



## Supers™, Giant MBS™ and Other Pass-Through Certificates

**Supers**  
**Giant MBS**  
**Stripped Certificates**  
**Stripped Interest Certificates**  
**Callable Pass-Through Certificates**  
**Structured Pass-Through Certificates**

### **The Pass-Through Certificates**

Freddie Mac issues and guarantees several types of “**Pass-Through Certificates.**” Pass-Through Certificates are securities that represent interests in pools of assets that are held in trust for investors and are backed by single-family residential mortgages.

The Payment Date for all Pass-Through Certificates we issue under this Offering Circular occurs on or about the 25th day of each month. The Supers and Giant MBS we issue under this Offering Circular have a “**Payment Delay**” (i.e., the delay between the time interest begins to accrue on a security and the time the related investor receives an interest payment) of approximately 55 days. The Payment Delay for other Pass-Through Certificates we issue under this Offering Circular may differ, as set forth in the applicable supplement.

### **Freddie Mac’s Guarantee**

We guarantee the payment of interest and principal on the Pass-Through Certificates as described in this Offering Circular. **Principal and interest payments on the Pass-Through Certificates 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.

### **Freddie Mac Will Provide More Information for Each Offering**

This Offering Circular describes the general characteristics of Pass-Through Certificates. For each offering of Pass-Through Certificates, we prepare a supplement. The supplement will describe more specifically the particular Pass-Through Certificates included in that offering.

### **Tax Status and Securities Law Exemptions**

The Pass-Through Certificates are not tax-exempt. Because of applicable securities law exemptions, we have not registered the Pass-Through Certificates with any federal or state securities commission. No securities commission has reviewed this Offering Circular.

**Pass-Through Certificates may not be suitable investments for you. You should not purchase Pass-Through Certificates 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 11 highlights some of these risks.**

If you intend to purchase Pass-Through Certificates, 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 supplement for those Pass-Through Certificates. We have not authorized anyone to provide you with different information.

This Offering Circular, the related supplement and any Incorporated Documents may not be correct after their dates.

If the Certificates you purchase are Commingled Pass-Through Certificates, we refer you to the applicable Fannie Mae Offering Materials for information regarding the related underlying securities that are issued by Fannie Mae.

We are not offering the Pass-Through Certificates in any jurisdiction that prohibits their offer.

## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>	<u>Description</u>	<u>Page</u>
Freddie Mac . . . . .	3	Suitability . . . . .	41
General . . . . .	3	Tabular Information in Supplements . . . . .	42
Conservatorship . . . . .	3	The Pass-Through Trust Agreement . . . . .	43
Additional Information . . . . .	4	Transfer of Assets to Pass-Through	
Documents Incorporated by Reference . . . . .	4	Pool . . . . .	44
Fannie Mae Offering Materials . . . . .	5	Various Matters Regarding	
Summary . . . . .	7	Freddie Mac . . . . .	44
Risk Factors . . . . .	11	Events of Default . . . . .	46
Prepayment and Yield Factors . . . . .	11	Rights Upon Event of Default . . . . .	46
Investment Factors . . . . .	13	Voting Rights . . . . .	47
Factors Related to Alignment with Fannie		Voting Under Any Underlying Master Trust	
Mae and the Single Security		Agreement . . . . .	47
Initiative . . . . .	16	Amendment . . . . .	48
Commingling Factors . . . . .	18	Governing Law . . . . .	48
Governance Factors . . . . .	19	Certain Federal Income Tax	
Application of Proceeds . . . . .	22	Consequences . . . . .	48
Credit Risk Retention . . . . .	22	General . . . . .	48
Single Security Initiative, the CSP and		Supers and Giant MBS . . . . .	51
Commingling . . . . .	22	Strips . . . . .	54
FHFA UMBS Rule . . . . .	24	SPCs . . . . .	57
Loan Note Rate Pooling Restrictions . . . . .	25	CPCs . . . . .	57
Description of Pass-Through Certificates . . . . .	26	Exchange Transactions . . . . .	60
General . . . . .	26	Backup Withholding, Foreign Withholding	
Supers . . . . .	26	and Information Reporting . . . . .	60
Giant MBS . . . . .	27	Foreign Account Tax Compliance Act . . . . .	61
Stripped Certificates . . . . .	27	ERISA Considerations . . . . .	61
Stripped Interest Certificates . . . . .	29	Accounting Considerations . . . . .	63
Callable Pass-Through Certificates . . . . .	29	Legal Investment Considerations . . . . .	63
Structured Pass-Through Certificates . . . . .	30	Distribution Arrangements . . . . .	63
Categories of Classes . . . . .	30	Increase in Size . . . . .	64
Principal Types . . . . .	31	Appendix I — Index of Terms . . . . .	I-1
Interest Types . . . . .	31	Appendix II — Exchange Procedures for	
Pass-Through Pool Assets . . . . .	32	Stripped Certificates . . . . .	II-1
Payments . . . . .	33	Appendix III — Examples of MACS	
Guarantees . . . . .	36	Exchanges . . . . .	III-1
Form, Holders and Payment Procedures . . . . .	36	Appendix IV — Redemption and Exchange	
Prepayment, Yield and Suitability		Procedures for CPCs . . . . .	IV-1
Considerations . . . . .	38	Appendix V — Frequently Used Supers and	
Prepayments . . . . .	38	Giant MBS Prefixes . . . . .	V-1
Yields . . . . .	39	Appendix VI — Example Supplement . . . . .	VI-1

*Appendix I — Index of Terms* shows the page numbers where definitions of capitalized terms appear.

## FREDDIE MAC

### GENERAL

Freddie Mac was chartered by Congress in 1970 under the Federal Home Loan Mortgage Corporation Act (the “**Freddie Mac Act**”). Our statutory 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 mortgage-related securities, which are guaranteed by us and sold in the global capital markets. In addition, we transfer mortgage credit risk exposure to private 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 Pass-Through Certificates 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**”), our conservator (the “**Conservator**”). To address deficits in our net worth, FHFA, as Conservator, entered into a senior preferred stock purchase agreement (as amended, the “**Purchase Agreement**”) with the U.S. Department of the Treasury (“**Treasury**”), and (in exchange for an initial commitment fee of senior preferred stock and warrants to purchase common stock) Treasury made a commitment to provide funding, under certain conditions. 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 the appointment of a receiver by FHFA under statutory mandatory receivership provisions. See the Incorporated Documents for additional information regarding our conservatorship, the Purchase Agreement and the uncertainty surrounding our future.

## ADDITIONAL INFORMATION

### DOCUMENTS INCORPORATED BY REFERENCE

Our common stock is registered with the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934 (“Exchange Act”). As a result, 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:

- Our most recent Annual Report on Form 10-K, filed with the SEC.
- 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, excluding any information “furnished” to the SEC on Form 8-K.
- 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 Certificates, excluding any information we “furnish” to the SEC on Form 8-K.
- The current offering circular for our Uniform Mortgage-Backed Securities and Mortgage-Backed Securities and any related supplements (together, the “**UMBS and MBS Offering Circular**”).
- The current offering circular for our Uniform Mortgage-Backed Securities Mirror Certificates, Mortgage-Backed Securities Mirror Certificates, Supers Mirror Certificates and Giant Mortgage-Backed Securities Mirror Certificates and any related supplements (together, the “**Mirror Certificates Offering Circular**”).

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 the related 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 the related supplement. In addition, we provide updated information regarding each specific series and the assets backing the series on our internet website at [www.freddiemac/mbs](http://www.freddiemac/mbs).

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

You can obtain, without charge, copies of this Offering Circular, the Incorporated Documents, the Pass-Through Trust Agreement and the related supplement under which Certificates 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](mailto:Investor_Inquiry@freddiemac.com)**

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

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

---

\* We are providing this and other internet addresses solely for the information of investors. We do not intend these internet addresses to be active links and we are not using references to these addresses to incorporate additional information into this Offering Circular or any supplement, except as specifically stated in this Offering Circular.

The mortgage securities section of our website (located at <http://freddiemac.com>) will also be updated, from time to time, with information regarding 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 Pass-Through Certificates issued on and after the implementation date of the single security initiative, currently scheduled for June 3, 2019. For more information, see *Single Security Initiative, the CSP and Commingling*. Under the Pass-Through Trust Agreement described in this Offering Circular, Freddie Mac has agreed to act as Trustee for and to administer all Pass-Through Certificates substantially in accordance with the Pass-Through Trust Agreement, as described in this Offering Circular. See *The Pass-Through Trust Agreement*.

## **FANNIE MAE OFFERING MATERIALS**

Certain mortgage-backed securities issued by the Federal National Mortgage Association, or “**Fannie Mae**,” may be included as assets in Pass-Through Pools that back certain Pass-Through Certificates issued by Freddie Mac under this Offering Circular. With respect to such assets, we refer you to Fannie Mae’s SEC filings, prospectuses and other offering documents for information regarding any securities issued by Fannie Mae (the “**Fannie Mae Offering Materials**”). The Fannie Mae Offering Materials include:

- Fannie Mae’s most recent Annual Report on Form 10-K, filed with the SEC.
- All other reports Fannie Mae has 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.
- All documents that Fannie Mae files 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 Certificates.
- Fannie Mae’s current Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans) Prospectus, Fannie Mae Guaranteed MBS Pass-Through Securities (Mega Certificates) Prospectus and Fannie Mae Guaranteed Single-Family REMIC Pass-Through Certificates Prospectus and any related supplements, and

any other Fannie Mae offering documents related to Fannie Mae-issued securities underlying Commingled Pass-Through Certificates.

In connection with the offering of Commingled Pass-Through Certificates, neither we nor any Dealer (a) has made, or will make, any due diligence investigation of the business, operations (including underwriting and loan acquisition practices) or condition, financial or otherwise, or creditworthiness, of Fannie Mae, (b) has verified, or will verify, any reports or information filed by Fannie Mae with the SEC or made available by Fannie Mae on its website or (c) has made, or will make, any representation regarding the accuracy or sufficiency of any Fannie Mae Offering Materials. It is strongly recommended that prospective investors in any Commingled Pass-Through Certificates review the applicable Fannie Mae Offering Materials. The issuance of Commingled Pass-Through Certificates should not be construed as an endorsement by Freddie Mac or any Dealer of the financial condition or business prospects of Fannie Mae.

## SUMMARY

This summary highlights selected information about the Pass-Through Certificates. Before buying Pass-Through Certificates, you should read the remainder of this Offering Circular and the supplement for the particular offering and the Incorporated Documents. You should rely on the information in the supplement if it is different from the information in this Offering Circular.

### Depositor, Trustee, 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 Conservator, FHFA immediately succeeded to all rights, titles, powers and privileges of Freddie Mac, and of any stockholder, officer or director of Freddie Mac, with respect to Freddie Mac and the assets of Freddie Mac. For additional information regarding our conservatorship, see *Freddie Mac — Conservatorship* and *Risk Factors — Governance Factors*.

**Pass-Through Certificates** . . . . . As Depositor, we transfer and deposit mortgage-related assets that we or, in some cases, Fannie Mae have created or acquired into various trust funds established pursuant to the Pass-Through Trust Agreement. As Administrator, on behalf of the Trustee for these trust funds, we create and issue under the Pass-Through Trust Agreement “**Pass-Through Certificates**” representing beneficial ownership interests in “**Pass-Through Pools**,” which are pools of assets held by those trust funds.

The Supers and Giant MBS we issue under this Offering Circular have a Payment Delay of approximately 55 days. The Payment Delay for other Pass-Through Certificates we issue under this Offering Circular may differ, as set forth in the applicable supplement.

**Assets and Mortgages** . . . . . The assets in each Pass-Through Pool may include certain securities issued by Freddie Mac or Fannie Mae (including Freddie Mac or Fannie Mae UMBS), other Pass-Through Certificates, mortgage securities issued by entities not affiliated with Freddie Mac or other securities we have created or acquired, all proceeds of those assets, amounts on deposit in a custodial account of collections from those assets and the right to receive payments pursuant to our guarantee. The mortgages underlying the assets will be secured primarily by first liens on one- to four-family residential properties, and bear interest at either a fixed rate or an interest rate subject to Step Rate Increases. The mortgages that may underly certain assets may have been acquired by Fannie Mae. Unless specifically stated or the context otherwise requires, for purposes of this Offering Circular the term “**Mortgages**” refers to mortgages acquired by Freddie Mac or Fannie Mae, as applicable.

**Types of Pass-Through Certificates:**

- **Supers** . . . . . Supers are single-class securities that are TBA-eligible and receive principal and interest from their underlying assets. Supers bear interest at a fixed rate.
- **Giant MBS** . . . . . Giant MBS are single-class securities that are not TBA-eligible and receive principal and interest from their underlying assets. Giant MBS bear interest at a fixed rate or an interest rate subject to Step Rate Increases.
- **Stripped Certificates** . . . . . Stripped Certificates are issued in series consisting of two or more classes that receive principal only, interest only or both principal and interest from a single underlying asset. Each series is backed by a single security (e.g., a Supers or a Giant MBS). If you own proportionate amounts of each of the classes from the same series, you may exchange them for an equivalent amount of the underlying asset, and vice versa.
- **Modifiable And Combinable Securities (MACS)** . . . . . MACS are Stripped Certificates issued in series consisting of a fixed rate interest only class, a principal only class and multiple fixed rate classes that receive both principal and interest with different class coupons, ranging from deep discount to high premium coupons. A series of MACS also may include multiple floating rate, inverse floating rate and weighted average coupon classes, some of which receive both principal and interest and some of which are interest only classes. If you own appropriate amounts of MACS classes, you may exchange them for other classes of the same series with different class coupons or interest rate formulas, or for an equivalent amount of the underlying asset, and vice versa.
- **Stripped Interest Certificates** . . . . . Stripped Interest Certificates are issued in series consisting of one or more classes that receive interest payments from one or more assets. Each series is backed by a portion of interest payments from Mortgages included in various pools that back UMBS or Freddie Mac MBS.
- **Callable Pass-Through Certificates (CPCs)** . . . . . CPCs are issued in series consisting of pairs of callable and call classes, and are backed by a single security (e.g., a Supers or a Giant MBS). The callable class receives principal and interest from the underlying security. The call class receives no principal or interest, but has the right to call the related callable class for redemption and to receive the underlying security.
- **Structured Pass-Through Certificates (SPCs)** . . . . . SPCs are issued in series consisting of one or more classes. Each class receives payments from one or more assets. The assets usually are REMIC classes issued by Freddie Mac or another party.

**Payments** . . . . . As Administrator, Freddie Mac passes through any payment of principal and interest due on a Pass-Through Certificate monthly on the applicable Payment Date. As described in more detail later, Payment Dates occur on or about the 25th day of each month.

• **Interest** . . . . . Freddie Mac pays interest on each class of Pass-Through Certificates at its class coupon. Interest payable on a Payment Date accrues during the monthly accrual period specified in this Offering Circular or the applicable supplement.

• **Principal** . . . . . Pass-Through Certificates receive principal payments in the same amounts and the same periods as their underlying assets. Holders of a class of Pass-Through Certificates entitled to principal receive principal payments proportionately with each other, based on the principal amounts of their Pass-Through Certificates.

**Trustee** . . . . . Freddie Mac serves as Trustee for each issue of Pass-Through Certificates pursuant to the terms of the Pass-Through Trust Agreement for that issue.

**Accounting Considerations** . . . . . Various factors may influence the accounting treatment applicable to various types of Pass-Through Certificates. You should consult your own accountant regarding the appropriate accounting treatment for Pass-Through Certificates or an exchange of Pass-Through Certificates.

**Form of Pass-Through Certificates** . . . . .

Pass-Through Certificates in most cases will be issued, held and transferable on the book-entry system of the Federal Reserve Banks (the “**Fed System**”).

In certain cases, Pass-Through Certificates may be issued, held and transferable on the book-entry system (the “**DTC System**”) of The Depository Trust Company or its successor (“**DTC**”).

Certain classes, including Call Classes, will be issued in registered, certificated form. They will be transferable at our office, in our capacity as registrar, or at the office of any successor registrar we designate (the “**Registrar**”). You may contact Freddie Mac as Registrar through our Investor Inquiry Department or at:

Freddie Mac — Office of Registrar  
1551 Park Run Drive  
McLean, Virginia 22102-3110

**Holders** ..... As an investor in Pass-Through Certificates, you are not necessarily the Holder of those Pass-Through Certificates. You will ordinarily hold your Pass-Through Certificates through one or more financial intermediaries. Your rights as an investor may be exercised only through the Holder of your Pass-Through Certificates, and Freddie Mac may treat the Holder as the absolute owner of your Pass-Through Certificates. The term **“Holder”** means:

- For a class held on the Fed System, any entity that appears on the records of a Federal Reserve Bank as a holder of that class.
- For a class held on the DTC System, DTC or its nominee.
- For a certificated class, any entity or individual that appears on the records of the Registrar as a registered holder of that class.

## RISK FACTORS

Although we guarantee the payments on Pass-Through Certificates, and so bear the associated credit risk, as an investor you will bear the other risks of owning mortgage securities. This section highlights some of these risks. Investors should carefully consider the risks described below and elsewhere in this Offering Circular, the related supplement and the Incorporated Documents before deciding to purchase Pass-Through Certificates. As applicable, you should also review the *Risk Factors* sections of the UMBS and MBS Offering Circular, Mirror Certificates Offering Circular and, if applicable, the applicable Fannie Mae Offering Materials for discussions of the risks related to such securities and the underlying Mortgages. However, neither this Offering Circular nor those other documents describe all the possible risks of an investment in the Pass-Through Certificates that may result from your particular circumstances, nor do they project how the Pass-Through Certificates will perform under all possible interest rate and economic scenarios.

### PREPAYMENT AND YIELD FACTORS

**Principal payment rates are uncertain.** Principal payment rates on the Pass-Through Certificates will depend on the rates of principal payments on the underlying Mortgages. Mortgage principal payments include scheduled payments and full and partial prepayments, including prepayments that result from refinancings and other voluntary payments by borrowers and from the repurchase of Mortgages due to defaults or delinquencies, inaccurate representations or warranties or other factors. Mortgage prepayment rates fluctuate continuously and in some market conditions substantially. Therefore, we cannot predict the rate of prepayments on the assets or the rate of principal payments on the related Pass-Through Certificates.

**Substantial repurchases of seriously delinquent Mortgages could materially affect the prepayment rates of the assets backing your Pass-Through Certificates.** In November 2018, at the direction of FHFA, we implemented a strictly date-based automated process to initiate Mortgage repurchases, in most instances, at no more than 120 days after the due date of the last paid installment. Any variance from this process must be submitted to FHFA. In addition, we may depart from these repurchase practices in the case of natural disasters.

See the applicable Fannie Mae Offering Materials for information on Fannie Mae's practices with respect to repurchases of seriously delinquent Mortgages from pools.

**Increased Mortgage refinance, modification and other loss mitigation programs could materially affect Mortgage prepayment speeds.** Working with our Conservator, we have significantly increased our refinance, loan modification and foreclosure prevention efforts (such as foreclosure suspensions) since we entered into conservatorship.

Depending on the number of borrowers who obtain refinancings and modifications, the increase in prepayments on certain Pass-Through Certificates could be material. Generally, refinancings and modifications of Mortgages result in prepayments to investors in an amount equal to the unpaid principal balance of the affected Mortgages. We cannot predict the number of borrowers who will qualify for, or participate in, refinance or modification programs or the rate of prepayments on the related Pass-Through Certificates. However, borrowers that take advantage of such programs may later experience difficulties refinancing their Mortgages on market terms, which may later decrease prepayments on such modified or refinanced Mortgages as a result.

See the applicable Fannie Mae Offering Materials for information on the refinance, modification and other loss mitigation programs applicable to Fannie Mae's Mortgages.

**Mortgage prepayments are affected by many factors and are unpredictable.** The rates of prepayments of Mortgages, and therefore the rates of principal payments on the assets backing a series of Pass-Through Certificates, are influenced by a variety of economic, social and other factors, including local and regional economic conditions, homeowner mobility and the availability of, and costs associated with, alternative financing.

Such factors, which may be affected by refinance and loan modification initiatives, include but are not limited to prevailing mortgage interest rates, Mortgage characteristics, such as the geographic location of the mortgaged properties, loan size, loan-to-value ("LTV") ratios or year of origination, borrower characteristics (such as credit scores) and equity positions in their houses, availability and convenience of refinancing, prevailing servicing fee rates and the availability of loan modification initiatives. In addition, the rate of defaults and resulting repurchases of the Mortgages, and repurchases due to (i) breaches of representations and warranties by Mortgage sellers, (ii) servicing violations by Mortgage servicers or (iii) modifications, such as may occur upon a borrower's successful completion of a trial period under a loan modification initiative, could also affect prepayment rates and adversely affect the yield on your Pass-Through Certificates.

**Prepayments can reduce your yield.** Your yield on a class of Pass-Through Certificates will depend on its price, the rate of prepayments on its underlying assets and the other characteristics of the Mortgages. The Mortgages may be prepaid at any time, in most cases without penalty.

- If you purchase your class at a discount to its principal amount and the rate of principal payments 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 your class at a premium over its principal amount and the rate of principal payments 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.
- If you purchase an interest only class (including a class of Stripped Interest Certificates) or any other class at a significant premium and prepayments are very fast, you may not even recover your investment.
- In general, the rate of 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 your class is not likely to be fully offset by an equivalent reduction (or increase) in that rate in later periods.

