the payment of a Prepayment Premium upon certain default prepayments. Prepayment Premiums and the formula used to calculate the prepayment premium may vary significantly among the Mortgages in a PC Pool.

We may waive the borrower’s requirement to pay a Prepayment Premium. See *Prepayment, Yield and Suitability Considerations — Prepayments* for a description of how we pass through Prepayment Premiums to Holders.

Certain Mortgages may contain lockout provisions prohibiting prepayments by borrowers during a portion or all of the Mortgage term. The related Pool Supplement will identify the period of time the lockout applies.

Prepayment Premium and lockout provisions will not apply to:

- The receipt of proceeds from a condemnation or an insured casualty loss of a mortgaged property, except as described in — *Casualty and Condemnation*.

- Our decision to treat, in certain bankruptcy cases, the unsecured portion of a Mortgage as a partial prepayment; see — *Mortgage Purchase and Servicing Standards — Defaults and Delinquencies*.
- Our decision to repurchase and remove a Mortgage from a PC Pool as permitted under Section 1.02 of the Trust Agreement; see — *Mortgage Purchase and Servicing Standards — Prepayments*.

A Prepayment Premium or lockout provision may or may not prevent the borrower from making a Mortgage prepayment. For information concerning how we require servicers to enforce Prepayment Premiums and lockout provisions, see — *Mortgage Purchase and Servicing Standards — Prepayments*.

We will provide information regarding any other permissible Prepayment Premium and lockout provisions in the applicable Pool Supplement.

Casualty and Condemnation

In the event of a casualty at the mortgaged property that secures the Mortgage or the taking of the mortgaged property that secures the Mortgage by exercise of the power of eminent domain or condemnation, we may, at our discretion, hold any insurance or condemnation proceeds to reimburse the borrower for the cost of restoring the mortgaged property that secures the Mortgage or apply such proceeds to the repayment of debt. Prepayments due to casualty will not require payment of any Prepayment Premium. Prepayments due to condemnation will not require payment of any Prepayment Premium unless the Mortgage was originated after January 1, 2020 (or December 5, 2019 in the case of a mortgaged property located in King County, Washington) and either (1) such condemnation is intended to result in the continued use of the mortgaged property subject to such condemnation for residential purposes, or (2) if applicable law expressly requires or permits that the condemning authority or acquiring entity reimburse Prepayment Premiums incurred in connection with a prepayment occurring as a result of a condemnation. In the case of a condemnation under (1) or (2) above, a Prepayment Premium will be due to the extent permitted by applicable law.

Defeasance Provision

The Mortgage documents may require or permit the borrowers to defease the Mortgages, if certain conditions are met. “**Defeasance**” is the release of a mortgaged property from the lien of a Mortgage in exchange for the pledge of securities as replacement collateral. The securities typically consist of direct, non-callable and non-prepayable obligations of the United States or non-callable and non-prepayable obligations of a government-sponsored enterprise or a federal agency or instrumentality (“**Eligible Securities**”).

We will provide additional information regarding any defeasance option in the applicable Pool Supplement.

Subordinate Financing Provision

The Mortgage documents may permit the borrowers to obtain subordinate financing and use the related mortgaged properties to secure liens junior to the Mortgages, upon our consent or if certain pre-established conditions are met. See — *Mortgage Purchase and Servicing Standards — Second Mortgages*.

We will provide information regarding any other permissible subordinate financing in the applicable Pool Supplement.

Substitution Provision

The Mortgage documents may permit the borrowers to substitute all or a portion of the related mortgaged properties with one or more comparable multifamily properties, if certain conditions are met. Certain Mortgages also permit the borrowers to substitute all or a portion of the related mortgaged properties with Eligible Securities or other non-real estate instruments under limited circumstances.

We will provide additional information regarding any substitution option in the applicable Pool Supplement.

Mortgage Purchase and Servicing Standards

General

Any Mortgages that we purchase must satisfy the mortgage purchase standards that are contained in the Freddie Mac Act. These standards require us to purchase Mortgages of a quality, type and class that meet generally the purchase standards imposed by private institutional mortgage investors. This means the Mortgages must be readily marketable to institutional mortgage investors.

The Guide

In addition to the standards in the Freddie Mac Act, which we cannot change, we have established our own multifamily mortgage purchase standards, credit, appraisal and underwriting guidelines and servicing policies and procedures. These are in our Multifamily Seller/Service Guide (the “**Guide**”). The Guide also contains certain forms related to our mortgage purchases.

We may waive or modify our mortgage purchase standards and guidelines and servicing policies and procedures when we purchase any particular Mortgages. We will describe those changes in the applicable Pool Supplement if we think they will materially change the prepayment behavior of the Mortgages. We also reserve the right to change our own mortgage purchase standards, credit, appraisal, underwriting guidelines and servicing policies and procedures at any time. This means that the Mortgages in any PC Pool may not conform at any particular time to all of the provisions of the Guide, our mortgage purchase documents or this Offering Circular.

We summarize below certain aspects of our Mortgage purchase and servicing guidelines. This summary, however, is qualified in its entirety by the Guide, any applicable mortgage purchase documents, any applicable servicing agreement and any applicable supplemental disclosure. You may obtain copies of the Guide from us by contacting:

Multifamily Customer Compliance Management
Freddie Mac
8100 Jones Branch Drive
M/S B4A
McLean, Virginia 22102

Mortgage Purchase Standards

We use mortgage information available to us to determine which Mortgages we will purchase, the prices we will pay for Mortgages, how to pool the Mortgages we purchase and which Mortgages we will retain in our own portfolio. The information we use varies over time, and may include, among other things:

- The loan-to-value and debt service coverage ratios of the Mortgage.

- The strength of the market in which the mortgaged property is located.
- The strength of the mortgaged property's operations.
- The physical condition of the mortgaged 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.
- Our evaluation of and experience with the Mortgage Seller.

To the extent allowed by the Freddie Mac Act, we have discretion to determine our mortgage purchase standards and whether the Mortgages we purchase will be securitized or held in our portfolio.

Underwriting Matters

With respect to some of the Mortgages with original principal balances of \$15,000,000 or less, certain underwriting requirements set forth in the Guide may have been revised by streamlined underwriting requirements, including but not limited to: (i) no separate zoning report was required with reliance on zoning information contained in the appraisal; (ii) no updated survey was required if the borrower satisfied certain requirements, including delivery of an existing survey; (iii) simplified special purpose entity requirements; (iv) the requirement to deliver a wood destroying organism report might have been waived in certain circumstances; and (v) if there were no recognized environmental conditions at the mortgaged property or an adjacent property, physical risk reports may have been obtained in lieu of environmental assessments or property condition reports.

Eligible Sellers, Servicers and Warranties

We acquire Mortgages only from sellers we approve. As Administrator, we are responsible for supervising the servicing of the Mortgages in PC Pools. We contract with mortgage servicers we have approved to perform servicing functions on our behalf and in accordance with standards that we have established and that we may change from time to time. We approve sellers and servicers of Mortgages based on a number of factors, including their financial condition, operational capability and mortgage origination and servicing experience. The seller or servicer of a Mortgage need not be the originator of that Mortgage.

When we purchase a Mortgage, we rely on the representations and warranties of the seller with respect to certain matters, as is customary in the secondary mortgage market. These representations and warranties cover such matters as:

- The accuracy of the information provided by the borrower.
- The accuracy and completeness of any third party reports prepared by a qualified professional, such as property appraisals, engineering reports and environmental report.
- The validity of each Mortgage as a first or second lien, as applicable.
- The fact that payments on each Mortgage are current at the time of delivery to us.
- The physical condition of the mortgaged property.
- The accuracy of rent schedules.
- The originator's compliance with applicable state and federal laws.

Mortgage Servicing Policies and Procedures

As Administrator, we generally supervise servicing of the Mortgages according to the policies and procedures in the Guide and in accordance with the Trust Agreement. Each servicer is required to perform all services and duties customary to the servicing of multifamily mortgages either directly or through approved subservicers. These responsibilities include:

- Collecting and posting payments on the Mortgages.
- 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 periodic financial statements obtained from borrowers.
- Administering escrow accounts.
- Inspecting properties.
- Responding to inquiries of mortgagors or government authorities.
- Administering insurance claims.

Servicers service the Mortgages, either directly or through approved subservicers, and receive fees for their services. We monitor a servicer's performance through periodic and special reports and inspections to ensure it complies with its obligations. A servicer may remit payments to us under various arrangements but these arrangements do not affect the timing of payments to Holders of PCs.

Prepayments

Unless we waive a borrower's requirement to pay a Prepayment Premium, we generally require the servicer to enforce any lockout provisions and to collect any Prepayment Premiums on each Mortgage in the same manner as we enforce lockout periods and collect Prepayment Premiums on comparable multifamily mortgages in our own portfolio. However, certain states limit the amounts that a lender may collect from a borrower as an additional charge if a mortgage is prepaid, and the enforceability of prepayment premium provisions upon a prepayment is unclear under the laws of many states. In addition, we may waive the collection of Prepayment Premiums or the enforcement of lockout provisions for various reasons, including:

- Efforts to resolve existing or impending defaults or litigation.
- When the benefits resulting from prepayment protection are likely to be substantially offset by the cost or result of enforcement or the loss of a favorable business opportunity.

Second Mortgages

We may purchase second lien mortgages on the same properties on which we have purchased first lien Mortgages that we have securitized. A second mortgage will be cross-defaulted with the corresponding first lien Mortgage. Therefore, an event of default under the second mortgage would also be an event of default under the corresponding first lien Mortgage, and as Administrator we may accelerate and foreclose upon such Mortgage. We will resolve any existing or impending delinquency or other default on a second mortgage in the same manner as we would resolve it on the corresponding first lien Mortgage.

Mortgage Repurchases

As Administrator, we will repurchase a Mortgage from a PC Pool, if:

- The Mortgage has been delinquent for 24 months.
- A foreclosure sale occurs.
- The Mortgage has been converted to an REO (real estate owned) property.