**Callable classes are subject to redemption risks.** If you own a callable class, you should consider the following additional risks:

- A redemption of the underlying assets will be similar in its principal payment effect to a full prepayment of all the related Mortgages.
- After your Callable Class becomes redeemable, its value is not likely to exceed, and may be lower than, its redemption price.

- A redemption is most likely to occur when prevailing interest rates are low. In this scenario, you may not be able to reinvest the redemption price in comparable securities at as high a yield.
- A redemption will occur only at the direction of the investor in the related Call Class. The Call Class investor may have economic incentives particular to that investor either to exercise or to refrain from exercising the call right.

**Index levels can reduce your yield if you own a floating rate or inverse floating rate class.** The yield on your class could be lower than you expect:

- If you own a floating rate class and the levels of the applicable index are lower than you expect.
- If you own an inverse floating rate class and the levels of the applicable index are higher than you expect.

If you buy an interest only floating rate class, you may not even recover your investment if the level of the applicable index is low or prepayments are fast. If you buy an interest only inverse floating rate class, you may not even recover your investment if the level of the applicable index is high or prepayments are fast.

**Reinvestment of principal payments may produce lower yields; expected principal payments may not be available for reinvestment.** 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 Pass-Through Certificates. 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 Pass-Through Certificates at that time, you could be disadvantaged by not receiving principal for reinvestment as quickly as you expected.

**General economic conditions could adversely affect your Pass-Through Certificates.** Changes in economic conditions and the condition of the residential housing market could adversely affect your Pass-Through Certificates in a number of ways. The rate and number of mortgage payment delinquencies remain high.

If the U.S. economy is weak, a high level of payment defaults on Mortgages could occur. Payment defaults on Mortgages could result in accelerated prepayments of your Pass-Through Certificates as a result of repurchase practices relating to seriously delinquent Mortgages and Mortgage modifications, foreclosures or workouts. The rate of modifications could remain high as a result of loan modification initiatives. These developments could adversely affect the liquidity, pricing and yield of your Pass-Through Certificates. Payment and recovery of principal on your Pass-Through Certificates could depend on our ability to honor our guarantee obligations. See *Substantial repurchases of seriously delinquent Mortgages could materially affect the prepayment rates of the assets backing your Pass-Through Certificates* and *Increased Mortgage refinance, modification and other loss mitigation programs could materially affect Mortgage prepayment speeds*.

## INVESTMENT FACTORS

**The Pass-Through Certificates may not be suitable investments for you.** The Pass-Through Certificates are complex securities. You, alone or together with your financial advisor, need to

understand the risks of your investment. You need to be able to analyze the information in the related offering documents and the Incorporated Documents, as well as the economic, interest rate and other factors that may affect your investment. You also need to understand the terms of the Pass-Through Certificates and any investment restrictions that may apply to you. Because each investor has different investment needs and different risk tolerances, you should consult your own financial, legal, accounting and tax advisors to determine if the Pass-Through Certificates are suitable investments for you. If you require a definite payment stream, or a single payment on a specific date, the Pass-Through Certificates are not suitable investments for you. If you purchase Pass-Through Certificates, you need to have enough financial resources to bear all of the risks related to your investment.

**The Pass-Through Certificates are subject to liquidity risk.** Illiquidity can have a severely negative impact on the prices of the Pass-Through Certificates, especially those that are particularly sensitive to prepayment or interest rate risk. The Pass-Through Certificates are not traded on any exchange and the market price of a particular issuance of Pass-Through Certificates or a benchmark price may not be readily available. A secondary market for some types of Pass-Through Certificates may not develop. Even if a market develops, it may not continue. As a result, you may not be able to sell your Pass-Through Certificates easily or at prices that will allow you to realize your desired yield. Since the secondary markets for Pass-Through Certificates issued under our Giant and Other Pass-Through Certificates Offering Circular have experienced periods of illiquidity in the past, it is possible this could occur with respect to the Pass-Through Certificates issued under this Offering Circular in the future. Our financial condition, our conservatorship, uncertainty concerning 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, as well as perceptions as to the relative success of the single security initiative, could materially affect the liquidity and pricing of your Pass-Through Certificates. Similar concerns with respect to Fannie Mae could materially affect the liquidity and pricing of your Pass-Through Certificates, particularly if the underlying Pass-Through Pool includes securities issued by Fannie Mae. Moreover, adverse national or global financial developments may materially affect the liquidity and pricing of your Pass-Through Certificates. These could include, among others: the disruption of international and domestic credit markets, recessionary or weak economic conditions in the U.S. and in foreign countries (including those countries that own and trade our Pass-Through Certificates and other mortgage-backed securities), severe contraction in the residential mortgage credit market and the demise and consolidation of several major securities broker-dealers and financial institutions (including substantial mortgage originators). See *Prepayment and Yield Factors — General economic conditions could adversely affect your Pass-Through Certificates*.

**The Pass-Through Certificates are subject to market risk.** The market value of your Pass-Through Certificates will vary over time, primarily in response to changes in prevailing interest rates. Financial, regulatory and legislative developments concerning Freddie Mac generally, including whether we are in conservatorship or receivership, could affect prices for your Pass-Through Certificates. In addition, any adverse change in the market perception of our level of governmental support or credit standing could reduce the market price of the Pass-Through Certificates. Similar developments or perceptions with respect to Fannie Mae could affect the prices of your Pass-Through Certificates, particularly if the underlying Pass-Through Pool includes securities issued by Fannie Mae. If you sell your Pass-Through Certificates when their market values are low, you may experience significant losses.

The value of each Call Class will depend primarily on the market value of the assets to which the related call right applies (which will depend on prevailing interest rates and other market and economic conditions), market expectations about its future value, and the costs associated with any exercise of the call right. If you own a Call Class, you should consider the risk that you may lose all of your initial investment.

**Your ability to exchange classes of MACS may be limited.** You must own specific classes in the correct proportions to enter into an exchange involving MACS. If you do not own such specific classes, you may not be able to obtain them because:

- The owner of a class that you need for an exchange may refuse or be unable to sell that class to you at a reasonable price or at any price.
- Some classes may be unavailable because they have been placed into other financial structures, such as a REMIC.
- Principal payments and prepayments over time will decrease the amounts available for exchange.

**You may not be allowed to buy Pass-Through Certificates.** If you are subject to investment laws and regulations or to review by regulatory authorities, you may not be allowed to invest in some types of Pass-Through Certificates. If you purchase Pass-Through Certificates in violation of such laws or regulations, you may be compelled to divest such Pass-Through Certificates. See *Legal Investment Considerations*.

**Potential conflicts of interest.** In connection with the Pass-Through Certificates that we issue, we act in multiple roles — Trustee, Depositor, Administrator and Guarantor. Further, we act in these same roles with respect to the Freddie Mac-issued securities (e.g., UMBS, MBS and Mirror Certificates) backing your Pass-Through Certificates. The master trust agreements pursuant to which we issue such securities provide that in determining whether a Mortgage will be repurchased from the related pool, we may in our capacities as the Administrator and Guarantor of our securities 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 our UMBS, MBS, Mirror Certificates or Pass-Through Certificates to monitor and supervise our activities in our various roles. In connection with our roles as the Administrator and Guarantor of our UMBS, MBS and Mirror Certificates, we may take certain actions with respect to Mortgages that may adversely affect Pass-Through Certificate Holders. For example, we may repurchase, or direct sellers or servicers to repurchase, Mortgages from the pools we form underlying your Pass-Through Certificates 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 Pass-Through Certificates. See *Prepayment and Yield Factors — Substantial repurchases of seriously delinquent Mortgages could materially affect the prepayment rates of the assets backing your Pass-Through Certificates* and — *Increased Mortgage refinance, modification and other loss mitigation programs could materially affect Mortgage prepayment speeds*.

See the applicable Fannie Mae Offering Materials for information about potential conflicts of interest with respect to Fannie Mae's securities.

## FACTORS RELATED TO ALIGNMENT WITH FANNIE MAE AND THE SINGLE SECURITY INITIATIVE

**Your Freddie Mac-issued Supers may not be fungible with comparable Fannie Mae-issued TBA-eligible securities.** The goal of the single security initiative is for Freddie Mac-issued TBA-eligible securities (i.e., Supers and UMBS) and Fannie Mae-issued TBA-eligible securities to be fungible with each other for purposes of fulfilling transactions in the TBA market. If this is not achieved, the value and liquidity of your Freddie Mac-issued Supers could be adversely affected. For more information on the single security initiative and Freddie Mac- and Fannie Mae-issued TBA-eligible and non-TBA-eligible securities, see *Single Security Initiative, the CSP and Commingling*.

The Securities Industry and Financial Markets Association (“SIFMA”), through its “good-delivery guidelines,” has an important role in determining the fungibility of Freddie Mac- and Fannie Mae-issued TBA-eligible securities in a single, combined TBA market for Freddie Mac and Fannie Mae (the “Enterprises”). On March 7, 2019, SIFMA announced that it has revised its good-delivery guidelines to permit UMBS TBA contracts to be settled by delivery of UMBS issued by either Freddie Mac or Fannie Mae. If SIFMA were to change its position on the fungibility of Freddie Mac- and Fannie Mae-issued UMBS and revise its good-delivery guidelines to prohibit or limit the ability to deliver UMBS issued by either Enterprise to settle TBA contracts, the value and liquidity of your Freddie Mac-issued Supers could be adversely affected.

The cash flows on comparable cohorts of the Enterprises’ TBA-eligible securities could diverge, which could adversely affect the fungibility of Freddie Mac- and Fannie Mae-issued TBA-eligible securities. Investors may not accept delivery of Supers issued by Freddie Mac in settlement of TBA contracts unless the cash flows of the securities are similar to comparable TBA-eligible securities issued by Fannie Mae. FHFA, Freddie Mac and Fannie Mae are taking actions designed to ensure the alignment of cash flows across comparable cohorts of the Enterprises’ TBA-eligible securities. For example, under the UMBS Rule, Freddie Mac and Fannie Mae are required to align programs, policies and practices that affect the prepayment rates of their TBA-eligible mortgage-backed securities. However, notwithstanding these actions, it is possible that cash flows on particular cohorts of the Enterprises’ TBA-eligible securities could diverge for periods of time.

FHFA’s and Treasury’s support are critical to the success of the single security initiative and the fungibility of Freddie Mac- and Fannie Mae-issued TBA-eligible securities. There is a risk that FHFA or Treasury may cease supporting the initiative in the future, due to changes in the leadership or priorities of FHFA or Treasury, or other factors.

It is possible that investors could prefer Fannie Mae-issued TBA-eligible securities to Freddie Mac-issued TBA-eligible securities, notwithstanding the various actions and efforts to promote fungibility. Investors have historically preferred the mortgage-related securities of Fannie Mae to those of Freddie Mac, as evidenced by price performance disparities between comparable Freddie Mac Gold PCs and Fannie Mae MBS. This preference could continue. Our Supers and UMBS are an integral aspect of our mortgage purchase program. If investors prefer Fannie Mae-issued TBA-eligible securities to Freddie Mac-issued TBA-eligible securities, our competitiveness in purchasing single-family mortgages from our sellers and the volume of our new single-family guarantee business could be adversely affected. In turn, this could adversely affect the volume of Supers or UMBS we issue, which could adversely affect the value and liquidity of your Freddie Mac-issued Supers.

Uncertainty concerning the extent of the alignment between the mortgage purchase, servicing and securitization practices of Freddie Mac and Fannie Mae may affect the degree to which Supers and UMBS receive widespread market acceptance. These or other factors could result in an increase in stipulated trades for Fannie Mae-issued Supers or UMBS, which could adversely affect the value and liquidity of your Freddie Mac-issued Supers. A stipulated trade is a trade in which the investor stipulates that it will accept delivery only of a security issued by one Enterprise or another, e.g., a Fannie Mae- or Freddie Mac-issued UMBS.

**The transition to the new Supers and UMBS securities may be delayed or may be perceived to be unsuccessful.** As part of the single security initiative, Freddie Mac and Fannie Mae are both scheduled to commence issuing new common securities, Supers and UMBS, on June 3, 2019. This is a significant change for the mortgage market, particularly for investors, dealers and other participants in the market for Freddie Mac and Fannie Mae mortgage securities. Key market participants will need to make significant changes to trading processes and systems. Market participants may also need to change their business operations or governing documentation (including, but not limited to, those related to applicable diversification or concentration limits). Individual market participants may not be adequately prepared for the transition to Supers and UMBS, which could lead to disruption or delay in the development of a liquid UMBS TBA market. It may take considerable time for the emergence of a single, combined TBA market for the two Enterprises, or a single, combined TBA market may never fully develop. It is possible that we could experience a disruption in the liquidity of Freddie Mac securities during the period in which the mortgage market transitions to Supers and UMBS.

As part of the transition to these new securities, Freddie Mac intends to offer an optional exchange program to enable holders to exchange eligible Gold PCs and Giant PCs for UMBS Mirror Certificates, MBS Mirror Certificates, Supers Mirror Certificates or Giant MBS Mirror Certificates, as the case may be, plus applicable float compensation in connection therewith. Certain investors may decide not to exchange their Gold PCs and Giant PCs in the exchange offer, which could adversely affect the tradable supply of Supers or UMBS (including Freddie Mac-issued Supers or UMBS) or our MBS or Giant MBS.

Market assessments and speculation concerning the relative success of the transition to the UMBS TBA market and our exchange offer could also adversely affect the value and liquidity of your Freddie Mac-issued Supers.

**The markets for our Pass-Through Certificates could be disrupted if the CSP were to fail or otherwise become unavailable to us. You could experience delays in receiving payments on your Pass-Through Certificates in the event of a systems problem or other adverse event affecting the CSP.** We will rely on the common securitization platform (“CSP”) and Common Securitization Solutions, LLC (“CSS”) (which owns and operates the CSP) for performance of certain significant functions related to our Pass-Through Certificates, including certain functions performed on behalf of the Trustee. For example, the CSP will be used to perform certain data acceptance, issuance support and bond administration activities for us related to our Pass-Through Certificates, including calculation of payments and ongoing reporting to investors. With respect to Commingled Pass-Through Certificates (i.e., Pass-Through Certificates that are backed, in whole or in part, by Fannie Mae-issued securities), we will rely entirely on CSS for information about the underlying Fannie Mae securities used to calculate payments made on such Commingled Pass-Through Certificates and ongoing reporting (i.e., monthly factors) provided to the holders of such Commingled Pass-Through Certificates. The CSP will also be used to enable commingling of certain Freddie Mac-and Fannie Mae-issued securities in resecuritization transactions. These activities are complex and present

significant operational and technological challenges and risks. Our business activities would be adversely affected and the market for our securities would be disrupted if the CSP were to fail or otherwise become unavailable to us or if CSS were unable to perform its obligations to us, including as a result of an operational failure by Fannie Mae. Any measures we take to mitigate these challenges and risks might not be sufficient to prevent a disruption in our securitization activities related to our Pass-Through Certificates. You could experience delays in receiving payments on your Pass-Through Certificates in the event of a systems problem or other adverse event affecting the CSP.

**As a result of operational changes to applicable payment processes in connection with the single security initiative, you may face increased risk that we may fail to make a timely payment on your Pass-Through Certificates.** We rely on the Federal Reserve Banks to make payments on our Pass-Through Certificates (as well as payments on other types of Freddie Mac mortgage-backed securities) to the appropriate Holders' accounts. Similarly, Fannie Mae relies on the Federal Reserve Banks to make payments on various types of Fannie Mae mortgage-backed securities. As a result of operational changes to applicable payment processes made in connection with the single security initiative, the Federal Reserve Banks will not make any payments on a Payment Date with respect to our or Fannie Mae's mortgage-backed securities payable on that date until 100% of the amounts payable on all such securities have been funded by Freddie Mac or Fannie Mae, as applicable. As a result, if Fannie Mae were to fail (for credit or operational reasons) on any Payment Date to provide funds for a full payment on any Fannie Mae-issued UMBS, Supers, REMIC class or other security payable on that date, we would be responsible for making the entire payment on all such Fannie Mae-issued UMBS, Supers or REMIC classes that we resecuritized in order for any Freddie Mac-issued UMBS, MBS, Supers, Giant MBS, Mirror Certificates or other securities to be paid on that Payment Date. If we failed to provide the Federal Reserve Banks with all funds to make such payment, the Federal Reserve Banks would not make any payment on any of our outstanding Freddie Mac-issued UMBS, MBS, Supers, Giant MBS, Mirror Certificates or other securities to be paid on that Payment Date, regardless of whether such Freddie Mac-issued securities were backed by Fannie Mae-issued securities.

## COMMINGLING FACTORS

**The value of your Pass-Through Certificates may decline if investors are unable or unwilling to commingle their eligible Fannie Mae- and Freddie Mac-issued securities.** An important feature of the single security initiative is that certain Freddie Mac-issued securities (e.g., Freddie Mac-issued UMBS) are designed to be commingled with certain Fannie Mae-issued securities (e.g., Fannie Mae-issued UMBS), and vice versa, in resecuritizations. This presents significant risks, as the Enterprises have not attempted to commingle their securities before. It is possible that investors and market participants may not be able to commingle eligible Freddie Mac- and Fannie Mae-issued securities due to operational or systems problems or failures at Freddie Mac, Fannie Mae, CSS or market participants. It is also possible that investors may choose not to commingle eligible Fannie Mae-issued securities with eligible Freddie Mac-issued securities. Any of these events could adversely affect market demand for, or the value of, your Pass-Through Certificates. For more information about commingling, see *Single Security Initiative, The CSP and Commingling*.

**You will rely on Fannie Mae for certain disclosures related to your Commingled Pass-Through Certificates.** Certain of the pool- and loan-level disclosures related to Commingled Pass-Through Certificates will be provided by Fannie Mae. We are not able to, and will not, validate these disclosures. Any disclosures provided by Fannie Mae could be inaccurate, out of date or

otherwise incorrect. Fannie Mae could also experience systems failures or other events that could prevent it from producing pool- and loan-level disclosures in a timely manner. Any of these events could adversely affect market demand for, or the value of, your Commingled Pass-Through Certificates.

**The Fannie Mae mortgages and securities underlying your Commingled Pass-Through Certificates may perform differently than comparable Freddie Mac mortgages and securities, which could adversely affect the value of your Commingled Pass-Through Certificates.** The mortgages underlying Fannie Mae securities (e.g., Fannie Mae-issued UMBS and Supers) were acquired by Fannie Mae. Freddie Mac and Fannie Mae have aligned certain of their mortgage servicing standards. However, the Enterprises' respective servicing standards are not identical, and Fannie Mae mortgages and Freddie Mac mortgages may have different cash flow rates and generally may perform differently. This may be the case particularly with respect to older mortgages, as they will not have benefited from the Enterprises' more recent initiatives to align certain standards.

**Adverse changes in Fannie Mae's performance, or market perceptions about Fannie Mae's performance, could adversely affect the value of your Pass-Through Certificates, even if your Pass-Through Certificates are not backed by Fannie Mae securities.** The single security initiative will create significant connections between the single-family mortgage securitization programs of Freddie Mac and Fannie Mae, as the initiative provides for the Enterprises to issue common securities (UMBS and Supers) that can be commingled in resecuritizations and are designed to trade in a single, combined TBA market. Due to these connections, it is possible that the value of your Pass-Through Certificates could be affected by events relating to Fannie Mae, even if those events do not directly affect Freddie Mac. For example, any actual or perceived adverse change in Fannie Mae's financial performance or condition, mortgage credit quality, or systems and data reliability could adversely affect the value of your Pass-Through Certificates, even if your Pass-Through Certificates are not backed by Fannie Mae securities. Any disruption in Fannie Mae's securitization activities or any adverse events affecting Fannie Mae's significant mortgage sellers and servicers could also adversely affect the value of your Pass-Through Certificates, even if your Pass-Through Certificates are not backed by Fannie Mae securities.

When we resecuritize eligible Fannie Mae securities in Commingled Pass-Through Certificates, our guarantee would cover principal and interest on such Commingled Pass-Through Certificates that are payable from such underlying Fannie Mae securities. In the event Fannie Mae were to fail to make a payment on a Fannie Mae security that we resecuritized as a Commingled Pass-Through Certificate, Freddie Mac would be responsible for making the payment. We will not control or limit the amount of resecuritized Fannie Mae securities that we could be required to guarantee. We will be dependent on FHFA, Fannie Mae and Treasury (pursuant to Fannie Mae's and our respective Purchase Agreements with Treasury) to avoid a liquidity event or default. We are not planning to modify our liquidity strategies to address the possibility of non-timely payments by Fannie Mae.

## **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 to disaffirm or repudiate a contract following the 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 the Pass-Through Certificates, 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 the Pass-Through Certificates, and cannot be used to satisfy our general creditors.

If our guarantee obligations were repudiated, payments of principal and/or interest to 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 payments on the assets prior to distributions to 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 Holders.

The Conservator also has the right to transfer or sell any asset or liability of Freddie Mac, including our guarantee obligation, without our approval, assignment or consent. If the Conservator were to transfer our guarantee obligation to another party, 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 our conservatorship by placing us into receivership, which could adversely affect our guarantee, and restrict or eliminate certain rights of 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 eventually 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 arising as a result of their status as stockholders or creditors, other than the potential ability to be paid upon our liquidation.