As Administrator, we also will repurchase a Mortgage from a PC Pool or (within two years of the issuance of the related PCs) substitute for any Mortgage in a PC Pool a Mortgage of comparable type, unpaid principal balance, remaining term and yield, if:

- A court of competent jurisdiction or a federal government agency duly authorized to oversee or regulate Freddie Mac's mortgage purchase business determines that Freddie Mac's purchase of such Mortgage was unauthorized and Freddie Mac determines that a cure is not practicable without unreasonable effort or expense.
- Such court or government agency requires repurchase of such Mortgage to comply with applicable law.

As Administrator, we may repurchase a Mortgage, or require or permit a seller or servicer to repurchase a Mortgage from a PC Pool, if a repurchase is necessary or desirable to:

- Modify the rate, maturity date, amortization or other term of the Mortgage or to refinance the Mortgage.
- Maintain servicing of the Mortgage in accordance with the provisions of the Guide.
- Maintain the status of the PC Pool as a grantor trust for federal income tax purposes.

As Administrator, we may require or permit the seller or servicer of a Mortgage to repurchase the Mortgage from a PC Pool or (within six months of the issuance of the related PCs) substitute for the Mortgage a Mortgage of comparable type, unpaid principal balance, remaining term and yield, if there is:

- A material breach of warranty by the Mortgage seller or servicer.
- A material defect in documentation as to such Mortgage.
- A failure by a seller or servicer to comply with any requirements or terms set forth in the Guide and, if applicable, other purchase documents.

As Guarantor, we may repurchase a Mortgage from a PC Pool in connection with a payment, or anticipated payment, on our guarantee, including if we make payments under our guarantee of full and final payment of principal.

As Guarantor, we may repurchase a Mortgage from a PC Pool, or require or permit the seller or servicer to repurchase a Mortgage from a PC Pool, if:

- The Mortgage is in default or imminent default by the borrower.
- A bankruptcy court approves a plan that materially affects the terms of the Mortgage or authorizes a transfer or substitution of the underlying property.
- The property is condemned or suffers an insured casualty loss.

In determining whether a Mortgage should be repurchased, we consider various factors, including whether the repurchase will reduce our administrative costs (in the case of the Administrator) or our possible exposure under our guarantee (in the case of the Guarantor) and our statutory and other legal obligations.

We will treat the proceeds of any repurchase in the same manner as if a prepayment of the Mortgage had occurred. However, no Prepayment Premium will be payable in the event of such prepayment.

Defaults and Delinquencies

In attempting to resolve an existing or impending delinquency or other Mortgage default, as Administrator, we may take any one of the following measures:

- Approve an assumption of a Mortgage by a new borrower.
- Allow a repayment plan or a forbearance period during which regular Mortgage payments may be reduced or suspended.
- Approve a modification of certain terms of the Mortgage if we determine that the borrower would be able to make all payments under the modified Mortgage terms.
- Pursue a refinancing of the Mortgage or a pre-foreclosure contract for sale of the underlying property.
- Initiate a foreclosure proceeding.

When considering our options under the particular circumstances, we determine, in accordance with the terms of the Trust Agreement, whether to repurchase a Mortgage from a PC Pool under our guarantees. Repurchasing a Mortgage from its PC Pool has the same effect on Holders as a prepayment. If we determine not to repurchase the Mortgage from its PC Pool, the measures we take may affect the timing of payments of principal to Holders of Floating-Rate or Hybrid (ARM) PCs.

As Administrator, we generally demand accelerated payment of principal and initiate foreclosure proceedings with respect to a Mortgage. However, we also continue to pursue alternative measures to resolve the delinquency before the conclusion of the foreclosure proceedings, if such measures appear likely to mitigate our potential losses. If, after demand for acceleration, a borrower repays all delinquent amounts or agrees with us to accept an arrangement for reinstatement of the Mortgage, we may terminate the foreclosure proceedings and withdraw our demand. If the borrower again becomes delinquent, we generally require our servicers to accelerate the Mortgage and demand payment for all amounts due under the Mortgage and, if the borrower fails to pay the demands commence new foreclosure proceedings.

The bankruptcy of a borrower on a Mortgage may differ significantly from the bankruptcy of a borrower on a single family mortgage. The underlying multifamily property may be the sole asset of the borrower, if other than an individual. A borrower may commence bankruptcy proceedings involving a multifamily property, for example, when the property value decreases or when the revenues from the property become insufficient to pay debt service and operating expenses.

In certain bankruptcy cases where the borrower owes more on a Mortgage than the current value of the property, some bankruptcy courts have approved a borrower's plan reducing the borrower's obligation under the Mortgage to the current value of the property and treated the remaining amount of

the original Mortgage indebtedness as an unsecured obligation. We may treat the unsecured portion of the Mortgage as a partial prepayment and pass through that amount as a guarantee payment as early as the date of the court action.

Prepayment Premium and lockout provisions in a Mortgage will not apply to our decision to treat the unsecured portion of a Mortgage as a partial prepayment.

The Incorporated Documents provide information regarding our overall delinquency, default and foreclosure experience.

Transfer and Assumption Policies

The Mortgage documents may allow a new borrower to assume a Mortgage if there is a transfer of the related property, or any interest therein, or a transfer of any material interest in the borrower. The Mortgages, however, may allow certain transfers and assumptions only upon our consent. In this case, as Administrator, we will consider factors such as the creditworthiness and management ability of the new borrower and the physical and financial condition of the property in determining whether a Mortgage can be assumed.

The Mortgage may remain in its PC Pool if it is assumed. If we remove the Mortgage from its PC Pool, it will result in a prepayment to Holders.

Fees

We or servicers generally retain fees paid by borrowers, such as late payment fees and review and transfer charges on assumptions. These fees are not passed through to Holders and are treated as additional compensation for services that we and the servicer provide. However, any Prepayment Premiums collected on the Mortgages will be passed through to Holders, if so provided in the related Pool Supplement.

DESCRIPTION OF THE PCs

General

We issue two types of PCs — Fixed-Rate PCs and Floating-Rate or Hybrid (ARM) PCs. Both Fixed-Rate PCs and Floating-Rate or Hybrid (ARM) PCs have a payment delay (the delay between the time interest begins to accrue and the time the investor receives an interest payment) of approximately 55 days.

Each PC represents an undivided beneficial ownership interest in the Mortgage or Mortgages contained in its related PC Pool. Once we have deposited an identified Mortgage into a PC Pool, the Mortgage remains in that PC Pool unless it is paid in full, foreclosed upon, repurchased or replaced by a substitute Mortgage. The rate of interest payable to us on the Mortgages in a PC Pool will equal or exceed the PC Coupon of the related PCs, and we retain any difference as compensation for administering the PC Pool and guaranteeing payments on the related PCs. The excess of the interest payable by the borrower on a Mortgage above the interest the servicer remits to us may be retained by the servicer as compensation for servicing the Mortgage or by the seller of the Mortgages as additional compensation.

Pooling Criteria for PC Pools

Some of our general pooling practices for Fixed-Rate PC Pools or Floating-Rate or Hybrid (ARM) PC Pools are summarized below. Our pooling practices are subject to change. We may also grant exceptions in our sole discretion. If we apply any other criteria to a specific PC Pool, we will describe those differences in a Pool Supplement.

Generally, we pool fixed-rate Mortgages separately from ARMs. If we pool fixed-rate Mortgages and ARMs in a specific PC Pool, we will provide additional information in the related Pool Supplement. We pool first lien Mortgages separately from second lien Mortgages.

We also limit the range of Mortgage Coupons in a PC Pool. At the time we form a PC Pool:

- In the case of a Fixed-Rate PC Pool, the Mortgage Coupon of each Mortgage must be within a range from (a) the related PC Coupon plus any minimum required servicing fee through (b) 250 basis points above the related PC Coupon.
- In the case of a Floating-Rate or Hybrid (ARM) PC Pool, the lowest and highest fixed margin must be within a range not exceeding 200 basis points.

The minimum PC Pool size is \$1,000,000 at the time the PC Pool is formed. We may change these minimum PC Pool sizes at any time.

Pool Factors and Monthly Reporting Periods

Pool Factors

As Administrator, we calculate and make available each month, including on our internet website and through approved vendors, the Pool Factor for each PC Pool. The **“Pool Factor”** is an exact decimal rounded to eight places which, when multiplied by the original principal amount of the related PC Pool, will equal the remaining principal amount of the PC. The Pool Factor for any month reflects the remaining principal amount after the payment to be made on the Payment Date in the same month.

Currently, we make Pool Factors available on or about the fifth Business Day of each month.

The Pool Factor for a PC Pool for the month of formation is always 1.00000000 and is not published. We have the right to change when the Pool Factors will be available and how we calculate them. We make payments on all PCs based on their applicable Pool Factors.

Use of Factors

For any Payment Date, you can calculate the principal payment on a PC by multiplying its original principal amount by the difference between its Pool Factors for the preceding and current months.

We have the right to make payments on any PC based on its applicable Pool Factors.

Monthly Reporting Periods

Each month, servicers report to us payments, including all prepayments, on the Mortgages in a PC Pool for the applicable one-month reporting period (a **“Monthly Reporting Period”**). For any Payment Date, the applicable Monthly Reporting Period generally is the calendar month preceding that Payment Date.

As Administrator, we have the right to change the Monthly Reporting Period for any PCs as provided in the Trust Agreement. We also have the right to modify our procedures for passing through full or partial prepayments to Holders. For example, we may include, as part of the aggregate principal payment for each month, prepayments reported to us after the end of the related Monthly Reporting Period and before the publication of the applicable Pool Factor. In that case, the applicable Pool Factor would reflect any of these prepayments.

Payment Dates

As Administrator, we make payments to the Holders of PCs on each Payment Date beginning in the month after issuance.

The “**Payment Date**” is the 25th of each month or, if the 25th is not a Business Day, the next Business Day. For this purpose, “**Business Day**” means a day other than:

- A Saturday or Sunday.
- A day when the Federal Reserve Bank of New York (or other agent acting as our fiscal agent) is closed or, as to any Holder, a day when the Federal Reserve Bank that maintains the Holder’s account is closed.