If FHFA were to become our receiver, it could exercise certain powers that could adversely affect 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.

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 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 payments on the assets prior to distributions to Holders of Pass-Through Certificates. Any actual direct compensatory damages owed due to the repudiation of our guarantee obligations may not be sufficient to offset any shortfalls experienced by Holders.

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, 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 Holders of Pass-Through Certificates under the Pass-Through Trust Agreement may not be enforceable against FHFA, or enforcement of such rights may be delayed. The Pass-Through Trust Agreement provides that upon the occurrence of a Guarantor event of default, which includes the appointment of a receiver, Holders have the right to replace Freddie Mac as Trustee and Administrator if the requisite percentage of Holders consent. Pursuant to the Reform Act, FHFA, as receiver, may prevent 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 Holders of Pass-Through Certificates, Holders could become unsecured creditors of Freddie Mac with respect to claims made under our guarantee. For a description of certain rights of Holders to proceed against the Treasury if we fail to pay under our guarantee, see *The Pass-Through Trust Agreement — Rights Upon Event of Default*.

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

## APPLICATION OF PROCEEDS

Most Pass-Through Certificates are issued in exchange for the underlying assets, in which case we do not receive cash proceeds. In some instances, we issue Pass-Through Certificates backed by assets that we already own. In those transactions, we use the net proceeds received from the sale of the Pass-Through Certificates to the related dealers for cash to provide funds for general corporate purposes, including the purchase and financing of additional Mortgages and mortgage securities.

## CREDIT RISK RETENTION

Freddie Mac, as the sponsor of the securitizations in which the Pass-Through Certificates are to be issued, will satisfy its credit risk retention requirement under the FHFA's Credit Risk Retention Rule 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 Pass-Through Certificates.

## SINGLE SECURITY INITIATIVE, THE CSP AND COMMINGLING

Under the direction of FHFA, we are implementing the single security initiative, which is intended to increase the liquidity of the to-be-announced (“TBA”) market. The single security initiative provides for Freddie Mac and Fannie Mae to issue a single (common) mortgage-related security, to be called the “**Uniform Mortgage-Backed Security™**” or “**UMBS™**”. Also, as part of the single security initiative, each of Freddie Mac and Fannie Mae will be able to issue a “**Supers™**” mortgage-related security, which is a resecuritization of UMBS and certain other TBA-eligible securities (including previously-issued Supers). As part of the single security initiative, Freddie Mac will begin to issue a non-TBA-eligible mortgage-backed security referred to as an “**MBS.**” As noted below, Fannie Mae also issues a mortgage-backed security referred to as an MBS.

The CSP is a shared securitization infrastructure that will undertake certain securitization functions previously executed in-house separately by each of Freddie Mac and Fannie Mae. CSS owns and operates the CSP. CSS is jointly owned by Freddie Mac and Fannie Mae. CSS will be performing certain significant securities administration functions related to our Pass-Through Certificates and securities backing such certificates, including calculations of payments and ongoing reporting to investors. While we exercise influence over CSS through our representation on the CSS Board of Managers, we do not control its day-to-day operations. CSS' day-to-day operations are managed by CSS management, which is overseen by the CSS Board of Managers. The Board of Managers consists of two Freddie Mac and two Fannie Mae representatives.

In December 2016, we and FHFA announced the implementation of Release 1 of the CSP. Under Release 1, we began using the CSP for data acceptance, issuance support and bond administration activities related to certain Freddie Mac single-family fixed-rate mortgage-related securities.

FHFA has announced that Release 2 of the CSP will be implemented on June 3, 2019. Release 2 will add to the functionality of the CSP by, among other things, enabling commingling in resecuritizations of certain Freddie Mac-issued securities and certain Fannie Mae-issued securities, as discussed below. As part of Release 2, each of Freddie Mac and Fannie Mae will begin to issue UMBS and Supers.

Freddie Mac intends to offer an optional exchange program to enable holders to exchange certain existing Gold mortgage participation certificates (“**Gold PCs®**”) and Giant mortgage participation

certificates (“**Giant PCs**®”) for “**UMBS Mirror Certificates**,” “**MBS Mirror Certificates**,” “**Supers Mirror Certificates**” or “**Giant MBS Mirror Certificates**” (as such terms are defined in the Mirror Certificates Offer Circular; we collectively refer to such certificates as “**Mirror Certificates**”), as the case may be, and receive applicable float compensation in connection therewith.

Freddie Mac UMBS, UMBS Mirror Certificates, Supers and Supers Mirror Certificates can be commingled in resecuritizations with corresponding comparable Fannie Mae UMBS, Supers, and Legacy TBA-eligible MBS (as defined in the Fannie Mae Offering Materials) and Legacy TBA-eligible “**Megas**” (as defined in the Fannie Mae Offering Materials).

In general:

- UMBS Mirror Certificates, Fannie Mae UMBS and Fannie Mae Legacy TBA-eligible MBS can be included in Pass-Through Pools in the same manner as Freddie Mac UMBS; and
- Supers Mirror Certificates, Fannie Mae Supers and Fannie Mae Legacy TBA-eligible Megas can be included in Pass-Through Pools in the same manner as Supers issued by Freddie Mac.

For purposes of this Offering Circular, we use the term “**Commingled Pass-Through Certificates**” to refer to Supers, Stripped Supers, SCs, CPCs, and SPCs that are backed, in whole or in part, by Fannie Mae-issued UMBS, Supers, Legacy TBA-eligible MBS or Legacy TBA-eligible Megas.

Freddie Mac UMBS, UMBS Mirror Certificates, Supers and Supers Mirror Certificates are designed to qualify for “good delivery” under guidelines announced by SIFMA on March 7, 2019, in satisfaction of unspecified TBA trades covering corresponding comparable Fannie Mae UMBS, Supers, Legacy TBA-eligible MBS and Legacy TBA-eligible Megas, and vice versa.

Freddie Mac MBS, MBS Mirror Certificates, Giant MBS, Giant MBS Mirror Certificates, Legacy Gold PCs and Legacy Giant PCs cannot be commingled with Fannie Mae securities. However:

- MBS Mirror Certificates can be included in Pass-Through Pools in the same manner as Freddie Mac MBS; and
- Giant MBS Mirror Certificates can be included in Pass-Through Pools in the same manner as Giant MBS.

Accordingly, unless specifically stated or the context otherwise requires, for purposes of this Offering Circular:

- The term “**UMBS**” will be deemed to include (i) UMBS issued by Freddie Mac, (ii) UMBS Mirror Certificates issued by Freddie Mac, (iii) UMBS issued by Fannie Mae and (iv) Fannie Mae Legacy TBA-eligible MBS.
- The term “**Freddie Mac MBS**” will be deemed to include (i) MBS issued by Freddie Mac and (ii) MBS Mirror Certificates issued by Freddie Mac.

The term “**Legacy**,” as used in connection with securities, refers to Fannie Mae MBS and Megas and Freddie Mac Gold PCs and Giant PCs issued, in each case, prior to the implementation of the single security initiative on June 3, 2019.

## FHFA UMBS RULE

On February 28, 2019, FHFA issued a final rule (the “**UMBS Rule**”) to require Fannie Mae and Freddie Mac to align programs, policies and practices that affect investor cash flows of their TBA-eligible mortgage-backed securities.

The UMBS Rule is intended to enhance liquidity in the mortgage-backed securities marketplace, and to that end, enable adoption of UMBS, by achieving sufficient similarity of cash flows on cohorts of the Enterprises’ TBA-eligible mortgage-backed securities such that investors will accept delivery of UMBS from either issuer in settlement of trades on the TBA market.

Under the UMBS Rule, FHFA can require the Enterprises to consult with each other on any issues, including changes to covered programs, policies and practices that potentially or actually cause cash flows to TBA-eligible mortgage-backed securities investors to misalign. Each Enterprise must have an Enterprise-wide governance process to ensure that any proposed changes to covered programs, policies and practices that may cause misalignment are submitted to FHFA for review and approval. FHFA may require an Enterprise to change covered programs, policies and practices that FHFA determines may conflict with the purposes of the UMBS Rule.

The Enterprises must report any misalignment to FHFA. In the event of material misalignment, the Enterprises must also submit a report to FHFA describing the Enterprises’ plan to address the material misalignment. FHFA may require additional and expedient Enterprise actions to address material misalignment, including requiring an Enterprise to terminate a program, policy or practice or requiring the competing Enterprise to implement a comparable program, policy or practice.

For purposes of the UMBS Rule:

- “align” means to be sufficiently similar as to produce a CPR divergence of less than two percentage points in the three-month CPR for a cohort and less than five percentage points in the three-month CPR for the fastest paying quartile of a cohort, or as FHFA may temporarily adjust these percentages from time to time;
- “cohort” means all TBA-eligible securities with the same coupon, maturity and loan-origination year where the combined unpaid principal balance of such securities issued by both Enterprises exceeds \$10 billion;
- “covered programs, policies or practices” means management decisions or actions that have reasonably foreseeable effects on cash flows to TBA-eligible mortgage-backed securities investors (e.g., effects that result from prepayment rates and the circumstances under which mortgages are removed from securities) and can include management decisions and actions about: single-family guarantee fees; loan level price adjustments and delivery fee portions of single-family guarantee fees; the spread between the note rate on the mortgage and the pass-through coupon on the TBA-eligible mortgage-backed securities; eligibility standards for sellers and servicers; financial and operational standards for private mortgage insurers; requirements related to the servicing of distressed loans that collateralize TBA-eligible securities; streamlined modification and refinance programs; removal of mortgage loans from securities; servicer compensation; proposals that could materially change the credit risk profile of the single-family mortgages securitized by an Enterprise; selling guide requirements for documenting creditworthiness, ability to repay, and adherence to collateral standards; contract provisions under which certain sellers

commit to sell to an Enterprise a minimum share of the mortgage loans they originate that are eligible for sale to the Enterprises; loan modification offerings; loss mitigation practices during disasters; alternatives to repurchase for representation and warranty violations; and other actions;

- “fastest paying quartile of a cohort” means the quartile of a cohort that has the fastest prepayment speeds as measured by the three-month CPR. The quartiles shall be determined by ranking outstanding TBA-eligible securities with the same coupon, maturity, and loan-origination year by the three-month CPR, excluding specified pools, and dividing each cohort into four parts such that the total unpaid principal balance of the pools included in each part is equal;
- “material misalignment” means divergence of at least three percentage points in the three-month CPR for a cohort or at least eight percentage points in the three-month CPR for a fastest paying quartile of a cohort, or a prolonged misalignment (as determined by FHFA);
- “misalign” or “misalignment” means diverge by or a divergence of two percentage points or more in the three-month CPR for a cohort or five percentage points or more, in three-month CPR for a fastest paying quartile of a cohort; and
- “specified pools” means pools of mortgages backing TBA-eligible mortgage-backed securities that have a maximum loan size of \$200,000, a minimum loan-to-value ratio at the time of loan origination of 80 percent, or a maximum FICO score of 700, or where all mortgages in the pool finance investor-owned properties or properties in the states of New York or Texas or the Commonwealth of Puerto Rico.

Under the UMBS Rule, in certain circumstances FHFA has discretion to temporarily adjust the (i) percentages described above in the definitions of “align,” “material misalignment” and “misalign” and (ii) definitions of “cohort,” “fastest paying quartile of a cohort” and “specified pools.” FHFA will publicly announce any temporary adjustments in a timely manner. Temporary adjustments in percentages or definitions may remain in place for six months, after which the percentages and definitions will revert to the previously applicable percentages and definitions. At any time, FHFA may amend the percentages or definitions more permanently by a rulemaking that provides the public with notice and opportunity to comment on FHFA’s proposed changes to the percentages and definitions.

## **LOAN NOTE RATE POOLING RESTRICTIONS**

On February 26, 2019, FHFA announced that, acting as conservator and regulator, it has directed the Enterprises to modify their pooling practices with respect to all fixed-rate products such that the rate on any mortgage in a pool backing a given security be not more than 112.5 basis points greater than the coupon on that security. FHFA also directed the Enterprises to limit the maximum servicing fee for each loan to no more than 50 basis points; the 50 basis point maximum servicing fee includes the standard 25 basis point servicing fee. In addition, the FHFA has instructed the Enterprises to monitor the weighted average coupon of fixed-rate mortgage-backed securities and take actions as appropriate such that the weighted average coupon of fixed-rate mortgage-backed securities would be generally consistent with historical levels. The FHFA and the Enterprises are working to determine an appropriate target weighted average coupon, such as 80 basis points or slightly higher (given current

guarantee fees and minimum servicing levels). FHFA required the Enterprises to implement these changes no later than August 1, 2019.

## DESCRIPTION OF PASS-THROUGH CERTIFICATES

### GENERAL

As Depositor, we transfer and deposit mortgage-related securities and other mortgage-related assets into Pass-Through Pools within the related trust funds. As Administrator, on behalf of the Trustee, we create and issue Pass-Through Certificates under the related Pass-Through Trust Agreement representing interests in those pools. Each Pass-Through Pool has its own identification number assigned by us, as Administrator. The securities in the Pass-Through Pools are backed by Mortgages that we or, in certain cases, Fannie Mae have purchased.

The Supers and Giant MBS we issue under this Offering Circular have a Payment Delay of approximately 55 days. The Payment Delay for other Pass-Through Certificates we issue under this Offering Circular may differ, as set forth in the applicable supplement.

A Pass-Through Pool usually includes a single type of asset. These assets are typically:

- UMBS.
- Supers issued by Freddie Mac or Fannie Mae, Supers Mirror Certificates or Fannie Mae Legacy TBA-eligible Megas.
- Freddie Mac MBS, Giant MBS or Giant MBS Mirror Certificates.
- Securities that represent “regular interests” in a real estate mortgage investment conduit (“REMIC”) issued by Freddie Mac or, in certain cases, Fannie Mae.
- Other Pass-Through Certificates offered under this Offering Circular.
- Other mortgage-related assets identified in the related supplement.
- Other securities identified as assets in the related supplement.

As Trustee, we hold legal title to the assets, directly or through our agent, in each Pass-Through Pool and related trust fund for the benefit of the investors in the related Pass-Through Certificates. Below we describe more specifically the types of Pass-Through Certificates we issue under this Offering Circular and the characteristics of their underlying assets. In addition, if we issue any other type of Pass-Through Certificates under this Offering Circular, we will describe them in the related supplement.

### SUPERS

“Supers” are single-class securities entitled to payments of both principal and interest received on the related assets. When we issue Supers under this Offering Circular, we form a Pass-Through Pool that consists of any of the following:

- UMBS;
- Other Supers issued by Freddie Mac or Fannie Mae;
- Supers Mirror Certificates;

- Fannie Mae Legacy TBA-eligible Megas; or
- Freddie Mac or Fannie Mae REMIC securities backed entirely by UMBS.

Supers bear interest at a fixed rate. The assets underlying Supers usually have the same fixed interest rate as the related Supers. However, we sometimes issue Supers under this Offering Circular with an interest rate that is higher or lower than the rate payable on the related assets by retaining a portion of the principal or interest payments on the assets.

The minimum original principal balance of a Pass-Through Pool backing Supers is \$1 million.

## **GIANT MBS**

“**Giant MBS**” are single-class securities entitled to payments of both principal and interest received on the related assets. When we issue Giant MBS under this Offering Circular, we form a Pass-Through Pool that consists of any of the following:

- Freddie Mac MBS;
- Other Giant MBS;
- Giant MBS Mirror Certificates; or
- Freddie Mac REMIC securities backed by Freddie Mac MBS.

Giant MBS bear interest at a fixed rate or an interest rate subject to “**Step Rate Increases**” (as such term is defined in the UMBS and MBS Offering Circular). The assets underlying fixed-rate Giant MBS usually have the same fixed interest rate as the related Giant MBS. However, we sometimes issue fixed rate Giant MBS under this Offering Circular with an interest rate that is higher or lower than the rate payable on the related assets by retaining a portion of the principal or interest payments on the assets.

The interest rate of a Giant MBS backed by “**Modified Step Rate MBS**” (as such term is defined in the UMBS and MBS Offering Circular) adjusts annually based on the weighted average of the interest rates of the “**Modified Mortgages with Step Rate Increases**” (as such term is defined in the UMBS and MBS Offering Circular). The interest rates on all of the Modified Mortgages with Step Rate Increases backing a Giant MBS adjust based on the same means of adjustment, but do not necessarily adjust on the same date.

The minimum original principal balance of a Pass-Through Pool backing Giant MBS is \$1 million.

## **STRIPPED CERTIFICATES**

“**Stripped Certificates**” are issued in series, each consisting of two or more classes. These classes receive unequal proportions of the principal and interest paid on a single underlying asset. We issue two types of Stripped Certificates under this Offering Circular:

- “**Stripped Supers**” where the underlying asset is a Supers issued by Freddie Mac or Fannie Mae, a Supers Mirror Certificate or a Fannie Mae Legacy TBA-eligible Mega.
- “**Stripped Giant MBS**” where the underlying asset is a Giant MBS or a Giant MBS Mirror Certificate.

Stripped Certificates include interest only classes (“**Interest Only Classes**” or “**IO Classes**”), principal only classes (“**Principal Only Classes**” or “**PO Classes**”) and interest/principal classes (“**IP Classes**”). IO Classes receive all or a portion of the interest payments from the underlying asset and no principal. PO Classes receive all or a portion of the principal payments from the underlying asset and no interest. IP Classes receive a portion of both the principal and interest payments from the underlying asset.

IO and IP Classes may bear interest at a fixed, adjustable, floating or inverse floating rate.

In order to calculate the interest due each month, a notional principal amount is assigned to each IO Class. The original notional principal amount will equal the original principal amount of the underlying asset, and will decline proportionately with the principal amount of that asset.

The minimum original principal balance of a Pass-Through Pool backing Stripped Certificates is \$1 million.

Stripped Certificates include a feature that permits you to exchange them for their underlying asset. To exchange your Stripped Certificates for an equivalent amount of the underlying asset (e.g., a Supers or a Giant MBS), you must own proportionate interests in the principal and notional principal amounts of all classes of the same series. Similarly, if you own an underlying asset (e.g., a Supers or a Giant MBS) that has been reconstituted by an exchange, you may exchange it for equivalent interests in the related Stripped Certificates. Stripped Certificates may be recombined and restripped in this manner repeatedly.

We may charge you a fee for an exchange. We have described the procedures for exchanging Stripped Certificates in *Appendix II*.

“**Modifiable And Combinable Securities**” or “**MACS**” are Stripped Certificates that are issued in a range of possible class coupons or class coupon formulas and that are exchangeable for other classes of the same series having different class coupons or class coupon formulas. Each series of MACS is backed by a single security of any of the following types:

- Supers issued by Freddie Mac or Fannie Mae;
- Supers Mirror Certificate;
- Fannie Mae Legacy TBA-eligible Mega;
- Giant MBS; or
- Giant MBS Mirror Certificate.

A series of MACS typically includes a fixed rate IO Class, a PO Class and multiple fixed rate IP Classes with class coupons ranging in 50 basis point increments from 0.5% to as high as 24.0%. We designate the IP classes of each series by their class coupons, calling a class with a class coupon of 0.5% the “0.5 Class,” a class with a class coupon of 24.0% the “24.0 Class” and so forth. A series of MACS also may include multiple floating rate, inverse floating rate and weighted average coupon classes, some of which are IP Classes and some of which are IO Classes.

We offer MACS classes in *maximum* original principal or notional principal amounts. The maximum amount for each class is considered individually for that class and without regard to the amounts of the other classes. It represents the largest amount of the class that the underlying asset could support.

You can exchange classes of MACS for one or more different classes of the same series. You can also exchange one or more classes of MACS for a portion of the underlying security (e.g., a Supers or a Giant MBS), and vice versa. To make any of these exchanges, follow the procedures in *Appendix II*. *Appendix III* shows examples of exchanges involving MACS.

The classes of a series of MACS that are outstanding at any given time will depend upon which classes were issued initially and upon any exchanges that have occurred. The aggregate outstanding principal amount of all classes, not including the notional principal amounts of IO Classes, will equal the remaining principal amount of the underlying asset at all times. Similarly, the outstanding classes will receive interest payments, in the aggregate, equal to the interest payments made on the underlying asset.

## **STRIPPED INTEREST CERTIFICATES**

“**Stripped Interest Certificates**” or “**SCs**” are issued in series, each consisting of one or more classes. These classes receive interest paid on their underlying assets. The underlying assets for SCs may consist of certain interest amounts payable on Mortgages that have been included in UMBS or Freddie Mac MBS.

SCs consist of IO Classes that receive a portion of the interest payments from the related Mortgages and no principal. IO Classes may bear interest at a fixed rate, an adjustable rate or a weighted average rate.

In order to calculate the interest due each month, a notional principal amount is assigned to each IO Class. The original notional principal amount will equal or be derived from the original principal amount of the underlying asset, and will decline proportionately with the principal amount of that asset or as otherwise described in the related supplement.