Payments of Principal

General

We pay principal, if any, to the Holders of PCs on each applicable Payment Date. The principal balance of a PC Pool sometimes varies from the aggregate principal balance of the underlying Mortgages due to delays or errors in processing mortgage information, such as a servicer’s failure to file an accurate or timely report of its collections of principal or its having filed a report that cannot be processed. We will account for any differences as soon as practicable by adjusting subsequent Pool Factors. We have the right to modify our procedures for passing through full or partial prepayments of principal to Holders.

Calculation of Principal Payments for Fixed-Rate PCs

The aggregate principal payment in any month on any Fixed-Rate PC reflects:

- The scheduled principal payments due on the Mortgages in the related PC Pool for the current calendar month.
- Prepayments on those Mortgages as reported by servicers for the preceding Monthly Reporting Period and the principal amount of any Mortgage repurchased during the preceding Monthly Reporting Period, as well as any such prepayments and principal reported on the first Business Day of the calendar month following such Monthly Reporting Period.
- Any adjustments necessary to reconcile the principal balance of the PC Pool with the aggregate balance of the related Mortgages reported to us by servicers.

We calculate the scheduled principal due on the related Mortgages based upon:

- The principal balance of each Mortgage in the PC Pool (adjusted for any prepayments and any principal amounts previously passed through pursuant to our guarantee).
- The Mortgage Coupon of each Mortgage and the scheduled monthly principal and interest payment applicable to that Mortgage at the time of formation of the PC Pool.

Our calculation of scheduled principal may not reflect actual payments on the Mortgages. We will account for any differences as soon as practicable by adjusting subsequent Pool Factors.

Calculation of Principal Payments for Floating-Rate or Hybrid (ARM) PCs

The principal payment in any month on a Floating-Rate or Hybrid (ARM) PC reflects any principal payments on the related Mortgages, including scheduled principal payments and prepayments, reported by servicers for the Monthly Reporting Period that ended in the preceding month. We do not calculate principal payments for Floating-Rate or Hybrid (ARM) PCs in the absence of reports from servicers, nor do we adjust the related Pool Factor. Rather, we reconcile any differences between actual payments on the Mortgages and principal payments on the Floating-Rate or Hybrid (ARM) PCs as soon as practicable by adjusting subsequent Pool Factors.

Payments of Interest

General

Interest will accrue on each PC during each Accrual Period at the applicable PC Coupon. In the case of a Fixed-Rate PC, the PC Coupon is set at the time of issuance and does not change. In the case of a Floating-Rate or Hybrid (ARM) PC, the PC Coupon adjusts periodically based on the weighted average of the interest rates of the underlying ARMs.

Unless otherwise stated in the related Pool Supplement, we compute interest on a 30/360 Basis, whether or not interest on the underlying Mortgages is payable on a 30/360 Basis. If interest on the underlying Mortgages is payable on an Actual/360 Basis, we will adjust the interest allocation for each monthly Mortgage payment using the formula set forth below in order to conform the interest allocation on the Mortgages as closely as practicable to interest payments on the PCs.

The conversion is done by multiplying the PC Coupon by: (1) for payment months with 31 days, 1.0333333; (2) for payment months with 30 days, 1.0000000; (3) for payment months with 29 days, 0.9666667; or (4) for payment months with 28 days, 0.9333333. The conversion to a 30/360 basis may result in a minor variation in the effective PC Coupon in months with other than 30 days. Any difference resulting from this adjustment will be minimal. Absent clear error, our adjustment to the interest allocation will be final and binding.

Interest accrues on the principal amount of a PC as determined by its Pool Factor for the month preceding the month of the Payment Date.

The “**Accrual Period**” relating to any Payment Date is the calendar month preceding the month of the Payment Date.

Calculation of Floating-Rate or Hybrid (ARM) PC Coupon

The PC Coupon of a Floating-Rate or Hybrid (ARM) PC adjusts as of the first day of each Accrual Period and equals the weighted average of the underlying Mortgage Coupons, less the servicing fee, the management and guarantee fee and any amounts retained by the seller or servicer as additional compensation, as such, there is no minimum or maximum PC Coupon, although each related Mortgage may have a minimum or maximum Mortgage Coupon. The PC Coupon of a Floating-Rate or Hybrid (ARM) PC is an exact decimal truncated to three places. It is recalculated monthly to reflect changes in the unpaid principal balance of the related Mortgages and adjustments to the Mortgage Coupons of the related Mortgages, unless otherwise provided in the applicable Pool Supplement.

Appendix II shows the Indices most often used to adjust ARMs and Floating-Rate or Hybrid (ARM) PCs.

There is no limit on the amount of permissible monthly adjustments to the PC Coupons on Floating-Rate or Hybrid (ARM) PCs, although the related Mortgages may have an adjustment cap that limits the permissible amount that the Mortgage Coupon may adjust on its regular adjustment date. The Mortgage Coupons of each of the Mortgages in a PC Pool may have regular adjustment dates, each in a different month, and accordingly some, all or none of the Mortgages in a PC Pool may adjust on a given date. As a result, the PC Coupon of a Floating-Rate or Hybrid (ARM) PC may not fully reflect recent changes in the value of a specified index (“**Index**”). In addition, disproportionate principal payments on the underlying Mortgages will affect the PC Coupon of a Floating-Rate or Hybrid (ARM) PC. The applicable Pool Supplement will specify any applicable limits on the permissible adjustments to the Mortgage Coupons on the Mortgages comprising a Floating-Rate or Hybrid (ARM) PC Pool.

You can obtain the PC Coupons for Floating-Rate or Hybrid (ARM) PCs for the current Accrual Period on our internet website or from our Investor Inquiry Department as shown on page 7. Absent clear error, our determination of the applicable Index levels and our calculation of the PC Coupon for each Accrual Period will be final and binding.

Record Dates

As Administrator, we pass through payments on each Payment Date to Holders as of the related Record Date. The “**Record Date**” for any Payment Date is the close of business on the last day of the preceding month.

Final Payment Date

The “**Final Payment Date**” of a PC is the first day of the latest month in which we will reduce the related Pool Factor to zero. The actual final payment on any PC will be made on a regular Payment Date, not on the first day of a month. The final payment on any PC could occur significantly earlier than the month of its Final Payment Date.

Guarantees

With respect to each PC Pool, as Guarantor, we guarantee to the Trustee and to each Holder of a PC:

- The timely payment of interest at the applicable PC Coupon.
- In the case of Fixed-Rate PCs only, the timely payment of scheduled principal on the underlying Mortgages.
- The full and final payment of principal on the underlying Mortgages by the Payment Date that falls in the month of its Final Payment Date.

We do not guarantee the payment of any Prepayment Premiums on the Mortgages.

Principal and interest payments on the PCs are not guaranteed by and are not debts or obligations of the United States or any federal agency or instrumentality other than Freddie Mac.

PC Pool Expenses

Generally, as Administrator, we do not seek reimbursement from a PC Pool for any expenses we may incur in connection with that PC Pool. However, certain amounts expended by us, as Administrator, or a servicer for the protection or maintenance of Mortgages or related property may be borne on a pro rata basis by us and the Holders of the related PCs. As Administrator, we may pay such expenses from amounts otherwise due to the Holders, which may affect the timing of receipt of payments by the Holders. However, these expenses will not affect our guarantee or the Holders' right to receive all principal and interest due on their PCs.

Compensation of Servicers and Freddie Mac

We or our servicers generally retain payments of interest on Mortgages in a PC Pool that exceed the PC Coupon for that PC Pool, as well as certain fees and charges paid by borrowers, such as late payment fees and review and transfer charges on assumptions. These amounts are not passed through to Holders. The amounts we retain are treated as management and guarantee fees for our services as Administrator and Guarantor under the Trust Agreement and related Pool Supplement, and the amounts retained by servicers are treated as servicing fees.

Pool Supplements

As Administrator, we make available on our internet website a Pool Supplement for each PC Pool when it is formed. The Pool Supplement identifies on a pool-level basis the features of the Mortgages in the related PC Pool and sets forth data concerning that PC Pool.

If information in a Pool Supplement is inconsistent with information in this Offering Circular, you should rely on the information in the Pool Supplement as to the PC Pool it describes. We may change our practices relating to Pool Supplements at any time.

Form of PCs, Holders and Payment Procedures

Form

PCs are issued, held and transferable only on the book-entry system of the Federal Reserve Banks. This means PCs are not represented by certificates. The Department of Housing and Urban Development's regulations governing our book-entry securities (24 C.F.R. Part 81, Subpart H) and any procedures that we and a Federal Reserve Bank may adopt apply to the issuance and recordation of, and transfers of interests (including security interests) in, the PCs. Holders' individual accounts are governed by operating circulars and letters of the Federal Reserve Banks.

Each issue of PCs is identified by a unique nine-character designation, known as a "**CUSIP Number.**" The CUSIP Number is used to identify each issue of PCs on the books and records of the Federal Reserve Banks' book-entry system.

Holders

The term "**Holder**" means any entity that appears on the records of a Federal Reserve Bank as a holder of particular PCs. Only banks and other entities eligible to maintain book-entry accounts with a Federal Reserve Bank may be Holders of PCs. Investors who beneficially own PCs typically are not the Holders of those PCs. Investors ordinarily will hold PCs through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. For example, as

an investor, you may hold a PC through a brokerage firm which, in turn, holds through an entity eligible to maintain accounts with a Federal Reserve Bank. In that case, you would be the beneficial owner and that eligible entity would be the Holder.

A Holder that is not also the beneficial owner of a PC, and each other financial intermediary in the chain between the Holder and the beneficial owner, will be responsible for establishing and maintaining accounts for their customers. Neither we nor any Federal Reserve Bank will have a direct obligation to a beneficial owner of a PC that is not also the Holder.

The Federal Reserve Banks and we may treat the Holder as the absolute owner of a PC for the purpose of receiving payments and for all other purposes, regardless of any notice to the contrary. If you are not a Holder yourself, you may exercise your rights only through the Holder of your PCs.

Denominations

Holders must hold and transfer their PCs in minimum original principal amounts of \$1,000 and additional increments of \$1. A Holder may not transfer a PC if, as a result of the transfer, the Holder would have remaining in its account PCs of the same issue having an original principal amount of less than \$1,000. A Holder of PCs will also have to comply with any Federal Reserve Bank minimum wire transfer requirements.

Payment Procedures

Federal Reserve Banks credit payments on PCs to the appropriate Holders' accounts. Each Holder and each other financial intermediary will be responsible for remitting payments to the beneficial owners of the PCs that it represents. If a principal or interest payment error occurs, we may correct it by adjusting payments to be made on future Payment Dates or in any other manner we consider appropriate.

PREPAYMENT, YIELD AND SUITABILITY CONSIDERATIONS

Prepayments

The rates of principal payments on the PCs will depend on the rates of principal payments on the underlying Mortgages. Mortgage principal payments may be in the form of scheduled amortization or partial or full prepayments. Prepayments include:

- Prepayments by the borrower.
- Liquidations resulting from default, casualty or condemnation.
- Payments we make, as Guarantor, under our guarantee of principal, other than payments of scheduled principal.
- Prepayments resulting from the refinancing of Mortgages or the repurchase of Mortgages from a PC Pool.

Unless otherwise specified in the applicable Pool Supplement, the Mortgages may be voluntarily prepaid in full at any time, subject to any applicable Prepayment Premiums, lockout periods or Defeasance provisions. See *Risk Factors — Prepayment and Yield Factors*.

Mortgage prepayment rates are likely to fluctuate significantly over time. Prepayment rates are influenced by many factors, which may exist in multiple combinations, including:

- The age, principal amount, geographic distribution and payment terms of the Mortgages.
- The remaining depreciable lives of the underlying properties.
- The physical condition of the underlying properties (including the presence of any hazardous substances or other environmental problems).
- Any applicable tax laws (including depreciation benefits) in effect from time to time.
- Characteristics of the borrowers (such as credit status and management ability) and their equity positions in the underlying properties.
- Any partial or full guarantees by borrower affiliates.
- Changes in local industry and population migration and relocation as they affect the supply and demand for rental units and rent levels.
- Prevailing rent levels (as may be limited by any applicable rent control or stabilization laws) affecting cash flows from the underlying properties.
- Levels of current mortgage interest rates and borrower refinancing activities.
- Activity of lenders in soliciting refinancing, including refinancing without significant transaction costs by the borrower.
- Attractiveness of other investment alternatives.
- The existence of Prepayment Premiums or lockout provisions.
- Certain state laws limiting the enforceability of lockout periods and the collection of Prepayment Premiums.
- In the case of ARMs, fluctuations in the reference Index values and the extent of periodic adjustments to the Mortgage Coupon.
- Repurchases of Mortgages from PC Pools due to breaches of representations and warranties by sellers of the Mortgages.
- Repurchases of Mortgages from PC Pools when the terms of those Mortgages are modified as a result of default or imminent default by the borrower.
- The size of the PC Pool; the prepayment behavior of relatively small PC Pools is likely to be less consistent and less predictable than the prepayment behavior of larger PC Pools.
- The rate of defaults and resulting repurchases of the Mortgages in a PC Pool. Defaults may increase during periods of economic recession, mortgage credit contraction, stricter underwriting standards that may inhibit refinancings, natural disasters, declining property values or increased use of secondary financing or as a result of other factors that decrease borrowers' equity. Such adverse developments could also have a greater impact on certain states or geographical regions. Depending on how long a Mortgage has been in default and the likelihood the borrower will resume making payments, we may repurchase a defaulted Mortgage from its PC Pool, which would have the same effect on the Holder as a prepayment of the Mortgage.

The characteristics of particular Mortgages may also influence their prepayment rates. For example, ARMs tend to have higher default rates than fixed-rate Mortgages. Also, different types of Mortgages may be affected differently by the same factor, and some factors may affect prepayment behavior on only some types of Mortgages. For example, second lien mortgages may be more sensitive than first lien Mortgages to the general cost of credit to borrowers.

The rate of defaults and resulting repurchases of the Mortgages in a PC Pool will also affect the prepayment behavior of that PC Pool. Defaults may increase if the Mortgages in a PC Pool are cross-collateralized and cross-defaulted, during periods of declining property values or as a result of other factors that decrease borrowers' equity.

In addition, mortgage servicing decisions, including seeking alternatives to foreclosure, may impact the prepayment behavior of particular PC Pools. In approving alternatives to foreclosure and in determining whether or when Mortgages will be repurchased from a PC Pool, we consider a variety of factors. See *Description of the Mortgages — Mortgage Purchase and Servicing Standards — Defaults and Delinquencies*.

The factors affecting the prepayment behavior of the Mortgages differ in certain respects from those affecting the prepayment behavior of single family mortgages. A borrower typically views multifamily properties solely as an investment and, therefore, economic rather than personal considerations primarily will affect the prepayment behavior of the Mortgages. Also, individual Mortgage amounts often are large and one Mortgage is likely to comprise a larger portion of the PC Pool than would be the case with a pool of single family mortgages. Therefore, principal prepayments may significantly affect the yield on the PCs. Similarly, the prepayment behavior of a PC Pool containing only one or a small number of Mortgages is likely to be more volatile than the prepayment behavior of a PC Pool containing a large number of Mortgages, because a prepayment on a single Mortgage may result in the payment to Holders of all or a substantial portion of the principal amount of the PC Pool.

We make no representation regarding the likely prepayment experience of the Mortgages underlying any PC, the particular effect that any factor may have on Mortgage prepayment behavior or the prepayment rates for any type of Mortgage as compared to other kinds of Mortgages. For example, although we may expect Mortgages with higher Prepayment Premiums to prepay less frequently than Mortgages with lower or no Prepayment Premiums. Prepayment Premium provisions may or may not effectively deter prepayments. Similarly, lockout provisions may or may not prevent prepayments.

We will pass through to Holders a portion of any Prepayment Premiums collected from borrowers during the applicable yield maintenance period, subject to the limitations set forth below in the next paragraph. If we permit borrowers to pay a reduced Prepayment Premium during the applicable yield maintenance period, a Holder's portion of the Prepayment Premium will not be negatively impacted. We will not pass through any portion of Prepayment Premiums collected after the end of the applicable yield maintenance period.

The portion of any Prepayment Premium collected from a borrower with respect to a Mortgage that we will pass through to Holders will be equal to the greater of: (1) zero; and (2) the product of (a) the amount of principal of such Mortgage being prepaid or accelerated, (b) the excess, if any, of one-twelfth of the related PC Coupon over an assumed reinvestment rate, and (c) a factor that discounts to present value the costs resulting to the lender from the difference in interest rates during the months remaining in the yield maintenance period. Generally, the assumed reinvestment rate is

equal to one-twelfth of the yield rate of the Treasury security specified in the related Mortgage documents as reported on the Treasury website five business days before the prepayment date, expressed as a decimal calculated to two decimal places.

Yields

General

In general, your yield on any PCs will depend on several variables, including:

- The price you paid for the PCs.
- The PC Coupon for your PCs.
- The rate of principal prepayments on the underlying Mortgages.
- The actual characteristics of the underlying Mortgages.
- The payment delay of your PCs.
- In the case of Floating-Rate or Hybrid (ARM) PCs, the values of the applicable Index.
- In the case of Floating-Rate or Hybrid (ARM) PCs, the effect of any periodic interest rate and payment adjustments (and any minimum or maximum Mortgage Coupons) on the underlying ARMs.
- Whether Prepayment Premiums are passed through to investors.

You should carefully consider the yield risks associated with PCs, including these:

- If you purchase a PC at a discount to its principal amount and the rate of principal payments on the underlying Mortgages is slower than you expect, you will receive payments over a longer period than you expect, so the yield on your investment will be lower than you expect.
- If you purchase a PC at a premium over its principal amount and the rate of principal payments on the underlying Mortgages is faster than you expect, you will receive payments over a shorter period than you expect, so the yield on your investment will be lower than you expect.
- In general, the rate of Mortgage prepayments early in your investment has the greatest effect on your yield to maturity. As a result, a negative effect on your yield produced by principal prepayments at a higher (or lower) rate than you expect in the period immediately following your purchase of a PC is not likely to be offset by an equivalent reduction (or increase) in that rate in later periods.
- Mortgages tend to prepay fastest when prevailing interest rates are low. When this happens, you may not be able to reinvest your principal payments in comparable securities at as high a yield.
- In a high interest rate environment, Mortgages tend to prepay more slowly. When this happens, you may not receive principal payments, which could otherwise be reinvested in comparable securities at a higher yield, as quickly as you expect.