## **CALLABLE PASS-THROUGH CERTIFICATES**

“**Callable Pass-Through Certificates**” or “**CPCs**” represent interests in a Pass-Through Pool that contains a single security as its primary asset. The underlying security may be any of the following types:

- Supers issued by Freddie Mac or Fannie Mae;
- Supers Mirror Certificate;
- Fannie Mae Legacy TBA-eligible Mega;
- Giant MBS; or
- Giant MBS Mirror Certificate.

Classes of CPCs are issued in pairs of “**Callable Classes**” and “**Call Classes.**” If you own a Callable Class, you will receive all of the interest and principal payments made on its underlying security. If you own a Call Class, you will not receive any payments of principal or interest because the Call Class does not represent an ownership interest in the underlying security.

There can be only one Holder at a time of a Call Class. If you are the Holder of a Call Class, you will have the right (the **“Call Right”**):

1. To direct Freddie Mac, as Administrator, to redeem the related Callable Class on any Payment Date during the period specified in the applicable supplement.
2. To exchange your Call Class for the related Callable Asset.

The **“Callable Asset”** will be the security contained in the related Pass-Through Pool. Thus, if the related Pass-Through Pool contains a Supers, the Callable Asset will be such Supers.

You must pay a Call Fee and a Call Payment to exercise the Call Right. *Appendix IV* describes the procedures for exercising the Call Right.

## **STRUCTURED PASS-THROUGH CERTIFICATES**

**“Structured Pass-Through Certificates”** or **“SPCs”** represent interests in Pass-Through Pools that contain one or more of the following:

- REMIC classes issued by Freddie Mac or a third party.
- Pass-Through Certificates.
- Freddie Mac debt instruments.
- Other securities described in the related supplement.

The Pass-Through Pools typically contain, and the related SPCs represent interests in, separate classes or types of assets. The supplement for each series of SPCs will provide information on the assets for that series. A series of SPCs typically contains two or more classes, and each class of SPCs is backed by its own Pass-Through Pool.

## **CATEGORIES OF CLASSES**

For purposes of principal and interest payments, classes of Pass-Through Certificates are categorized as shown below.

The following chart identifies and generally defines most categories of classes. The first column of the chart shows our standard abbreviation for each category. Each supplement may identify the categories of classes of the related series by means of one or more of these abbreviations.

## Principal Types

<u>Freddie Mac Standard Abbreviation</u>	<u>Category of Class</u>	<u>Definition</u>
NTL	Notional	Classes having only a notional principal amount. A notional principal amount is the amount used as a reference to calculate the amount of interest due on an Interest Only Class. We indicate parenthetically the type of class with which a Notional Class will reduce.
PT	Pass-Through	Classes that receive all or a specified portion of the principal payments on the underlying Supers, Giant MBS or other Pass-Through Pool assets.

## Interest Types

<u>Freddie Mac Standard Abbreviation</u>	<u>Category of Class</u>	<u>Definition</u>
DLY	Delay	A Floating Rate, Inverse Floating Rate or WAC Class for which there is a delay of 25 or more days from the end of its Accrual Period to the related Payment Date.
FIX	Fixed Rate	Classes with class coupons that are fixed throughout the life of the class.
FLT	Floating Rate	Classes with class coupons that are reset periodically based on an index and that vary directly with changes in the index.
INV	Inverse Floating Rate	Classes with class coupons that are reset periodically based on an index and that vary inversely with changes in the index.
IO	Interest Only	Classes that receive some or all of the interest payments made on the underlying Supers, Giant MBS or other Pass-Through Pool assets and no principal. Interest Only Classes have a notional principal amount.
PO	Principal Only	Classes that do not receive any interest.
S	Structured Formula	Floating Rate and Inverse Floating Rate Classes with class coupons that are periodically reset using a formula other than an index (without any multiplier) plus a constant, in the case of Floating Rate Classes, or a constant minus an index (without any multiplier), in the case of Inverse Floating Rate Classes, and which are not designated as Toggle Classes.
T	Toggle	Floating Rate, Inverse Floating Rate and Weighted Average Coupon Classes with Class Coupons that change significantly as a result of very small changes in the applicable index. The change in Class Coupon may not be a continuous function of changes in the index; rather, a change in the index may result in a “shift” from a predetermined rate or formula to a different predetermined rate or formula.
W	WAC (or Weighted Average Coupon)	Classes whose class coupons represent a blended interest rate that may change from period to period. WAC Classes may consist of components with different interest rates or may be backed by assets with different interest rates.

## PASS-THROUGH POOL ASSETS

### General

Each Pass-Through Pool will contain one or more assets. This section describes the general characteristics of UMBS and Freddie Mac MBS, which directly or indirectly back most of our Pass-Through Certificates. Pass-Through Pools can also contain:

- Supers issued by Freddie Mac or Fannie Mae;
- Supers Mirror Certificates;
- Fannie Mae Legacy TBA-eligible Megas;
- Giant MBS;
- Giant MBS Mirror Certificates;
- REMIC classes;
- other Pass-Through Certificates; or
- any other securities or mortgage-related assets that are purchased by Freddie Mac and identified as assets in the related supplement.

In connection with the UMBS and Freddie Mac MBS that we issue, we are acting in multiple roles. See *Risk Factors — Investment Factors — Potential conflicts of interest* in the UMBS and MBS Offering Circular for information regarding possible conflicts of interest pertaining to the various roles fulfilled by Freddie Mac as the trustee, depositor, administrator and guarantor of UMBS or MBS. We also act in similar multiple roles, and have similar possible conflicts of interest, with respect to the other mortgage-backed securities we issue, as does Fannie Mae with respect to the mortgage-backed securities Fannie Mae issues. See the relevant Incorporated Documents and, if applicable, the applicable Fannie Mae Offering Materials for more information.

See the UMBS and MBS Offering Circular and the prefix library on our internet website for information on how pool numbers and prefixes indicate the general type of Mortgages backing a Freddie Mac UMBS or MBS. See the applicable Fannie Mae Offering Materials for similar information regarding the Mortgages backing Fannie Mae UMBS or Fannie Mae Legacy TBA-eligible MBS.

### UMBS

UMBS are single-class securities, guaranteed by Freddie Mac or Fannie Mae, as the case may be, that represent undivided interests in pools of residential fixed-rate Mortgages that are eligible for the TBA market. UMBS Mirror Certificates are single-class securities, issued and guaranteed by Freddie Mac and backed by certain “**Eligible PCs**” (as defined in the Mirror Certificates Offering Circular), which in turn represent undivided interests in pools of residential fixed-rate Mortgages that are eligible for the TBA market. For all UMBS, there is a delay of approximately 55 days between the time interest begins to accrue and the time the securityholder receives its interest payment.

All Mortgages that back these securities are conventional mortgages, which means that neither the United States nor any federal agency or instrumentality guarantees or insures them. The Mortgages that back Freddie Mac UMBS and UMBS Mirror Certificates have been acquired by Freddie Mac. The Mortgages that back Fannie Mae UMBS and Fannie Mae Legacy TBA-eligible MBS have been acquired by Fannie Mae.

We may issue Supers backed by Freddie Mac UMBS issued under our cash and multilender swap programs. In forming such Supers, we, as Depositor, will deposit Mortgages purchased under those programs into UMBS pools and contribute the resulting UMBS to the Pass-Through Pool.

### **Freddie Mac MBS**

Freddie Mac MBS are single-class securities, guaranteed by Freddie Mac, that represent undivided interests in pools of residential Mortgages that are not eligible for the TBA market. MBS Mirror Certificates are single-class securities, issued and guaranteed by Freddie Mac and backed by certain Eligible PCs, which in turn represent undivided interests in pools of residential fixed-rate Mortgages that do not qualify for the TBA market. For all of these securities, there is a delay of approximately 55 days between the time interest begins to accrue and the time the securityholder receives its interest payment.

The Mortgages that back these securities have been acquired by Freddie Mac, and nearly all of such Mortgages are conventional mortgages. The underlying Mortgages bear interest at a fixed rate or an interest rate subject to Step Rate Increases.

Some Freddie Mac MBS represent interests in other special types of Mortgages, such as initial interest Mortgages (which we ceased purchasing on or about September 1, 2010), reduced servicing fee Mortgages, biweekly Mortgages, assumable Mortgages, super-conforming Mortgages, jumbo-conforming Mortgages, high LTV Mortgages or prepayment penalty Mortgages. These types of Mortgages may prepay differently than standard Mortgages.

## **PAYMENTS**

### **Class Factors**

As Administrator, we calculate and make available each month (including on our internet website) the Class Factor for each class of Pass-Through Certificates having a principal or notional principal amount.

The “**Class Factor**” for any class having a principal amount for any month is an exact decimal rounded to eight places which, when multiplied by the original principal amount of a Pass-Through Certificate of that class, will equal its remaining principal amount. The Class Factor for any month reflects payments of principal to be made on the Payment Date in the same month.

Class Factors will be available on or about the fifth Business Day (as defined below) of each month.

A Class Factor for a class that has a notional principal amount will reflect the remaining notional principal amount of a Pass-Through Certificate of that class in the same manner.

Each class of Stripped Certificates has the same Class Factor as its underlying security (e.g., a Supers or a Giant MBS). The Class Factor for a class of Stripped Certificates may not reflect the outstanding amount of the class as a whole, because that amount may decrease or increase due to exchanges.

The Class Factor for each class for the month of issuance is 1.0000000.

## Payment Dates

As Administrator, we will make payments to the Holders of Pass-Through Certificates on each applicable Payment Date. The **“Payment Date”** will be 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.
- For Pass-Through Certificates on the Fed System, a day when the Federal Reserve Bank of New York (or other agent acting as Freddie Mac’s fiscal agent) is closed or, as to any Holder, a day when the Federal Reserve Bank that maintains the Holder’s account is closed.
- For any Pass-Through Certificates on the DTC System, a day when DTC is closed.

## Payments of Principal

On each Payment Date, we will pay principal to the Holders of each class on which principal is then due. The Holders of Pass-Through Certificates of any class will receive principal payments on a pro rata basis.

Holders of IO Classes and Call Classes of CPCs will not receive principal payments.

For any Payment Date, you can calculate the amount of principal to be paid on a Pass-Through Certificate by multiplying its original principal amount by the difference between its Class Factors for the preceding and current months.

## Payments of Interest

Interest will accrue on each Pass-Through Certificate during each Accrual Period at the class coupon described in the related supplement. In the case of a fixed rate Pass-Through Certificate, the class coupon is set at the time of issuance and does not change. In the case of an adjustable rate Pass-Through Certificate, the class coupon adjusts monthly based on the interest rate, or the weighted average of the interest rates, of the assets or as otherwise described in the applicable supplement. Generally, we compute interest on the basis of a 360-day year of twelve 30-day months.

Floating Rate and Inverse Floating Rate Classes bear interest using interest formulas shown in the applicable supplements. Unless otherwise provided, their class coupons are based on LIBOR. **“LIBOR”** is the arithmetic mean of the London interbank offered quotations for Eurodollar deposits with a maturity of one month or some other maturity described in the related supplement.

As Administrator, we calculate the class coupons of LIBOR-based Floating Rate and Inverse Floating Rate Classes for each Accrual Period (after the first) on the second business day before the Accrual Period begins (an **“Adjustment Date”**). For this purpose, a “business day” is a day on which banks are open for dealing in foreign currency and exchange in London, New York City and Washington, D.C.

We determine LIBOR using the rate, expressed as a percentage per annum, for U.S. dollar deposits of the applicable maturity set by ICE Benchmark Administration Limited (**“ICE”**) as of 11:00 a.m. (London time) on the related Adjustment Date (the **“ICE Method”**). Rates determined by ICE are currently displayed on Bloomberg L.P.’s page **“BBAM.”** That page, or any other page that

may replace BBAM on that service or any other service authorized by ICE to display the rates it determines for deposits in U.S. dollars, is a **“Designated Page.”** Rates determined by ICE are currently rounded to five decimal places. Although ICE provided assurances that there will be no initial changes to the manner in which the rate is calculated or to data collection methodologies, we can provide no assurance that there will be no such changes in the future. In addition, we cannot assure you that LIBOR for any distribution date accurately represents the offered rate applicable to loans in U.S. dollars for a stated period between leading European banks or that LIBOR will continue to be widely used as a benchmark interest rate.

If LIBOR determined under the ICE Method does not appear on the Designated Page as of 11:00 a.m. (London time) on an Adjustment Date, or if the Designated Page is not then available, LIBOR for that date will be the most recently published LIBOR determined under the ICE Method. In the event that any other entity assumes the administration of LIBOR from ICE, LIBOR shall be determined, in our sole discretion, either (i) on the basis of the succeeding administrator’s LIBOR determination method, or (ii) by our designation of an alternative determination method or index that has performed, or that we expect to perform, in a manner substantially similar to the ICE Method. We will select an alternative index only if tax counsel advises us that the alternative index will not cause any affected Pass-Through Pools to lose their classification as grantor trusts. We can provide no assurance that any alternative LIBOR determination method or index will yield the same or similar economic results over the lives of the affected Pass-Through Certificates.

Absent clear error, our determination of the applicable LIBOR levels and our calculation of the class coupons for the Floating Rate and Inverse Floating Rate Classes for each Accrual Period will be final and binding. You can get the class coupons for the current and all preceding Accrual Periods from our internet website or from our Investor Inquiry Department. Our method for determining LIBOR is subject to modification as necessary to reflect technological and market changes.

Holders of PO Classes and Call Classes of CPCs will not receive interest payments.

Interest will accrue on the principal or notional principal amount of a Pass-Through Certificate as determined by its Class Factor for the month preceding the Payment Date.

Unless otherwise provided in the applicable supplement, the **“Accrual Period”** relating to any Payment Date will be one of:

- The calendar month preceding the month of the Payment Date, for a Fixed Rate or Delay Class.
- The period from the 25th of the month preceding the Payment Date through and including the 24th of the month of that Payment Date, for a Floating Rate or Inverse Floating Rate Class (other than a Delay Class).

### **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”** for each class of Pass-Through Certificates usually reflects the latest final payment date of the underlying UMBS, Freddie Mac MBS or other assets. The final payment

dates of the assets are determined by various methods depending upon their type and date of issuance, as described in the applicable offering materials. The actual final payment on any class of Pass-Through Certificates could occur significantly earlier than its Final Payment Date.

You will receive the final payment on your Pass-Through Certificates on or before the Payment Date that falls in the same month as the applicable Final Payment Date.

## **GUARANTEES**

With respect to each Pass-Through Pool, as Guarantor, we guarantee to the Trustee and to each Holder of a Pass-Through Certificate:

- The timely payment of interest at its class coupon.
- The payment of principal as principal payments are made on the underlying assets.
- The final payment of its entire principal amount by the Payment Date that falls in the month of its Final Payment Date.
- In the case of the Holder of a Call Class of CPCs, all proceeds due to the Holder upon exercise of its Call Right.

We also guarantee:

- For Freddie Mac-issued UMBS and MBS, the timely payment of interest and the timely payment of scheduled principal on the underlying Mortgages, calculated as described in the UMBS and MBS Offering Circular.
- For other assets issued by Freddie Mac, the payment of interest and principal as described in the applicable offering materials.

Freddie Mac-issued UMBS Mirror Certificates, MBS Mirror Certificates, Supers Mirror Certificates and Giant MBS Mirror Certificates are backed, directly or indirectly, by Gold PCs. For those Gold PCs, we also guarantee the timely payment of interest and the timely payment of scheduled principal on the underlying Mortgages, calculated as described in the applicable Mortgage Participation Certificates Offering Circular.

**Principal and interest payments on the Pass-Through Certificates are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac.**

## **FORM, HOLDERS AND PAYMENT PROCEDURES**

### **Form and Denominations**

*Fed System.* Investors who own Pass-Through Certificates held on the Fed System typically are not the Holders of those Pass-Through Certificates. Only banks and other entities eligible to maintain book-entry accounts with a Federal Reserve Bank (“**Fed Participants**”) may be Holders of Pass-Through Certificates held on the Fed System.

Pass-Through Certificates held on the Fed System are subject to the regulations governing Freddie Mac’s book-entry securities and any procedures that Freddie Mac and a Federal Reserve Bank may agree to. These regulations and procedures relate to the issuance and recordation of, and transfers of interests (including security interests) in, all of Freddie Mac’s book-entry securities held on the Fed

System, regardless of when the securities were issued. Fed Participants' individual accounts are governed by operating circulars and letters of the Federal Reserve Banks.

*DTC System.* DTC is a New York-chartered limited purpose trust company that performs services for its participants (“**DTC Participants**”), mostly brokerage firms and other financial institutions. Pass-Through Certificates held on the DTC System are registered in the name of the DTC or its nominee. Therefore, DTC or its nominee is the Holder of Pass-Through Certificates held on the DTC System.

*Certificated Classes.* Certificated classes will be transferable only at the office of the Registrar. A Holder may have to pay a service charge to the Registrar for any registration of transfer of a certificated class, and will have to pay any transfer taxes or other governmental charges. Each Call Class will be issued as a single certificate in an original notional principal amount equal to the original principal amount of its related Callable Class and will be held and transferable only as a single certificate.

*CUSIP Number.* Each class of Pass-Through Certificates will have a unique nine-character designation, known as a “**CUSIP Number**,” used to identify that class.

*Denominations.* Holders on the Fed System or the DTC System must hold and transfer their Pass-Through Certificates in minimum original principal or notional principal amounts of \$100,000 (for IO, PO, Inverse Floating Rate, Structured Formula and Toggle Classes) or \$1,000 (for other Classes) and additional increments of \$1. A Holder may not transfer a Pass-Through Certificate if, as a result of the transfer, the Holder would have remaining in its account Pass-Through Certificates of any class having an original principal or notional principal amount of less than \$100,000 or \$1,000, as applicable. A Holder of Pass-Through Certificates on the Fed System will also have to comply with any Federal Reserve Bank minimum wire transfer requirements.

## **Holders**

A Holder of a Pass-Through Certificate is not necessarily its beneficial owner. Beneficial owners ordinarily will hold classes through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. For example, as an investor, you may hold a class through a brokerage firm which, in turn, holds through a Fed Participant. In that case, you would be the beneficial owner and the participant would be the Holder.

If your class is held on the DTC System, your ownership will be recorded on the records of the brokerage firm, bank or other financial intermediary where you maintain an account for that purpose. In turn, the financial intermediary's interest in the class will be recorded on the records of DTC (or of a DTC Participant that acts as agent for the financial intermediary, if the intermediary is not itself a DTC Participant).

A Holder that is not also the beneficial owner of a Pass-Through Certificate, 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. Freddie Mac and any Federal Reserve Bank will not have a direct obligation to a beneficial owner of a Pass-Through Certificate that is not also the Holder. A Federal Reserve Bank or DTC will act only upon the instructions of the Fed Participant or DTC Participant, as applicable, in recording transfers of a class.

Freddie Mac, the Registrar, the Federal Reserve Banks and DTC may treat the Holder as the absolute owner of a Pass-Through Certificate for the purpose of receiving payments and for all other

purposes, regardless of any notice to the contrary. Your rights as a beneficial owner of a Pass-Through Certificate may be exercised only through the Holder.

### **Payment Procedures**

Federal Reserve Banks will credit payments on classes held on the Fed System to the appropriate Fed Participants.

We or, in some cases, the Registrar will make payments on classes held on the DTC System in immediately available funds to DTC. DTC will be responsible for crediting the payment to the accounts of the appropriate DTC Participants in accordance with its normal procedures.

The Registrar will make payments on a certificated class by check mailed to the addresses of the Holders shown on the Registrar's records or, if the related supplement provides, by wire transfer to the Holders. However, a Holder will receive the final payment on a certificated class only upon presentation and surrender of the Holder's certificate to the Registrar.

Each Holder and each other financial intermediary will be responsible for remitting payments to the beneficial owners of a class 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 assets and the Pass-Through Certificates will depend on the rates of principal payments on the related Mortgages. Mortgage principal payments may be in the form of scheduled amortization or partial or full prepayments. Prepayments include:

- Voluntary prepayments by the borrower, as well as prepayments due to refinancings and modifications (including under our, or, if applicable, Fannie Mae's, refinance or loan modification initiatives).
- Prepayments resulting from the repurchase or liquidation of Mortgages due to default, delinquency, inaccurate representations and warranties made by sellers or other factors.
- Liquidations resulting from casualty or condemnation.
- Payments made by Freddie Mac, as Guarantor, or, if applicable, Fannie Mae under their guarantees of principal (other than payments of scheduled principal).

Mortgages may be voluntarily prepaid in full or in part at any time, in most cases without payment of a penalty. We cannot make any representation regarding the likely prepayment experience of the Mortgages underlying any pass-through pool.

Mortgage prepayment rates are likely to fluctuate significantly over time. Prepayment rates are influenced by a variety of economic, social and other factors, including local and regional economic conditions, homeowner mobility and the availability of, and costs associated with, alternative financing.

Such factors, which may be affected by our, or, if applicable, Fannie Mae's, loan modification initiatives, include but are not limited to prevailing mortgage interest rates, Mortgage characteristics,

such as the geographic location of the mortgaged properties, loan size, LTV ratios or year of origination, borrower characteristics (such as credit scores) and equity positions in their houses, availability and convenience of refinancing, prevailing servicing fee rates and the availability of loan modification initiatives. In addition, the rate of defaults and resulting repurchases of the Mortgages, and repurchases due to (i) breaches of representations and warranties by Mortgage sellers, (ii) servicing violations by Mortgage servicers or (iii) modifications, such as may occur upon a borrower's successful completion of a trial period under a loan modification initiative, could also affect prepayment rates and adversely affect the yield on the Pass-Through Certificates.