Yields of Floating-Rate or Hybrid (ARM) PCs

If you invest in Floating-Rate or Hybrid (ARM) PCs, you should consider the following additional risks:

- If the Index levels used to adjust the interest rates of underlying ARMs are lower than you expect, the yield on your investment could be lower than you expect.
- PC Coupons for Floating-Rate or Hybrid (ARM) PCs generally adjust monthly based on a weighted average of the interest rates on the underlying Mortgages. Several factors will affect these PC Coupons:
 - Disproportionate principal payments, including prepayments, on the underlying Mortgages that have relatively low and high interest rates compared to the other Mortgages in the same pool will affect the level of the PC Coupon for the related Floating-Rate or Hybrid (ARM) PCs, even if the interest rates on the remaining Mortgages do not change.
 - The PC Coupon on your Floating-Rate or Hybrid (ARM) PCs may not fully reflect current interest rates or Index values because the underlying Mortgage interest rates may adjust on various dates and at various intervals and typically adjust less frequently than monthly. Moreover, the interest rates of the underlying Mortgages typically adjust based on the Index value published some time before such adjustment (the lookback period), and there may be a gap of several months from the publication of an applicable Index value until the PC Coupon reflects the adjusted value.
 - Although there are generally no limits on the monthly PC Coupon adjustments for Floating-Rate or Hybrid (ARM) PCs, interest rates on the underlying ARMs may be subject to adjustment caps and lifetime floors or caps. As a result of these limitations, the PC Coupon on a Floating-Rate or Hybrid (ARM) PC at any time may not reflect the applicable Index value or changes in that value from period to period.
- When mortgage interest rates are generally low, which usually results in faster prepayments, the applicable Index value may be relatively high. On the other hand, when mortgage interest rates are generally high, which usually results in slower prepayments, the applicable Index value could be relatively low. Either of these scenarios could result in a lower than expected yield on the Floating-Rate or Hybrid (ARM) PCs. In addition, depending on how frequently the underlying ARMs adjust and the existence of any adjustment caps, in an increasing interest rate environment, the rate of default could increase, which could reduce the yield on your Floating-Rate or Hybrid (ARM) PCs.
- The value of an Index will generally change from time to time. Even if the average value of an Index is consistent with your expectations, the timing of any changes in that value may affect your actual yield. In general, the earlier a change in the value of the applicable Index, the greater the effect on your yield. As a result, a negative effect on your yield produced by an Index value that is higher (or lower) than you expect early in your investment is not likely to be fully offset by an equivalent reduction (or increase) in that value in later periods.
- If the Index values used to adjust the interest rates of underlying ARMs are lower than you expect, the yield on your investment could be lower than you expect, especially if

prepayments are slow. Even if the Index value is higher than you expect, but prepayments are fast, your yield could be lower than you expect.

- The CMT Index and LIBOR tend to reflect current market rates, and their values may be more volatile than the value of Eleventh District COFI or other Indices which reflect averages of rates in effect over longer periods of time.

Payment Delay

The effective yield on any PC will be less than the yield that its PC Coupon and purchase price would otherwise produce, because:

- On its first Payment Date, 30 days' interest will be payable on the PC even though interest began to accrue approximately 55 days earlier.
- On each Payment Date after the first Payment Date, the interest payable on the PC will accrue during its Accrual Period, which will end approximately 25 days before that Payment Date.

Suitability

PCs may not be suitable investments for you. You should consider the following before you invest in PCs:

- PCs are not appropriate investments if you require a single lump sum payment on a date certain, or if you require an otherwise definite payment stream.
- A market may not develop for the sale of some types of PCs after their initial issuance. Even if a market develops, it may not continue. As a result, you may not be able to sell your PCs easily or at prices that will allow you to realize your desired yield.
- The market values of your PCs are likely to fluctuate, primarily in response to changes in prevailing interest rates. Such fluctuations may result in significant losses to you.
- The secondary markets for some PCs have experienced periods of illiquidity in the past, and can be expected to do so in the future. Illiquidity can have a severely negative effect on the prices of PCs, especially those that are particularly sensitive to prepayment or interest rate risk.
- PCs are complex securities. Before investing in a PC, you should be able, either alone or with a financial advisor, to evaluate the information contained and incorporated in this Offering Circular and in any related Pool Supplement. You should evaluate the information in the context of your personal financial situation and your views on possible and likely interest rate and economic scenarios.

This Offering Circular does not describe all the possible risks of an investment in PCs that may result from your particular circumstances, nor does it project how PCs will perform under all possible interest rate and economic scenarios. You should purchase PCs only if you, alone or together with your financial advisor, understand the prepayment, yield, liquidity and market risks associated with your investment under a variety of interest rate and economic scenarios and you have sufficient financial resources to bear all the risks related to your PCs.

THE TRUST AGREEMENT

Under the Multifamily PC Master Trust Agreement dated as of February 2, 2017, as amended from time to time, as Depositor, we will transfer and deposit Mortgages that we have acquired into various trust funds. As Administrator, on behalf of the Trustee, we create and issue PCs under the Trust Agreement and related Pool Supplements. The following summary describes various provisions of the Trust Agreement. This summary is not complete. You should refer to the Trust Agreement for a complete description of your rights and obligations and our rights and obligations. You can obtain copies of the Trust Agreement from our internet website or by contacting our Investor Inquiry Department as shown on page 7. Your receipt and acceptance of a PC, without any signature or further manifestation of assent, constitutes your unconditional acceptance of all the terms of the Trust Agreement.

Transfer of Mortgages to PC Pool

The Mortgage or Mortgages deposited in each PC Pool will be identified to that PC Pool in our corporate records. As Administrator, we will hold the Mortgages, directly or through a custodian acting as our agent or through the seller or servicer of Mortgages, for the benefit of each PC Pool and the Holders of the related PCs, subject to policies and procedures that we may adopt, modify and waive from time to time.

Repurchase and Substitution of Mortgages

Once we have deposited identified Mortgages in a PC Pool, Mortgages will not be removed from or added to that PC Pool unless there is a repurchase or substitution in one of the situations described below. We will make any repurchase or substitution in accordance with applicable laws in effect at the time of repurchase or substitution. Each repurchase will be treated as a prepayment in full of the Mortgage being repurchased and the entire principal amount of that Mortgage will be passed through to Holders of the related PCs on the appropriate Payment Date. Substitutions of Mortgages rarely occur.

Repurchases or substitutions may occur under the situation set forth under *Description of the Mortgages — Mortgage Purchase and Servicing Standards — Mortgage Repurchases*.

Any repurchase of a Mortgage by a seller or servicer will be at its then unpaid principal balance, less any principal on the Mortgage that the seller or servicer has advanced to the Administrator. The Administrator's or the Guarantor's repurchase of any Mortgage will be at its then unpaid principal balance, less any outstanding advances of principal on the Mortgage that the Administrator, on behalf of the Trustee, has paid to Holders.

Collection and Other Servicing Procedures

We are responsible as the Administrator under the Trust Agreement for certain duties. Our duties include entering into contracts with servicers to service the Mortgages, supervising and monitoring the servicers, ensuring the performance of certain functions if the servicer fails to do so, establishing certain procedures and records for each PC Pool, and taking additional actions as set forth in the Trust Agreement. The servicers collect payments from borrowers, make servicing advances, foreclose upon defaulted mortgage loans, and take other actions as set forth in the Trust Agreement. Our servicers may contract with subservicers to perform some or all of the servicing activities.

As Administrator, we hold principal and interest collected from our servicers and used to pay Holders in an account or accounts separate from our own corporate funds. Such separate account(s), collectively, are called the custodial account and funds held in the custodial account are held in trust for the benefit of Holders of PCs. The custodial account is the account from which Holders are paid. Amounts on deposit in the custodial account may be commingled with funds for all PC Pools and for other Freddie Mac mortgage securities (and temporarily with other collections on Mortgages) and are not separated on a PC Pool by PC Pool basis. As Administrator, we are entitled to investment earnings on funds on deposit in the custodial account and we are responsible for any losses. Holders are not entitled to any investment earnings from the custodial account. We may invest funds in the custodial account in eligible investments set forth in the Trust Agreement prior to distribution to Holders.

Certain Matters Regarding Our Duties as Trustee

We serve as Trustee under the Trust Agreement and the Pool Supplements. We may resign from our duties as Trustee upon providing 90 days' advance notice. Our resignation would not become effective until a successor has assumed our duties. Even if our duties as Trustee under the Trust Agreement terminate, we still would be obligated under our guarantee.

Under the Trust Agreement, the Trustee may consult with and rely on the advice of counsel, accountants and other advisors, and the Trustee will not be responsible for errors in judgment or for anything it does or does not do in good faith if it so relies. This standard of care also applies to our directors, officers, employees and agents. We are not required, in our capacity as Trustee, to risk our funds or incur any liability if we do not believe those funds are recoverable or we do not believe adequate indemnity exists against a particular risk. This does not affect our obligations as Guarantor.

We are indemnified by each PC Pool for actions we take in our capacity as Trustee in connection with the administration of that PC Pool. Officers, directors, employees and agents of the Trustee are also indemnified by each PC Pool with respect to that PC Pool. Nevertheless, neither we nor they will be protected against any liability if it results from willful misfeasance, bad faith or gross negligence. The Trustee is not liable for consequential damages.

The Trust Agreement provides that the Trustee or the Administrator, on its behalf, may, but is not obligated to, undertake any legal action that it deems necessary or desirable in the interests of Holders. The Trustee or the Administrator, on its behalf, may be reimbursed for the legal expenses and costs of the action from the assets of the PC Pool. Any such reimbursement will not affect our guarantee obligations.

Events of Default

“Events of Default” under the Trust Agreement are:

- Our failure, as Guarantor or Administrator, to pay principal or interest that lasts for 30 days.
- Our failure to perform, as Guarantor or Administrator, in any material way any other obligation under the Trust Agreement, if the failure lasts for 60 days after we receive notice from the Holders of at least 65% of the outstanding principal amount of any affected PC Pool.
- Specified events of bankruptcy, insolvency or similar proceedings involving us, including the appointment of a receiver, liquidator, assignee, custodian or sequestrator (or similar

official) for us (but not including the appointment of a conservator or similar official for us).

Rights upon Event of Default

If an Event of Default under the Trust Agreement is not remedied, the Holders of a majority of the outstanding principal amount of any affected PC Pool may remove us as Administrator and nominate a successor as to that PC Pool. That nominee will replace us as Administrator unless we object within ten days after the nomination. In that event, either we or anyone who has been a bona fide Holder of an affected PC for at least six months may ask a court to appoint a successor. The court may then appoint our successor as Administrator. Any such removal will not affect our guarantee obligations.

In addition, we may be removed as Trustee if an Event of Default has occurred (and is continuing) with respect to a PC Pool. In that case, we can be removed and replaced by a successor trustee as to an affected PC Pool by Holders owning a majority of the voting rights of that PC Pool.

For these purposes, PCs held by Freddie Mac will be disregarded.

The rights provided to PC Holders under the Trust Agreement as described above may not be enforced against FHFA, or enforcement of such rights may be delayed, if we are placed into receivership. The Trust Agreement provides that upon the occurrence of a Event of Default, which includes the appointment of a receiver, PC Holders have the right to replace Freddie Mac as Trustee and Administrator if the requisite percentage of PC Holders consent. The Reform Act prevents PC Holders from enforcing their rights to replace Freddie Mac as Trustee and Administrator if the Event of Default arises solely because a receiver has been appointed. 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.

Under the Purchase Agreement between Treasury and us, PC Holders are given certain limited rights against Treasury under the following circumstances: (i) we default on our guarantee payments, (ii) Treasury fails to perform its obligations under its funding commitment, and (iii) we and/or the Conservator are not diligently pursuing remedies in respect of that failure. In that case, the Holders of the affected PCs may file a claim in the U.S. Court of Federal Claims for relief requiring Treasury to fund up to the lesser of (1) the amount necessary to cure the payment default and (2) the lesser of (a) the amount by which our total liabilities exceed our total assets, as reflected on our balance sheet prepared in accordance with generally accepted accounting principles, and (b) the maximum amount of Treasury's funding Commitment under the Purchase Agreement less the aggregate amount of funding previously provided under the Commitment with Treasury. The enforceability of such rights has been confirmed by the Office of Legal Counsel of the U.S. Department of Justice in an opinion dated September 26, 2008.

Control by Holders and Voting Rights

Except in limited circumstances following an Event of Default, no Holder of a PC has any right to vote or to otherwise control in any manner the management and operation of any PC Pool. In addition, Holders of PCs may institute legal actions and proceedings with respect to the Trust Agreement, the Mortgages or the PCs only in limited circumstances, and no Holder has the right to prejudice the rights of any other Holder under the Trust Agreement or to seek preference or priority over any other Holder.

Amendment

Freddie Mac and the Trustee may amend the Trust Agreement or any Pool Supplement without the consent of any Holders to:

- Cure any ambiguity or correct or add to any provision in the Trust Agreement or any Pool Supplement, if the amendment does not adversely affect Holders in any material way.
- Maintain the classification of any PC Pool as a grantor trust for federal income tax purposes.
- Avoid the imposition of any state or federal tax on a PC Pool.
- Modify our procedures for calculating payments to Holders or passing through prepayments as set forth in the Trust Agreement.

With the consent of the Holders of a majority of the outstanding principal amount of any affected issue of PCs, Freddie Mac and the Trustee also may amend the Trust Agreement or any Pool Supplement in any other way. However, unless each affected Holder consents, Freddie Mac and the Trustee may not amend the Trust Agreement or any Pool Supplement to impair the rights of a Holder to receive payments (including guarantee payments) when due or to sue for any payment that is overdue.

To the extent that any provisions of the Trust Agreement differ from the provisions of any of our previous agreements governing PCs, the Trust Agreement will be deemed to amend those prior agreements if such change would not require the consent of Holders under the terms of those prior agreements. We expect to continue this practice with our future trust agreements, such that changes reflected in future agreements will be deemed to amend prior agreements (including the Trust Agreement as in effect on the date hereof) if such changes would not require the consent of Holders under the terms of those prior agreements.

Tax Information

Within a reasonable time after the end of each calendar year, as Administrator, we or our agent will furnish to each investor who was a Holder on any record date during such year information we deem necessary or desirable to enable Holders and beneficial owners of PCs to prepare their federal income tax returns, if applicable.

Termination

Our obligations and responsibilities under the Trust Agreement and applicable Pool Supplement to a Holder of a PC will terminate upon (1) the full payment to the Holder of all principal and interest due the Holder based on the applicable Pool Factor or by reason of our guarantees or (2) the payment to the Holder of all amounts held by Freddie Mac and required to be paid under the Trust Agreement. However, our guarantee will be reinstated in the event that any principal or interest payment made to a Holder is for any reason returned by the Holder pursuant to an order, decree or judgment of a court of competent jurisdiction to the effect that the Holder was not entitled to retain such payment pursuant to the Trust Agreement. In addition, we will furnish information we deem necessary to enable Holders to prepare their federal income tax returns for the year in which the termination occurs.

We have no “clean-up” call option to redeem or terminate a PC based on its unpaid principal balance falling below a prescribed level.

Various Matters Regarding Freddie Mac

Neither Freddie Mac, in its corporate capacity, nor any of our directors, officers, employees and agents will be liable to Holders for any action taken or omitted in good faith or for errors in judgment. However, neither we nor they will be protected against any liability that results from our or their willful misfeasance, bad faith, gross negligence or reckless disregard of their obligations. As Administrator, we are required to hold and administer Mortgages in a PC Pool using the same standards as we use for similar mortgages that we own.

Except for our guarantee obligations or other payment obligations, Freddie Mac will not be liable for any Holder's direct damages unless we fail to exercise the same degree of ordinary care that we exercise in the conduct of our own affairs. Freddie Mac will not be liable for any Holder's consequential damages.

In addition, Freddie Mac does not need to appear in any legal action that is not incidental to its responsibilities under the Trust Agreement or any Pool Supplement and that it believes may result in any expense or liability. However, Freddie Mac may undertake any legal action that it believes is necessary or desirable in the interests of the Holders. Freddie Mac will bear the legal costs of any such action.

Freddie Mac may acquire PCs. Except as described under *Rights Upon Event of Default and Control by Holders and Voting Rights* above, PCs we hold will be treated the same as PCs held by other Holders.

The Trust Agreement and any Pool Supplement will be binding upon any successors to Freddie Mac.

Potential Conflicts of Interest

In connection with the PCs that we issue, we are acting in multiple roles — Trustee, Depositor, Administrator and Guarantor. The Trust Agreement provides that in determining whether a Mortgage shall be repurchased from the related PC Pool, we may in our capacities as Administrator and Guarantor consider factors as we deem appropriate, including the reduction of administrative costs (in the case of the Administrator) and possible exposure under our guarantee (in the case of the Guarantor). There is no independent third party engaged with respect to the PCs to monitor and supervise our activities in our various roles. In connection with our roles as Administrator and Guarantor, we may take certain actions with respect to Mortgages that may adversely affect PC Holders. For example, we may repurchase, or direct sellers or servicers to repurchase, Mortgages from PC Pools in certain situations. A Mortgage repurchase will be treated as a prepayment in full of the Mortgage being repurchased and will increase the prepayment speeds of PCs. See *Description of the Mortgages — Mortgage Purchase and Servicing Standards — Mortgage Repurchases*.

For a discussion concerning certain operational risks, see *Risk Factors — Operational Risks*.

Governing Law

The Trust Agreement is to be interpreted in accordance with federal law. If there is no applicable federal precedent and if the application of New York law would not frustrate the purposes of the Freddie Mac Act, the Trust Agreement or any Pool Supplement or any transaction under the Trust Agreement or any Pool Supplement, then New York law will be deemed to reflect federal law.

Credit Risk Retention

Freddie Mac, as the sponsor of the securitizations in which the PCs 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 PCs.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

General

The following is a general discussion of the material federal income tax consequences relating to the purchase, ownership and transfer of PCs. It does not address all the federal income tax consequences that may apply to particular categories of investors. Some investors 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 may apply retroactively. You should consult your own tax advisors to determine the federal, state, local and any other tax consequences that may be relevant to you.**

Although we are a government-sponsored enterprise, neither the PCs nor the income received from them is exempt from federal income, estate or gift taxes under the Internal Revenue Code of 1986, as amended (the “Code”). Further, neither the Code nor the Freddie Mac Act exempts the PCs or income on them from taxation by any state, any United States possession or any local taxing authority.

Tax Status

Each PC Pool will be classified as a grantor trust under subpart E, part I of subchapter J of the Code and not as an association taxable as a corporation. As an investor in a PC, you will be treated for federal income tax purposes as the owner of a pro rata undivided interest in Mortgages.

If you own PCs, you must report on your federal income tax return your pro rata share of the entire income from the Mortgages in the related PC Pool, in accordance with your method of accounting. Income will include gross interest income at the interest rates on the Mortgages and incidental fees, if any.

You generally will be able to deduct, under Section 162 or 212 of the Code, your pro rata share of servicers’ fees or any of our management and guarantee fees, including incidental fees paid by the borrowers and retained by the servicer or us and all administrative and other expenses of the PC Pool, in accordance with your method of accounting. Miscellaneous itemized deductions described in Section 67 of the Code, previously available to investors who are individuals, estates or trusts (subject to certain limitations), are not deductible for taxable years beginning before January 1, 2026, and continue to not be deductible for computing alternative minimum tax liability. Accordingly, such investors may have taxable income in excess of the cash received with respect to their PCs. If you are an individual, estate or trust, you should consult your tax advisor regarding the limitations on the deductibility of such items.

Unless otherwise disclosed in the applicable Pool Supplement, PCs generally will be considered to represent “real estate assets” within the meaning of Section 856(c)(5)(B) of the Code. Interest income from the PCs will be considered to represent “interest on obligations secured by mortgages on real property” within the meaning of Section 856(c)(3)(B) of the Code.

Unless otherwise disclosed in the applicable Pool Supplement, PCs may not constitute “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 for purposes of determining whether an institution qualifies as a “domestic building and loan association.” PCs qualify for such treatment in their entirety only if the planned residential use with respect to the property securing the Mortgage exceeds 80 percent of the property’s planned use (determined as of the time the Mortgage was created). According to the legislative history to this provision, Congress intended that this determination be based on the usable space in the building. Even if the property securing the Mortgage does not meet this test, counsel is of the opinion that, based on authority addressing analogous circumstances, the PCs will be treated as “obligations of a corporation which is an instrumentality of the United States” within the meaning of Section 7701(a)(19)(C)(ii) of the Code. Thus, the PCs will be a qualifying asset for a domestic building and loan association.

Discount and Premium

If you purchase a PC, you will be treated as purchasing an interest in each of the underlying Mortgages at a price determined by allocating the purchase price paid for that PC among the Mortgages in proportion to their fair market values at the time of purchase. To the extent that the portion of the purchase price allocated to a Mortgage is less than or greater than the portion of the principal balance of the Mortgage allocated to the PC, the interest in the Mortgage will be deemed to have been acquired with discount or premium, respectively. The treatment of any discount will depend on whether the discount represents original issue discount or market discount.