The characteristics of particular Mortgages may also influence their principal payment rates.

Transfers of mortgaged properties also influence prepayment rates. The Mortgages underlying Freddie Mac-issued UMBS and MBS generally include "due-on-transfer" clauses which provide that the holder of the Mortgage may demand full payment of the Mortgage upon the transfer of the mortgaged property. Freddie Mac, in most cases, requires mortgage servicers to enforce these clauses where permitted by applicable law. The UMBS and MBS Offering Circular discusses this further. See the applicable Fannie Mae Offering Materials for information on Fannie Mae's practices with respect to transfers of mortgaged properties.

If you are purchasing a Pass-Through Certificate backed by Freddie Mac-issued UMBS or MBS, you should review the discussion of prepayments and yields under *Prepayment, Yield and Suitability Considerations* in the UMBS and MBS Offering Circular.

If you are purchasing a Pass-Through Certificate backed by UMBS Mirror Certificates, MBS Mirror Certificates, Supers Mirror Certificates or Giant MBS Mirror Certificates, you should review the discussion of prepayments and yields under *Prepayment, Yield and Suitability Considerations* in the Mirror Certificates Offering Circular.

If you are purchasing a Pass-Through Certificate backed by mortgage-backed securities issued by Fannie Mae, you should review the discussion of prepayments and yields in the applicable Fannie Mae Offering Materials.

## **YIELDS**

### **General**

In general, your yield on any class of Pass-Through Certificates will depend on several variables, including:

- The price you paid for that class.
- The rate of principal prepayments on the underlying Mortgages.
- The actual characteristics of the underlying Mortgages.

You should carefully consider the yield risks associated with Pass-Through Certificates, including these:

- If you purchase a class 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. This is especially true for a PO Class.

- If you purchase a class 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.
- If you purchase an IO Class or any other class at a significant premium over its principal amount and there are fast principal payments on the underlying Mortgages, you may not even recover your investment in that class.
- 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 Pass-Through Certificate 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.

### **Yields of Floating Rate and Inverse Floating Rate Classes**

If you invest in a Floating Rate or Inverse Floating Rate Class, you should consider the following additional risks:

- If you own a Floating Rate Class, index levels lower than you expect could result in yields lower than you expected, especially if the class coupon varies based on a multiple of the index. Also, the class coupon of your class can never be higher than its stated maximum rate, regardless of the level of the index. If you own an Interest Only Floating Rate Class, you may not even recover your investment if the level of the applicable index is low or Mortgage prepayments are fast.
- If you own an Inverse Floating Rate Class, index levels higher than you expect could result in yields lower than you expected, especially if the class coupon varies based on a multiple of the index. The class coupons of most Inverse Floating Rate Classes can fall as low as 0%. If you own an Interest Only Inverse Floating Rate Class, you may not even recover your investment if the level of the applicable index is high or Mortgage prepayment rates are fast.
- When mortgage interest rates are generally low, which usually results in faster prepayments, the applicable index value may be high. On the other hand, when mortgage interest rates are generally high, which usually results in slower prepayments, the applicable index value could be low. Either of these scenarios could result in a lower than expected yield on your Pass-Through Certificates.
- No index will remain constant at any value. Even if the average value of an index is consistent with what you expect, 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 offset by an equivalent reduction (or increase) in that value in later periods.

## **Payment Delay**

Depending on its Payment Delay, the effective yield on any interest-bearing Pass-Through Certificate may be less than the yield that its class coupon and purchase price would otherwise produce. For example, in the case of a Supers or a Giant MBS (which has a Payment Delay of 55 days):

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

## **SUITABILITY**

Pass-Through Certificates may not be suitable investments for you. You should consider the following before you invest in Pass-Through Certificates.

- Pass-Through Certificates 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 Pass-Through Certificates after their initial issuance. Even if a market develops, it may not continue. As a result, you may not be able to sell your Pass-Through Certificates easily or at prices that will allow you to realize your desired yield.
- The market values of your Pass-Through Certificates 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 mortgage-related securities 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 Pass-Through Certificates, especially those that are particularly sensitive to prepayment, redemption or interest rate risk or that have been structured to meet the investment needs of limited categories of investors. In addition, illiquidity could result from our financial condition, the conservatorship, uncertainty concerning our future structure, organization, or level of government support and market perceptions or speculation.
- The Pass-Through Certificates of some classes may not be eligible to back Freddie Mac REMIC classes or other Freddie Mac structured transactions. This may impair the liquidity of those ineligible classes.
- Pass-Through Certificates are complex securities. Before investing in a Pass-Through Certificate, you should be able, either alone or with a financial advisor, to evaluate the information contained and incorporated in this Offering Circular and in the related 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 Pass-Through Certificates that may result from your particular circumstances, nor does it project how Pass-Through Certificates will perform under all possible interest rate and economic scenarios. You should purchase

Pass-Through Certificates only if you understand and can bear the prepayment, redemption, yield, liquidity and market risks associated with your investment under a variety of interest rate and economic scenarios. If you purchase Pass-Through Certificates, you need to have enough financial resources to bear all the risks related to your Pass-Through Certificates.

## **TABULAR INFORMATION IN SUPPLEMENTS**

In order to illustrate the effect of prepayments on classes of Pass-Through Certificates, the related supplements may include tables that show the following information, in each case under various prepayment and/or index scenarios:

- Pre-tax yields to maturity.
- Weighted average lives.
- Cash flows.
- Declining principal balances.

All of the tables shown in a supplement will be based on assumptions about the underlying Mortgages. Because the Mortgages will have characteristics that differ from those assumed in preparing any table, the actual weighted average lives, pre-tax yields, cash flows and declining principal balances are likely to differ from those shown, even in the unlikely event that all the underlying Mortgages were to prepay at the assumed rates.

### **Yield Calculations**

We calculate pre-tax yields by:

1. Determining the monthly discount rates (whether positive or negative) that, when applied to the assumed stream of cash flows to be paid on a class, would cause the discounted present value of those cash flows to equal the assumed purchase price of the class.
2. Converting the monthly rates to corporate bond equivalent (semiannual payment) rates.

These yield calculations do not take into account any variations in the interest rates at which you might reinvest payments that you receive. Consequently, they will not reflect the return on any investment when those reinvestment rates are considered.

### **Weighted Average Lives**

The weighted average life of a security refers to the average amount of time that will elapse from the date of its issuance until each dollar of principal has been repaid to the investor. The weighted average lives of the classes of Pass-Through Certificates will depend primarily on the rate at which principal is paid on the Mortgages. We calculate weighted average lives by:

1. Multiplying the assumed reduction, if any, in the principal balance on each Payment Date by the number of years from the date of issuance to that Payment Date.
2. Summing the results.
3. Dividing the sum by the aggregate amount of the assumed reductions in principal balance.

## Prepayment Models

Prepayments on pools of Mortgages can be measured based on a variety of prepayment models. The models typically used in supplements for Pass-Through Certificates will be The Securities Industry and Financial Markets Association's standard prepayment (or "**PSA**") model and the constant prepayment rate (or "**CPR**") model.

The PSA model assumes that:

- Mortgages will prepay at an annual rate of 0.2% in the first month after origination.
- The prepayment rate will increase by an annual rate of 0.2% per month up to the 30th month after origination.
- The monthly prepayment rate will be constant at 6% per annum in the 30th and later months.

This assumption is called "100% PSA." For example, at 100% PSA, mortgages with a loan age of three months (mortgages in their fourth month after origination) are assumed to prepay at an annual rate of 0.8%. "0% PSA" assumes no prepayments; "50% PSA" assumes prepayment rates equal to 0.50 times 100% PSA; "200% PSA" assumes prepayment rates equal to 2.00 times 100% PSA; and so forth.

The CPR model assumes an annual constant mortgage prepayment rate each month relative to the then outstanding principal balance of a pool of mortgages for the life of that pool. For example, at 6% CPR, the CPR model assumes that the monthly prepayment rate will be constant at 6% per annum. (For mortgages in their 30th and later months, 6% CPR corresponds to 100% PSA.)

Neither the PSA nor the CPR model describes historical prepayment experience or can predict the prepayment rate of any actual mortgage pool.

Even though the tables in a supplement will use assumed Mortgage prepayment rates, the underlying Mortgages will not prepay at a constant rate until maturity, nor will all of those Mortgages prepay at the same rate. You must make an independent decision regarding the appropriate principal prepayment scenarios to use in deciding whether to purchase Pass-Through Certificates.

## THE PASS-THROUGH TRUST AGREEMENT

Under the Pass-Through Certificates Master Trust Agreement dated the same date as this Offering Circular, as Depositor, we transfer and deposit assets that we have acquired into various Pass-Through Pools. As Administrator, on behalf of the Trustee, we create and issue Pass-Through Certificates under the Pass-Through Certificates Master Trust Agreement and the related "**Terms Supplement**" for each offering of Pass-Through Certificates. For any particular offering, the Pass-Through Certificates Master Trust Agreement and the applicable Terms Supplement together constitute the "**Pass-Through Trust Agreement.**"

The following summary describes various provisions of the Pass-Through Trust Agreement. This summary is not complete. You should refer to the Pass-Through Trust Agreement if you would like further information about its provisions. You can obtain copies of the Pass-Through Trust Agreement, including any Terms Supplements, from our Investor Inquiry Department as shown under *Additional Information*. Your receipt and acceptance of a Pass-Through Trust Certificate constitutes your unconditional acceptance of all the terms of the Pass-Through Trust Agreement.

## **TRANSFER OF ASSETS TO PASS-THROUGH POOL**

The assets deposited in each Pass-Through Pool will be identified to that Pass-Through Pool in our corporate records. As Trustee, we will hold legal title to the assets, directly or through our agent, for the benefit of each Pass-Through Pool and the Holders of the related Pass-Through Certificates.

## **VARIOUS MATTERS REGARDING FREDDIE MAC**

### **Freddie Mac in its Corporate Capacity**

Freddie Mac, in its corporate capacity, and its directors, officers, employees and agents will not be liable to Holders for any action taken or omitted in good faith or for errors in judgment. However, they will not be protected against any liability that results from their willful misfeasance, bad faith, gross negligence or reckless disregard of their obligations.

The Pass-Through Trust Agreement requires Freddie Mac, as Administrator, to administer Pass-Through Pool assets using the same standards as for similar assets that it owns. Holders will not be able to direct or control Freddie Mac's actions under the Pass-Through Trust Agreement, unless an Event of Default occurs.

Except with regard to its guarantee obligations or other payment obligations, Freddie Mac will not be liable for any Holder's direct damages unless Freddie Mac has failed to exercise the same degree of ordinary care that it exercises in the conduct of its own affairs. Freddie Mac will not be liable for any Holder's consequential damages.

In addition, Freddie Mac need not appear in any legal action that is not incidental to its responsibilities under the Pass-Through Trust Agreement and that we believe may result in any expense or liability. However, Freddie Mac may undertake any legal action that we believe 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 all or part of the Pass-Through Certificates of any class. Except as described under *Rights Upon Event of Default* and *Voting Rights* below, Pass-Through Certificates we hold will be treated the same as Pass-Through Certificates of the same class held by other Holders.

The Pass-Through Trust Agreement will be binding upon any successor to Freddie Mac.

### **Custodial Account**

We are responsible as the Administrator under the Pass-Through Trust Agreement for certain duties.

As Administrator, we hold funds that are received from the assets 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 Pass-Through Certificates. 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 Pass-Through Pools and for other Freddie Mac mortgage securities (and temporarily with other collections on Mortgages) and are not separated on a Pass-Through Pool by Pass-Through 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 Pass-Through Trust Agreement prior to distribution to Holders.

## **Certain Matters Regarding Our Duties as Trustee**

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

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

The Pass-Through 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 Pass-Through Pool. Any such reimbursement will not affect our guarantee obligations.

## **Potential Conflicts of Interest**

In connection with the Pass-Through Certificates that we issue, we act in multiple roles —Trustee, Depositor, Administrator and Guarantor. Further, we act in these same roles with respect to the Freddie Mac-issued securities (e.g., UMBS, MBS and Mirror Certificates) backing your Pass-Through Certificates. The master trust agreements pursuant to which we issue such securities provide that in determining whether a Mortgage will be repurchased from the related pool, we may in our capacities as the Administrator and Guarantor of our securities 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 our UMBS, MBS, Mirror Certificates or Pass-Through Certificates to monitor and supervise our activities in our various roles. In connection with our roles as the Administrator and Guarantor of our UMBS, MBS and Mirror Certificates that we issue, we may take certain actions with respect to Mortgages that may adversely affect Pass-Through Certificate Holders. For example, we may repurchase, or direct sellers or servicers to repurchase, Mortgages from the pools we form underlying your Pass-Through Certificates 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 Pass-Through Certificates. See *Risk Factors — Prepayment and Yield Factors — Substantial repurchases of seriously delinquent Mortgages could materially affect the prepayment rates of the assets backing your Pass-Through Certificates* and *— Increased Mortgage refinance, modification and other loss mitigation programs could materially affect Mortgage prepayment speeds*.

## EVENTS OF DEFAULT

“Events of Default” under the Pass-Through Trust Agreement are:

- Any failure by Freddie Mac, as Guarantor or Administrator, to pay principal or interest that lasts for 30 days.
- Any failure by Freddie Mac, as Guarantor or Administrator, to perform any other obligation under the Pass-Through Trust Agreement, if the failure lasts for 60 days after Freddie Mac receives written notice from the Holders of at least 60% of the outstanding principal or notional principal amount of an affected class.
- Specified events of bankruptcy, insolvency or similar proceedings involving Freddie Mac, including the appointment of a receiver, liquidator, assignee, custodian or sequestrator or similar official for Freddie Mac (but not including the appointment of a conservator or similar official for Freddie Mac).

## RIGHTS UPON EVENT OF DEFAULT

If an Event of Default under a Pass-Through Trust Agreement is not remedied, the Holders of at least 50% of the outstanding principal or notional principal amount of any affected class of Pass-Through Certificates may remove Freddie Mac as Administrator and nominate a successor as to that Pass-Through Pool. That nominee will replace Freddie Mac as Administrator unless Freddie Mac objects within ten days after the nomination. In that event, either Freddie Mac or anyone who has been a bona fide Holder of an affected class for at least six months may ask a court to appoint a successor. The court may then appoint a successor Administrator. Any such removal will not affect Freddie Mac’s guarantee obligations.

In addition, Freddie Mac may be removed as Trustee if an Event of Default has occurred (and is continuing) with respect to a Pass-Through Pool. In that case, we can be removed and replaced by a successor trustee as to an affected Pass-Through Pool by Holders owning not less than 50% of the outstanding principal or notional principal amount of any affected Class of Pass-Through Certificates.

For these purposes Pass-Through Certificates held by Freddie Mac will be disregarded.

The rights provided to Holders of Pass-Through Certificates under the Pass-Through 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 Pass-Through Trust Agreement provides that upon the occurrence of an Event of Default, which includes the appointment of a receiver, Holders have the right to replace Freddie Mac as Trustee and Administrator if the requisite percentage of Holders of an affected class of Pass-Through Certificates consent. The Reform Act prevents 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, Holders of Pass-Through Certificates 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 an affected class of Pass-Through Certificates may file a claim in the U.S. Court of Federal Claims for relief requiring Treasury to fund to us 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 this commitment. 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.

## **VOTING RIGHTS**

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

## **VOTING UNDER ANY UNDERLYING MASTER TRUST AGREEMENT**

Holders of Freddie Mac UMBS, MBS, Mirror Certificates and REMIC classes have various rights under the master trust agreements governing their securities. If a default occurs under one of these agreements, holders of a specified percentage of the affected UMBS, MBS, Mirror Certificates or REMIC classes may seek to remove Freddie Mac under that agreement. As Trustee, we will hold the UMBS, MBS, Mirror Certificates and REMIC classes that back Pass-Through Certificates. However, the Pass-Through Trust Agreement generally allows the Holders of the Pass-Through Certificates, rather than Freddie Mac, to act if an event of default occurs under the related UMBS, MBS, Mirror Certificates or REMIC agreement. For this purpose, the Holders of Pass-Through Certificates will be treated as the holders of the affected UMBS, MBS, Mirror Certificates or REMIC classes in proportion to the outstanding principal amounts of their Pass-Through Certificates.

The rights provided to holders of Freddie Mac UMBS, MBS, Mirror Certificates and REMIC classes under the master trust agreements governing those securities and the rights of Holders of the Pass-Through Certificates under the underlying agreements are also subject to the limitations of the Reform Act, as described above.

Holders of Freddie Mac UMBS, MBS, Mirror Certificates and REMIC classes also have the right to consent to certain amendments to their master trust agreements. The Pass-Through Trust Agreement provides that, as the holder of a Freddie Mac UMBS, MBS, Mirror Certificate or REMIC class that backs Pass-Through Certificates, Freddie Mac, as Trustee, may consent to such an amendment. However, if the amendment would adversely and materially affect the interest of any Holder of a Pass-Through Certificate, Freddie Mac may not agree to it unless Holders of at least 50% of the outstanding principal or notional principal amount of each affected class consent in writing. Despite this rule, Freddie Mac may amend an agreement governing UMBS, MBS or Mirror Certificates, without the consent of Holders, if the amendment changes Freddie Mac's procedures for calculating payments or passing through prepayments on UMBS, MBS or Mirror Certificates that back Pass-Through Pools. See the UMBS and MBS Offering Circular for information about payments on

Freddie Mac UMBS and MBS, and see the Mirror Certificates Offering Circular for information about payments on Mirror Certificates.

The Pass-Through Trust Agreement provides Holders of Commingled Pass-Through Certificates with similar rights with respect to the master trust agreements for the underlying Fannie Mae-issued securities. Accordingly, the Pass-Through Trust Agreement generally allows Holders of Commingled Pass-Through Certificates, rather than Freddie Mac, to act if an event of default occurs under the master trust agreement related to an underlying Fannie Mae-issued security. Likewise, if a proposed amendment to a master trust agreement for an underlying Fannie Mae-issued security would adversely and materially affect the interest of any Holder of a Commingled Pass-Through Certificate, the Pass-Through Trust Agreement provides that Freddie Mac may not agree to such an amendment unless Holders of at least 50% of the outstanding principal or notional principal amount of each affected class consent in writing.

## AMENDMENT

Freddie Mac and the Trustee may amend the Pass-Through Trust Agreement without the consent of any Holder or Holders to:

- Cure any ambiguity or to correct or add to any provision in the Pass-Through Trust Agreement, if the amendment does not adversely affect Holders in any material way.
- Maintain the qualification of any Pass-Through Pool as a grantor trust under the Internal Revenue Code of 1986 (the “Code”).
- Avoid the imposition of any state or federal tax on a Pass-Through Pool.

With the written consent of the Holders of at least 50% of the then outstanding principal or notional principal amount of any affected class, Freddie Mac and the Trustee also may amend the Pass-Through Trust Agreement in any other way. However, unless each affected Holder consents, Freddie Mac and the Trustee may not amend the Pass-Through Trust Agreement to impair the rights of Holders to receive payments (including guarantee payments) when due or to sue for any payment that is overdue.

## GOVERNING LAW

The Pass-Through 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 Pass-Through Trust Agreement or any Pass-Through Certificate transaction, then New York law will be deemed to reflect federal law.

## 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 Pass-Through Certificates. 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 Freddie Mac is a government-sponsored enterprise, neither the Pass-Through Certificates nor the income received from them is exempt from federal income, estate or gift taxes under the Code. Further, neither the Code nor the Freddie Mac Act exempts the Pass-Through Certificates or income on them from taxation by any state, any United States possession or any local taxing authority.

If you exchange assets for Pass-Through Certificates (or for Pass-Through Certificates and cash) you may be required to recognize gain or loss on the exchange. If you enter into such an exchange, you should consult your own tax advisors about this matter.

We will report income on the Pass-Through Certificates to the Internal Revenue Service (the “**Service**”) and to Holders of Pass-Through Certificates based, in part, on the final Treasury Regulations under Sections 1271-1275 of the Code (the “**OID Regulations**”).

The federal income tax treatment of some classes of Pass-Through Certificates depends on the treatment of those classes under the “stripped bond” rules of Section 1286 of the Code. Debt instruments can be characterized in various ways under the stripped bond rules, including the possible application of the regulations governing contingent payment obligations. Because of this uncertainty and the relationship between the stripped bond rules and the contingent payment obligation rules, you should consult your own tax advisors regarding the proper tax treatment of these Pass-Through Certificates. The tax information we will provide for Pass-Through Certificates will assume that the contingent payment obligation rules are not applicable.

We will treat Stripped Certificates and Stripped Interest Certificates (each, for tax purposes, a “**Strip**”) according to the rules discussed below under *Strips*. Also, if a class of Strips backs a Pass-Through Certificate, the same rules may apply indirectly to that Pass-Through Certificate. We will describe this in the applicable supplement.

The arrangements under which Supers, Giant MBS, Strips, SPCs and CPCs are created and sold and the related Pass-Through Pools are administered will be classified as grantor trusts under subpart E, part I of subchapter J of the Code and not as associations taxable as corporations.