You should consult your own tax advisors to determine whether Section 1272(a)(6) of the Code, as expanded by the Taxpayer Relief Act of 1997, could affect the accrual of discount or amortization of premium on your PCs or otherwise affect the tax accounting for your PCs.

If you recognize gain or loss attributable to discount or premium that is not characterized as original issue discount, market discount or amortizable bond premium (described below), your gain or loss will be treated as capital gain or loss if the PC is held as a capital asset.

Original Issue Discount

You will be required to report as ordinary income your pro rata share of any original issue discount related to the Mortgages underlying the PC pursuant to Sections 1271-1273 and 1275 of the Code. Original issue discount may arise as a result of initial incentive or “teaser” interest rates on ARMs or points charged at origination. You will be required to accrue original issue discount into current income only if it exceeds a *de minimis* amount. The Mortgages also would be subject to the original issue discount rules if, as discussed below, the “stripped bond” provisions of the Code were determined to be applicable.

Market Discount

The market discount rules of Sections 1276-1278 of the Code will apply to treat market discount in excess of a *de minimis* amount as ordinary income. You must recognize accrued market discount to the extent of gain realized on disposition or to the extent of principal payments that you receive. The market discount rules provide that:

- Market discount will be considered to accrue under a straight-line method unless you elect to calculate it under a constant yield method.

- Interest that you paid or that accrues on indebtedness that you incurred or continued to purchase or carry Mortgages acquired at a market discount will be allowed as a deduction only to the extent that such interest, reduced by the interest on the Mortgages includable in income, including original issue discount, is greater than the market discount that accrued but was not taken into account during the taxable year such interest was paid or accrued. Any such interest expense that is deferred will, in general, be allowed as a deduction when the related market discount income is recognized.
- Alternatively, you may elect to include market discount in income currently, under either a straight-line method or a constant yield method, on all market discount obligations you hold except those acquired in taxable years before the year of the election. An election to include market discount as income currently can be revoked only with the consent of the Internal Revenue Service (the “**Service**”). In this event, the rules about ordinary income on disposition and interest deferral discussed above will not apply.

The exact application of the market discount rules is not clear.

Premium

If you have purchased your interest in any Mortgage at a premium, the premium may be amortizable under a constant yield method at your election under Section 171 of the Code. The premium is treated as an offset to interest income includable with respect to the Mortgage. An election to amortize premium will apply to all debt instruments you hold at the beginning of the tax year for which you make the election and to all such instruments acquired after the election. An election to amortize premium can be revoked only with the Service’s consent.

Constant Yield Election

You may elect to include in gross income all interest that accrues on a Mortgage by using the constant yield method. For purposes of this election, interest would include stated interest, *de minimis* original issue discount, original issue discount, *de minimis* market discount and market discount, as adjusted by any premium. You should consider the relationship between this election and the elections described above under *Market Discount* and *Premium*.

Prepayment Premiums

You should consult your own tax advisors regarding the tax treatment of Prepayment Premiums.

Sale or Exchange of a PC

If you sell a PC, you will recognize gain or loss equal to the difference between your adjusted tax basis in the PC and the amount you realized on the sale (not including amounts attributable to accrued and unpaid interest, which will be treated as ordinary interest income).

In general, your adjusted tax basis in the PC will equal what you paid for the PC, plus the amount of any discount income you previously reported on the PC, less the amount of any premium you previously offset against interest income on the PC and the amount of any principal payments you received on the PC.

You must report accrued but unrecognized market discount as ordinary income, but your gain or loss otherwise will be a capital gain or loss if you held the PC as a capital asset. The capital gain or loss

will be long-term or short-term, depending on whether you owned the PC for the long-term capital gain holding period (currently more than one year). Capital gains of individuals with respect to capital assets held for more than one year may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Adoption of an Alternative Index

In the event that an alternative index is adopted in response to changes to, or the elimination of, LIBOR, the tax consequences with respect to PCs backed by Mortgages that have interest rates based on LIBOR are unclear. It is possible that if an alternative index is adopted, such adoption could be treated as a “significant modification” (under Section 1001 of the Code) of such Mortgages, which may result in a deemed taxable exchange of such Mortgages and the realization of gain or loss to the related PC Holder. Proposed regulations on which we may rely were released on October 8, 2019 and pursuant to which the adoption of an alternative index may not be treated as a “significant modification” if certain conditions are met. We intend to take reasonable efforts to meet such conditions, although no assurance can be given that the adoption of an alternative index will not result in a “significant modification.” Holders are advised to consult their own tax advisors regarding the adoption of an alternative index.

Application of the Stripped Bond Rules

When we issue a PC, Revenue Ruling 71-399, 1971-2 C.B. 433, issued to us by the Service, indicates that any difference between interest payable at the mortgage interest rate and the sum of (a) interest payable at the class coupon plus (b) fees applicable to the Mortgages (servicers’ fees or any of our management or guarantee fees) should be accounted for as discount income or premium expense. If such sum exceeds the mortgage interest rate, the difference is characterized as “discount” and considered additional gross income. If such sum is less than the mortgage interest rate, the net difference is characterized as “premium expense.”

In Revenue Ruling 71-399, the Service ruled that discount income is to be included as ordinary income in accordance with the beneficial owner’s method of accounting, and that premium expense may be deductible in accordance with applicable rules. The Service, however, may contend that by reason of enactment of the stripped bond rules of Section 1286 of the Code (or its predecessor, Section 1232B), Revenue Ruling 71-399 is no longer applicable in characterizing such difference.

The Service has issued guidance taking the position that, when mortgages are sold and the servicer is entitled to receive amounts that exceed reasonable compensation for the mortgage servicing to be performed, the mortgages are treated as stripped bonds within the meaning of Section 1286 of the Code. If this treatment applies, for tax purposes, you would not be treated as having a pro rata undivided interest in the underlying Mortgages, but rather you would be treated as owning “stripped bonds” to the extent of your share of principal payments and “stripped coupons” to the extent of the class coupon plus reasonable servicing fees and guarantee fees. Under Section 1286, you would be treated as if the payments to be received in respect of your ownership interest in the Mortgages were purchased at an original issue discount equal to the difference between the price at which you are considered to have paid for such payments and the total amount of such payments. You would include in income such original issue discount in accordance with the rules for original issue discount under the Code. Effectively, you would report both interest and discount on the Mortgages as ordinary income as income accrues under a constant yield method under Sections 1271-1273 and 1275 of the Code.

The Service has also issued guidance providing that a purchaser of a mortgage that is a stripped bond must treat it as a market discount bond if the amount of original issue discount on the stripped bond is considered to be zero after application of the *de minimis* rule of Section 1273(a)(3) of the Code or if the annual stated rate of interest payable on the stripped bond is 100 basis points or less below the annual stated rate of interest payable on the mortgage. These conditions apparently are based on the premise that the interest payments which remain associated with the stripped bond are treated, for purposes of the original issue and market discount provisions of the Code, as stated interest payable with respect to the stripped bond. If these conditions are met, you would be required to account for any market discount in accordance with the rules for market discount as described above under *Discount and Premium*.

It is unclear whether the position taken by the Service in the guidance would be upheld if challenged.

Backup Withholding, Foreign Withholding and Information Reporting

If you are a U.S. Person, you may be subject to federal backup withholding tax under Section 3406 of the Code on payments on your PCs, unless you comply with applicable information reporting procedures or are an exempt recipient. Any such amounts withheld would be allowed as a credit against your federal income tax liability.

Payments made to an investor who is an individual, a corporation, an estate or a trust that is not a U.S. Person, or to a Holder on behalf of such an investor, generally will not be subject to federal income or withholding tax if:

- The Mortgages underlying the investor's PCs all were originated after July 18, 1984.
- The PC is not held by the investor in connection with a trade or business in the United States (or, if an income tax treaty applies, is not attributable to a U.S. permanent establishment or fixed base).
- The investor is not, with respect to the United States, a corporation that accumulates earnings in order to avoid federal income tax.
- The investor is not a U.S. expatriate or former U.S. resident who is taxable in the manner provided in Section 877(b) of the Code.
- The investor provides a statement (on Internal Revenue Service Form W-8BEN or W-8BEN-E (or similar substitute forms)) signed under penalties of perjury that includes its name and address and certifies that it is not a U.S. Person in accordance with applicable requirements.

Regardless of the date of origination of the Mortgages, federal backup withholding tax will not apply to payments on a PC made to an investor who is not a U.S. Person if the investor furnishes an appropriate statement of non-U.S. status.

We will make available to each Holder of a PC, within a reasonable time after the end of each calendar year, information to assist Holders and investors in preparing their federal income tax returns. The information made available to you may not be correct for your particular circumstances.

For these purposes, the term “**U.S. Person**” means any one of the following:

- An individual who, for federal income tax purposes, is a citizen or resident of the United States.

- A corporation (or other business entity treated as a corporation for federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia.
- An estate whose income is subject to federal income tax, regardless of its source.
- 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 U.S. Persons have the authority to control all substantial decisions of the trust.
- To the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as U.S. Persons prior to such date, that elect to be treated as U.S. Persons.

If a partnership (or other entity treated as a partnership for federal income tax purposes) holds PCs, the treatment of a partner will generally depend upon the status of the particular partner and the activities of the partnership. If you are a partner in such a partnership, you should consult your own tax advisors.

Foreign Account Tax Compliance Act

Investors should be aware that under legislation and related administrative guidance (commonly known as “**FATCA**”), certain payments in respect of the PCs and the underlying Mortgages after June 30, 2014 received by a non-U.S. entity may be subject to withholding of U.S. federal income tax at a rate of 30% if such non-U.S. entity fails to take the required steps to provide certain information regarding its “United States accounts” or its direct or indirect “substantial U.S. owners.” The required steps and the information to be provided will depend on whether the non-U.S. entity is considered a “foreign financial institution” for this purpose, and if an intergovernmental agreement exists between the United States and an applicable foreign country that may modify the applicable requirements. Investors should consult their tax advisors regarding the potential application and impact of the FATCA withholding rules based on their particular circumstances, including the applicability of any intergovernmental agreement modifying these rules.