If you own a Supers, Giant MBS or SPC, you will be treated for federal income tax purposes as the owner of a pro rata undivided interest in each of the assets of the related Pass-Through Pool, subject to the discussion below under *Supers and Giant MBS — Application of the Stripped Bond Rules*.

If you own a Strip, you will be treated for federal income tax purposes as the owner of the right to receive payments of principal and/or interest, as applicable, on the assets in the related Pass-Through Pool.

## **Tax Status**

Certain of the Pass-Through Certificates may be backed by Mortgages for which a REMIC election has been made with respect to the beneficial interests in the principal and interest payments on such Mortgages. Holders should consult their tax advisors concerning the tax consequences of such REMIC elections.

Supers and Giant MBS generally will be considered to represent “loans . . . secured by an interest in real property” within the meaning of Section 7701(a)(19)(C)(v) of the Code and “real estate assets” within the meaning of Section 856(c)(5)(B) of the Code. Interest income from Supers or Giant MBS

generally 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. In the event that any Mortgage has an LTV ratio in excess of 100 percent (that is, the principal amount of any Mortgage exceeds the fair market value of the real property securing it), it is not certain whether or to what extent such Mortgages would qualify as loans secured by an interest in real property for purposes of Section 7701(a)(19)(C)(v) of the Code. Even if the property securing the Mortgage does not meet this test, the Supers or Giant MBS 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 Supers or Giant MBS will be a qualifying asset for a domestic building and loan association. Additionally, if any Mortgage has an LTV ratio in excess of 100%, interest income on the excess portion of the Mortgage will not be “interest on obligations secured by mortgages on real property” within the meaning of Section 856(c)(3)(B) of the Code and such excess portion of the Mortgage will not be a “real estate asset” within the meaning of Section 856(c)(5)(B) of the Code. The excess portion will represent a “Government security” within the meaning of Section 856(c)(4)(A) of the Code. If a Supers or Giant MBS contains a Mortgage with an LTV ratio in excess of 100%, a holder that is a real estate investment trust should consult its tax advisor concerning the appropriate tax treatment of such excess portion.

Under Treasury regulations applicable to a REMIC, Supers and Giant MBS will generally be treated as “qualified mortgages” within the meaning of Section 860G(a)(3)(A) of the Code (and not other statutes) only if the underlying Mortgages have an LTV ratio of 125% or less at either (i) the time the Mortgages were originated (which includes the time of any “significant modification” of such Mortgages) or (ii) the time a sponsor contributes such Mortgages to a REMIC. Accordingly, any Mortgage with an LTV ratio in excess of 125% at origination (including at the time of any “significant modification” of such Mortgage) generally would not be considered a “qualified mortgage” for purposes of the REMIC rules unless the LTV ratio has decreased to 125% or below at the time such Mortgage is contributed by a sponsor to a REMIC. If a Supers or Giant MBS contains a Mortgage with an LTV ratio in excess of 125%, a holder that is a REMIC should consult its tax advisor concerning the tax consequences of transferring such Supers or Giant MBS to a REMIC.

Although there is no specific precedent and the characterization of the Strips is not entirely free from doubt, the Strips generally should be considered to represent “loans . . . secured by an interest in real property” within the meaning of Section 7701(a)(19)(C)(v) of the Code and “real estate assets” within the meaning of Section 856(c)(5)(B) of the Code, and original issue discount and interest from the Strips generally should 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. In the event that some portion of a Strip is backed by a Mortgage with an LTV ratio in excess of 100%, it is not certain whether or to what extent such Mortgages would qualify as loans secured by an interest in real property for purposes of Section 7701(a)(19)(C)(v) of the Code. Even if the property securing the Mortgage does not meet this test, the Strips should 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 Strips should be a qualifying asset for a domestic building and loan association. Additionally, if any Mortgage has an LTV ratio in excess of 100%, a portion of the interest income on the Strip that is attributable to that Mortgage will not be “interest on obligations secured by mortgages on real property” within the meaning of Section 856(c)(3)(B) of the Code and a portion of the Strip that is attributable to that Mortgage will not be a “real estate asset” within the meaning of Section 856(c)(5)(B) of the Code. The portion of a Strip that does not qualify as a “real estate asset” within the meaning of

Section 856(c)(5)(B) of the Code should represent a “Government security” within the meaning of Section 856(c)(4)(A) of the Code. If a portion of a Strip is backed by a Mortgage with an LTV ratio in excess of 100%, a holder that is a real estate investment trust should consult its tax advisor concerning the appropriate tax treatment of such portion. Further, if any Mortgage has an LTV ratio in excess of 125%, such Mortgage generally would not constitute a qualifying asset of a REMIC unless the LTV ratio of such Mortgage has decreased to 125% or less at the time such Mortgage is contributed by a sponsor to a REMIC. If a Strip is backed by a Mortgage with an LTV ratio in excess of 100%, a holder that is a real estate investment trust should consult its tax advisor concerning the appropriate tax treatment of such excess portion. If a Strip is backed by a Mortgage with an LTV ratio in excess of 125%, a holder that is a REMIC should consult its tax advisor concerning the tax consequences of transferring such Strip to a REMIC.

## **SUPERS AND GIANT MBS**

### **General**

If you own Supers or Giant MBS, you generally must report on your federal income tax return your pro rata share of the entire income from the Mortgages underlying the assets in the related Pass-Through Pool, in accordance with your method of accounting. Income generally will include gross interest income at the interest rates on the Mortgages and incidental fees, if any. If you own a Giant PC backed by Freddie Mac REMIC securities, you should review the related supplement to this Offering Circular for a description of the underlying Freddie Mac REMIC securities, and the offering documents related to such Freddie Mac REMIC securities for a description of the federal income tax consequences of owning such securities.

You may be able to deduct, under Section 162 or 212 of the Code, your pro rata share of servicers’ fees or any Freddie Mac guarantee fees, including incidental fees paid by the borrowers and retained by the servicers or Freddie Mac, and all administrative and other expenses of the Pass-Through Pool in accordance with your method of accounting. Notwithstanding the foregoing, miscellaneous itemized deductions described in Section 67 of the Code previously available to investors who are individuals, estates or trusts are not deductible for tax years beginning before January 1, 2026, and continue to not be deductible for computing alternative minimum tax liability. If you are an individual, estate or trust, you should consult your tax advisor regarding the limitations on the deductibility of such items.

### **Discount and Premium**

If you purchase a Supers or Giant MBS, 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 Supers or Giant MBS 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 Supers or Giant MBS, 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 could affect the accrual of discount or amortization of premium on your Supers or Giant MBS or otherwise affect the tax accounting for your Supers or Giant MBS.

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 Supers or Giant MBS is held as a capital asset.

Notwithstanding the following, if you use an accrual method of accounting for federal income tax purposes and prepare an “applicable financial statement” (as defined in Section 451 of the Code), you may be required to include original issue discount (with respect to taxable years beginning after December 31, 2018) and certain other items of income no later than at the time such amounts are reflected on such a financial statement.

*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 Supers or Giant MBS 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.

Freddie Mac intends to treat any negative amortization on an ARM underlying a Giant MBS as original issue discount. You will be required to include any resulting deferred interest in income in the period in which it accrues.

*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 includible 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 Service’s consent. 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*.

### **Sale or Exchange of a Supers or Giant MBS**

If you sell a Supers or Giant MBS, you will recognize gain or loss equal to the difference between your adjusted tax basis in the Supers or Giant MBS and the amount you realized in 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 Supers or Giant MBS will equal what you paid for the Supers or Giant MBS, plus the amount of any discount income you previously reported on the Supers or Giant MBS, less the amount of any premium you previously offset against interest income on the Supers or Giant MBS and the amount of any principal payments you received on it.

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 Supers or Giant MBS as a capital asset. The capital gain or loss will be long-term or short-term, depending on whether you owned the Supers or Giant MBS 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.

### **Application of the Stripped Bond Rules**

When we issue a class of Supers or Giant MBS, 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 Freddie Mac 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, 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. The consequences of this characterization are described below under *Strips*.

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.

## **STRIPS**

### **General**

Under Section 1286 of the Code, “stripped bonds” are created as a result of the separation of the ownership of the right to receive some or all interest payments on an obligation from the right to receive some or all of the principal payments. If you own a Strip, you will be considered to own the following:

- Stripped bonds, to the extent of your share of principal payments on the underlying assets.
- Stripped coupons, to the extent of your share of interest payments on the underlying assets.

Section 1286 treats a stripped bond or a stripped coupon, for purposes of applying the original issue discount rules, as a debt instrument issued with original issue discount on the date that you purchase the stripped interest. While it is unclear whether the original issue discount calculations described below should be done separately for each principal and/or interest payment on a Strip, or by treating all such payments as if they were made on a single debt instrument, we intend to treat a Strip as a single debt instrument for purposes of information reporting.

### **Determination of Income on Strips**

You must include original issue discount on each Strip in your ordinary income for federal income tax purposes as it accrues, which may be prior to receipt of the cash attributable to such income. You must include this in accordance with a constant yield method that takes into account the compounding of interest. Although not free from doubt (see *Possible Alternative Characterizations*), the amount of original issue discount you are required to include in your income in any taxable year likely will be computed as described below. This computation will:

- Use the prepayment rate assumed in pricing the transaction as stated in the applicable supplement (the “**Pricing Speed**”).
- With respect to certain Strips that are Floating Rate or Inverse Floating Rate Classes, project a level of future payments by assuming that the variable rate is a fixed rate equal to the value of the variable rate as of the date of the applicable supplement. The supplement

will identify those Strips as to which this assumption applies. In the case of other Strips that include rights to variable interest payments, however, these rules will apply by assuming that the variable rate is a fixed rate that reflects the overall yield that is reasonably expected for the relevant Strip (which in many instances will also equal the value of the variable rate as of the date of the applicable supplement).

- Require periodic adjustments to take into account actual prepayment experience.

Generally, if you own a Strip, you must include in your gross income the sum of the “daily portions,” as defined below, of the original issue discount on the Strip for each day that you own it, including the date you purchased it, but not including the date you dispose of it.

You can determine the daily portions of original issue discount as follows:

1. Calculate the original issue discount that accrues during each month or, if applicable, the shorter period from the date of purchase to the end of the first month. For each period, you do this by:

- Adding:
  - the present values at the end of the month of any payments to be received in future months, using the Pricing Speed (by using as a discount rate the yield to maturity of the Strip, as described below), and
  - any payments included in the stated redemption price of the Strip received during such month.
- Subtracting from the above sum the “adjusted issue price” of the Strip at the beginning of the month.
  - The adjusted issue price of a Strip at the beginning of the first month, or shorter period, is its issue price.
  - The adjusted issue price of a Strip at the beginning of a month following the first month or shorter period is the adjusted issue price at the beginning of the immediately preceding month *plus* the amount of original issue discount allocable to that preceding month and *minus* the amount of any payment included in the stated redemption price made at the end of or during that preceding month and the amount of any loss recognized at the end of that preceding month.

2. Divide the original issue discount accruing during that month, or shorter period, by the number of days in the period.

The yield used in making these calculations should be the monthly rate (assuming monthly compounding) determined as of the date of purchase that, if used in discounting the remaining payments on the portion of the underlying Mortgages allocable to the Strip, would cause the present value of those payments to equal your purchase price of the Strip.

It is not clear whether the Pricing Speed would be determined at the time you purchase the Strip or at the time the Strips are created and first sold. The Pricing Speed that we will use for purposes of information reporting will be the same for each class of Strips backed by the same pass-through pool, and will be determined based upon conditions at the time of the initial creation and sale of the related Strips.

Under the method for calculating the accrual of original issue discount described above, the rate at which you recognize original issue discount on a Strip and, in the case of an IO Class, the amount of such original issue discount depend on the actual rate of prepayment of the underlying Mortgages and the relative amount of principal and interest on each Mortgage represented by the Strip.

If the method for computing income for any particular month results in a negative amount, you may be entitled to deduct such amount as a loss only against future income from the Strip. However, you should be entitled to deduct a loss to the extent that your remaining basis would otherwise exceed the maximum amount of future payments which you are entitled to receive (determined by assuming that no future prepayments will occur on the underlying Mortgages).

### **Treatment of Servicing Fee for Federal Income Tax Purposes**

For purposes of tax reporting, either of the following amounts will be allocated to related classes of Strips, based on relative amounts of original issue discount accrued during each accrual period on each class:

- The excess of the interest paid on the Mortgages over the aggregate interest payable on the related Strips.
- The portion of that excess that represents reasonable servicing fees, as described above under *Supers and Giant MBS — Application of the Stripped Bond Rules*.

If you own a Strip, you may be entitled to deduct each year, in accordance with your method of accounting, the amount of the servicing fee allocated to you to the same extent as if you paid the amount of the servicing fee directly. The Code limits or prohibits the deductions for such servicing fees for some investors.

### **Sale of a Strip**

If you sell a Strip, you will recognize a gain or loss equal to the difference, if any, between the amount realized and your adjusted basis in the Strip. The gain or loss will be a capital gain or loss if you held the Strip as a capital asset. The capital gain or loss will be long-term or short-term, depending on whether you owned the Strip for the long-term capital gain holding period (currently more than one year). In general, your adjusted basis in the Strip will equal the amount you paid for the Strip, plus the amount of original issue discount you previously reported on the Strip, minus the amount of any payments included in the stated redemption price of the Strip received by you and the amount of any losses previously recognized by you with respect to the Strip.

### **Possible Alternative Characterizations**

The Service could assert that you must use a method other than the one described above to determine the accrual of original issue discount on a Strip. For example, the Service might require that original issue discount for a month be calculated under the method described above except that both the yield and the remaining payments should be determined by assuming no further prepayments of the Mortgages.

Further, the characterizations of Strips discussed above are not the only possible interpretations of the applicable Code provisions. For example, if you own a Strip, you may be treated as the owner of:

- One installment obligation consisting of the Strip's pro rata share of the payments attributable to principal on each Mortgage and a second installment obligation consisting of the Strip's pro rata share of the payments attributable to interest on each Mortgage.
- As many stripped bonds or stripped coupons as there are scheduled payments of principal and/or interest on each Mortgage.
- A separate installment obligation for each Mortgage, representing the Strip's pro rata share of payments of principal and/or interest to be made on that Mortgage.

Alternatively, if you own Strips, you may be treated as owning (a) a pro rata fractional undivided interest in each Mortgage to the extent that the Strip represents the same pro rata portion of principal and interest on each Mortgage and (b) a stripped bond or stripped coupon, as applicable, to the extent of any disproportionate principal or interest.

In addition, the Service might assert that the contingent payment rules mentioned above under *General* should apply to certain Strips.

### **Purchase of More Than One Class of Strips**

Although the matter is not free from doubt, if you purchase more than one class of Strips issued from the same Pass-Through Pool at the same time or in the same series of transactions, you should be treated for federal income tax purposes as having made a single purchase. If you purchase more than one class of Strips issued from the same Pass-Through Pool in different transactions, it is unclear whether the federal income tax treatment of the Strips should be determined by treating each class separately or as described in the previous sentence.

### **SPCs**

If you own an SPC, you should review the applicable supplement for a description of the related assets, and the offering documents applicable to the assets for a description of the federal income tax consequences of owning the assets.

### **CPCs**

#### **Status of the CPC Classes**

*The Callable Class.* If you own a Callable Class, you will be treated as:

1. Owning an undivided interest in the underlying Callable Asset; and
2. Having written a call option on your interest in the underlying Callable Asset. The call option is represented by a proportionate part of the Call Right. You will be treated as having written the call option in exchange for an option premium equal to an amount computed under the rules described below.

Special considerations may apply to thrifts, REMICs, real estate investment trusts and regulated investment companies investing in a Callable Class.

*The Call Class.* If you own a Call Class, you will be treated as having purchased a call option on the Callable Asset underlying the related Callable Class for an option premium equal to the price you paid for the Call Class.

If you own a Call Class and acquire an interest in the related Callable Class, the call option probably would be extinguished, to the extent of that interest, for at least as long as you held such interest, and you would be treated as holding a proportionate share of the underlying Callable Asset.

## **Taxation of the CPC Classes**

### ***The Callable Class***

*Allocations.* If you own a Callable Class, you will be required, for federal income tax purposes, to account separately for the underlying Callable Asset and the call option you are deemed to have written. You must allocate your purchase price for the Callable Class between the Callable Asset and the call option based on the relative fair market values of each on the date of purchase. The (positive) amount that you allocate to the Callable Asset is your basis in the Callable Asset and the (negative) amount that you allocate to the call option is the option premium you are deemed to have received for writing the call option. Accordingly, your basis in the underlying Callable Asset will be *greater* than the amount you paid for the Callable Class.

Upon the sale, exchange or other disposition of the Callable Class, you must again allocate amounts between the underlying Callable Asset and the call option you were deemed to have written. This allocation is based on the relative fair market values of the Callable Asset and the call option on the date of sale. The (positive) amount that you allocate to the underlying Callable Asset is your amount realized with respect to the Callable Asset and the (negative) amount you allocate to the call option is the amount you are deemed to have paid to be relieved from your obligations under the call option. The amount realized with respect to the underlying Callable Asset will be *greater* than the amount actually received.

*Taxation of Underlying Callable Asset.* Except as described below under *Application of the Straddle Rules*, the anticipated material federal income tax consequences to you of purchasing, owning and disposing of your interest in the underlying Callable Asset will be as described in the offering materials for the Callable Asset.

*Taxation of Call Option Premium.* If you own a Callable Class, you will not be required to immediately include in your income the option premium that you were deemed to have received when you purchased the Callable Class. Rather, you need to take such premium into account only when the Call Right lapses, is exercised, or is otherwise terminated. As described above, an amount equal to that option premium is included in your basis in the Callable Asset. Your recovery of such basis will not occur at the same rate as the option premium is included in your income.

As the owner of a Callable Class, you will include the option premium in income as short-term capital gain when the Call Right lapses. Typically, the principal amount of the Callable Asset subject to the Call Right will be reduced over time due to principal payments. It is not entirely clear whether the Call Right would thus be deemed to lapse as the Callable Asset is paid down, and if so, at what rate. However, Freddie Mac intends to assume that the Call Right lapses, and you would recognize the related premium, proportionately as principal is paid on the Callable Asset (whether as scheduled principal payments or prepayments) after the first date on which the Call Right may be exercised. The Service may or may not agree with this method of determining income from the lapse of the Call Right.

If you own a Callable Class and the Call Right is exercised, you will add an amount equal to the unamortized portion of the option premium to the amount realized from the sale of the underlying

Callable Asset. If you transfer your interest in a Callable Class, the transfer will be treated as a “closing transaction” with respect to the option you were deemed to have written. Accordingly, you will recognize a short-term capital gain or loss equal to the difference between the unamortized amount of option premium and the amount you are deemed to pay, under the rules discussed above, to be relieved from such your obligation under the option.

*Taxation of Income from GIFC.* If a Callable Class is redeemed, the amount received by the Pass-Through Pool from the Call Class Holder and not immediately payable to the Holders of the Callable Class will be invested by Freddie Mac in a Guaranteed Investment and Fee Contract (“GIFC”). The GIFC allows Freddie Mac to invest these amounts for the period from the date received to the date paid to Holders, and it provides for payment of a fee to Freddie Mac. If you own a redeemed Callable Class, you should treat your proportionate share of any accrued interest for the month of redemption as income earned under the GIFC for that period.

### ***The Call Class***

Since the purchase price paid by the investor in a Call Class will be treated as an option premium for the Call Right, it will be:

1. Added to the purchase price of the Callable Asset (in addition to any fee for the exchange) if the Callable Asset is purchased upon exercise of the Call Right.
2. Treated as a loss as the Call Right lapses.

For a discussion of when the Call Right may be deemed to lapse, see *The Callable Class — Taxation of Call Option Premium* above. Assuming that the underlying Callable Asset, if acquired, would be a capital asset, then loss recognized on such lapse will be treated as a capital loss.

### **Application of the Straddle Rules**

If you own a Callable Class, the Service might take the position that your interest in the underlying Callable Asset and the call option constitute positions in a straddle. If this were correct, the straddle rules of Section 1092 of the Code would apply, with the following consequences:

- If you sell your Callable Class, you will be treated as selling your interest in the underlying Callable Asset at a gain or loss, which would be short-term because your holding period would be tolled. As discussed above, your gain or loss with respect to the option premium always will be short-term under the option rules, regardless of the application of the straddle rules.
- The straddle rules might require you to capitalize, rather than deduct, a portion of any interest and carrying charges allocable to your interest in a Callable Class.
- If the Service were to take the position that your interest in the underlying Callable Asset and the call option constitute a “conversion transaction” as well as a straddle, then a portion of the gain with respect to the underlying Callable Asset or the call option might be characterized as ordinary income.

### **Tax-Exempt Organizations**

In general, income or gain from the CPC classes will not be subject to the tax on unrelated business taxable income for a tax-exempt organization, if the CPC classes do not constitute “debt-financed property.”

## **EXCHANGE TRANSACTIONS**

If you surrender classes of Strips in return for an equivalent principal amount of the underlying Supers or Giant MBS, or vice versa, you will not recognize gain or loss as a result. After the exchange, you will be treated as continuing to own the interests that you owned immediately prior to the exchange.

If you surrender MACS for other MACS or for an interest in the underlying assets, or vice versa, you will not recognize gain or loss as a result. After the exchange, you will be treated as continuing to own the interests that you owned immediately prior to the exchange.

## **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 Pass-Through Certificate, 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 Pass-Through Certificates all were originated after July 18, 1984;
- The Pass-Through Certificate is not held by the investor in connection with a trade or business in the United States (and, if an income tax treaty applies, is not attributable to a U.S. permanent establishment);
- The investor is not with respect to the United States a corporation that accumulates earnings in order to avoid United States 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; and
- 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.

Payments to an investor who is not a U.S. Person that represent interest on Mortgages originated before July 19, 1984 may be subject to federal withholding tax at the rate of 30% or any lower rate provided by an applicable tax treaty.

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

In general, an investor in a CPC will not be subject to federal withholding tax on amounts received or deemed received with respect to the option associated with the CPC.

We will make available to each Holder of a Pass-Through Certificate, 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 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 Pass-Through Certificates, 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 Pass-Through Certificates 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 an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (“**ERISA**”) 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 assets in the 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 certificate.

Unless otherwise stated in the applicable supplement, the Pass-Through Certificates should qualify as “guaranteed governmental mortgage pool certificates.”

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 Pass-Through Certificates.

All employee benefit plan investors should consult with their legal advisors to determine whether the purchase, holding or resale of a Pass-Through Certificate could give rise to a transaction that is prohibited or is not otherwise permissible under either ERISA or the Code.

In addition, because Freddie Mac (the “**Transaction Party**”) or its affiliates may receive certain benefits in connection with the sale or holding of the Pass-Through Certificates, the purchase or holding of the Pass-Through Certificates using “plan assets” of any employee benefit plan over which any of the Transaction Party or its 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 Pass-Through Certificates may not be purchased using the assets of any plan if the Transaction Party or any of its 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 Pass-Through Certificates or the transaction is not otherwise prohibited.

In addition, special considerations apply to Callable Classes of CPCs. The acquisition of the Call Right by the beneficial owner of the related Call Class of CPCs, as well as the consequences of the exercise of the Call Right by such a beneficial owner, might be treated under ERISA as principal transactions between the beneficial owners of the related Callable Class and the beneficial owner of that Call Class. Thus, in theory, the acquisition or exercise of the Call Right could be characterized under certain circumstances as an ERISA prohibited transaction between a plan and a “party in interest” (assuming that the plan owns a Callable Class and the “party in interest” owns the related Call Class, or vice versa), unless an ERISA prohibited transaction exemption, such as PTE 84-14 (for Transactions by Independent Qualified Professional Asset Managers), is applicable. A Call Class may be deemed to be an option to acquire a guaranteed governmental mortgage pool certificate rather than such a certificate. ERISA plan fiduciaries should consult with their counsel concerning these issues.

## 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 Pass-Through Certificates or exchanging the Pass-Through Certificates, investors are encouraged to consult their own accountant for advice on the appropriate accounting treatment for their series of Pass-Through Certificates.

## LEGAL INVESTMENT CONSIDERATIONS

You should consult your own legal advisors to determine whether Pass-Through Certificates are legal investments for you and whether you can use Pass-Through Certificates as collateral for borrowings. In addition, financial institutions should consult their legal advisors or regulators to determine the appropriate treatment of Pass-Through Certificates under 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 Pass-Through Certificates or in Pass-Through Certificates 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 or any other federal or state agency with similar authority should review applicable regulations, policy statements and guidelines before purchasing or pledging Pass-Through Certificates.

## DISTRIBUTION ARRANGEMENTS

Freddie Mac generally purchases assets from dealers (each, a **"Dealer"**) and other customers and, as Depositor, deposits those assets in a Pass-Through Pool. As Administrator, on behalf of the Trustee, Freddie Mac creates and issues Pass-Through Certificates representing interests in those same assets and sells the related Pass-Through Certificates through the same Dealers or customers. Dealers and their affiliates may enter into other transactions with and provide other services to Freddie Mac in the ordinary course of business. Freddie Mac, the Dealers or other parties may receive compensation, trading gain or other benefits in connection with transactions in Pass-Through Certificates. We typically receive a fee from the Dealers and other customers for each offering.

Each offering may be made and the Pass-Through Certificates may be offered or sold only where it is legal to do so. This Offering Circular and any applicable supplement do not constitute an offer to sell or buy or a solicitation of an offer to buy or sell any securities other than the Pass-Through Certificates or an offer to sell or buy or a solicitation of an offer to buy or sell Pass-Through Certificates in any jurisdiction or in any other circumstance in which such an offer or solicitation is unlawful or not authorized.

Freddie Mac may retain or repurchase Pass-Through Certificates for its own portfolio, and may offer or re-offer such Pass-Through Certificates from time to time. These transactions may affect the market prices of Pass-Through Certificates.

Certain Dealers may buy, sell and make a market in Pass-Through Certificates. The secondary market for Pass-Through Certificates may be limited. If a Dealer sells a Pass-Through Certificate, the

Dealer is required to confirm the sale, notify the purchaser of the settlement date, purchase price, concessions and fees and deliver a copy of this Offering Circular and the applicable supplement to the purchaser.

#### **INCREASE IN SIZE**

Before the settlement date for any offering of Pass-Through Certificates, Freddie Mac and any Dealers or other customers may agree to increase the size of the offering. In that event, the Pass-Through Certificates will have the same characteristics as described in the applicable supplement, except that the original principal or notional principal amount of each class receiving payment from the same Pass-Through Pool will increase by the same proportion.

## INDEX OF TERMS

The following is a list of defined terms used in this Offering Circular and the pages where their definitions appear.

	<u>Page</u>		<u>Page</u>
Accrual Period . . . . .	35	Gold PCs . . . . .	22
Adjustment Date . . . . .	34	Guarantor . . . . .	7
Administrator . . . . .	7	Holder . . . . .	10
Annual Interest Amount . . . . .	III-1	ICE . . . . .	34
Business Day . . . . .	34	ICE Method . . . . .	34
Call Classes . . . . .	29	Incorporated Documents . . . . .	4
Call Fee . . . . .	IV-1	Initial Call Payment . . . . .	IV-1
Call Payment . . . . .	IV-1	Interest Only Classes . . . . .	28
Call Right . . . . .	30	Inverse Floating Rate Class . . . . .	31
Callable Asset . . . . .	30	IO Classes . . . . .	28
Callable Classes . . . . .	29	IP Classes . . . . .	28
Callable Pass-Through Certificates . . . . .	29	Legacy . . . . .	23
Certificates . . . . .	VI-1	LIBOR . . . . .	34
Class Factor . . . . .	33	LTV . . . . .	12
Code . . . . .	48	MACS . . . . .	28
Commingled Pass-Through Certificates . . . . .	23	MBS . . . . .	22
Conservator . . . . .	3	MBS Mirror Certificates . . . . .	23
CPCs . . . . .	29	Megas . . . . .	23
CPR . . . . .	43	Mirror Certificates . . . . .	23
CSP . . . . .	17	Mirror Certificates Offering Circular . . . . .	4
CSS . . . . .	17	Modifiable And Combinable Securities . . . . .	28
CUSIP Number . . . . .	37	Modified Mortgages with Step Rate Increases . . . . .	27
Dealer . . . . .	63	Modified Step Rate MBS . . . . .	27
Delay Class . . . . .	31	Mortgages . . . . .	7
Depositor . . . . .	7	New MACS . . . . .	III-1
Designated Page . . . . .	35	Notional Class . . . . .	31
DTC . . . . .	9	Offering Circular . . . . .	VI-1
DTC Participants . . . . .	37	OID Regulations . . . . .	49
DTC System . . . . .	9	Old MACS . . . . .	III-1
Eligible PCs . . . . .	32	Pass-Through Certificates . . . . .	1
Enterprises . . . . .	16	Pass-Through Class . . . . .	31
ERISA . . . . .	61	Pass-Through Pools . . . . .	7
Events of Default . . . . .	46	Pass-Through Trust Agreement . . . . .	43
Exchange Act . . . . .	4	Payment Date . . . . .	34
Exchange Date . . . . .	IV-2	Payment Delay . . . . .	1
Fannie Mae . . . . .	5	PO Classes . . . . .	28
Fannie Mae Offering Materials . . . . .	5	Pricing Speed . . . . .	54
FATCA . . . . .	61	Principal Only Classes . . . . .	28
Fed Participants . . . . .	36	PSA . . . . .	43
Fed System . . . . .	9	Purchase Agreement . . . . .	3
FHFA . . . . .	3	Record Date . . . . .	35
Final Call Payment . . . . .	IV-1	Redemption Date . . . . .	IV-1
Final Payment Date . . . . .	35	Redemption Price . . . . .	IV-1
Fixed Rate Class . . . . .	31	Reform Act . . . . .	7
Floating Rate Class . . . . .	31	Registrar . . . . .	9
Freddie Mac . . . . .	7	REMIC . . . . .	26
Freddie Mac Act . . . . .	3	SCs . . . . .	29
Freddie Mac MBS . . . . .	23	SEC . . . . .	4
Giant MBS . . . . .	27	Service . . . . .	49
Giant MBS Mirror Certificates . . . . .	23	SIFMA . . . . .	16
Giant PCs . . . . .	23	SPCs . . . . .	30
GIFC . . . . .	59		

	<u>Page</u>		<u>Page</u>
Step Rate Increases .....	27	Terms Supplement .....	43
Strip .....	49	Toggle Class .....	31
Stripped Certificates .....	27	Transaction Party .....	62
Stripped Giant MBS .....	27	Treasury .....	3
Stripped Interest Certificates .....	29	Trustee .....	7
Stripped Supers .....	27	U.S. Person .....	61
Structured Formula Class .....	31	UMBS .....	22
Structured Pass-Through Certificates .....	30	UMBS and MBS Offering Circular .....	4
Supers .....	22	UMBS Mirror Certificates .....	23
Supers Mirror Certificates .....	23	UMBS Rule .....	24
TBA .....	22	WAC Class .....	31

## EXCHANGE PROCEDURES FOR STRIPPED CERTIFICATES

This Appendix describes the procedures under which you may exchange your Stripped Certificates for an equivalent amount of the underlying asset (e.g., a Supers or a Giant MBS).

### Information About Securities Eligible for Exchange

You can obtain the balances of classes of Pass-Through Certificates that are subject to exchange either from Freddie Mac's internet website or the Investor Inquiry Department at Freddie Mac.

### Notice

- If you want to enter into an exchange involving Stripped Certificates (including MACS), you must notify Freddie Mac's Mortgage Funding and Investor Relations Department through a Dealer that belongs to Freddie Mac's REMIC dealer group. The Dealer must notify Freddie Mac by telephone (866-903-2767).
- The notice must be received at least one business day before the proposed exchange date, and must include:
  - The outstanding principal or notional principal amounts of the securities to be exchanged and received.
  - The proposed exchange date, which is subject to Freddie Mac's approval.
- Your notice becomes irrevocable on the business day before the proposed exchange date.

### Exchange Fee

- We may charge an exchange fee. If so, it will be calculated as described in the applicable supplement.
- Promptly after receiving your notice, Freddie Mac will call the Dealer to give instructions for delivering the collateral. Freddie Mac will collect any exchange fee on a delivery versus payment basis.

### Payments Following an Exchange

- Freddie Mac will make the first payment on the securities issued in an exchange on the Payment Date related to the next Record Date following such exchange.
- Freddie Mac will make the last payment on the securities surrendered in an exchange on the Payment Date related to the most recent Record Date preceding such exchange.

### Limitations on Ability to Exchange Classes

- You must own the right classes in the right proportions in order to enter into an exchange. The principal amount of the securities received in an exchange must equal the principal amount of the securities exchanged, and interest must be payable on the securities received in the same amount as would have been payable on the securities exchanged.

- If you do not own the right classes, you may not be able to obtain them because:
  - The owner of a class that you need for an exchange may refuse or be unable to sell that class to you at a reasonable price or at any price.
  - Some classes may be unavailable because they have been placed into other financial structures, such as a REMIC.
  - Principal payments and prepayments over time will decrease the amounts available for exchange.

### EXAMPLES OF MACS EXCHANGES

You may exchange one or more classes of a series of MACS (the “**Old MACS**”) for one or more different classes of MACS of the same series (the “**New MACS**”).

Freddie Mac will allow any exchange of MACS, so long as:

- The aggregate outstanding principal amount of the New MACS (rounded to whole dollars) immediately after the exchange equals that of the Old MACS immediately before the exchange. In this calculation, the outstanding principal amount of the IO Class always equals \$0.
- The aggregate Annual Interest Amount of the New MACS (rounded to whole dollars) equals that of the Old MACS. The “**Annual Interest Amount**” for any class equals its outstanding principal or notional principal amount times its class coupon. If an exchange includes one or more Floating Rate or Inverse Floating Rate Classes, the Annual Interest Amount for the classes received and the classes surrendered must be equal at all levels of the applicable index.
- If Floating Rate and/or Inverse Floating Rate Classes are being exchanged for other Floating Rate and/or Inverse Floating Rate Classes, the Classes being surrendered are first exchanged for corresponding amounts of the IO and/or PO Classes.

Exchanges that include both Floating Rate or Inverse Floating Rate Classes and Fixed Rate or Principal Only Classes are permitted only from the 15th through the last day of a month. Exchanges involving only Fixed Rate and Principal Only Classes and exchanges involving only Floating Rate and Inverse Floating Rate Classes are permitted at any time.

The following examples illustrate some of the possible exchanges of Old MACS for New MACS involving Fixed Rate and PO Classes. Assume that your Old MACS have the following characteristics. Also assume that the class coupon of the underlying security (e.g., a Supers or a Giant MBS), and therefore that of the IO Class, is 8.5%.

#### *Old MACS*

<u>Outstanding Principal Amount</u>	<u>Class</u>	<u>Class Coupon</u>	<u>Annual Interest Amount</u>
\$10,000,000	4.0	4.0%	\$ 400,000
10,000,000	8.0	8.0	800,000
10,000,000	18.0	18.0	1,800,000
<u>\$30,000,000</u>			<u>\$3,000,000</u>

#### *New MACS*

*Example 1:* You can receive New MACS consisting entirely of the 10.0 Class:

<u>Outstanding Principal Amount</u>	<u>Class</u>	<u>Class Coupon</u>	<u>Annual Interest Amount</u>
<u>\$30,000,000</u>	10.0	10.0%	<u>\$3,000,000</u>

*Example 2:* You can receive New MACS consisting of the PO and IO Classes:

<u>Outstanding Principal Amount</u>	<u>Class</u>	<u>Class Coupon</u>	<u>Annual Interest Amount</u>
\$30,000,000	PO	0.0%	\$ 0
35,294,118(notional)	IO	8.5	3,000,000
<u>\$30,000,000</u>			<u>\$3,000,000</u>

*Example 3:* You can receive New MACS consisting of the 6.0, 9.0 and IO Classes:

<u>Outstanding Principal Amount</u>	<u>Class</u>	<u>Class Coupon</u>	<u>Annual Interest Amount</u>
\$20,000,000	6.0	6.0%	\$1,200,000
10,000,000	9.0	9.0	900,000
10,588,236(notional)	IO	8.5	900,000
<u>\$30,000,000</u>			<u>\$3,000,000</u>

*Example 4:* You can receive New MACS consisting of the PO, 6.0, 9.0, and 20.0 Classes:

<u>Outstanding Principal Amount</u>	<u>Class</u>	<u>Class Coupon</u>	<u>Annual Interest Amount</u>
\$ 500,000	PO	0.0%	\$ 0
5,000,000	6.0	6.0	300,000
20,000,000	9.0	9.0	1,800,000
4,500,000	20.0	20.0	900,000
<u>\$30,000,000</u>			<u>\$3,000,000</u>

You also may exchange your Old MACS for an equivalent part of the underlying security (e.g., a Supers or a Giant MBS). Continuing with the above examples, you could exchange \$10,000,000 of the 4.0 Class, \$10,000,000 of the 8.0 Class and \$5,263,158 of the 18.0 Class for \$25,263,158 of the underlying security, and vice versa. Such exchanges may occur repeatedly.

Other possible exchanges of MACS may involve Floating Rate, Inverse Floating Rate and WAC Classes. The applicable supplement will describe MACS exchanges of this type and may include additional examples.

## REDEMPTION AND EXCHANGE PROCEDURES FOR CPCs

### Notice

If you own a Call Class and want to call the related Callable Class on any permitted Payment Date (the “**Redemption Date**”), you must notify Freddie Mac at least five business days before the related Record Date.

- You must notify Freddie Mac through a Dealer that belongs to Freddie Mac’s REMIC dealer group. The Dealer must notify Freddie Mac by telephone (866-903-2767), followed by written confirmation on the same day in a form specified by Freddie Mac.

### Related Fees and Payments

- The “**Initial Call Payment**” will equal 5% of the principal amount of the Callable Class being redeemed, based on its Class Factor for the month preceding the Redemption Date.
- The “**Final Call Payment**” will equal 95% of the principal amount of the Callable Class being redeemed, based on its Class Factor for the month preceding the Redemption Date.
- The “**Call Payment**” will equal the Initial Call Payment plus the Final Call Payment.
- The “**Redemption Price**” of a Callable Class will equal:
  1. 100% of the outstanding principal amount of the Callable Class, based on its Class Factor for the month preceding the Redemption Date, plus
  2. accrued interest at its class coupon for the related Accrual Period on its outstanding principal amount
- The “**Call Fee**” equals 1/32 of 1% of the outstanding principal amount of the Callable Class being redeemed (but not less than \$10,000).

### Deposit of Initial Call Payment; Pledge

- You must deposit the Initial Call Payment with Freddie Mac at the time that you notify Freddie Mac that you want to redeem the Callable Class.
- At the same time, you must pledge all of your interest in the underlying security (e.g., a Supers or a Giant MBS) to Freddie Mac as security for your obligation to pay the Final Call Payment and Call Fee. You must sign a pledge agreement prepared by Freddie Mac for this purpose.

### Effect of Notice

- Your notice of redemption and your pledge will become irrevocable when you deposit the Initial Call Payment.
- By the Record Date relating to the Redemption Date, Freddie Mac will post a notice on either the Fed or DTCC System stating that the Callable Class will be redeemed.
- In the month of redemption, Freddie Mac will reduce the Class Factors of both the Callable Class and the Call Class to zero to reflect the redemption that will occur in that month.

### **Exchange of Callable Asset**

- On the first business day of the month of redemption (the “**Exchange Date**”), Freddie Mac will transfer the related Callable Asset to you in exchange for:
  - The Call Class.
  - The Call Fee.
  - The Final Call Payment.
- Freddie Mac will give you instructions for delivery of the Call Class, Call Fee and Final Call Payment.
- Principal and interest on the Callable Asset received in the exchange will first become payable to you in the month following the exchange.

### **Redemption of Callable Class**

- On the Redemption Date, Freddie Mac will redeem the Callable Class by paying its Holders, on a pro rata basis, the Redemption Price.
- Freddie Mac will not make any other payment on the Callable Class.
- Once redeemed, a Callable Class and its related Call Class will not be reissued.

### **Payment to Call Class Holder**

On the Redemption Date, Freddie Mac will pay to you the excess of (a) the Call Payment plus payments received on the underlying Callable Asset in the month of redemption over (b) the Redemption Price.

### **Defaulting Call Class Holder**

If you fail to deliver the Call Class, Final Call Payment and Call Fee on the Exchange Date, then:

- On the next business day, Freddie Mac will liquidate the related security (e.g., a Supers or a Giant MBS), in accordance with your pledge, in a commercially reasonable manner.
- Freddie Mac will apply the net proceeds of the liquidation and the Initial Call Payment, as necessary, to redeem the Callable Class.
- Freddie Mac will charge you a liquidation fee in an amount equal 1% of the Call Payment.
- On the Redemption Date, Freddie Mac will pay to you the excess, if any, of:
  1. the Initial Call Payment, plus
  2. payments received on the underlying Callable Asset in the month of redemption, plus
  3. net proceeds to Freddie Mac from the liquidation of the security

*over*

  1. the Redemption Price for the related Callable Class, plus
  2. the liquidation fee.
- You will have no further right to or interest in the Call Class or the related Callable Asset.

**Limitations**

Freddie Mac will permit the redemption of a Callable Class only if the underlying security has at least the market value specified in the related supplement.

- Freddie Mac will determine market value upon request of the Dealer providing the redemption notice. The Dealer must make the request at the same time as it gives the redemption notice by telephone.
- Freddie Mac will determine the market value based on bid quotations available at the time of the request.
- Freddie Mac's determination of the market value will be final and binding.

**FREQUENTLY USED SUPERS AND GIANT MBS PREFIXES**

Prefixes are subject to change (including modification, discontinuance or the addition of new ones) at any time. You should refer to our internet website for the most current list of frequently used prefixes.