ERISA CONSIDERATIONS

A Department of Labor regulation provides that if a plan subject to Part 4, Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) and/or Section 4975 of the Code (each, a “**Plan**”) acquires a “guaranteed governmental mortgage pool certificate,” then, for purposes of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code, the Plan’s assets include the certificate and all of its rights in the certificate, but do not, solely by reason of the Plan’s holding of the certificate, include any of the mortgages underlying the certificate. Under this regulation, the term “guaranteed governmental mortgage pool certificate” includes a certificate “backed by, or evidencing an interest in, specified mortgages or participation interests therein” if Freddie Mac guarantees the interest and principal payable on the certificate.

The regulation makes it clear that Freddie Mac and other persons, in providing services for the Mortgages in a PC Pool, would not be subject to the fiduciary responsibility provisions of Title I of ERISA, or the prohibited transaction provisions of Section 406 of ERISA or Code Section 4975, merely by reason of the Plan’s investment in a PC.

Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and the Code, may nevertheless be subject to local, state or other federal laws that are substantially similar to provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their own legal advisors before purchasing PCs.

In addition, because Freddie Mac, any dealer, any originator (the “**Transaction Parties**”), or their respective affiliates, may receive certain benefits in connection with the sale or holding of the PCs, the purchase or holding of the PCs using “plan assets” of any Plan over which any of these parties or their affiliates has discretionary authority or control, or renders “investment advice” (within the meaning of Section 3(21) of ERISA and/or Section 4975 of the Code and applicable regulations) for a fee (direct or indirect) with respect to the assets of a Plan, or is the employer or other sponsor of a Plan, might be deemed to be a violation of the prohibited transaction provisions of Part 4, Subtitle B, Title I of ERISA or Section 4975 of the Code (or could otherwise constitute a violation of fiduciary responsibilities under Title I of ERISA). Accordingly, the PCs may not be purchased using the assets of any Plan if any Transaction Party or any of their respective affiliates has discretionary authority or control or renders investment advice for a fee with respect to the assets of the Plan, or is the employer or other sponsor of the Plan, unless an applicable prohibited transaction exemption is available (all of the conditions of which are satisfied) to cover the purchase and holding of the PCs or the transaction is not otherwise prohibited.

All Plan investors should consult with their legal advisors to determine whether the purchase, holding or resale of PCs could give rise to a transaction that is prohibited or is not otherwise permissible under either ERISA or the Code.

LEGAL INVESTMENT CONSIDERATIONS

You should consult your own legal advisors to determine whether PCs are legal investments for you and whether you can use PCs as collateral for borrowings. In addition, financial institutions should consult their legal advisors or regulators to determine the appropriate treatment of PCs under any applicable risk-based capital and similar rules.

If you are subject to legal investment laws and regulations or to review by regulatory authorities, you may be subject to restrictions on investing in some types of PCs or in PCs generally. Institutions regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, the Treasury Department or any other federal or state agency with similar authority should review applicable regulations, policy statements and guidelines before purchasing or pledging PCs.

ACCOUNTING CONSIDERATIONS

Various factors may influence the accounting treatment applicable to an investor’s acquisition and holding of mortgage-related securities. Accounting standards, and the application and interpretation of such standards, are subject to change from time to time. Before making an investment in the PCs, investors are encouraged to consult their own accountant for advice on the appropriate accounting treatment for their PCs.

DISTRIBUTION ARRANGEMENTS

Freddie Mac purchases Mortgages from eligible sellers under various purchase programs and, as Depositor, deposits such Mortgages in PC Pools under the Trust Agreement and applicable Pool Supplement. As Administrator, on behalf of the Trustee, we create and issue, under the Trust Agreement and that Pool Supplement, on behalf of the related PC Pool, PCs representing undivided interests in those same Mortgages. As Depositor, we deliver those PCs to the seller as consideration for the Mortgages. We may retain or repurchase PCs for our own portfolio, and may offer or re-offer such PCs from time to time. These transactions may affect the market prices and yields of PCs.

SECONDARY MARKETS, MORTGAGE SECURITY PERFORMANCE AND MARKET SUPPORT ACTIVITIES

Certain dealers may buy, sell and make a market in PCs. The secondary market for PCs may be limited. If a dealer sells a PC, currently the dealer is required to confirm the sale; notify the purchaser of the settlement date, purchase price, concessions and fees; and make available to the purchaser, by electronic means or otherwise, a copy of this Offering Circular and the applicable Pool Supplement.

You can obtain prices for PCs by contacting the securities dealers selling and making a market in those PCs. You can obtain a list of PC dealers by contacting Investor Inquiry as shown under *Additional Information*.

From time to time, we may undertake various activities to support our presence in the agency securities market or to support the liquidity of our PCs, including:

- Purchasing and selling agency securities, including Freddie Mac mortgage-related securities, and loans through our mortgage-related investments portfolio;
- Engaging in dollar roll transactions, which are agreements between a counterparty and us to purchase and subsequently resell (or sell and subsequently repurchase) PCs;
- Issuing securities backed by our PCs; and
- Engaging in portfolio purchase and retention activities.

Depending upon market conditions, there may be substantial variability in any period in the total amount of securities we purchase or sell. In some cases, purchasing or selling agency securities could adversely impact our security performance. While we may employ a variety of strategies in an effort to support the liquidity and price performance of our PCs and may consider additional strategies, any such strategies may fail or adversely affect our business or we may cease such activities if deemed appropriate. We incur costs in connection with our efforts to support our presence in the agency securities market or the liquidity of our PCs, including engaging in transactions that yield less than our target rate of return. We may increase, reduce or discontinue these or other related activities at any time, which could affect our market presence or the liquidity of our PCs. See also *Risk Factors — Investment Factors — Our activities to support the liquidity and price performance of our PCs may not be successful*. The Incorporated Documents contain additional information about our security performance and market support activities.

CERTAIN RELATIONSHIPS AND TRANSACTIONS

We may have various business relationships with dealers that deal in PCs, originators, sellers or servicers of Mortgages, and affiliates of those firms. For example, they may from time to time underwrite, invest in or make markets in PCs or other securities we issue, provide financial advice to us, provide money management, consulting or investment banking services to us, purchase Mortgages or other financial products from us, sell Mortgages or other financial products to us, engage in swap, forward, dollar roll, repurchase, reverse repurchase and other financial transactions with us, resecure PC's or other securities we have issued, or enter into licensing or other commercial agreements with us.

INDEX OF TERMS

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INTEREST RATE INDICES

The following are the Indices most often used in the ARMs we acquire and pool. The CMT Index, LIBOR and Eleventh District COFI are the Indices used most frequently. We make no representation as to the continuing availability of any Index or source of Index values.

An Index will adjust based on the most recent Index value available as of a specified date (for example, 45 days) before the effective date of the adjustment of the related ARM. The period of time between the Index adjustment date and the ARM adjustment date is sometimes referred to as the “lookback period.” For adjustment purposes, an Index value is available as of the date the information is released or publicly available.

If an Index becomes unavailable, we will designate a new one based upon comparable information and methodology. If an existing Index is unavailable or if an alternative index is selected by us, the market value and/or liquidity of Floating-Rate or Hybrid (ARM) PCs based on such Index could be adversely affected.

- **Eleventh District COFI:** The weighted average cost of funds for member savings institutions of the Eleventh District of the Federal Home Loan Bank. On December 7, 2018, the Federal Home Loan Bank of San Francisco announced that it would cease publishing this index on January 31, 2020. On April 9, 2019, FHFA issued a directive to the Enterprises directing them to engage in joint discussions regarding their respective strategies for selecting and implementing a replacement index.
- **LIBOR:** For any interest accrual period, the IBA’s one-month or six-month London interbank offered rate for United States Dollar deposits, as displayed on the LIBOR Index Page, as determined on the related LIBOR Determination Date; *provided, however*, that, for purposes of the PCs and the Mortgages, 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. With respect to each LIBOR Determination Date, LIBOR for the Mortgage will be determined by the Administrator and LIBOR for the PCs 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 Administrator on any LIBOR Determination Date, LIBOR for the interest accrual period for the underlying mortgage loan and the interest accrual period for the PCs will equal the LIBOR determination made by the Administrator.

“LIBOR Determination Date” means, with respect to any interest accrual period and (i) any Mortgage, the first day preceding the beginning of such interest accrual period for which LIBOR has been released by the IBA or (ii) any principal balance certificate, the date on which LIBOR for the Mortgage was determined in the month preceding the month in which the interest accrual period for the PCs commenced.

“LIBOR Index Page” means the Bloomberg L.P., page “BBAM,” or such other page for LIBOR as may replace page BBAM on that service, or at the option of the Calculation Agent (i) the applicable page for LIBOR on another service which electronically transmits or displays IBA LIBOR rates, or (ii) any publication of LIBOR rates available from the IBA. In the event the IBA ceases to set or publish a rate for LIBOR, the

Calculation Agent will use the industry-designated alternative index, as confirmed by the Guarantor, and such alternative index will constitute the LIBOR Index Page. If no alternative index is designated, the Calculation Agent will use the alternative index set out in the Guide or in any communications made available in writing by Freddie Mac relating to the index being used at such time by Freddie Mac for its multifamily mortgage loans and such alternative index will constitute the LIBOR Index Page; *provided* that if no such alternative index is set out in the Guide or in any such communications made available in writing by Freddie Mac, the Guarantor will designate an alternative index, and such alternative index will constitute the LIBOR Index Page.

“Calculation Agent” means, for so long as any of the PCs remain outstanding, an agent appointed to determine LIBOR in respect of the interest accrual period for the PCs. Freddie Mac, as Trustee, will be the initial Calculation Agent for purposes of determining LIBOR for the interest accrual period for the PCs.

- **Treasury Index:** The auction average (investment) yield on three-month or six-month U.S. Treasury bills or the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one, three, five, seven, ten or thirty years or to some other constant maturity, in each case as specified in the applicable Pool Supplement.