**Supers**

<u>Product Type</u>	<u>Supers Prefix</u>
15-Year Fixed-Rate .....	CI
30-Year Fixed-Rate .....	CL
10-Year Fixed-Rate .....	CN
20-Year Fixed-Rate .....	CT
15-Year Reverse REMIC .....	ZI
30-Year Reverse REMIC .....	ZL
10-Year Reverse REMIC .....	ZN
20-Year Reverse REMIC .....	ZT

## Giant MBS

### Product Type

### Giant MBS Prefix

40-Year Fixed-Rate	3A
30-Year, Reduced Minimum Servicing between 12.5 bps and 24.9 bps	3H
30-Year, Reduced Minimum Servicing less than 12.5 bps	3I
30-Year FHA/VA	3J
15-Year FHA/VA	3K
30-Year 100% Relocation	3L
15-Year 100% Relocation	3M
30-Year 100% Cooperative Share	3N
15-Year 100% Cooperative Share	3O
30-Year 100% Super Conforming	3P
20-Year 100% Super Conforming	3Q
15-Year 100% Super Conforming	3R
30-Year High LTV, >105<=125%	3S
20-Year High LTV, >105<=125%	3T
15-Year High LTV, >105%<125%	3U
30-Year High LTV, >125%	3V
20-Year High LTV, >125%	3W
15-Year High LTV, >125%	3X
40-Year Modified Step Rate	4A
30-Year Modified Step Rate	4B
20-Year Modified Step Rate	4C
15-Year Modified Step Rate	4D
40-Year Modified Fixed-Rate	4E
30-Year Modified Fixed-Rate	4F
20-Year Modified Fixed-Rate	4G
15-Year Modified Fixed-Rate	4H
30-Year Reinstated	4I
20-Year Reinstated	4J
15-Year Reinstated	4K
30-Year 10/20 Initial Interest Fixed-Rate	4L
30-Year 15/15 Initial Interest Fixed-Rate	4M
20-Year 10/10 Initial Interest Fixed-Rate	4N
30-Year 10/20 Initial Interest Various Prepayment Penalties	4O
30-Year Prepayment Penalty Mortgages, 3-Year/2%	4P
15-Year Prepayment Penalty Mortgages, 3-Year/2%	4Q
30-Year Prepayment Penalty Mortgages, 5-Year/6-month	4R
15-Year Prepayment Penalty Mortgages, 5-Year/6-month	4S
40-Year, Various Prepayment Penalties	4T
30-Year, Various Prepayment Penalties	4U
15-Year, Various Prepayment Penalties	4V
15-Year Alignment Overflow	7P
30-Year Alignment Overflow	7Q

**EXAMPLE SUPPLEMENT**

This example supplement illustrates the form and content of the supplement we post on our internet website for each Pass-Through Pool whose assets are (i) any of the following securities issued by Freddie Mac: UMBS, UMBS Mirror Certificates, MBS, MBS Mirror Certificates, Supers, Supers Mirror Certificates, Giant MBS, Giant MBS Mirror Certificates or REMIC securities, and/or (ii) any of the following securities issued by Fannie Mae: UMBS, Fannie Mae Legacy TBA-eligible MBS, Supers, Fannie Mae Legacy TBA-eligible Megas or REMIC securities backed entirely by UMBS.

Definitions of terms we use in supplements can be found at [http://www.freddie.mac.com/mbs/docs/pc\\_disclosure\\_glossary.pdf](http://www.freddie.mac.com/mbs/docs/pc_disclosure_glossary.pdf). In some cases, a supplement may not include all of the information specified in the example supplement below, and in other cases, additional information or legends may be included.

**Pass-Through Pool XXXXXX****Supplement**

(To Offering Circular Dated April 30, 2019)



**FREDDIE MAC**  
**Pass-Through Certificates**

The Pass-Through Certificates that we are offering in this Supplement (the “**Certificates**”) consist of interests in a pass-through pool whose assets are (i) any of the following securities issued by Freddie Mac: UMBS, UMBS Mirror Certificates, MBS, MBS Mirror Certificates, Supers, Supers Mirror Certificates, Giant MBS, Giant MBS Mirror Certificates or REMIC securities, and/or (ii) any of the following securities issued by Fannie Mae: UMBS, Fannie Mae Legacy TBA-eligible MBS, Supers, Fannie Mae Legacy TBA-eligible Megas or REMIC securities backed entirely by UMBS.

Capitalized terms used in this Supplement (other than capitalized terms that are defined in this document) have the same meanings as in the Supers, Giant MBS and Other Pass-Through Certificates Offering Circular dated April 30, 2019 as it may be amended or supplemented from time to time (the “**Offering Circular**”).

We prepare pool supplements that contain additional information about the assets underlying this pass-through pool. You can obtain these pool supplements by contacting our Investor Inquiry department, as described on page 5 of the Offering Circular, or by accessing Freddie Mac’s website at [www.freddie.mac.com](http://www.freddie.mac.com).

This Supplement incorporates by reference the Offering Circular and Freddie Mac’s UMBS and MBS Offering Circular and Mirror Certificates Offering Circular, as each such offering circular may be amended or supplemented from time to time. This Supplement supplements the Pass-Through Certificates Master Trust Agreement dated as of April 30, 2019 and constitutes the Terms Supplement within the meaning of that Trust Agreement for the pass-through pool described herein.

The Certificates may not be suitable investments for you. You should not purchase the Certificates unless you have carefully considered and are able to bear the associated prepayment, interest rate, yield and market risks of investing in the Certificates, as described in the Offering Circular.

You should read and understand this Supplement, the Offering Circular and any documents that we have incorporated by reference in the Offering Circular before considering the purchase of the Certificates. If the Certificates are Commingled Pass-Through Certificates (i.e., Certificates that are backed, in whole or in part, by Fannie Mae-issued UMBS, Supers, Legacy TBA-eligible MBS or Legacy TBA-eligible Megas), you should also read and understand the applicable Fannie Mae Offering Materials.

**Supplement dated \_\_\_\_\_**

Principal and interest payments on the Certificates are not guaranteed by and are not debts or obligations of the United States or any federal agency or instrumentality other than Freddie Mac. The Certificates are not tax-exempt securities. Because of applicable securities law exemptions, Freddie Mac has not registered the Certificates with any federal or state securities commission. No securities commission has reviewed this Supplement.

**Supplement dated \_\_\_\_\_**

**Pass-Through Pool XXXXXX**

**Security Description**

Prefix . . . . .	CL
Security Identifier . . . . .	AB1234
CUSIP . . . . .	98765ABCD
Investor Security UPB (\$) . . . . .	8,000,000.00
Weighted Average Net Interest Rate (%) . . . . .	3.500
Issue Date . . . . .	06/01/2019
First Payment Date . . . . .	08/15/2019
Maturity Date . . . . .	06/2049
Interest Only Security Indicator . . . . .	No
Prepayment Penalty Indicator . . . . .	No
Reduced Minimum Servicing Identifier . . . . .	No

**Security Statistics (As of Issue Date)**

Loan Count . . . . .	32
Average Mortgage Loan Amount (\$) . . . . .	250,596.00
Weighted Average Mortgage Loan Amount (\$) . . . . .	311,704.00
Weighted Average Interest Rate (%) . . . . .	4.000
Weighted Average Loan Age . . . . .	1
Weighted Average Loan Term . . . . .	360
Weighted Average Remaining Months to Maturity . . . . .	358
Weighted Average Loan-To-Value (LTV) . . . . .	75
Weighted Average Combined Loan-To-Value (CLTV) . . . . .	85
Weighted Average Estimated Loan-To-Value (ELTV) . . . . .	73
Weighted Average Borrower Credit Score . . . . .	780
Weighted Average Updated Borrower Credit Score . . . . .	785
Weighted Average Debt-To-Income (DTI) . . . . .	35
Weighted Average Months To Amortization . . . . .	121
Third-Party Origination UPB Percent . . . . .	93.44
Seller Name(s) . . . . .	ABC Bank Mclean VA
Servicer Name(s) . . . . .	ABC Bank Mclean VA

## Pass-Through Pool XXXXXX

### Collateral Description (applicable for Resecuritizations)

Collateral Issuer	Collateral Prefix	Collateral Security Identifier	Collateral CUSIP	Collateral Issue Date	Collateral Maturity Date	Collateral WA Current Net Interest Rate	Collateral Issuance Investor Security UPB	Collateral Contributing Issuance Investor Security UPB	Collateral Contributing Current Investor Security UPB	Collateral WA Interest Rate at Settlement	Collateral WA RMM at Settlement	Collateral Loan Age at Settlement
Freddie Mac	CL	Q26703	3132M7DGO	02/01/2014	01/2044	4.000	10,000,000.50	10,000,000.50	9,700,000	4.75	358	2

### Origination Data (applicable for Modifications)

WA Origination Interest Rate (%)	4.000
Average Origination Mortgage Loan Amount (\$)	250,595.00
WA Origination Mortgage Loan Amount (\$)	311,704.55
WA Origination Loan Term	359
WA Origination Credit Score	740
WA Origination Loan-To-Value (LTV)	65
WA Origination Combined Loan-To-Value (CLTV)	75
WA Origination Debt-To-Income (DTI)	26
Origination Third Party Origination UPB Percent	42.50

### Step Information (applicable for Step Rate Modifications)

Initial Step Fixed-Rate Period (Months)	55-66
Step Rate Adjustment Frequency	12
Next Step Rate Adjustment Date	MM/YYYY
WA Months to Next Step Rate Adjustment	125
Periodic Step Rate Cap Up (%)	2.000

### Quartile Distribution

	Mortgage Loan Amount	Interest Rate (%)	Net Interest Rate (%)	Loan Term	Loan Age	Loan-To-Value (LTV)	Remaining Months to Maturity	Estimated Loan-To-Value (ELTV)	Combined Loan-To-Value (CLTV)	Borrower Credit Score	Updated Credit Score	Debt-To-Income (DTI)
Maximum	615,000.00	4.375	3.875	360	1	95	359	95	96	820	820	40
75%	358,000.00	4.375	3.875	360	1	80	359	80	82	776	776	38
Median	307,300.00	4.250	3.750	360	1	75	359	75	77	749	749	36
25%	224,000.00	4.125	3.625	360	1	70	359	70	71	704	704	33
Minimum	62,000.00	4.125	3.625	360	1	55	344	55	53	646	646	30

### Unavailable Data (populated if applicable)

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Loan-To-Value (LTV)	1	3.13	70,205.00	0.88
Combined Loan-To-Value (CLTV)	1	3.13	350,000.00	4.45
Estimated Loan-To-Value (ELTV)				
Debt-To-Income (DTI)	3	9.38	380,000.00	6.25
Borrower Credit Score	1	3.13	200,000.00	5.00
Origination Loan-To-Value (LTV)				
Origination Combined Loan-To-Value (CLTV)				
Origination Debt-To-Income (DTI)				
Origination Credit Score				
Updated Credit Score				

**Pass-Through Pool XXXXXX**

**Origination Loan Purpose** (applicable for Modifications)

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Purchase	7	21.88	1,808,114.00	22.58
Refinance – Cash Out	3	9.38	980,300.00	12.28
Refinance – No Cash Out	20	62.5	4,570,088.00	59.32
Refinance – Not Specified	2	6.25	470,360.81	5.87
Modification – Loss Mitigation	2	6.25	470,360.81	5.62
Not Available	0	0.00	0.00	0.00

**Loan Purpose**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Purchase	27	41.88	1,808,114.00	22.58
Refinance – Cash Out	3	9.38	980,300.00	12.28
Refinance – No Cash Out	5	62.5	4,570,088.00	59.32
Refinance – Not Specified	2	6.25	470,360.81	5.87
Modification – Loss Mitigation	2	6.25	470,360.81	5.62
Not Available	0	0.00	0.00	0.00

**Origination Occupancy Status** (applicable for Modifications)

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Primary Residence	26	81.25	6,678,332.00	87.14
Second Home	4	12.5	6,570,173.25	8.22
Investment Property	2	6.25	371,475.32	4.64
Not Available	0	0	0.00	0.00

**Occupancy Status**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Primary Residence	26	81.25	6,678,332.00	87.14
Second Home	4	12.5	6,570,173.25	8.22
Investment Property	2	6.25	371,475.32	4.64
Not Available	0	0	0.00	0.00

**Property Type**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Cooperative	3	9.38	928,009.27	11.59
Condominium	2	6.25	428,885.69	5.36
Planned Unit Development	3	9.38	602,981.35	7.53
Single-Family	23	71.88	5,960,218.25	74.43
Manufactured Housing	1	3.13	87,876.45	1.10
Not Available	0	0.00	0.00	0.00

**Origination Year**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
2017	2	6.25	676,353.46	8.45
2018	30	93.75	7,331,615.47	91.55

**Pass-Through Pool XXXXXX**

**Origination Channel (applicable for Modifications)**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Broker	3	9.38	1,022,099.61	12.76
Correspondent	26	81.25	6,460,257.39	80.67
Retail	3	9.38	525,614.46	6.56
Third-Party Origination – Not Specified	0	0.00	0.00	0.00
Not Available	0	0.00	0.00	0.00

**Channel**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Broker	3	9.38	1,022,099.61	12.76
Correspondent	26	81.25	6,460,257.39	80.67
Retail	3	9.38	525,614.46	6.56
Third-Party Origination – Not Specified	0	0.00	0.00	0.00
Not Available	0	0.00	0.00	0.00

**Mortgage Insurance Cancellation Indicator**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Yes	2	6.25	676,356.40	8.45
No	30	93.75	7,331,615.12	91.55
Not Applicable	0	0.00	0.00	0.00

**Mortgage Insurance Coverage**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Loans With Mortgage Insurance	30	93.75	7,331,615.12	91.55
Loans Without Mortgage Insurance	2	6.25	676,356.40	8.45
Not Available	0	0.00	0.00	0.00

**First Time Homebuyer Indicator**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Yes	6	18.75	2,018,489.35	25.21
No	22	68.75	5,302,940.95	66.22
Not Available	4	12.50	686,541.16	8.57

**Number of Borrowers**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
1	8	25.00	3,201,614.95	39.98
2	22	68.75	4,590,156.73	57.32
> 2	2	6.25	216,199.78	2.70
Not Available	0	0.00	0.00	0.00

**Pass-Through Pool XXXXXX**

**Number of Units**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
1	28	87.50	7,323,615.42	91.45
2	3	9.38	530,068.90	6.62
3	1	3.13	154,287.14	1.93
4	0	0.00	0.00	0.00
Not Available	0	0.00	0.00	0.00

**Non-Standard Loan Type** (populated if applicable)

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Cooperative	2	6.25	622,917.56	7.78
FHFA High-Cost Area	2	6.25	1,068,506.59	13.34
Interest Rate Buydown	0	0.00	0.00	0.00
Relocation	1	3.13	122,041.80	1.52

**Government Insured / Guarantee** (populated if applicable)

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
FHA	2	6.25	622,917.56	7.78
Veterans Affair	2	6.25	1,068,506.59	13.34
Rural Housing	0	0.00	0.00	0.00
Section 184 Indian Home	1	3.13	122,041.80	1.52
Not Available	2	6.25	122,042.80	1.52

**Not Paying Principal in First Distribution**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Not Paying Principal in First Distribution	1	3.13	122,041.80	1.52

**Property State**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Arizona	13	40.63	4,134,642.60	49.60
California	7	21.88	1,237,668.02	15.46
Georgia	4	12.50	1,061,247.05	13.26
Michigan	6	18.75	1,112,260.71	13.89
Texas	2	6.06	458,584.00	7.60

**Seller Name(s)**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB	Remaining Months to Maturity			Loan Age			Interest Rate (%)		
					High	Low	Weighted Avg	High	Low	Weighted Avg	High	Low	Weighted Avg
ABC Bank	32	100.00	8,007,971.00	100.00	359	344	358	1	1	1	4.250	4.125	4.250

**Servicer Name(s)**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB	Remaining Months to Maturity			Loan Age			Interest Rate (%)		
					High	Low	Weighted Avg	High	Low	Weighted Avg	High	Low	Weighted Avg
ABC Bank	32	100.00	8,007,971.00	100.00	359	344	358	1	1	1	4.250	4.125	4.250

**Pass-Through Pool XXXXXX**

**Interest Only First P&I Payment Date (applicable for Interest Only)**

Interest Only First P&I Payment Date	Months to Amortization	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB	Remaining Months to Maturity			Loan Age			Interest Rate (%)		
						High	Low	Weighted Avg	High	Low	Weighted Avg	High	Low	Weighted Avg
09/2017	121	7	25.00	2,007,971.00	25.00	359	344	358	1	1	1	4.375	4.125	4.250
10/2017	122	7	25.00	2,007,971.00	25.00	359	344	358	1	1	1	4.375	4.125	4.250
09/2018	123	18	50.00	4,003,985.50	50.00	359	344	358	1	1	1	4.375	4.125	4.250

**Number of Modifications (applicable for Modifications)**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
1	30	94.00	7,520,000.00	94.00
2	2	6.00	460,000.00	6.00
>2	0	0.00	0.00	0.00

**Modification Information (applicable for Modifications)**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Total Capitalized Amount	2	6.00	480,000.00	6.00
Deferred Unpaid Principal Balance	2	6.00	480,000.00	6.00

**Modification Program (applicable for Modifications)**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Alternative	0	0.00	0.00	0.00
Classic	10	13.00	1,040,000.00	13.00
HAMP Backup	10	13.00	1,040,000.00	13.00
Deferred Payment	0	0.00	0.00	0.00
Flex	10	13.00	1,040,000.00	13.00
HAMP	2	7.00	160,000.00	2.00
Other	0	0.00	0.00	0.00
Regular	0	0.00	0.00	0.00
Standard	0	0.00	0.00	0.00
Streamlined	0	0.00	0.00	0.00
Underwater	0	0.00	0.00	0.00
Not Available	0	0.00	0.00	0.00

**Modification Type (applicable for Modifications)**

	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB
Rate	0	0.00	0.00	0.00
Term	12	38.00	3,000,000.00	38.00
Rate & Term	10	38.00	3,000,000.00	38.00
Capitalization	0	0.00	0.00	0.00
Rate, Term & Forbearance	0	0.00	0.00	0.00
Other	0	0.00	0.00	0.00

**Pass-Through Pool XXXXXX**

**Modified Pool Snapshot** (applicable for Modifications)

	With Deferred UPB	Without Deferred UPB
Interest-Bearing UPB (\$)	674,532.00	0.00
Deferred UPB (\$)	123,654.25	0.00
Aggregate Loan Count	32	0.00
Weighted Average Interest Rate (%)	2.750	0.00
Weighted Average Estimated LTV	72	0
Weighted Average Updated Credit Score	678	0
Weighted Average DTI at Modification	66	0
Average Mortgage Loan Amount at Modification	250,450.00	0

With Deferred UPB					Without Deferred UPB				
Top 3 States (by UPB)	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB	Percentage Investor Loan UPB	Top 3 States (by UPB)	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB	Percentage Investor Loan UPB
Texas	5	16.00	1,280,000.00	16.00	Rank 1				
Michigan	5	16.00	1,280,000.00	16.00	Rank 2				
Georgia	5	16.00	1,280,000.00	16.00	Rank 3				

**Number of Steps** (applicable for Step Rate Modifications)

Number of Steps	At Modification (Total Number of Steps)				At Issuance (Number of Remaining Steps)			
	Aggregate Interest - Bearing Mortgage Loan Amount	Percentage of Investor Loan UPB	Aggregate Loan Count	Percentage Aggregate Loan Count	Aggregate Investor Loan UPB	Percentage of Investor Loan UPB	Aggregate Loan Count	Percentage of Aggregate Loan Count
3	4,234,589.00	40.00	15	47.00	4,234,589.00	40.00	15	47.00

**Next Step Rate Adjustment Date** (applicable for Step Rate Modifications)

Next Step Rate Adjustment Date	Aggregate Loan Count	Percentage Loan Count	Aggregate Investor Loan UPB (\$)	Percentage Investor Loan UPB	Projected WA Interest Rate (%)	Projected WA Net Interest Rate (%)
03/2019	32	100.00	8,000,000.00	100.00	2.250	2.000

**Pass-Through Pool XXXXXX**

**Borrower Payment History (applicable for Modifications)**

<b>Current</b>				
<b>Borrower Payment Date</b>	<b>Aggregate Investor Loan UPB</b>	<b>Percentage Investor Loan UPB</b>	<b>Aggregate Loan Count</b>	<b>Percentage Loan Count</b>
03/2019	5,000,000.00	63.00	20	63.00

<b>30-59 Days Delinquent</b>				
<b>Borrower Payment Date</b>	<b>Aggregate Investor Loan UPB</b>	<b>Percentage Investor Loan UPB</b>	<b>Aggregate Loan Count</b>	<b>Percentage Loan Count</b>
03/2019	2,960,000.00	37.00	12	37.00

<b>60-89 Days Delinquent</b>				
<b>Borrower Payment Date</b>	<b>Aggregate Investor Loan UPB</b>	<b>Percentage Investor Loan UPB</b>	<b>Aggregate Loan Count</b>	<b>Percentage Loan Count</b>
03/2019				

<b>90-119 Days Delinquent</b>				
<b>Borrower Payment Date</b>	<b>Aggregate Investor Loan UPB</b>	<b>Percentage Investor Loan UPB</b>	<b>Aggregate Loan Count</b>	<b>Percentage Loan Count</b>
03/2019				

<b>120+ Days Delinquent</b>				
<b>Borrower Payment Date</b>	<b>Aggregate Investor Loan UPB</b>	<b>Percentage Investor Loan UPB</b>	<b>Aggregate Loan Count</b>	<b>Percentage Loan Count</b>
03/2019				

